

## WATERFIELD FINANCIAL AND INVESTMENT ADVISORS PRIVATE LIMITED

### Portfolio Management Services – Disclosure Document

1. This disclosure document (“**Disclosure Document**”) has been filed with the Securities and Exchange Board of India along with the certificate in the specified format in terms of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
2. The purpose of the Disclosure Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging Waterfield Financial and Investment Advisors Private Limited as a Portfolio Manager.
3. The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure Document. Investors should carefully read the entire Disclosure Document before making a decision to avail portfolio management services from Waterfield Financial and Investment Advisors Private Limited and should retain the Disclosure Document for future reference.

4. Details of the Portfolio Manager are as follows:

Name of the Portfolio Manager	:	Waterfield Financial and Investment Advisors Private Limited
SEBI Registration Number	:	INP000007818
Registered Office Address	:	142, Maker Chamber VI, 220 Jammalal Bajaj Marg, Nariman Point, Mumbai, Maharashtra, India, 400021.
Telephone number	:	022 66210700
Fax number	:	NA
E-mail address	:	pms@waterfieldadvisors.com
Website	:	www.waterfieldadvisors.com

5. Details of the Principal Officer designated by the Portfolio Manager are as follows:

Name of the Principal Officer	:	Mr. Arun Prakash Sampath Kumar
Address	:	A-801/ Venezia / Fiorenza CHS Ltd, Off Western Express Highway, Next to Hub Mall, Goregaon East, Mumbai, Mumbai Suburban, Maharashtra – 400063
Telephone number	:	+91-8452840464
E – mail address	:	<a href="mailto:arun.prakash@waterfieldadvisors.com">arun.prakash@waterfieldadvisors.com</a>

6. Appointment of Custodian and Fund accounting:

HDFC Bank Limited & ICICI Bank Limited, has been appointed as the Custodian. Adian Services LLP is doing Fund accounting for Portfolio Management services.

This Disclosure Document is dated May 04, 2026.

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## 1. **DISCLAIMER CLAUSE**

The particulars of this Disclosure Document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (“**PMS Regulations**”) and filed with the Securities and Exchange Board of India (“**SEBI**”). This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Disclosure Document.

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions.

## 2. DEFINITIONS AND INTERPRETATION

In this Disclosure Document, unless the context otherwise requires, the following words and expressions shall have the meaning assigned to them:

- 2.1 “**Act**” means the Securities and Exchange Board of India Act, 1992.
- 2.2 “**Applicable Laws**” means the laws of the Republic of India and includes rules and regulations issued pursuant to and under such laws, including the PMS Regulations.
- 2.3 “**Accreditation Agency**” means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the SEBI from time to time.
- 2.4 “**Accredited Investor**” means any person who has been granted a certificate by the accreditation agency who:
- (a) in case of an individual, Hindu undivided family, family trust or sole proprietorship has:
    - (i) annual income of at least INR 2 crores; or
    - (ii) net worth of at least INR 7.5 crores, out of which not less than INR 3.75 crores is in the form of financial assets; or
    - (iii) annual income of at least INR 1 crore and minimum net worth of INR 5 crores out of which not less than INR 2.5 crores is in the form of financial assets.
  - (b) in case of a body corporate, has net worth of at least INR 50 crores;
  - (c) in case of a trust other than family trust, has net worth of at least INR 50 crores;
  - (d) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the central government and the state governments of India, developmental agencies set up under the aegis of the central government or the state governments of India, funds set up by the central government or the state governments of India, qualified institutional buyers as defined under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the SEBI from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

- 2.5 “**Advisory Services**” means advising on the portfolio approach, investment and divestment of individual Securities in the Client’s Portfolio, entirely at the Client’s risk, in terms of the Regulations and the Agreement.
- 2.6 “**Agreement**” or “**Portfolio Management Services Agreement**” or “**PMS Agreement**” means the portfolio management agreement executed between the Portfolio Manager and its Clients for providing portfolio management services and shall include all schedules and annexures attached thereto and any amendments made to this agreement by the parties in writing in terms of Regulation 22 and Schedule IV of the PMS Regulations.

- 2.7 “**Applicable Law/s**” means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
- 2.8 “**Assets Under Management**” or “**AUM**” means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
- 2.9 “**Associate**” means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
- 2.10 “**Benchmark**” means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
- 2.11 “**Board**” or “**SEBI**” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
- 2.12 “**Business Day**” means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
- 2.13 “**Client(s)**” or “**Investor(s)**” means any person who enters into an Agreement with the Portfolio Manager for availing the Portfolio Management Services offered by the Portfolio Manager.
- 2.14 “**Compliance Officer**” means the officer, not being the Principal Officer appointed in terms of Regulation 7(2)(d) of the PMS Regulations or employee of the Portfolio Manager appointed in terms of Regulation 7(2)(e) of the PMS Regulations, who shall be responsible for monitoring the compliance of the Portfolio Manager with the SEBI Act, 1992 rules and regulations, notifications, guidelines, instructions etc., issued by SEBI or the central government of India and for redressal of Clients’ grievances.
- 2.15 “**Custodian(s)**” means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.
- 2.16 “**Depository**” means the depository as defined in the Depositories Act, 1996 (22 of 1996).
- 2.17 “**Depository Account**” means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
- 2.18 “**Direct on-boarding**” means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
- 2.19 “**Disclosure Document**” or “**Document**” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as maybe amended by the Portfolio Manager from time to time.

- 2.20 **“Discretionary Portfolio Management Services”** or **“Discretionary Services”** means portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Agreement, where the Portfolio Manager exercises any degree of discretion in the investment or management of the Portfolio or the Funds of the Client, as the case may be.
- 2.21 **“Distributor”** means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
- 2.22 **“Eligible Investors”** means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.
- 2.23 **“Fair Market Value”** means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
- 2.24 **“Foreign Portfolio Investors”** or **“FPI”** means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
- 2.25 **“Financial Year”** means the year starting from April 1 and ending on March 31 in the following year.
- 2.26 **“Funds”** or **“Capital Contribution”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the PMS Agreement and includes the investment amount mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager from time to time for the purposes of being managed pursuant to the PMS Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividends and other monies arising from the Portfolio investments, so long as the same is managed by the Portfolio Manager.
- 2.27 **“GIFT”** means Gujarat International Finance-Tech City.
- 2.28 **“Group Company”** shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.
- 2.29 **“HUF”** means Hindu Undivided Family as defined in Section 2(31) of the IT Act.
- 2.30 **“INR”** means Indian Rupees.
- 2.31 **“Investment Approach”** is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.
- 2.32 **“IT Act”** means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
- 2.33 **“Large Value Accredited Investor”** means an accredited investor who has entered into an agreement with the portfolio manager for a minimum investment amount of INR 10 crores.

- 2.34 **“Non-Discretionary Portfolio Management Services”** or **“Non-Discretionary Services”** means portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Agreement, where the Portfolio Manager acts on the instructions received from the Client with regard to investment or management of Portfolio or Funds of the Client and will exercise no discretion as to the investment or management of the Portfolio.
- 2.35 **“Non-resident Investors”** or **“NRI(s)”** shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
- 2.36 **“NAV”** shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.
- 2.37 **“NISM”** means the National Institute of Securities Markets, established by the Board.
- 2.38 **“Parties”** shall refer to the Portfolio Manager and the Client collectively, and **“Party”** shall refer to the Portfolio Manager and the Client severally.
- 2.39 **“Person”** includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
- 2.40 **“PMS Regulations”** or **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended, modified, restated, and/or re-enacted from time to time. The term **‘PMS Regulations’** shall also deem to include all guidelines, directions, regulations, rules and notifications issued by the government or any statutory or regulatory authority or SEBI for the operation and management of portfolio managers, or any legislation in regard thereto, if applicable to the Portfolio Manager
- 2.41 **“Portfolio Manager”** means Waterfield Financial and Investment Advisors Private Limited, a private limited company incorporated under the Companies Act, 1956, registered with SEBI as a Portfolio Manager bearing INP000007818 and having its Registered Office at 142, 14th Floor, Maker Chambers VI, Nariman Point, Mumbai – 400021.
- 2.42 **“Portfolio Guidelines”** is the primary source of investment decision-making for the Portfolio Manager on behalf of the Client. Topics like strategic asset allocation targets & ranges for each asset class, degree of manager concentration, rebalancing norms & ranges, quality guidelines for asset classes & specific guidelines – the imposition of restriction on specific securities would feature in the portfolio guidelines and would then drive portfolio construction & maintenance processes. The Portfolio Manager would get the Portfolio Guidelines executed by the Client before the start of portfolio deployment process.
- 2.43 **“Portfolio”** means the total holdings of all investments, Securities and Funds belonging to the Client.
- 2.44 **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:
- (i) the decisions made by the Portfolio Manager in terms of the management or administration of Portfolio of Securities and Funds of the Client; and

(ii) operations of the Portfolio Manager.

**2.45** “**Related Party**” shall have the same meaning as provided in clause 2(1)(pa) of SEBI (Portfolio Managers) Regulations, 2020.

**2.46** “**Securities**” means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the PMS Regulations or any other law for the time being in force.

## **INTERPRETATION**

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive and have been included only for the purpose of clarity and shall, in addition, be interpreted according to their general meaning and usage and shall not carry meaning assigned to them in PMS Regulations governing portfolio management services. All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.

### 3. DESCRIPTION

#### 3.1 History, present business, and background of the Portfolio Manager

3.1.1 Waterfield Financial and Investment Advisors Private Limited (“**Waterfield**”) is a private limited company incorporated under the Companies Act, 1956 on 24 August, 2012, bearing Corporate Identification Number U74900MH2012PTC234921 and having its registered office at 142, Maker Chamber VI, 220 Jammalal Bajaj Marg, Nariman Point, Mumbai, Maharashtra, India, 400021. Waterfield shall carry on in India and abroad financial advisory services of financial products, act as a Portfolio Manager or Co-Managers and to do all such activities relating to the above subject to the approval of SEBI and other authorities.

3.1.2 Presently, Waterfield Financial and Investment Advisors Private Limited acts as an investment advisor registered with Securities and Exchange Board of India bearing registration number INA000001811 and as a Portfolio Manager registered with SEBI bearing registration number IN000007818.

#### 3.2 Promoters of the Portfolio Manager, Directors and their background

Ms. Soumya Rajan, Mr. Subramaniam Ramachandran Iyer and Mr. Amitkumar Gajendrakumar Patni are the directors of Waterfield Financial and Investment Advisors Private Limited. Ms. Soumya Rajan and Waterfield Advisors Private Limited are the promoters of Waterfield Financial and Investment Advisors Private Limited.

Name of the Directors	Qualification	Brief Experience
Ms. Soumya Rajan (Director and Promoter)	Master’s in mathematics from Oxford University, U.K and a B.A (Hons) in Mathematics from St. Stephen’s College, Delhi	<ul style="list-style-type: none"><li>As the founder of Waterfield, Soumya brings over 30 years of financial services experience. She has advised several of India’s leading business families on issues related to the success and continuity of their family enterprise, including managing their family investments, succession transitions, mentoring the NextGen, corporate and family governance, conflict resolution, business strategy and philanthropy.</li><li>As Managing Director &amp; CEO of the Group, she oversees the business and operations of the Company.</li><li>Prior to founding Waterfield, she has worked at Standard Chartered Bank India for 16 years, where her last assignment was heading their Private Banking Division from 2008 to 2010.</li></ul>

Name of the Directors	Qualification	Brief Experience
		<ul style="list-style-type: none"> <li>• Her experience in banking is across a wide range of areas, covering Risk Management, Consumer Banking and Private Banking.</li> <li>• She serves on the Board of several non-profit organizations - as an Governing Council Member of Peepul, a charity focused on creating a school transformation platform for government schools in India; on the Advisory Council of the Indian Institute of Technology (IIT) Gandhinagar’s Research Park and Entrepreneurship Centre, as a Board Member of CSTEP, a research think tank that recommends public policy on the use of new emerging technologies for social and economic development in the areas of energy, environment and infrastructure and as a Trustee of the Banyan Academy of Leadership in Mental Health (BALM) a non-profit organization that engages in research, training, capacity building and academics in mental health. She also serves as an Independent Non-Executive Director of Aavas Financiers, a listed company, engaged in the business of providing housing loans, primarily to the un-served, unreachd and under-served segments in India.</li> <li>• She was recognized in 2019 as amongst India’s Top 100 Women in Finance, as Outstanding Private Banker Asia Pacific by Private Banker International in 2021 and featured in annual Forbes Women Trail-blazers List of 2021. She is also recognised as recognized as one of India’s top women in business and is listed in Fortune India’s 100 Most Powerful Women 2025.</li> <li>• She completed a Masters in Mathematics from Oxford University, U.K and a B.A (Hons) in Mathematics from St. Stephen’s College, Delhi.</li> </ul>
Mr. Subramaniam	BSc, CAIIB	Subramaniam Ramachandran Iyer is the former Managing Director of the State Bank of India and the First Executive Chairman of the Credit Information Bureau (India) Limited (CIBIL). He is

Name of the Directors	Qualification	Brief Experience
Ramachandran Iyer		also a member of the Investment Committee of National Dairy Development Board and Chairman of the Infrastructure Finance Credit Committee of Aditya Birla Finance Ltd.
Mr. Amitkumar Gajendrakumar Patni	MBA—Finance & marketing (Babson College, Boston, USA) graduated: 1989	Amit Patni is the promoter shareholder of Patni Computers. He is also the Co-founder of RAAY Investments (a Single Family Office), Chairman at Nirvana Venture Advisors (Digital and Internet Venture Fund), Co-founder and Partner of Elysium Investment Advisors (a hedge fund) and Co-founder and Partner of The Hive-India (Big Data incubator).
Waterfield Advisors Pvt Ltd	Promoter	Waterfield Advisors Pvt Ltd is engaged in the Business of Management consultancy services.

### 3.3 Top 10 group companies / firms of the Portfolio Manager on turnover basis\*

S. No.	Name of the entity	Turnover* (INR in Cr.)
1.	Waterfield Advisors Private Limited	7.44
2.	Waterfield Fund Managers Private Limited	7.79
3.	Waterfield Foundation	0.02
4.	Waterfield International IFSC Private Limited	NIL
5.	Waterfield Sponsor LLP	0.17

*\*The above list is based on the turnover (Total Revenue including Other income) of the group companies/firm of Waterfield Financial and Investment Advisors Private Limited as per the audited accounts for financial year ended 31/03/2025.*

### 3.4 Details of services being offered by the Portfolio Manager

The Portfolio Manager offers portfolio management services under Discretionary Services, Non-Discretionary Services and Advisory Services categories. A detailed note is given in section 5 of this document.

### 3.5 Direct on-boarding of clients by Portfolio Managers

- 3.5.1 Clients shall have the option to be on-boarded directly to avail the services of the Portfolio Manager, without intermediation of persons engaged in distribution services.
- 3.5.2 At the time of onboarding of Clients directly, no charges except statutory charges will be levied by the Portfolio Manager.
- 3.5.3 Currently there are no distributors empanelled with Waterfield Financial and Investment Advisors Private Limited.

**4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY.**

- 4.1 All cases of penalties imposed by SEBI or the directions issued by SEBI under the Securities and Exchange Board of India Act, 1992, rules or regulations made thereunder – **NIL**.
- 4.2 The nature of the penalty/direction – **Not applicable**
- 4.3 Penalties/fines imposed for any economic offence and/or for violation of any securities laws – **NIL**.
- 4.4 Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any – **NIL**.
- 4.5 Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency – **NIL**.
- 4.6 Any enquiry/adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, Principal Officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, Principal Officer or employee, under the Securities and Exchange Board of India Act, 1992, or rules and regulations made thereunder –

SEBI issued an administrative warning letter dated March 11 ,2025 which was received by us on March 19, 2025, pertaining to the SEBI Offsite Inspection cum Surveillance of Waterfield Financial and Investment Advisors Private Limited for the period October 2023 to March 2024. The Company submitted details of the corrective steps and actions taken in response to the observations on March 25, 2025, which has now been closed.

SEBI issued an administrative warning letter dated January 06 ,2026 pertaining to the SEBI Offsite Inspection cum Surveillance of Waterfield Financial and Investment Advisors Private Limited for the period April 2024 to September 2024. The Company submitted details of the corrective steps and actions taken in response to the observations on January 20, 2026, which has now been closed.

## 5. SERVICES OFFERED

5.1 Waterfield shall offer Discretionary Portfolio Management Services, Non-Discretionary Portfolio Management Services and Advisory Services to Investors, including Accredited Investors.

### 5.1.1 Discretionary Portfolio Management Services

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments permitted by the Portfolio Guidelines or management of Portfolio of the Client in accordance with the Client Contract Agreement (“**PMS Agreement**”). Under Discretionary Portfolio Management Services, the Portfolio Manager may invest Clients’ Funds in listed securities, securities which are traded on a recognized stock exchange, money market instruments (including, but not limited to, commercial paper, trade bill, treasury bills, certificate of deposit and usance bills), units of mutual funds and other securities as specified by SEBI from time to time, on behalf of the Clients, in accordance with Applicable Law.

The Securities invested / disinvested by the Portfolio Manager for Clients may differ from client to client. Separate client-wise account shall be maintained by the Portfolio Manager with a scheduled commercial bank. The portfolio managers’ decision (taken in good faith) in deployment of the Clients’ account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence This right of the Portfolio Manager shall be exercised strictly in accordance with Applicable Law.

While discharging the Discretionary Portfolio Management Services, the Portfolio Manager shall ensure that the liability of the client will not exceed its investment with the Portfolio Manager. The Portfolio Manager shall individually and independently manage the funds of each client in accordance with the needs of the Client, in a manner which does not partake character of a mutual fund. In case of the Client falling under the category of Large Value Accredited Investor, the Portfolio Manager may invest up to 100% of the assets under management in unlisted Securities. Further, periodical statement / report (not exceeding a period of 3 months) in respect of Client’s Portfolio shall be sent to the respective Clients.

The Portfolio Manager will provide the Services as per the terms agreed with the Client for Portfolio Management Services, if any.

### 5.1.2 Non-Discretionary Services

Under the Non-Discretionary Portfolio Management Services, the Portfolio of the Client will be managed as per the PMS Agreement, and the express instructions issued by the Client from time to time. The Portfolio Manager shall execute orders as per the mandate received from Client and the Client will have complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager shall *inter alia* manage transaction execution, accounting, providing research, investment advice, recording of corporate benefits, valuation and reporting aspects on behalf of the Client entirely at the Client’s risk. Separate bank account with a scheduled commercial bank in the manner prescribed in clause 2.2 of the Master Circular SEBI/HO/IMD/IMD-POD-1/P/CIR/2025/104 dated July 16, 2025 and segregated data for each Client shall be maintained by the Portfolio Manager.

The Portfolio Manager shall invest or manage the Portfolio of the Client at the instruction of the Client, but always subject to the PMS Regulations. The Portfolio Manager will provide the Client with investment recommendations that it considers fit and in accordance with the terms of the PMS Agreement and investment specifications agreed with the Client from time to time. Only after receiving the approval of the Client shall the Portfolio Manager invest in any one or a combination of the financial instruments mentioned in this Disclosure Document. Further, the Portfolio Manager offering Non-Discretionary Services to the clients may invest up to 25% of the assets under management of such clients in unlisted securities, in addition to securities permitted for Discretionary Portfolio Management in lines with PMS Regulations. In case of Client falling under the category of Large Value Accredited Investors, the Portfolio Manager may advice to invest up to 100% of the assets under management in unlisted Securities.

The Client shall accept that the restrictions it may impose on investments may compel the Portfolio Manager to make recommendations or manage Portfolio in a manner which may reduce the likelihood of achieving the investment objectives. The Portfolio Manager shall invest or disinvest or hold the securities in accordance with the Client's instructions and confirmation. Further, the Portfolio Manager shall also provide periodic report to the Clients in accordance with the rules, regulations, guidelines made under the PMS Regulations and any other any other laws / rules / regulation / guidelines etc.

The Portfolio Manager will provide the Services as per the terms agreed with the Client for Portfolio Management Services, if any.

#### **5.1.3 Advisory Services**

Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Client and agreed upon in the PMS Agreement. The Portfolio Manager shall render the best possible advice (to the best of its abilities) to the Client having regard to the Client's needs and the environment, and his own professional skills. The same will be non - binding in nature or in such terms as mentioned in the PMS Agreement.

For such services, the Portfolio Manager shall charge the Client a fee mentioned in the PMS Agreement. The advice may be either general or specific in nature and may pertain to a particular Portfolio. The Portfolio Manager shall also ensure that the investors are provided with true and adequate information without making any misguiding or exaggerated claims and are made aware of attended risks before any investment decision is taken by them. In accordance with the terms of PMS Regulations, the Portfolio Manager offering Advisory Services or Non-Discretionary Portfolio Management Services to the clients may provide advice for investment up to 25% of the assets under management of such clients in unlisted securities, in addition to securities permitted for Discretionary Portfolio Management. In case of client(s) falling under the category of Large Value Accredited Investors, the Portfolio Manager may advice to invest up to 100% of the assets under management in unlisted Securities.

The Portfolio Manager shall be solely acting as an advisor in respect of Portfolio of the Client and shall not be responsible for the investment / divestment of securities and / or administrative activities of the Client's Portfolio.

The Portfolio Manager will provide the Services as per the terms agreed with the Client for Portfolio Management Services, if any.

## 5.2 Investment objective

The Funds of the Clients shall be invested in such capital and money market instruments, including securities as defined under the Securities Contract (Regulation) Act, 1956, and shall include any securities, derivatives and other instruments which are tradable on any of stock exchanges as well as such units of Unit Trust of India and / or other mutual funds (whether listed or unlisted), government securities, debt instruments, negotiable instruments, unlisted securities, certificates of deposit, participation certificates, commercial paper, securitized debt instruments, treasury bills and such other eligible modes of investment and/or forms of deployment in accordance with the PMS Regulations.

The Portfolio Manager may, however, enter into futures contracts, options in securities, options on indices and other similar types of investment, provided the Portfolio Guidelines permits, which may result in the Client having to provide initial margin payments. The Portfolio Manager shall observe a high standard of integrity and fair dealing in all transactions involving the Client's Account. The investment in the securities mentioned in the above point will be in accordance with the objectives as given in the agreement and also any Client Exposure to direct investment in Derivatives will only be made if the client's Portfolio Guidelines / model portfolio attributes permits for the same.

The investment objectives would be one or more of the following or combination thereof:

- 5.2.1 To provide investment flexibility to the client across various market segments;
- 5.2.2 To generate regular income on investments;
- 5.2.3 To generate short term and/ or long term capital appreciation.

The Portfolio Manager offers various investment strategies based Portfolios to allow for customization in sync with investor profile. The general objective is to formulate and device the investment philosophy to achieve long term growth of capital.

The objective of the derivative exposure: The objective to use derivatives is purely to protect the Portfolio in case of a severe expected market correction. We seek to use derivatives purely to protect the Client's Portfolio in case of sharp drawdowns of the aggregate market. The derivatives will only be used for hedging.

The Portfolio Manager aims to create cost efficient portfolio to reduce overall expenses in the account by investing in instruments that are in line with every Client's risk profile, returns objectives and Portfolio Guidelines.

## 5.3 Investment approach

- 5.3.1 Description of types of securities e.g., equity or debt, listed or unlisted, convertible instruments, shares, stocks, bonds, debentures, debenture stock, derivatives units or security receipts, units or any other instrument issued under any mutual fund scheme or by any pooled investment vehicle, or any other instruments allowed under PMS Regulations.

Consistent with the Portfolio Guidelines, investment objective and subject to the regulations of SEBI, the Client's funds may be invested in such securities, capital and money market instruments or in fixed income securities or variable securities of any description, by whatever name called including but not limited to-

- (a) Equity and equity related securities, convertible stock and preference shares of Indian companies, warrants;
- (b) Debentures (convertible and non-convertible), bonds, secured premium notes, securities issued by banks (both public and private sector) and development financial institutions like certificate of deposits (CDs), coupon bearing bonds, zero coupon bonds and tax-exempt bonds of Indian companies and corporations;
- (c) Units of mutual funds (including exchange traded funds (ETFs);
- (d) Alternate Investment Fund, Structured Products, Market Linked Debentures, REIT shares, InVIT shares
- (e) Commodities: Silver exchange traded funds, Silver ETF Fund of Funds, gold exchange traded funds and Gold ETF Fund of Funds, sovereign gold bonds and similar securities except commodity derivatives.
- (f) Derivatives (Futures and options);
- (g) Commercial paper, trade bills, treasury bills and certificate of deposit and other similar money market instruments; and
- (h) Securitised debt, pass through certificates and quasi debt instruments and such other eligible modes of investment within the meaning of the SEBI Act / regulations issued by SEBI as amended from time to time.

### 5.3.2 Basis of selection of such types of securities as part of investment approach

The selection of investment approach will be based on the risk profile and asset allocation at the time of initial ideation, periodic reviews and investment made as per the model portfolio of the investment approach.

The selection of direct stocks, bonds NCDs will be based on research through fundamental and/or quantitative analysis, the criteria of investment approach at the time of initial ideation, periodic reviews, investments made as per the model asset allocation of the strategy provided the Portfolio Guidelines permits.

### 5.3.3 Allocation of portfolio across types of securities

- (a) The investment allocation pattern may change from time to time, keeping in view market conditions, opportunities and political & economic factors. It must be clearly understood that the investment patterns are only indicative and not absolute and that they can vary substantially depending upon the perception of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Clients. This will vary across clients but will broadly be in 4 buckets: fixed income (private as well as public), equity (private as well as public), commodities and alternatives (private as well as public).
- (b) Depending on the Clients' risk profile, the Portfolio allocation will be tailored accordingly.
- (c) In case of customized mandate undertaken by the Portfolio Manager, portfolio allocation shall be made as per Portfolio Guidelines as signed by the Client.

### 5.3.4 Appropriate benchmark to compare performance and basis for choice of benchmark

5.3.5 APMI by circular ref no: APMI/2022-23/02 dated March 23, 2023, and further amendments thereto has prescribed following benchmarks for each strategy to enable the investor to evaluate relative performance of the Portfolio Managers:

Strategy	Benchmark 1	Benchmark 2	Benchmark 3
Equity	Nifty 50	S&P BSE 500	MSEI SX 40
Debt	Nifty Medium to Long Duration Debt Index	CRISIL Credit Index \$	CRISIL Composite Bond Fund Index
		<b>Composition:</b>	
		33%: AA+/AA	
		17%: AA- 50%: A+/A/A- with a 2-2.5-year duration	
Hybrid	Nifty 50 Hybrid Composite Debt 50:50 Index	BSE S&P Hybrid \$	Crisil Hybrid 50+50 Moderate Index
		<b>Composition:</b> 50%: BSE 500 Index & 50%: S&P BSE Arbitrage Rate Index	
Multi-Asset	NSE Multi Asset Index 1 \$	NSE Multi Asset Index 2 \$	Crisil Multi Asset Index 3 \$ **
	<b>Composition:</b>	<b>Composition:</b>	<b>Composition:</b>
	50%: Nifty 500	50%: NIFTY 500	50%: S&P BSE 500
	40%: Nifty 50 Arbitrage Index	20%: NIFTY Medium Duration Index	20%: S&P BSE Arbitrage Rate Index
	10%: REIT & INVIT	20%: NIFTY Arbitrage Index	20%: Gold
		10%: INVIT/REIT	10%: REIT & INVIT

\$ These are customised indices and have a pre-defined time line for construction.

\*\*CRISIL will provide the composite benchmark including S&P BSE 500.

NOTE: All equity indices are TRI.

Depending on the clients' risk profile, the portfolio allocation will be tailored accordingly. To align with the planned risk budgets as per the risk profile of the client, a blended risk composition would be used for reference and for the purpose of fee computation. These risk compositions will feature in each clients detailed Portfolio Guidelines. Therefore, Portfolio Manager will maintain risk compositions for each client, for the purpose of risk, compliance, transparency and AUM-performance linked fee calculation.

5.3.6 Indicative tenure or investment horizon and Risks associated with the investment approach.

There is a 3-5 year minimum cycle for an investment horizon. Risks associated with the investment approach include the common risks such as market risk, economic risk, execution, etc. Please refer to Clause 7 below.

PARTICULARS	MEDIUM TERM (3-5 YEARS)	LONG TERM (5+ YEARS)
Concentration Risk	Moderate	Moderate
Foreign Exchange Risk	Moderate	Low
Leverage Risk	High	High
Strategy Risk	Low	Low
Execution Risk*	Moderate	Moderate

\*This risk is only attributable to Non-Discretionary Portfolio Management Services.

5.3.7 Minimum Investment Amount

- (a) The Portfolio Manager shall not accept from the Client, Funds or Securities worth less than INR 50 lakhs or such amount as specified under PMS Regulations and amended from time to time. However, the said minimum investment amount per client shall not be applicable to an Accredited Investor.
- (b) The Client may on one or more occasion or on a continual basis, make further placement of funds under the service.

5.3.8 Other salient features, if any.

- (a) The Portfolio Manager shall ensure that any change in the investment approach that may impact the performance of the Client’s Portfolio shall be disclosed in the marketing material.
- (b) The policies for investments in associates/group companies of the Portfolio Manager and the maximum percentage of such investments therein shall be subject to the applicable laws/regulations/ guidelines. The Portfolio Manager shall invest up to a maximum of 30 percent of the client’s portfolio (as a percentage of the client’s assets under management) in the securities of associates/related parties. Further, the Portfolio Manager shall ensure the compliance with the following limits:

<b>Security</b>	<b>Limit for investment in single associate/related party (as percentage of client’s AUM)*</b>	<b>Limit for investment across multiple associates/related parties (as percentage of client’s AUM)*</b>
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities	30%	

*\*Limits shall be applicable only to direct investments by portfolio manager in equity and debt/hybrid securities of their own associates/related parties and not to any investments in the Mutual Funds.*

## 5.4 DETAILS OF STRATEGIES AND APPROACHES:

### A. Discretionary

The strategies and approaches are detailed in the appendix below. We offer customization to clients on a case-to-case basis, this is at the discretion of the Principal Officer.

#### I. STRATEGY – DEBT

Particulars	About the Investment Approach
<b>Name/Approach</b>	NUCLEUS “FIXED INCOME” ACCRUAL PORTFOLIO
<b>Strategy</b>	Debt
<b>Investment Objectives</b>	A portfolio comprising primarily of fixed income securities and limited/transient exposure to fixed income alternatives like REITS/INVITS. Portfolio will be designed to deliver income for Investors who seek regular/predictable cash flows.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative
<b>Allocation of portfolio across types of securities*</b>	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Commodities is NIL / Cash & Equivalents 0-10%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: CRISIL- Credit Index (33%: AA+/AA; 17%: AA-; 50%: A+/A/A- with a 2- 2.5-year duration) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	2 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

\*Change in allocation of portfolio: Subject to applicable laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the portfolio guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

#### II. STRATEGY – DEBT

Particulars	About the Investment Approach
<b>Name/Approach</b>	NUCLEUS “YIELD OPTIMIZER”

<b>Strategy</b>	DEBT
<b>Investment Objectives</b>	The scheme aims to provide stable, risk-adjusted returns and/or regular income by dynamically investing in investment grade securities (NCDs, bonds) with a credit rating upto A+ and optimizing allocation to capture market opportunities, manage interest rate and credit risk, and maintain liquidity and capital preservation for Short-to long-term investors.
<b>Description of types of securities</b>	Debt Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Debentures, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities*</b>	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITS) 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: CRISIL Composite Bond Fund Index Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk  REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

\*Change in allocation of portfolio: Subject to applicable laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the portfolio guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

### III. STRATEGY – DEBT

<b>Particulars</b>	<b>About the Investment Approach</b>
<b>Name/Approach</b>	NUCLEUS "YIELD ENHANCER"
<b>Strategy</b>	DEBT
<b>Investment Objectives</b>	The scheme aims to provide stable, risk-adjusted returns and/or regular income by dynamically investing in investment grade NCDs, Bonds with a limit of 20% in investment in A to BBB rated bonds and optimizing allocation to capture market opportunities, manage interest rate and credit risk, and maintain liquidity and capital preservation for Short- to long-term investors.

<b>Description of types of securities</b>	Debt Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Debentures, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities*</b>	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: CRISIL- Credit Index (33%: AA+/AA; 17%: AA-; 50%: A+/A/A- with a 2- 2.5-year duration) Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk  REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

\*Change in allocation of portfolio: Subject to applicable laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the portfolio guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

#### IV. STRATEGY – DEBT

<b>Particulars</b>	<b>About the Investment Approach</b>
<b>Name/Approach</b>	NUCLEUS "DYNAMIC DEBT"
<b>Strategy</b>	DEBT
<b>Investment Objectives</b>	The scheme aims to provide stable, risk-adjusted returns and/or regular income by dynamically investing in investment grade securities (NCDs, bonds) with a credit rating upto BBB and optimizing allocation to capture market opportunities, manage interest rate and credit risk, and maintain liquidity and capital preservation for medium- to long-term investors.
<b>Description of types of securities</b>	Debt Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Debentures, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares.

<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities*</b>	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalentents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: CRISIL- Credit Index (33%: AA+/AA; 17%: AA-; 50%: A+/A/A- with a 2- 2.5-year duration)  Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

\*Change in allocation of portfolio: Subject to applicable laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the portfolio guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

## V. STRATEGY – MULTI-ASSET

<b>Particulars</b>	<b>About the Investment Approach</b>
<b>Name/Approach</b>	NUCLEUS “MULTI-ASSET” PURCHASING POWER PRESERVER
<b>Strategy</b>	Multi asset
<b>Investment Objectives</b>	Purchasing Power Preserver will be a conservative portfolio with an objective of generating healthy inflation adjusted returns. Asset allocation would be conservative.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, money market instruments, Reit shares, Invit shares, Commodities.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity 21%-44% / Fixed Income 33%-60%/ Fixed Income Alternates (REIT & InvITs) 9%-22% / Commodities 5%-19%/ Cash & Equivalentents 0%-18%

<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: NSE Multi Asset Index 2 – (50%: NIFTY 500; 20%: NIFTY Medium Duration Index; 20%: NIFTY Arbitrage Index; 10%: InvIT/REIT) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	NA

\* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

## VI. STRATEGY – MULTI-ASSET

Particulars	About the Strategy
<b>Name/Approach</b>	NUCLEUS “MULTI-ASSET” LIFESTYLE MAINTAINER
<b>Strategy</b>	Multi asset
<b>Investment Objectives</b>	Lifestyle maintainer will be a balanced portfolio with an objective of generating healthy returns after adjusting for inflation. Asset allocation would be moderate mix in growth assets and defensive assets.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, Money market instruments, Reit shares, Invit shares, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity 35%-70% / Fixed Income 10%-47.5%/ Fixed Income Alternates (REIT & InvITs) 7.5%-18% / Commodities 5%-25%/ Cash & Equivalents 0%-22.5%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: NSE Multi Asset Index 2– (50%: NIFTY 500; 20%: NIFTY Medium Duration Index; 20%: NIFTY Arbitrage Index; 10%: InvIT/REIT) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>

<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	NA

\* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

## VII. STRATEGY – MULTI-ASSET

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	NUCLEUS “MULTI-ASSET” CAPITAL COMPOUNDER
<b>Strategy</b>	Multi asset
<b>Investment Objectives</b>	Capital compounder will be an aggressive portfolio with an objective of generating long term capital appreciation
<b>Description of types of securities</b>	Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Reit shares, Invit shares, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity 52.5%-100% / Fixed Income 0%-35%/ Fixed Income Alternates (REIT & InvITs) 0%-15% / Commodities 0%-30%/ Cash & Equivalent 0%-35%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: NSE Multi Asset Index 2– (50%: NIFTY 500; 20%: NIFTY Medium Duration Index; 20%: NIFTY Arbitrage Index; 10%: InvIT/REIT) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk

	EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	NA

\* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

## VIII. STRATEGY – HYBRID

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	NUCLEUS “ALTERNATES”
<b>Strategy</b>	Hybrid
<b>Investment Objectives</b>	To generate regular income and long-term capital growth by investing in a diversified, professionally managed portfolio of listed real estate and infrastructure assets. The strategy aims to optimize risk-adjusted returns, maintain liquidity, and provide investors exposure to income-generating properties and infrastructure projects.
<b>Description of types of securities</b>	Debt Mutal Fund, ETF, Fund Of Funds, Index Funds, Bonds, Debentures, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, REIT shares, InVIT shares.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities*</b>	Fixed Income 0%-40%/ Fixed Income Alternates (REIT & InvITs) 60%-100% / Cash & Equivalent 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 Hybrid Composite Debt 50:50 Index Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

\*Change in allocation of portfolio: Subject to applicable laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the portfolio guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

#### IX. STRATEGY – EQUITY

Particulars	About the Strategy
<b>Name/Approach</b>	NUCLEUS “EQUITY MULTI-CAP” ALLOCATOR
<b>Strategy</b>	Equity
<b>Investment Objectives</b>	Multi-cap allocator will be an aggressive all-equity portfolio with an objective of growing capital aggressively
<b>Description of types of securities</b>	Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, Money market instruments, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil, Commodities 0%-30%/ Cash & Equivalents 0%-30%.
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 TRI <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Equity – general market risk (volatility in prices), security risk  Fixed income instruments – Interest rate risks, credit risk, liquidity risk, re-investment risk EQUITY – general market risk (volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	Predominantly equity exposure through a combination of active and passive mutual funds

\* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

#### X. STRATEGY – EQUITY

Particulars	About the Strategy
<b>Name/Approach</b>	MARKET LEADERS PORTFOLIO – LARGE CAP ALLOCATOR

<b>Strategy</b>	Equity
<b>Investment Objectives</b>	Market leaders Portfolio will be concentrated all-equity portfolio with an objective of growing capital over long term. The portfolio will be rebalanced twice a year. The investment objective of the portfolio is to invest in a basket of large cap stocks selected through a Quantitative Single Factor Model.
<b>Description of types of securities</b>	Stocks, Cash & Equivalents
<b>Basis of selection of such types of securities as part of the investment approach</b>	The Portfolio construction process involves a single factor quantitative model that uses Jensen's Alpha Score to select Stocks
<b>Allocation of portfolio across types of securities</b>	Equity 90%-100% / Fixed Income Nil/ Fixed Income Alternates Nil, Commodities Nil/ Cash & Equivalents 0%-10%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 TRI <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	EQUITY – general market risk (volatility in prices), security risk Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk
<b>Other salient features, if any</b>	NA

#### XI. STRATEGY – EQUITY

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	MULTI FACTOR PORTFOLIO - LARGE & MID CAP ALLOCATOR
<b>Strategy</b>	Equity
<b>Investment Objectives</b>	Multi Factor Portfolio will be all-equity portfolio with an objective of growing capital over long term. The portfolio will be rebalanced twice a year. The investment objective of the portfolio is to invest in basket of large cap and mid cap stocks selected through a Quantitative Multi Factor Model that uses Jensen's Alpha and Low Volatility Score to select Stocks.
<b>Description of types of securities</b>	Stocks, Cash & Equivalents
<b>Basis of selection of such types of securities as part of the investment approach</b>	The Portfolio construction process involves a multi factor quantitative model that uses Jensen's Alpha and Low Volatility Score to select Stocks

<b>Allocation of portfolio across types of securities</b>	Equity 90%-100% / Fixed Income Nil/ Fixed Income Alternates Nil, Commodities Nil/ Cash & Equivalents 0%-10%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: S&P BSE 500 <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	EQUITY – general market risk (volatility in prices), security risk Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk
<b>Other salient features, if any</b>	NA

## XII. STRATEGY - EQUITY

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	NUCLEUS “ACTIVE EQUITY” ALLOCATOR
<b>Strategy</b>	Equity
<b>Investment Objectives</b>	The portfolio will predominantly be portfolio of active mutual funds with an objective of growing capital aggressively
<b>Description of types of securities</b>	Mutual Funds, Fixed income instruments (For parking liquid/overnight funds), ETF, Fund of Funds, Index Funds, SIF, Stocks and AIF (For Large Value Accredited Investors)
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: S&P BSE 500 <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	EQUITY – general market risk (volatility in prices), security risk & AIF carries additional liquidity risk due to periodic redemption window. Fixed income instruments – Interest rate risks, credit risk, liquidity risk, re-investment risk
<b>Other salient features, if any</b>	Predominantly actively managed mutual funds High conviction, buy-and-hold approach based on in house research of mutual funds

### XIII. STRATEGY – EQUITY

Particulars	About the Strategy
<b>Name/Approach</b>	NUCLEUS “INDIA EQUITY” STRATEGY
<b>Strategy</b>	Equity
<b>Investment Objectives</b>	India Equity Strategy will predominantly be an equity-oriented portfolio with an objective of growing capital aggressively
<b>Description of types of securities</b>	Stocks, Alternate Investment Fund (For Large Value Accredited Investors), and Fixed income instruments (For parking liquid/overnight funds)
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 TRI <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	EQUITY – general market risk (volatility in prices), security risk & AIF carries additional liquidity risk due to periodic redemption window. Fixed income instruments – Interest rate risks, credit risk, liquidity risk, re-investment risk.
<b>Other salient features, if any</b>	Predominantly Direct Stocks portfolio for US/UK/Canada based clients

### XIV. STRATEGY – EQUITY

Particulars	About the Strategy
<b>Name/Approach</b>	NUCLEUS “INDIA EQUITY OPPORTUNITIES” STRATEGY
<b>Strategy</b>	Equity
<b>Investment Objectives</b>	India Opportunities Strategy will predominantly be an equity-oriented portfolio with an objective of growing capital aggressively
<b>Description of types of securities</b>	Mutual Fund, ETF, Fixed income instruments (For parking liquid/overnight funds), Fund of Funds, Index Funds, SIF, Stocks and AIF (For Large Value Accredited Investors)
<b>Basis of selection of such types of securities as part of the investment approach</b>	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis ( <i>portfolio guidelines to permit participation in direct stocks</i> )
<b>Allocation of portfolio across types of securities*</b>	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%.

<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: S&P BSE 500  <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	EQUITY – general market risk (volatility in prices), security risk & AIF carries additional liquidity risk due to periodic redemption window. Fixed income instruments – Interest rate risks, credit risk, liquidity risk, re-investment risk.
<b>Other salient features, if any</b>	For NRI Clients only

## B. Non-Discretionary

The strategies and approaches are detailed in the appendix below. We offer customization to clients on a case to case basis, this is at the discretion of the Principal Officer.

### I. STRATEGY –MULTI-ASSET

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	WFIA PARTNER “MULTI-ASSET”
<b>Strategy</b>	Multi Asset
<b>Investment Objectives</b>	The Investment objective of the scheme is to generate long term capital appreciation from a portfolio of different asset classes.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, , Bonds, Debentures, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, Money market instruments, Reit shares, InVIT shares, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities</b>	Equity 35%-85% / Fixed Income 0%-50%/ Hybrid 0%-30% / Fixed Income Alternates (REIT & InvITs) 0%-30% / Commodities 0%-30%/ Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: NSE Multi Asset Index 2– (50%: NIFTY 500; 20%: NIFTY Medium Duration Index; 20%: NIFTY Arbitrage Index; 10%: InvIT/REIT) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk

	EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	NA

## II. STRATEGY – EQUITY

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	WFIA PARTNER "EQUITY"
<b>Strategy</b>	EQUITY
<b>Investment Objectives</b>	The Investment objective of the scheme is to generate long term capital appreciation from a portfolio of equity by investing in equity and equity related instruments.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, , Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, Money market instruments, Reit shares, Invit shares, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities</b>	Equity 60%-100% / Fixed Income 0%-20%/ Hybrid 0%-30% / Cash & Equivalent 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 TRI <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk
<b>Other salient features, if any</b>	NA

## III. STRATEGY-DEBT

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	WFIA PARTNER "FIXED INCOME"
<b>Strategy</b>	DEBT
<b>Investment Objectives</b>	The scheme aims to provide stable, risk-adjusted returns and regular income by dynamically investing in listed NCDs, bonds, REITs, and InVITs, optimizing asset allocation to capture market opportunities, manage interest rate and credit risk, and maintain liquidity and capital preservation for medium- to long-term investors.

<b>Description of types of securities</b>	Debt Mutual Fund, ETF, Fund Of Funds, Index Funds, , Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities</b>	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: CRISIL Composite Bond Fund Index <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

#### IV. STRATEGY-HYBRID

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	WFIA PARTNER “YIELD ENHANCER”
<b>Strategy</b>	HYRBID
<b>Investment Objectives</b>	To generate regular income and long-term capital growth by investing in a diversified, professionally managed portfolio of listed real estate and infrastructure assets. The strategy aims to optimize risk-adjusted returns, maintain liquidity, and provide investors exposure to income-generating properties and infrastructure projects.
<b>Description of types of securities</b>	Debt Mutual Fund, ETF, Fund Of Funds, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares.
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities</b>	Fixed Income 0%-40%/ Fixed Income Alternates (REIT & InvITs) 60%-100% / Cash & Equivalents 0%-30%

<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: Nifty 50 Hybrid Composite Debt 50:50 Index <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
<b>Other salient features, if any</b>	NA

#### V. STRATEGY- MULTI ASSET

<b>Particulars</b>	<b>About the Strategy</b>
<b>Name/Approach</b>	WFIA PARTNER BESPOKE
<b>Strategy</b>	MULTI-ASSET
<b>Investment Objectives</b>	The primary objective of the strategy is to deliver strong long-term growth by selecting assets with robust potential. The focus remains on disciplined research and actively navigating market cycles to maximize opportunities for capital appreciation, while managing the portfolio's risks.
<b>Description of types of securities</b>	Mutal Fund, ETF, Fund Of Funds, Index Funds, , Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, Money market instruments, Reit shares, Invit shares, Commodities
<b>Basis of selection of such types of securities as part of the investment approach</b>	Allocation is done by actively investing in different asset class mentioned under 'Description of types of securities' from defined securities universe.
<b>Allocation of portfolio across types of securities</b>	Equity 0%-90% / Fixed Income 0%-50%/ Hyrbid 0%-30% / Fixed Income Alternates (REIT & InvITs) 0%-30% / Commodities 0%-30% / Cash & Equivalents 0%-30%
<b>Appropriate benchmark to compare performance and basis for choice of benchmark</b>	APMI Prescribed Benchmarks: NSE Multi Asset Index 2– (50%: NIFTY 500; 20%: NIFTY Medium Duration Index; 20%: NIFTY Arbitrage Index; 10%: InVIT/REIT) <i>Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach</i>
<b>Indicative tenure or investment horizon</b>	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
<b>Risks associated with the investment approach</b>	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk COMMODITIES – general market risk(volatility), liquidity risk

<b>Other salient features, if any</b>	NA
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## 5.5 Performance Benchmarking and Reporting of Performance:

### A) DPMS

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
Multi-Asset	Nucleus “Multi-Asset” <b>Purchasing Power Preserver</b>	30% EQ, 42% FI, 18% REIT/InvIT, 10% Commodities	Equity 21%-44% / Fixed Income 33%-60%/ Fixed Income Alternates (REIT & InvITs) 9%-22% / Commodities 5%-19%/ Cash & Equivalents 0%-18%	NSE Multi Asset Index 2
Multi-Asset	Nucleus “Multi-Asset” <b>Lifestyle Maintainer</b>	50% EQ, 25% FI, 15% REIT/InvIT, 10% Commodities	Equity 35%-70% / Fixed Income 10%-47.5%/ Fixed Income Alternates (REIT & InvITs) 7.5%-18% / Commodities 5%-25%/ Cash & Equivalents 0%-22.5%	NSE Multi Asset Index 2
Multi-Asset	Nucleus “Multi-Asset” <b>Capital Compounder</b>	75% EQ, 5% FI, 12.5% REIT/InvIT & 7.5% Commodities	Equity 52.5%-100% / Fixed Income 0%-35%/ Fixed Income Alternates (REIT & InvITs) 0%-15% / Commodities 0%-30%/ Cash & Equivalents 0%-35%	NSE Multi Asset Index 2
Debt	Nucleus “Fixed Income” <b>Accrual Portfolio</b>	100% FI	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Commodities is NIL / Cash & Equivalents 0-10%	CRISIL Credit Index
Debt	Nucleus “ <b>Yield Enhancer</b> ”	100% FI	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%	CRISIL-Credit Index
Debt	Nucleus “ <b>Yield Optimizer</b> ”	100% FI	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%	CRISIL Composite Bond Fund Index
Debt	Nucleus “ <b>Dynamic Debt</b> ”	100% FI	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%	CRISIL-Credit Index
Hybrid	Nucleus “ <b>Alternates</b> ”	100% REIT/InvIT	Fixed Income 0%-40%/ Fixed Income Alternates (REIT & InvITs) 60%-100% / Cash & Equivalents 0%-30%	Nifty 50 Hybrid Composite Debt 50:50 Index

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
Equity	Nucleus “Equity” <b>Multi-Cap Allocator</b>	100% EQ	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil, Commodities 0%-30%/ Cash & Equivalents 0%-30%	Nifty 50 TRI
Equity	Market Leaders Portfolio – <b>Large Cap Allocator</b>	100% EQ	Equity 90%-100% / Fixed Income Nil / Fixed Income Alternates Nil, Commodities Nil/ Cash & Equivalents 0%-10%	Nifty 50 TRI
Equity	Multi Factor Portfolio - <b>Large &amp; Mid Cap Allocator</b>	100% EQ	Equity 90%-100% / Fixed Income Nil / Fixed Income Alternates Nil, Commodities Nil/ Cash & Equivalents 0%-10%	S&P BSE 500
Equity	Nucleus “Active Equity” Allocator	100% EQ	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%	S&P BSE 500
Equity	Nucleus “India Equity” Strategy	100% EQ	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%	Nifty 50 TRI
Equity	Nucleus “India Equity Opportunities” Strategy	100% EQ	Equity, 70%-100% / Fixed Income Securities (For parking liquid/overnight funds) 0%-30% / Cash & Equivalents 0%-30%.	S&P BSE 500

## B) NDPMS

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
Multi-Asset	WFIA Partner <b>“Multi Asset”</b>	50% Equity – 25% FI – 15% REITs/InvITs - Commodities – 10%	Equity 35%-85% / Fixed Income 0%-50%/ Hybrid 0%-30% / Fixed Income Alternates (REIT & InvITs) 0%-30% / Commodities 0%-30%/ Cash & Equivalents 0%-30%	NSE Multi Asset Index 2
Multi-Asset	WFIA Partner <b>“Bespoke”</b>	75% Equity – 10% FI – 10% REITs/InvITs - Commodities – 5%	Equity 0%-90% / Fixed Income 0%-50%/ Hybrid 0%-30% / Fixed Income Alternates (REIT & InvITs) 0%-30% / Commodities 0%-	NSE Multi Asset Index 2

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
			30%/ Cash & Equivalents 0%-30%	
Equity	WFIA Partner “Equity”	100% Equity	Equity 60%-100% / Fixed Income 0%-20%/ Hybrid 0%- 30% / Cash & Equivalents 0%-30%	Nifty 50 TRI
Debt	WFIA Partner “Fixed Income”	100% FI	Fixed Income 70%-100%/ Fixed Income Alternates (REIT & InvITs) 0%-30% / Cash & Equivalents 0%-30%	CRISIL Composite Bond Fund Index
Hybrid	WFIA Partner “Yield Enhancer”	100% REITs/InvITs	Fixed Income 0%-40%/ Fixed Income Alternates (REIT & InvITs) 60%-100% / Cash & Equivalents 0%-30%	Nifty 50 Hybrid Composite Debt 50:50 Index

## 6. RISK FACTORS

### 6.1 General Risk Factors

- 6.1.1 Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.
- 6.1.2 The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.

- 6.1.3 Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager.
- 6.1.4 The names of the Investment Approaches do not in any manner indicate their prospects or returns.
- 6.1.5 Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.
- 6.1.6 When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.
- 6.1.7 Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.
- 6.1.8 The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- 6.1.9 The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.
- 6.1.10 Risk arising from investment objective, investment strategy and asset allocation: The value of the Portfolio can go up or down depending on the factors and forces affecting the capital market, the underlying asset through which the Securities derive their value, the investee company, and general economic risk and the Portfolio Manager is not responsible or liable for losses resulting from the operations of the Portfolios.

## **6.2 Risk associated with equity and equity related instruments**

- 6.2.1 Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

- 6.2.2 Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.
- 6.2.3 Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.
- 6.2.4 Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner in such instruments, such decisions shall not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions. The investment made by the Portfolio Manager are subject to risks arising from the investment objective, investment approach and strategy and asset allocation.

### **6.3 Risk associated with debt and money market securities**

#### **6.3.1 *Interest Rate Risk***

Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise.

This risk is associated with movements in interest rates, which depends on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon.

#### **6.3.2 *Liquidity Risk***

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

The liquidity of the Portfolio investments is inherently restricted by trading volumes in the Securities in which the investment is made and in certain cases, such as unlisted Securities, a market for such securities may not exist.

### 6.3.3 ***Credit Risk***

Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

### 6.3.4 ***Reinvestment Risk***

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

## 6.4 **Risk associated with derivatives instruments**

### 6.4.1 ***Derivative Risks***

The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

The derivatives will entail a counter party risk to the extent of amount that can become due from the party. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives in excess of hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price

## **6.5 Risk associated with investments in mutual fund schemes**

### **6.5.1 Mutual Fund Risk**

Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.

Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.

The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.

The Portfolio Manager shall not be responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.

While it would be the endeavour of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.

The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

## **6.6 Risk arising out of Non Diversification.**

6.6.1 The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market

capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

## **6.7 Risk arising out of investment in Associate and Related Party transactions**

### **6.7.1 Risks associated with investment in associates/ group Companies of the Portfolio Manager:**

All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.

The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.

The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

## **6.8 Other risks**

### **6.8.1 *Macro-Economic risks***

Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

### **6.8.2 *Force Majeure Risk***

In certain cases, the value of securities may be impacted by external factors such as acts of State, eminent domain, acts of God, or sovereign action, acts of nature, acts of war, epidemic, pandemic, civil disturbance, which may affect the liquidity of securities, value of underlying asset.

### **6.8.3 *Capital Risk***

The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to factors which by way of illustration include default or non-performance of a third party, company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.

### **6.8.4 *Market Risk***

Market values, liquidity and risk return profile of investments (investment characteristics) in equities are likely to fluctuate depending on performance of the industry, national and international economies, regulations and changes therein - domestically and internationally, events that are of significant impact such as war, terrorism, sanctions and trade embargoes, natural calamities, acts of God, epidemic, pandemic etc. Market values, liquidity and yields of fixed and variable income instruments are likely to fluctuate depending on the prevailing interest rates in the market, liquidity preferences, impact cost changes, re-ratings of the issuer or the instruments, competing instruments, etc.

#### 6.8.5 ***Stock Specific Risk***

Performance of the issuer companies will have significant influence on market prices of its securities. This will further depend on, in addition to external factors, its own ability to perform, management, changes therein, frauds by and on the management etc. These are known as internal risks.

#### 6.8.6 ***Transaction and Settlement Risk***

The Portfolio faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity, etc.

#### 6.8.7 ***Portfolio Manager Competency Risk***

The Portfolio faces risks based on management and operational efficiencies and controls of the Portfolio Manager i.e., the risk is based on ability of the Portfolio Manager in identifying opportunities or misjudging trends and late investments and/ or early liquidations, either at a loss or at reduced profits, or misjudging opportunities completely.

#### 6.8.8 ***Allied Service Provider Risk***

The Portfolio faces risks due to other service providers that the Portfolio Manager may engage to render the services such as broking, clearing and settlement, custodian services, courier services, auditing services etc.

#### 6.8.9 ***Portfolio Allied Operations Risk***

The Client also faces risks from usage of technology for recording transactions and accounts, communication of information to and fro, data computing and storage, leakages of data / information from various points including at the Portfolio Manager's operations etc.

#### 6.8.10 ***Regulatory Risk***

Changes made by the government in any of the policy parameters, including in respect of taxation, etc., that affect working of companies have positive / negative impact on market prices of those stocks and to that extent, in the value of the Portfolio. Such changes may also apply to the manner in which Portfolio is being operated and on taxability of profits made on divestment, tax treatment for dividends, etc.

#### 6.8.11 ***Income Tax Risk***

The tax aspects of an investment in shares and securities in India are complicated and each investor should have them reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor. The tax consequences for any investment will depend on circumstances specific to each investor and the additional peculiarities associated with respect to the investments. Further, there is a risk that the income tax authorities may recharacterize the income/returns provided to you, which may lead to higher incidence of direct and indirect tax. In certain circumstances where the securities purchased by the Client may derive their value from income generated from the underlying asset, the income tax authorities may have claims pending the underlying asset, which may impact your income/returns from such asset.

#### 6.8.12 ***Vacancy Risk***

In certain circumstances, the Securities purchased by the Client may derive their value from income generated from the underlying asset. In such cases, the value and return on the securities may be impacted in case the underlying asset is not able to generate income, which may be due to various factors. Further, the Portfolio Manager may offer investment opportunities to other clients, which may compete with the investment made by you.

#### 6.8.13 ***Title Risk***

As a Portfolio Manager, we may appoint advisors and service providers to undertake due diligence of underlying asset, however, there is an inherent risk associated with any due diligence exercises as it relies on the vendor to provide all information, accurately and truthfully.

#### 6.8.14 ***Litigation Risk***

The value and marketability of the Securities or the underlying asset may be impacted due to commencement of litigation in relation to the Client, the issuer of Security or the underlying asset through which the Securities derive their value.

#### 6.8.15 ***Key Person Risk***

Key persons of the Portfolio Manager may be involved in various capacities (such as directors or shareholders) with the issuer of Securities purchased the Client and there may be a potential non-alignment or conflict of interest in such cases. Some of the transactions between the Portfolio Manager and the issuer of Securities purchased by the Client will be treated as related party transactions. All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the Client's Portfolio. Further, a disclosure of conflict of interest related to services offered by group companies of the Portfolio Manager, if any, shall also be made.

### 6.9 **Investment Related Risks**

- 6.9.1 The valuation of the Portfolio investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates,

currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.

- 6.9.2 Different segments of the financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well-developed and liquid secondary market for debt securities would result, at time, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.
- 6.9.3 The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yields and/or higher capital appreciation potential. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the PMS Agreement.
- 6.9.4 The Portfolio Manager has no previous experience or track record in providing portfolio management services.
- 6.9.5 All investments involve risk. Past performance is not indicative of future results and there can be no assurance that the future performance of any specific investment, investment strategy, or product will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this document, PMS providers collateral/any communication channel serves as the receipt of, or as a substitute for, personalized investment advice from your investment advisor.

Please remember to contact your advisor, if there are any changes in your personal/ financial situation or investment objectives for the purpose of reviewing/evaluating the suitability of our investment strategies and approaches.

## **7. NATURE OF EXPENSES**

The following are indicative types of costs and expenses for Clients availing the Portfolio Management Services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and/or the agreements in respect of each of the services availed by the Client at the time of execution of such agreements.

- (a) Investment management and advisory fees:

1. The Portfolio Manager’s standard annual fee for the Discretionary and Non-Discretionary Portfolio Management Services, provided shall be as follows (except for Market Leaders and Multi Factor Portfolios Investment Approach):

Client AUM Slab (In Rupees)	Fixed Fee Model*	Fixed + Variable linked fee model**
< 100 Cr	Upto 1%	Upto 0.50% + 20% linked to performance
101 crs to 500crs	Upto 0.80%	Upto 0.40% + 20% linked to performance
501 crs to 1000crs	Upto 0.50%	Upto 0.30% + 20% linked to performance
>= 1000crs	Upto 0.40%	Upto 0.20% + 20% linked to performance

\*Excludes GST & fund administration charges, charged quarterly.

- The management fees can either be fixed AUM-linked fee or a combination of fixed AUM linked plus a performance-linked fee. The fixed AUM-linked fee will be charged every quarter on an annualised basis.
- If Client opts for a combination of fixed AUM linked plus a performance-linked fee structure, performance fees will be charged on an excess accrued pre-tax post-fixed management fee (realized plus unrealized gains net of actual incidental charges) over the hurdle rate (APMI Benchmark of the Investment Approach for all Nucleus Strategies, except for Nucleus “Multi-Asset” **Capital Compounder** at the end of every financial year.
- For NDPMS Strategies and Nucleus “Multi-Asset” **Capital Compounder**, if Client opts for a combination of fixed AUM linked plus a performance-linked fee structure, performance fees will be charged on an excess accrued pre-tax post-fixed management fee (realized plus unrealized gains net of actual incidental charges) over the hurdle rate (which will mirror the client’s risk- composition) at the end of every financial year.
- Appropriate market proxies will be considered for the purpose of calculation of risk composition. We will follow the concept of a higher watermark for the computation of the performance fee.
- Fees is calculated on a **slab basis**, where the applicable percentage is determined by the total value the Client’s Assets Under Management (AUM). The fee rate corresponding to the slab corresponding to the Client’s Investment Approach in which the Client’s total AUM falls will apply **to the entire portfolio value**. The AUM will be the average AUM determined at the time when the fees is being calculated.

**As per SEBI circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 point no. 6.1.3.6. dated March 20, 2023**

“**High Water Mark** shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The Portfolio Manager shall charge performance-based fee only on increase in portfolio value in excess of the previously achieved high water mark. “

**Illustration:** Consider that frequency of charging of performance fees is annual. A client's initial contribution is ₹50,00,000, which then rises to ₹60,00,000 in its first year; a performance fee/ profit sharing would be payable on the ₹10,00,000 return. In the next year the portfolio value drops to ₹55,00,000 hence no performance fee would be payable. If in the third year the Portfolio rises to ₹65,00,000, a performance fee/profit sharing would be payable only on the ₹5,00,000 profit which is portfolio value in excess of the previously achieved high water mark of ₹60,00,000, rather than on the full return during that year from ₹55,00,000 to ₹65,00,000

- f. For clients opting for fixed AUM linked plus a performance-linked fee structure, the first Performance Fee for the Client shall accrue and become due and payable at the end of the first financial year or on closure, whichever is earlier.
- g. The Portfolio Manager has the option to charge fee using fixed fee model or fixed + variable fee model or a fixed fee with a minimum and maximum range captured in INR terms. This structure and fee's applicable to each client will be captured under the Fee Schedule.
- h. The Exit Load shall be charged at the sole discretion of the Portfolio Manager, at the time of exit based on the duration that the Assets are held with the Portfolio Manager. In the event that the Client redeems the whole or part of its Assets, exit load shall be applicable on a FIFO basis on the total amount which shall be redeemed as follows: (a) 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment, (b) subsequently, the exit load shall be Nil.
- i. The above will be subject to applicable Goods and Services Tax and other statutory levies which may differ from time to time as per changes in tax laws.
- j. All fees and charges shall be levied on the actual amount of Clients' assets under management.
- k. In case of interim contributions/ withdrawals by the Client, performance fees will be charged after appropriately adjusting the high-water mark on proportionate basis.

**2. The Portfolio Manager's standard annual fee for Market Leaders and Multi Factor Portfolios Investment Approach (Equity Strategy):**

Client AUM Slab (Amount in Rs)	Fixed Fee Model*	Fixed + Variable linked fee model**
Upto 1Cr	Up to 1.00%	Upto 0.50% + 20% over benchmark performance
Above 1Cr	Up to 0.75%	Upto 0.35% + 15% over benchmark performance

\*Excludes GST & fund administration charges, charged quarterly.

- a. The management fees can either be fixed AUM-linked fee or a combination of fixed AUM linked plus a performance-linked fee. The fixed AUM-linked fee will be charged every quarter on an annualised basis.
- b. If Client opts for combination of fixed AUM linked plus a performance-linked fee structure, performance fees will be charged on an excess accrued pre-tax post-fixed management fee (realized plus unrealized gains net of actual incidental charges) over the hurdle rate (APMI benchmark) at the end of every financial year. We will follow the concept of a higher watermark for every year for the computation of the performance fee.
- c. Fees is calculated on a **slab basis**, where the applicable percentage is determined by the total value the Client's Assets Under Management (AUM). The fee rate corresponding to the slab corresponding to the Client's Investment Approach in which the Client's total

AUM falls will apply **to the entire portfolio value**. The AUM will be the average AUM determined at the time when the fees is being calculated.

As per SEBI circular no. **SEBI/HO/IMD/IMD-POD-1/P/CIR/2024/80** point no. 6.1.3.6. dated June 07, 2024

**“High Water Mark** shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The Portfolio Manager shall charge performance-based fee only on increase in portfolio value in excess of the previously achieved high water mark. “

High Water Mark shall be applicable for Market Leaders as well as Multi Factor Portfolios. In case of interim contributions/ withdrawals by Clients, performance fees may be charged after appropriately adjusting the high-water mark on proportionate basis.

- d. For clients opting for fixed AUM linked plus a performance-linked fee structure, the first Performance Fee for the Client shall accrue and become due and payable at the end of the first financial year or on closure, whichever is earlier.
- e. The Exit Load shall be charged at the sole discretion of the Portfolio Manager, at the time of exit based on the duration that the Assets are held with the Portfolio Manager. In the event that the Client redeems the whole or part of its Assets, exit load shall be applicable on a FIFO basis on the total amount which shall be redeemed as follows: (a) 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment, (b) subsequently, the exit load shall be Nil.
- f. The above will be subject to applicable Goods and Services Tax and other statutory levies which may differ from time to time as per changes in tax laws.
- g. All fees and charges shall be levied on the actual amount of Clients’ assets under management.
- h. In case of interim contributions/ withdrawals by the Client, performance fees will be charged after appropriately adjusting the high-water mark on proportionate basis.

- (b) Custodian, Registrar and transfer agent, and brokerage fees:

Over and above the performance fee and the transactions cost as mentioned above, the Portfolio Manager would recover charges levied by the custodian for acquiring, holding, sale & transfer of investments in de-materialised form (like custody charges, transaction charges, depository charges, out of pocket expenses, etc., at actual), audit fees for auditing and reporting of individual Client’s account, audit fees, fund accounting fees and any other charges that the Portfolio Manager may have to incur while running the portfolio management services. The above fees, transaction cost and other charges shall be directly debited to the Client’s account as and when the same becomes due for payment.

These include:

- (i) Custodian/Depository fees: The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts.

- (ii) Registrar and transfer agent fee: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges; cost of affidavits, notary charges, postage stamp and courier charges.
- (iii) Brokerage costs: The brokerage charges would be payable at actuals.
- (iv) Other transaction costs: Other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

(c) Transaction Costs:

Brokerage and / or Transaction cost on transactions would be levied at the prevailing rates charged by the brokers and /or any such other intermediary (+) applicable goods and services tax (+) stamp duty (+) securities transaction tax (+) turnover tax (+) any other levies thereon, as may be applicable from time to time.

(d) Distribution Fees:

Fees shall be paid to distributors only from the fees received by Portfolio Manager. The Portfolio Manager shall ensure that its distributors abide by the code of conduct prescribed by SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/26 dated 13 February 2020 and furnish annual self-certifications of such compliance within 15 days from the end of the financial year.

Portfolio Manager can create a direct plan for each of the products for Clients/ prospects on advisory platform.

**Note** - All operating expenses excluding brokerage, over and above the fees charged for portfolio management service, shall not exceed 0.5% per annum of the Client's average daily assets under management.

Also please note that the fees charged by the Portfolio Manager from the client for rendering portfolio management services is without guaranteeing or assuring, either directly or indirectly, any return. The Portfolio Manager shall charge no upfront fee, directly or indirectly, to the clients.

## **8. TAXATION**

### **A) GENERAL**

- 8.1** The following information is based on the tax laws in force in India as of the date of this Disclosure Document and reflects the Portfolio Manager's understanding of applicable provisions. . The tax implications for each Client may vary significantly based on residential status and individual circumstances. As the information provided is generic in nature, Clients are advised to seek guidance from their own tax advisors or consultants regarding the tax

treatment of their income, losses, and expenses related to investments in the portfolio management services. The Client is responsible for meeting advance tax obligations as per applicable laws.

The Finance Act, 2024, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2026-2027 and onwards:

<i>Type</i>	<i>Old Regime</i>			<i>New Regime</i>	
<i>Age Bracket</i>	<i>&lt; 60 Yrs</i>	<i>60 - 80 Yrs</i>	<i>&gt;80 Yrs</i>	<i>All Age Groups of Individuals</i>	
<i>Total Income (INR)</i>	<i>Rate*</i>	<i>Rate</i>	<i>Rate</i>	<i>Total Income (INR)</i>	<i>Rate</i>
Up to 250000	NIL	NIL	NIL	Up to 400000	NIL
From 250,001 to 300000	5%	NIL	NIL	From 400001 to 800000	5%
From 300,001 to 500000	5%	5%	NIL	From 800001 to 1200000	10%
From 500,001 to 10,00,000	20%	20%	20%	From 1200001 to 1600000	15%
Above 10,00,001	30%	30%	30%	From 1600001 to 2000000	20%
				From 2000001 to 2400000	25%
				Above 2400000	30%

- 8.2** The summary below provides general information on Indian Income-tax implications but is neither intended to be a complete discussion of all tax implications, nor does it purport to be a complete description of all potential tax costs, tax incidence and risks inherent on the acquisition, ownership and sale of Indian securities.
- 8.3** In addition, the comments herein are not binding on the Indian tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasized that neither the Portfolio Manager nor any other person involved in the preparation of this document accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of the Indian securities. Prospective investors should consult their own tax advisors concerning their individual tax consequences of their particular situations.
- 8.4** We do not make any representation regarding any legal interpretations. Since the information below is based on relevant provisions as of February 2023, any subsequent changes in the said provisions could affect the tax benefits.
- 8.5** General Taxation: The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are afforded under the provisions of the IT Act. A person who is treated as non-resident for Indian

income-tax purposes is generally subject to tax in India only on such person's India sourced income.

- 8.6** Section 90(2) of the IT Act provides that where the Government of India has entered into an agreement with the Government of any country outside India or specified territory outside India (where the taxpayer is a resident) for granting relief of tax or avoidance of double taxation, the taxpayer may opt to be taxed as per provisions of the IT Act or the tax treaty/DTAA, whichever is more beneficial
- 8.7** This chapter does not discuss the tax implications applicable to the non-resident Investors under a beneficial DTAA [Section 90(2) of the IT Act], which would need to be analysed separately based on the specific facts.
- 8.8** The Indian Government has deposited the ratified Multilateral Instrument (“**MLI**”) to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (“**BEPS**”) on 25 June 2019 with Organisation for Economic Co-operation and Development (“**OECD**”). India has notified 93 tax treaties in its ratification and accordingly, India's tax treaties with such countries will include MLI provisions with effect from 1 April 2020.
- 8.9** This chapter does not discuss the impact of MLI on the claim of beneficial tax treatment under DTAA by a non-resident Investor. The same would need to be analysed separately based on the specific facts, where applicable. Further, the tax rates mentioned herein are exclusive of applicable surcharge and cess, unless specified otherwise.
- 8.10** Taxation of individual income component: Tax implications of the following income received by certain categories of clients from investments in securities as per IT Act are discussed as follows:

(a) **Dividend Income:**

For FY 2025-2026 Dividend will be taxed in the hands of shareholder at effective rate of 35.88%

- (i) For Resident shareholder: 10% (no surcharge and cess applicable) (TDS withholding u.s 194 / 194K);
- (ii) For Non-resident shareholder: 20% (plus surcharge and cess) under section 115A subject to any beneficial rate available under the applicable tax treaty

The new regime also proposes to levy TDS at the rate of 10% on the income paid by a specified company<sup>1</sup>/ MFs to its resident shareholders / resident unitholders if the amount of such income exceeds five thousand rupees in a financial year. However, no tax shall be required to be deducted by the Mutual Fund on income which is in the nature of capital gains.

**Deduction under section 57:** The FA 2020 allowed deduction of interest expense incurred while earning the dividend income. The expense allowance is restricted to 20% of the dividend income without deduction under section 57. The expense allowance is not a standard deduction per se and the shareholder / unitholder would need to establish and demonstrate that interest expense was actually incurred for the purpose of earning the dividend income. Further, it may be noted that interest expenditure is not likely to be allowable in the year when

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<sup>1</sup> As referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

no dividend income is received by the shareholder / unitholder. Hence, in case of Nil dividend income, the expenditure may not be allowable.

**Roll over benefit:** Section 80M of the IT Act provides for benefit of roll-over of deduction for the dividend received by a domestic company from another domestic / overseas company or a business trust (Real Estate Investment Trust / Infrastructure Investment Trust). Accordingly, where a corporate domestic investor is receiving dividend from a domestic / overseas company or a business trust, such investor shall be eligible for deduction of tax paid on dividend income received ('roll-over benefit under Section 80M') on further dividend distributed by them to their shareholders. This is done to avoid cascading effect of taxation on the same dividend income.

- (b) **Gains from sale of securities – Characterization of income:** Gains arising from the sale of securities in India (shares, derivatives etc.) may be taxed as Capital Gains (CG) or Business Income (BI) under the provisions of the IT Act, depending on the facts and circumstances of the case.

Characterization of income arising from the sale of Indian securities has been the subject of legal debate. The CBDT issued Circular No 4/2007 dated 15 June 15 2007 outlining certain judicial principles pronounced by various courts on the determination of whether shares are held as stock-in-trade or held as investments. The Circular states that no single principle is determinative and that the specific facts and circumstances of each case are required to be considered in order to make a determination of whether the shares held would be regarded as stock-in-trade or investment.

The nature of income from the disposal of securities will be classified as CG or BI depending on whether the investments are held as assets, investments with the object of capital appreciation or stock in trade for the purpose of trade / adventure.

The following conditions are to be generally considered for determining the nature of such income:

- (i) The motive of the entity is to earn profits through dividends, or from capital appreciations
- (ii) The substantial nature of transactions, the manner of maintaining books of accounts, the magnitude of purchases and sales and the ratio between purchases and sales
- (iii) Intent of the assessee as is evidenced by the documents / records
- (iv) Whether the charter documents authorize any such activity
- (v) Volume, frequency, continuity and regularity of transactions of purchase and sale

While the above discussion is predominantly in the context of transactions related to shares, on principles it could equally apply even to derivatives. Therefore in the context of derivative transactions, given the short duration and nature of the transactions it is likely that the transaction would be considered as giving rise to BI rather than income from CG.

Furthermore, the CBDT has provided further guidance on the matter vide circular No.6/2016 dated 29 February 2016 as follows:

- (vi) Where the taxpayer opts to treat listed shares and securities as stock in trade, the income arising from transfer of such shares / securities would be treated as its BI.

- (vii) If the taxpayer desires to treat income arising from the transfer of listed shares and securities held for more than 12 months as CG, the same shall not be disputed by the tax officer. However, such a stand adopted by the assessee will remain applicable in subsequent assessment years also and cannot be altered.
- (viii) In all other cases the nature of the transaction shall continue to be decided basis the facts of each particular case.

The above referred circular applied to listed shares and securities. Therefore, to bring parity in taxability of income/loss arising from transfer of unlisted shares the CBDT issued circular No.225/12/2016 dated 2 May 2016 determining the tax-treatment of income arising from transfer of unlisted shares for which no formal market exists for trading.

CBDT vide this circular clarifies that income arising from transfer of unlisted shares would be considered under the head CG, irrespective of period of holding with a view to avoid disputes/litigation and to maintain a uniform approach.

However, CBDT carves out three exceptions wherein this clarification shall not apply, namely:

- (ix) genuineness of transactions in unlisted shares itself is questionable
- (x) transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil and
- (xi) transfer of unlisted shares is made along with the control and management of underlying business

Thus, it is important to clearly understand the intent of issue of the aforesaid circulars by CBDT from time-to-time and to interpret in a rational manner where gain arising from the sale of securities should be classified under the head CG or BI.

- (c) **Capital Gains:** As per Section 45 of the IT Act, any profits or gains arising from the transfer of capital assets are chargeable to income-tax under the head 'capital gains'. Section 48 of the IT Act provides that income chargeable as CG is the difference between the full value of the consideration received or accrued on the transfer and the cost of acquisition of such asset plus expenditure in relation to such transfer (indexed in case the shares, being listed shares are held for more than 12 months and purchased in INR). Unlisted shares if not held for more than 24 months will be a short term capital asset and therefore not eligible for indexation.

The sale of securities would be taxed as under in the case of resident investors. for capital gains arising in case the transfers happened before 23/07/2024.

Type of gain	Period Holding	of	Tax rate
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Short-term	12 months or less <sup>2</sup> for listed shares and 24 months or less for unlisted shares	15% in case of equity shares or units of an equity-oriented fund listed on any recognised stock exchange in India and the sale is chargeable to STT.  Ordinary rate of tax applicable to the respective investors i.e. at the rate up to 30% for corporate investors, 30% for partnership and limited liability partnerships and at the applicable slab rates for individual investors in case of shares that are not listed on any recognised stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.
Long-term	More than 12 months for listed shares and more than 24 months for unlisted shares	10% in case equity shares are listed on any recognised stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT <sup>3</sup> . Further, LTCG shall be chargeable only in case where the capital gain exceeds INR 1,00,000 (Indian Rupees One Lakhs only).  20% (after considering indexation) for equity shares which are not listed on any recognised stock exchange in India.

Gains on sale of securities would be taxed as under in the case of *non-resident investors* for capital gains arising in case the transfers happened before 23/07/2024

Type of gain	Period of Holding	Tax rate
Short-term	12 months or less for listed shares and 24 months or less for unlisted shares	15% in case of equity shares or units of an equity-oriented fund listed on any recognized stock exchange in India and the sale is chargeable to STT.  Ordinary rate of tax applicable to the respective investors i.e. at the rate of 40% for corporate investors, 30% for partnerships and at the applicable slab rates for other non-corporate investors in case of shares that are not listed on any recognized stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.
Long-term	More than 12 months for listed shares and more than 24	10% in case equity shares are listed on any recognized stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT. Further, LTCG shall be chargeable only in case where the

<sup>2</sup> Period of holding of 12 months considered only in case of shares or securities of an Indian company listed on a recognized stock exchange in India or Units of UTI or Units of an Equity Oriented Mutual Fund or Zero-Coupon Bonds. In respect of unlisted shares, period of holding is considered as 24 months and it is considered as 36 months for other securities.

<sup>3</sup> Subject to certain specified exceptions on payment on STT at the time of purchase.

Type of gain	Period of Holding	Tax rate
	months for unlisted shares	<p>capital gain exceeds INR 1,00,000 (Indian Rupees One Lakh only).</p> <p>10% (in case equity shares listed on any recognised stock exchange but transaction of sale/ transfer not chargeable to STT (without giving effect to first and second proviso to Section 48)</p> <p>Gains on the sale of shares of unlisted companies are subject to tax 10% (without giving effect to first and second proviso to Section 48)</p>

Gains on sale of securities would be taxed as under in the case of resident & *non-resident investors* for capital gains arising in case the transfers happened on or after 23/07/2024

Type of gain	Period of Holding	Tax rate
Short-term	12 months or less <sup>4</sup> for listed shares and 24 months or less for unlisted shares	<p>20% in case of equity shares or units of an equity-oriented fund listed on any recognised stock exchange in India and the sale is chargeable to STT.</p> <p>Ordinary rate of tax applicable to the respective investors i.e. at the rate up to 30% for corporate investors, 30% for partnership and limited liability partnerships and at the applicable slab rates for individual investors in case of shares that are not listed on any recognised stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.</p>
Long-term	More than 12 months for listed shares and more than 24 months for unlisted shares	<p>12.5% in case equity shares are listed on any recognised stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT<sup>5</sup>. Further, LTCG shall be chargeable only in case where the capital gain exceeds INR 1,25,000 (Indian Rupees One Lakhs Twenty-Five Thousand only).</p> <p>12.5% for equity shares which are not listed on any recognised stock exchange in India.</p>

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<sup>5</sup> Subject to certain specified exceptions on payment on STT at the time of purchase.

**Long term capital gains:** Where investment under portfolio management services is treated as investment, the gain or loss from transfer of Securities shall be taxed as capital gains under section 45 of the IT Act.

**Period of Holding.**

Securities	Position upto 22 July 2024 Period of Holding	Position on or after 23 July 2024 Period of Holding	Characterization
Listed Securities (other than unit) and unit of equity oriented mutual funds, unit of UTI, zero coupon bonds	More than twelve (12) months	More than twelve (12) months	Long-term capital asset
	Twelve (12) months or less	Twelve (12) months or less	Short-term capital asset
Unlisted shares of a company	More than twenty-four (24) months	More than twenty-four (24) months	Long-term capital asset
	Twenty-four (24) or less	Twenty-four (24) or less	Short-term capital asset
Other Securities (other than Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture)	More than Thirty-six (36) months	More than twenty-four (24) months	Long-term capital asset
	Thirty-six (36) months or less	Twenty-four (24) or less	Short-term capital asset
Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023	Any period	Any period	Short-term capital asset
Unlisted bond or unlisted debenture	More than 36 months		Long-term capital asset
	36 months or less	Any period	Short-term capital asset

**Definition of Specified Mutual Fund:**

Before 1st April 2025:

“**Specified Mutual Fund**” means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies.

On and after 1st April 2025:

“**Specified Mutual Fund**” means, --

(a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or

(b) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a).

**Definition of debt and money market instruments:**

“**debt and money market instruments**” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

**Definition of Market Linked Debenture:**

“**Market Linked Debenture**” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by SEBI.

**For listed equity shares in a domestic company or units of equity oriented fund or business trust**

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of equity oriented fund or business trust.

As per section 112A of the IT Act, long term capital gains exceeding INR 1 lakh arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 10% , provided such transfer is chargeable to STT. This exemption limit has been increased from INR 1 lakh to INR 1.25 lakh and tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, is also taxed at a rate of 10%. This benefit is available to all assesseees. This tax rate is increased from 10% to 12.5%.

The long term capital gains arising from the transfer of such Securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to “step up” the COA of Securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the “indexed COA” (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case where the shares or units, not

listed on a recognised stock exchange as on the 31 January 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31 January 2018 by way of transaction not regarded as transfer under section 47 (e.g. amalgamation, demerger), but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer.

The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption of units.

No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

#### **For other capital assets (securities and units) in the hands of resident of India**

Long-term capital gains in respect of capital asset (all securities and units other than listed shares and units of equity oriented mutual funds and business trust) is chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. The capital gains are computed after taking into account cost of acquisition as adjusted by cost inflation index notified by the Central Government and expenditure incurred wholly and exclusively in connection with such transfer. This tax rate is reduced from 20% to 12.5%; but no indexation benefit will be available with effect from 23 July 2024.

As per Finance Act, 2017, the base year for indexation purpose has been shifted from 1981 to 2001 to calculate the cost of acquisition or to take Fair Market Value of the asset as on that date. Further, it provides that cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as Fair Market Value as on 1 April 2001.

#### **For capital assets in the hands of Foreign Portfolio Investors (FPIs)**

Long term capital gains, arising on sale of debt Securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by offshore funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the IT Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

#### **For other capital asset in the hands of non-resident Indians**

Under section 115E of the IT Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (specified assets include shares of Indian company, debentures and deposits in an Indian company which is not a private company and Securities issued by Central Government or such other Securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10% plus applicable surcharge and cess (without benefit of indexation and foreign currency

fluctuation). This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

### **Short term capital gains**

Section 111A of the IT Act provides that short-term capital gains arising on sale of listed equity shares of a company or units of equity oriented fund or units of a business trust are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to Securities Transaction Tax (STT). This tax rate has been increased from 15% to 20% with effect from 23 July 2024. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short term capital gains in respect of other capital assets (other than listed equity shares of a company or units of equity oriented fund or units of a business trust) are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

The Specified Mutual Funds or Market Linked Debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the IT Act. The unlisted bonds and unlisted debentures have been brought within the ambit of Section 50AA of the IT Act with effect from 23 July 2024.

### **Profits and gains of business or profession**

If the Securities under the portfolio management services are regarded as business/trading asset, then any gain/loss arising from sale of such Securities would be taxed under the head "Profits and Gains of Business or Profession" under section 28 of the IT Act. The gain/ loss is to be computed under the head "Profits and Gains of Business or Profession" after allowing normal business expenses (inclusive of the expenses incurred on transfer) according to the provisions of the IT Act.

Interest income arising on Securities could be characterized as 'Income from other sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

### **Losses under the head capital gains/business income**

In terms of section 70 read with section 74 of the IT Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

- (d) **Business Income:** As discussed above, the gains on sale of derivative contracts in the futures segment should generally be characterized as BI and the same would be taxable at the rate up to 30% or other ordinary applicable rate.

However, where the derivative contracts are entered into by a person, are settled otherwise than by delivery of transfer of the shares, it may be classified as speculative income, which is a special class of BI (this class of BI cannot set off losses from non-speculative income streams and loss can be carried forward only for four years).

However, where the derivative contracts are entered into electronically through a broker / sub broker on a Stock Exchange, where the broker provides a time stamped contract note, with the PAN of the client thereon, then the income will not be considered as speculative income

Where the Portfolio Manager adopts certain strategies (say 'Long Short') which involves simultaneous purchase/sale of securities and derivative products, it might be possible that the tax authorities could construe the same as "trading income" and tax it as Business income (i.e., at higher tax rates).

- (e) **Interest Income:** Classification of interest income is a matter of dispute with contradicting judicial precedents. Whether interest income would be assessable as business income or income from other sources would depend upon the nexus it has with the assessee's business. Interest income is taxable at the ordinary rate of tax applicable to the respective investors i.e., up to the rate of 30% for Indian resident corporate investors, 30% for partnerships and at the applicable slab rates for individual investors.

In case where the listed debt securities (including zero coupon bonds) are transferred, any gains derived from such transfer shall be taxed up to the rate of 30% as short-term capital gains where the period of holding is 12 months or less and at the rate of 10% as long-term capital gains where the period of holding is more than 12 months.

Income-tax provisions applicable to Non-residents in respect of receipt of income from fixed Income products are summarized below:

- (a) In terms of Section 115A of the IT Act, interest on monies borrowed in foreign currency (other than interest referred to in subsequent paragraphs) is taxable at 20% (subject to any tax treaty).
- (b) In terms of Section 115AB of the IT Act, income of an assessee, being an overseas financial organization (Offshore Fund) by way of income received in respect of units purchased in foreign currency or income by way of long term capital gains arising on transfer of units purchased in foreign currency, tax is charged @ 10% when transfer happens before 23/07/2024 and 12.5% when transfer happens on or after 23/07/2024 subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes. No deduction shall be allowed against this income u.s 28 to s. 44C or s. 57(i) or 57(iii) or Chapter VI-A. No indexation shall be allowed on LTCG arising on transfer of units.
- (c) In terms of Section 115AC of the IT Act, income of non-resident by way of interest on bonds of an Indian Company issued in accordance with the notified scheme i.e. 'Issue of Foreign Currency Exchangeable Bonds Scheme, 2008'/'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993/ Depository Receipts Scheme 2014' or on bonds of public sector company sold by the government and purchased by the investor in foreign currency or

income by way of dividends on GDR or income by way of long term capital gains arising on transfer of above bonds or GDR's, will be taxed at the rate of 10% when transfer happens before 23/07/2024 and 12.5% when transfer happens on or after 23/07/2024 (plus applicable surcharge Health and Education cess) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes.

- (d) In terms of Section 115AD of the IT Act, income of a Foreign Institutional Investor received in respect of securities (other than units referred in Section 115AB) as defined under the Securities Contracts (Regulations) Act, 1956 is taxed @ 20% (plus applicable surcharge and Health and Education cess) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes.
- (e) Similar provision is available for other than FII investors who invest in Long-term Bonds of Indian company in foreign currency, withholding shall be done under Section 194LC of the IT Act at 5% (plus applicable surcharge and Health and Education cess) subject to satisfaction of certain conditions (interest to be calculated at the rate approved by Central Government, having regards to the terms of the bonds and its repayment), subject to tax treaty benefit, if any. The payor shall withhold applicable taxes.
- (f) Any interest (other than above) on loan received in India currency is taxable at 40% (subject to tax treaty benefit, if any).

**Rate of surcharge**

The above rates of income-tax in this document shall be increased by the following surcharge on income-tax and education cess on income-tax and surcharge.

<b>As per the Finance Act, 2021 with effect from 1 April 2021</b>	<b>Surcharge on income-tax</b>	<b>Education Cess on income-tax and surcharge</b>
Rate of surcharge on Indian companies with income exceeding INR 10 million but less than INR 100 million	7%	4%
Rate of surcharge on Indian companies with income exceeding INR 100 million	12%	4%
Resident companies opting for taxation under section 115BAA and section 115BAB	10%	4%
Rate of surcharge on Foreign companies with income exceeding INR 10 million but less than INR 100 million	2%	4%
Rate of surcharge on Foreign companies with income exceeding INR 100 million	5%	4%
Rate of surcharge on Partnership firm / LLP with income exceeding INR 10 million	12%	4%

Individuals / HUF / AOP / BOI: where the total income exceeds INR 5 Million / 10 Million / 20 Million / 50 Million (Please refer to the note below)	10% / 15% /25% /37%	4%
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*Note: The enhanced rates of surcharge (essentially the 25% and 37% rate of surcharge applicable for income greater than INR 20 million and INR 50 million respectively), shall not apply for dividend income, capital gain arising to FII on transfer of any securities and in case of capital gains arising on an on-market transfer of the following securities (where applicable securities transaction tax has been paid) as referred to in section 111A and 112A of the ITA:*

- *Equity shares*
- *Units of an equity-oriented fund*
- *Units of a Real Estate Investment Trust (REIT) or Infrastructure Investment Trust (InvIT)*

Further, as per the Finance Bill, 2022, the surcharge for tax on all form of long term capital gain shall be capped to 15%.

*The Finance Act, 2023 has mentioned that the rate of surcharge shall be capped @ 25% for persons opting for the new tax regime.*

#### **Tax Collected at Source**

With effect from 1 October 2020, where the Seller of goods receives any amount as consideration for sale of goods of the value exceeding INR 5 million, such Seller is required to collect from Buyer a sum equal to 0.1% of the sale consideration, exceeding INR 5 million. This shall not be applicable in case Buyer is liable to deduct taxes at source from the payments made to the Seller and has deducted such amount.

Seller for the purpose of TCS provisions under section 206C(1H) of the ITA has been defined to mean a person whose total sales, turnover or gross receipts exceeds INR 100 million during the financial year immediately preceding the financial year in which sale of goods is carried out.

‘Goods’ for the purpose of TCS provisions could include shares and securities. There are currently alternative interpretations of the applicability of TCS to transactions in securities including qualifying criteria for a “Seller”.

The CBDT, vide Circular No. 17 of 2020 (dated 29 September 2020), has carved out certain transactions wherein the provisions of section 206C(1H) of the ITA shall not apply. This *inter alia* includes transactions in securities and commodities which are traded through various recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre.

Accordingly, where transactions in securities and commodities are traded through recognized stock exchanges, the provisions of section 206C(1H) shall not apply.

#### **Tax Deducted at Source (TDS) under section 194Q**

In the case of resident clients, the income arising by way of dividend, interest on securities, income from units of mutual fund, etc. from investments made in India are subject to the

provisions of tax deduction at source (TDS). Residents without Permanent Account Number (PAN) are subjected to a higher rate of TDS.

In the case of non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the IT Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

With effect from 1 July 2021, a buyer while making payment to resident seller on purchase of goods having value exceeding INR 5 million during the financial year is required to withhold tax at the rate of 0.1% under Section 194Q of the ITA.

‘Buyer’ for the purpose of section 194Q is defined as a person whose total sales, gross receipts or turnover from the business carried on exceeds INR 100 million during immediately preceding financial year in which the purchase of goods is carried out.

‘Goods’ for the purpose of section 194Q could include shares and securities. There are currently alternative interpretations of the applicability to transactions in securities including qualifying criteria for a “Buyer”.

CBDT has also issued a clarificatory circular no. 13 / 2021 dated 30 June 2021 to address various issues in relation to the applicability of Section 194Q. As per the said circular, no TDS u/s 194Q shall apply in case of transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in IFSC. This is in line with the CBDT circular issued in the context of Section 206C(1H).

Accordingly, where transactions in securities and commodities are traded through recognized stock exchanges, the provisions of section 194Q shall not apply in the hands of buyer.

Further, TDS under Section 194Q shall not be applicable where the buyer is a non-resident and the purchase of goods is not effectively connected to its permanent establishment in India (if any).

### **Withholding of tax at higher rate**

As per Section 206AA of the IT Act<sup>6</sup>, where a recipient of income (which is subject to withholding tax) does not furnish its Permanent Account Number (“PAN”), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in

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<sup>6</sup> Not applicable in case of interest on long term bonds referred to under Section 194LC of the IT Act.

the relevant provisions of the IT Act; (ii) rates in force; or (iii) at 20% (twenty per cent) / 5% (five per cent) in case of withholding of tax under Section 194Q. In case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents (including their tax residency certificate).

Accordingly, in case of recipient who do not have a PAN, tax shall be withheld at a minimum rate of 20% (twenty per cent) / 5% (five per cent) for TDS under Section 194Q, except in case of non-resident investors who furnishes certain prescribed information / documents (including their tax residency certificate) are provided by such Investors being non-residents.

Separately, under Section 206AB of the IT Act, where the recipient (other than a non-resident not having a permanent establishment in India) has not filed its income tax return for two financial years preceding the relevant financial year and such recipient has suffered withholding tax or tax has been collected from such recipient of an amount aggregating to INR 50,000 or more in each of the last two financial years, then except in case of certain specified payments, tax shall be withheld at higher of the following rates:

- *twice the rate provided under the IT Act; or*
- *twice the rate or rates in force; or*
- *the rate of 5%.*

Further, where the recipient has neither furnished its PAN (which entails withholding of tax at minimum of 20% or 5%, as the case may be, under Section 206AA) nor filed its tax return for last two financial years, tax shall be withheld at higher of the rates under both the provisions.

Under the Finance Bill 2022, it is proposed to amend the provisions of Section 206AB to provide that higher withholding tax rate shall apply only in case of persons (other than a non-resident not having a permanent establishment in India) who has not filed its income tax return for the immediately preceding financial year for which the time limit under Section 139(1) has expired, and such recipient has suffered withholding tax or tax has been collected from such recipient of an amount aggregating to INR 50,000 or more in the relevant preceding year.

### **Deemed income on investment in shares / securities**

In terms of Section 56(2)(x) of the IT Act, if shares / securities are received for less than the fair market value of the shares / securities (computed as per prescribed rules), the difference between the price paid and fair value if above Rs 50,000 then it shall be deemed as ordinary income of the recipient.

Separately, if shares other than “quoted shares” are transferred for less than the fair value of the shares (computed as per prescribed rules), the fair value of such unquoted shares shall be deemed to be the sale consideration for the seller, for computing its capital gains for Indian tax purposes. “Quoted share” is defined as “the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.”

### **Bonus Stripping**

According to Section 94(8), in case of units purchased within a period of 3 months prior to the record date (for entitlement of bonus units) and sold/transferred/redeemed within 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of

computing the income chargeable to tax. The loss so ignored shall be deemed as cost of acquisition of such bonus units.

### **General Anti-Avoidance Rules (GAAR)**

The Finance Act, 2012 had introduced General Anti-Avoidance Rules (GAAR) into Act, which, subsequent to the amendments introduced by the Finance Act, 2015, has come into effect from April 1, 2017.

As per the provisions of IT Act, Indian tax authorities have been granted wide powers to tax 'impermissible avoidance arrangements' including the power to disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

The term 'impermissible avoidance arrangement' has been defined to mean an arrangement where the main purpose is to obtain a tax benefit.

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) below mentioned tainted elements:

- (a) The arrangement creates rights, or obligations, which ordinarily are not created between persons dealing at arm's length;
- (b) It results, directly or indirectly, in the misuse, or abuse, of the provisions of the IT Act;
- (c) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- (d) It is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Some of the illustrative powers are:

- (a) Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- (b) Ignoring the arrangement for the purpose of taxation law;
- (c) Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- (d) Looking through the arrangement by disregarding any corporate structure; or
- (e) Recharacterizing equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the Income-tax Rules, 1962. The Income-tax Rules, 1962 provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- (a) Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (LOB) in a tax treaty, GAAR should not be invoked.
- (b) GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- (c) GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

Further, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

In case the GAAR is applied to any transaction pertaining to the Fund, it could have an adverse impact on the taxability of the Fund and/ or its Investors and hence, impact the returns to the Investors.

It is provided that GAAR shall not apply, inter alia, to arrangements where the aggregate tax benefit in a relevant year, to all the parties involved, does not exceed INR 3,00,00,000 (Indian Rupees Thirty million).

#### **Other applicable taxes**

**Wealth tax:** It has been abolished by the Finance Act, 2015.

**Goods and Services Tax (GST):** GST will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee.

**Securities Transaction Tax (“STT”)** - As discussed above the concessional rate for short term capital gains and long-term capital gains would be applicable only if the sale / transfer of the equity shares takes place on a recognized stock exchange in India. All transactions entered on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates.

The rates of STT are as follows: -

Sr No	Nature of taxable securities	STT Rates %	Payable by
1(a)	Purchase of an equity share in a company where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such shares	0.1	Purchaser
1(b)	Purchase of a unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such units	NIL	Purchaser

Sr No	Nature of taxable securities	STT Rates %	Payable by
2(a)	Sale of an equity share in a company where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such shares	0.1	Seller
2(b)	Sale of a unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such units	0.001	Seller
3	Sale of an equity share in a company/ unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled otherwise than by actual delivery or transfer of shares/ units.	0.025	Seller
4(a)	Sale of an option in securities (STT will be payable on the option premium)	0.05	Seller
4(b)	Sale of an option in securities where the option is exercised (STT will be payable on the settlement price)	0.125	Purchaser
4(c)	Sale of a future in securities	0.01	Seller
5	Sale of units of an equity-oriented fund to the Mutual Fund	0.001	Seller
6	Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public including in an IPO and where such shares are subsequently listed on a recognized stock exchange	0.2	Seller

The amount of STT paid in respect of the taxable securities transactions entered into in the course of a business during the previous year can be claimed as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head ***Profits and gains from business and profession [Section 36(1)(xv)]***.

#### **Stamp Duty and Transfer Tax**

The Finance Act, 2019 has amended the above law to provide that stamp duty shall be levied uniformly throughout the country on transfer of securities in physical as well as dematerialized form.

Applicable stamp duty under various scenarios are tabulated below:

Particulars	Rate	Leviable on
<b>1. Issue of securities</b>		
Shares	0.005%	Issuer
Debentures	0.005%	Issuer
<b>2. Transfer of securities</b>		
<b>A. Shares</b>		
On delivery basis	0.015%	Buyer
On non-delivery basis	0.003%	Buyer
In physical form	0.015%	Seller/ Transferor
<b>B. Debentures</b>		
Marketable	0.0001%	Buyer
Non-marketable	0.0001%	Seller/Transferor

A stamp duty will be imposed on purchase of mutual funds – equity and debt funds – from July 1, 2020. As per SEBI, 0.005% stamp duty will be levied on purchase of mutual funds, including lump sum, SIP, STP, and dividend reinvestment. It is, however, not applicable on redemption of units. Meanwhile, a stamp duty of .015% will also be imposed in case of transfer of units between demat accounts.

There can be no guarantee that the above position regarding taxation of the Client would necessarily be accepted by the income-tax authorities under the IT Act. No representation is made either by the Portfolio Manager or any employee, partner or agent of the Portfolio Manager in regard to the acceptability or otherwise of the above position regarding taxation of the Client by the income tax authorities under the IT Act. Prospective Investors are urged to consult their own tax advisers in this regard.

### **FATCA Guidelines**

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The reporting financial institution is expected to maintain and report the following information with respect to each reportable account:

- (a) the name, address, taxpayer identification number and date and place of birth;
- (b) where an entity has one or more controlling persons that are reportable persons:
  - (i) the name and address of the entity, TIN assigned to the entity by the country of its residence; and

- (ii) the name, address, date of birth, place of birth of each such controlling person and TIN assigned to such controlling person by the country of his residence.
- (c) account number (or functional equivalent in the absence of an account number);
- (d) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
- (e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts (i.e. under CRS).

## 9. ACCOUNTING POLICIES

The following accounting policy will be applied for the investments of clients:

- 9.1 Books and Records would be separately maintained in the name of the Client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the PMS Regulations. Accounting under the respective Portfolios will be done in accordance with Generally Accepted Accounting Principles in India.
- 9.2 The Portfolio Manager and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same may be mutually agreed between them on a case specific basis.
- 9.3 The Portfolio Manager shall keep and maintain proper books of accounts, record and documents for each Client so as to explain transactions for each Client and to disclose at any point of the Portfolio holding of each Client.
- 9.4 The following accounting policies will be applied for the Portfolio investments of Clients:

(a) Basis of Accounting

The financial statements are prepared on an accrual basis of accounting under the historical cost convention.

(b) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and reported revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

(c) Capital

Capital represents infusions (net of withdrawals, if any) of Funds/Securities contributed by the Client under the PMS Agreement.

(d) Investments

Accounting for investment transactions: Purchase and sale of investments are recorded on trade date basis, after considering brokerage, if any. Securities Transaction Tax levied on purchase/sale of Securities during the financial year is recognised as an expense in the books of accounts. Investments as at the Balance Sheet date are reflected at Cost. Investments are allocated to the Client based on pre-determined criteria at weighted average price of the day's transaction.

Bonus rights and splits are recorded on the respective ex-dates notified by the Company.

(e) Portfolio valuation

1. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (“NSE”). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the Net Asset Value of the previous day or at the last available Net Asset Value declared for the relevant Scheme on the date of the report.
2. Unlisted Securities/investments will be valued at cost till the same are priced at fair market value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (at least half yearly)
3. Unrealized gains/losses are the differences, between the current market value/Net Asset Value and the cost of the Securities as recorded by the Fund Manager.
4. Fixed Income Valuation - Valuation will be based on the prices provided by CRISIL Limited or NSE Data & Analytics Limited.

(f) Revenue Recognition

- (i) Profit or loss on sale of investments is recognised on the date of transaction and is determined by applying the First in - First out principle.
- (ii) Dividend income is accounted for when unconditional right to receive is established.
- (iii) Interest on Fixed Deposits is accrued on a time proportionate basis at the underlying interest rates.
- (iv) In respect of all interest-bearing investments, income shall be accrued on a day-today basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to Interest Receivable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Receivable Account. In case where debt securities have matured and remained overdue, interest is accrued only upto the date of maturity of the respective securities or as per agreed terms with the investee companies. Penal interest, interest for the period subsequent to the maturity date of the securities and premium on redemption etc. are recognised on realization basis. For moratorium period, interest is accrued only if confirmed by the investee companies. In case of uncertainty on recovery of overdue interest the same is accrued on receipt basis.

(g) Portfolio Management Fees:

Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Client Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Client Agreement with each individual client. The fixed management fee will be as agreed in the Client

Agreement terms and conditions and is payable quarterly. The performance fees as agreed with the client in the Client Agreement will be based on customer's assets under management. These management fees are agreed to with the client and are usually in the form of basis points. The management fees can also be a combination of fixed assets under management linked plus a performance-linked fee, which would be offered under the Bespoke category. Performance fees will be charged on the basis of agreement terms relating to such performance incentives.

(h) Expenses

All expenses are accrued and accounted on following basis which shall be subject to cap limit:

Audit Fees	Allocated based on pre-determined criteria.
Depository Charges & Transaction Charges	At actuals based on actual invoice received from the Custodians.
Management Fees & Performance based Fees	Accrued in accordance with the Agreement entered with the Client.
Securities Transaction Tax	At actuals on basis of allocation of investment.
Custodian, Audit and Fund Accounting Fees	At actuals based on actual invoices received from respective parties.

(i) Provision for tax

No provision for tax has been made on the income earned during the period since as per the PMS Agreement, all tax liabilities are the Client's sole responsibility. Tax deducted at source on interest income is recorded on confirmation obtained from Bank.

(j) Audit

- (i) The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant to ensure that the Portfolio Manager has followed accounting methods and procedures and that the Portfolio Manager has performed his duties in accordance with the law. A certificate to this effect, if specified, to be submitted to SEBI within 6 months of close of Portfolio Manager's accounting period.
- (ii) The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant and a copy of the certificate issued by the chartered accountant shall be given to the Client.
- (iii) The client may appoint a chartered accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such chartered accountant in course of the audit.

The accounting policies and standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the PMS Regulations.

The Client may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

## 10. INVESTORS SERVICES

### 10.1 Name, address and telephone number of the Investor Relation Officer / Compliance Officer who shall attend to the Investor queries and complaints.

Name	Ms. Shilpa Dadhich
Designation	Compliance Officer
Address	142, 14th Floor, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021, India.
Telephone number	+91 9987538394
E – mail address	investor.grievance@waterfieldadvisors.com

### 10.2 Grievance redressal and dispute settlement mechanism

The objective of grievance redressal system is to ensure that all clients are treated fairly at all times and that any complaints raised by the clients are dealt with courtesy and in time. The Portfolio Manager shall endeavour to address all complaints regarding services, deficiencies or causes for grievances, for whatsoever reason, in a reasonable and timely manner.

To ensure the same, the following system shall be put in place:

- (a) The Client should promptly notify any grievances to the Compliance Officer in writing, giving sufficient details to enable the Portfolio Manager to take necessary steps.
- (b) The Compliance Officer, on receipt of any such grievances, shall take prompt action to redress the same on a best effort basis no later than 1 month from the date of receipt of complaint. The Compliance Officer shall also inform SEBI about the number, nature and other particulars of the complaints received.
- (c) If the grievance persists, all claims and disputes arising out of or in connection with the PMS Agreement or its performance shall be settled by arbitration by a sole arbitrator mutually acceptable to the Parties to such arbitration. If the Parties fail to agree on the appointment of a sole arbitrator within 30 days of the dispute being referred to arbitration, the sole arbitrator shall be appointed in accordance with the Arbitration & Conciliation Act, 1996 as amended from time to time. The arbitration shall be governed by the provisions of the Arbitration & Conciliation Act, 1996 as amended from time to time and unless otherwise agreed by the Parties to such arbitration, the arbitration proceedings shall be held in Mumbai and the proceedings shall be conducted in English language. Any action or suit involving the PMS Agreement with a Client, or the performance of the PMS Agreement by either Party of its obligations will be exclusively in courts located at any place in India subject to the jurisdiction clause in the PMS Agreement. All the legal actions and proceedings are subject to the exclusive jurisdiction of court in Mumbai only and are governed by Indian laws.
- (d) Alternatively, with effect from September 2011, SEBI has launched a web-based centralized grievance system called SCORES i.e., SEBI Complaints Redressal System, for online filing, forwarding and tracking of resolution of investor complaints. The Client may also make use of the SCORES facility for any escalations on redressal of

their grievances. Following is the link to visit the website and inform their dispute/complaints against the company <https://scores.gov.in/scores/complaintRegister.html>.

- (e) In accordance with the SEBI Circular SEBI/HO/IMD/IMD-II\_DOF7/P/CIR/2021/681 dated 10 December 2021, the following information shall be available on the website of the Portfolio Manager:
  - (i) The investor charter prescribed by SEBI ([www.waterfieldadvisors.com](http://www.waterfieldadvisors.com)); and
  - (ii) Monthly data on all complaints received against the Portfolio Manager, including SCORES complaints, by the 7th day of every month ([www.waterfieldadvisors.com](http://www.waterfieldadvisors.com))
- (f) Online Dispute Resolution (“ODR”)
  - (i) The Client shall first take up his/her/their grievance by lodging a complaint directly with the Portfolio Manager.
  - (ii) If the grievance is not redressed satisfactorily, the Client may, in accordance with the SCORES (SEBI Complaints Redress System) guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein.
  - (iii) After exhausting these options for resolution of the grievance, if the Client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the Online Dispute Resolution Portal (ODR Portal - <https://smartodr.in/login>).
  - (iv) The Portfolio Manager may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the Client for resolution of the dispute which has not been satisfactorily resolved between them.
  - (v) The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the clauses (i) to (ii) above or SCORES guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum.

### 10.3 Anti-Money Laundering Compliances:

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act, 2002. Prevention of Money Laundering Act, 2002 and the rules notified there under came into effect from 1 July 2005. Director, FIU-IND, and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Prevention of Money Laundering Act, 2002 to implement the provisions of the Prevention of Money Laundering Act, 2002. Consequently, SEBI has mandated that all registered intermediaries formulate and implement a comprehensive policy framework on anti-money laundering and adopt ‘Know Your Customer’ (“KYC”) norms.

Further, SEBI vide Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/20]8/104 dated 15 October 2019 (which supersedes all the earlier circular) issued a 'Master Circular for Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market intermediaries under the Prevention of Money Laundering Act, 2002 and Rules frame thereunder' consolidating all the requirements/instructions/obligations of securities market intermediaries.

Accordingly, the investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of Income Tax Act, 1961, Prevention of Money Laundering Act, 2002, Prevention of Corruption Act, 1988 and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti-money laundering laws and regulations in all of its operations. Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account/rejection or refund of the application etc. due to non-compliance with the provisions of any of the aforesaid regulations or Applicable Laws.

Investors are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated 5 October 2011, and CIR/MIRSD/ 11/2012 dated 5 September 2012, has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. MIRSD/Cir-23/2011 dated 2 December 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets.

Accordingly, KYC registration is being centralized through KYC Registration Agencies registered with SEBI. Thus, each Client has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KYC Registration Agencies. Applications shall be liable to be rejected if the Clients do not comply with the aforesaid KYC requirements.

As per the 2015 amendment to PML (Maintenance of Records) Rules, 2005, every reporting entity shall capture the KYC information for sharing with the Central KYC Records Registry in the manner mentioned in the PML (Maintenance of Records) Rules, 2005, as per the KYC template for 'Individuals' finalized by Central Registry of Securitisation Asset Reconstruction and Security Interest. Accordingly, the KYC template finalized by Central Registry of Securitisation Asset Reconstruction and Security Interest shall be used by the registered intermediaries as Part I of account opening form for individuals.

## **11. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER**

The Portfolio Manager will diversify investments among asset classes, providing a balance with the goal of enhancing the total return of the portfolio while attempting to avoid undue risk concentration.

The investment portfolio will be diversified across asset classes and managers including but not limited to domestic equity, international equity, fixed income, REITs, InvITs, Commodities, Private Equity, Private Debt & Cash Equivalents. The Investment Committee will set the long-term asset allocation targets and ranges for different strategies and approaches offered by the PMS manager.

Decisions regarding the allocation targets or the inclusion of new asset classes will be made when such action is expected to increase the expected return and/or reduce the risk of the portfolio or when deemed appropriate by the internal Investment Committee of the PMS provider. Expected return, risk, and correlation, and these characteristics' overall impact on the portfolio, will be analysed before such asset class can be included.

The asset allocation should allow for (i) a diverse portfolio without undue concentration in any single asset class and (ii) enough flexibility to adapt to various market environments.

## 12. CLIENT REPRESENTATION

### 12.1 Details of client account activated

Since the start of the business, details of client accounts activated and funds managed is appended below:

Category of clients	No. of Clients	Funds managed (Rs. Cr.)	Discretionary / Non Discretionary / Advisory
Associates / group companies (Last 3 years)	Nil	Nil	Not applicable
Others			
FY 2025-2026 (data as on 31 <sup>st</sup> March 2026)	78	629.55	Discretionary
FY 2024-2025 (data as on 31 <sup>st</sup> March 2025)	53	613.15	Discretionary
FY 2023-2024 (data as on 31 <sup>st</sup> March 2024)	14	61.04	Discretionary
Associates / group companies (Last 3 years)	Nil	Nil	Non-Discretionary
Others			
FY 2025-2026 (data as on 31 <sup>st</sup> March 2026)	3	257.64	Non-Discretionary
FY 2024-2025 (data as on 31 <sup>st</sup> March 2025)	Nil	Nil	Non-Discretionary
FY 2023-2024 (data as on 31 <sup>st</sup> March 2024)	Nil	Nil	Non-Discretionary
Associates / group companies (Last 3 years)	Nil	Nil	Advisory
Others			
FY 2025-2026 (data as on 31 <sup>st</sup> Aug, 2025)	Nil	Nil	Advisory
FY 2024-2025 (data as on 31 <sup>st</sup> March 2025)	Nil	Nil	Advisory
FY 2023-2024 (data as on 31 <sup>st</sup> March 2024)	Nil	Nil	Advisory

### 12.2 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India:

Please refer to **Annexure I** for details of transactions with related parties.

**13. THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER BASED ON AUDITED FINANCIAL STATEMENTS AND IN TERMS OF PROCEDURE SPECIFIED BY SEBI FOR ASSESSING THE PERFORMANCE**

<b>Abstract of Balance Sheet and Profit &amp; Loss Account (Audited – Amounts in Rupees)</b>				
<b>Particulars</b>	<b>FY25</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>
Shareholder's Funds	7,61,20,013	5,55,80,811	5,58,29,104	19,12,68,081
Non Current Liabilities	1,65,75,250	96,41,423	84,97,458	81,04,163
Current Liabilities	43,17,03,270	16,39,68,024	14,02,56,692	4,85,10,083
<b>Total Liabilities</b>	<b>52,43,98,533</b>	<b>22,91,90,258</b>	<b>20,45,83,254</b>	<b>24,78,82,327</b>
Non-Current Assets	7,69,65,771	5,56,39,700	5,65,17,354	2,40,94,821
Current Assets	44,74,32,762	17,35,50,558	14,80,65,900	22,37,87,506
<b>Total Assets</b>	<b>52,43,98,533</b>	<b>22,91,90,258</b>	<b>20,45,83,254</b>	<b>24,78,82,328</b>
<b>Profit &amp; Loss Account (Audited)</b>				
Total Revenue	47,07,26,958	36,16,15,970	26,65,21,493	20,68,66,916
Total Expenses	65,29,76,933	45,15,80,306	40,18,02,615	25,00,66,619
<b>Loss Before Tax</b>	<b>(18,22,49,974)</b>	<b>(8,99,64,336)</b>	<b>(13,52,81,122)</b>	<b>(4,31,99,703)</b>
<b>Loss after tax for the year</b>	<b>(17,94,60,798)</b>	<b>(9,02,48,294)</b>	<b>(13,54,38,977)</b>	<b>(4,22,70,139)</b>

Net worth of Waterfield Financial and Investment Advisors Private Limited as on March 31, 2025 is INR 7,61,20,013 (Rupees Seven Crore Sixty One Lakhs Twenty Thousand and Thirteen Only)

14. **PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER FOR THE LAST THREE YEARS AND IN CASE OF DISCRETIONARY PORTFOLIO MANAGER, DISCLOSURE OF PERFORMANCE INDICATORS CALCULATED USING “TIME WEIGHTED RATE OF RETURN” METHOD IN TERMS OF REGULATION 22 OF THE PMS REGULATIONS**

The PMS Operations have started since May 2023, thus capturing returns since inception:

Strategy	Investment Approach and corresponding Benchmark	Particulars	TWRR Returns %#		
			Current Year (1st April 2025 to 31 <sup>st</sup> March 2026)	Year 1 (1st April 2024 to 31st March 2025)	Year 2 (Since Inception to 31st March 2024)
<b>DPMS</b>					
Equity	Nucleus Equity Multi Cap Allocator	Portfolio Performance of Portfolio manager (%)*	1.01	7.49	13.72
	Nifty 50 TRI	Benchmark Performance %	-3.99	6.65	14.25
Equity	Market Leaders Portfolio-Large Cap Allocator	Portfolio Performance of Portfolio manager (%)*	-6.2	-	-
	Nifty 50 TRI	Benchmark Performance %	-3.99	-	-
Equity	Multi Factor Portfolio-Large & Mid Cap Allocator	Portfolio Performance of Portfolio manager (%)*	-0.36	-	-
	S&P BSE 500 TRI	Benchmark Performance %	-3.12	-	-
Equity	Nucleus “Active Equity” Allocator	Portfolio Performance of Portfolio manager (%)*	-	-	-
	S&P BSE 500	Benchmark Performance %	-	-	-

Equity	Nucleus “India Equity” Strategy	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Nifty 50 TRI	Benchmark Performance %	-	-	-
Equity	Nucleus “India Equity Opportunities” Strategy	Portfolio Performance of Portfolio manager (%)*	-	-	-
	S&P BSE 500	Benchmark Performance %	-	-	-
Multi Asset	Nucleus Multi Asset Capital Compounder	Portfolio Performance of Portfolio manager (%)*	7.03	10.90	9.82
	NSE Multi Asset Index 2	Benchmark Performance %	3.27	7.53	12.76
Multi Asset	Nucleus Multi Asset Lifestyle Maintainer	Portfolio Performance of Portfolio manager (%)*	7.67	-	-
	NSE Multi Asset Index 2	Benchmark Performance %	3.27	-	-
Multi Asset	Nucleus Multi Asset Purchasing Power Preserver	Portfolio Performance of Portfolio manager (%)*	16.17	-	-
	NSE Multi Asset Index 2	Benchmark Performance %	3.27	-	-
Debt	Nucleus Fixed Income Accrual Portfolio	Portfolio Performance of Portfolio manager (%)*	4.35	-	-
	CRISIL- Credit Term Index	Benchmark Performance %	9.62	-	-

Debt	Nucleus Yield Optimizer	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Crisil – Composite Bond Index	Benchmark Performance %	-	-	-
Debt	Nucleus Yield Enhancer	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Crisil – Credit Index	Benchmark Performance %	-	-	-
Debt	Nucleus Dynamic Debt	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Crisil – Credit Index	Benchmark Performance %	-	-	-
Hybrid	Nucleus Alternates	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Nifty 50 Hybrid Composite Debt 50:50 Index	Benchmark Performance %	-	-	-
<b>NDPMS</b>					
Multi-Asset	WFIA Partner Multi-Asset	Portfolio Performance of Portfolio manager (%)*	-	-	-
	NSE Multi Asset Index 2	Benchmark Performance %	-	-	-
Equity	WFIA Partner Equity	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Nifty 50 TRI	Benchmark Performance %	-	-	-

Debt	WFIA Partner Fixed Income	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Crisil Composite Bond Index	Benchmark Performance %	-	-	-
Hybrid	WFIA Partner Yield Enhancer	Portfolio Performance of Portfolio manager (%)*	-	-	-
	Nifty 50 Hybrid Composite Debt 50:50 Index	Benchmark Performance %	-	-	-
Multi Asset	WFIA Partner Bespoke	Portfolio Performance of Portfolio manager (%)*	-	-	-
	NSE Multi Asset Index 2	Benchmark Performance %	-	-	-

#This table is updated as on March 31, 2026.

\*The performance is net off all fees and charges levied by the Portfolio Manager.

15. **AUDIT OBSERVATIONS OF THE PRECEDING THREE YEARS**

<b>Financial Year</b>	<b>Audit Observations</b>
FY 2025-2026	No Observations
FY 2024-2025	No Observations
FY 2023-2024	No Observations

**16. DISCLOSURE OF THE DETAILS OF INVESTMENT OF CLIENTS' FUNDS IN THE SECURITIES OF ASSOCIATE/RELATED PARTIES IN THE DISCLOSURE DOCUMENT UNDER THE HEAD "DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER", IN THE FOLLOWING FORMAT: [AS PER SEBI CIRCULAR SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 DATED AUGUST 26, 2022]**


There are no Investments made in the securities of associates/related parties of Portfolio Manager.

<b>Sr. No.</b>	<b>Investment Approach, if any</b>	<b>Name of the associate/ related party</b>	<b>Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)</b>	<b>Value of investment as on last day of the previous calendar quarter (INR in crores)</b>	<b>Percentage of total AUM as on last day of the previous calendar quarter</b>
1.	NIL	NIL	NIL	NIL	NIL

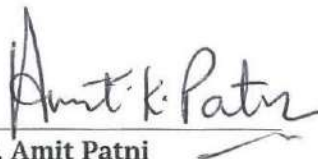
**17. DETAILS OF CONFLICT OF INTEREST RELATED TO SERVICES OFFERED BY GROUP COMPANIES OR ASSOCIATES**

The Portfolio Manager and its group companies/associates are engaged in a broad spectrum of activities in the financial services sector. The Portfolio Manager may utilize such services of its group companies or associates for managing the Portfolios of the Clients. The Portfolio Manager may avail the services of other group companies as may be deemed necessary, from time to time. In such scenarios, the Portfolio Manager shall act in a fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates, in a manner which is not detrimental to the Client. In line with the SEBI circular dated 13 February 2020, charges for all the transaction the financial year (brokerage, demat, custody charges etc.) through self or associates shall be capped at 20 by value per associate (including self) per service. The Portfolio Manager shall ensure that any charges to self/associate shall not be at rates more than that paid to the non-associates providing the same service.

Signature by two Directors of the Portfolio Manager

Director:   
Name: **Ms. Sounya Rajan**  
Place: **Mumbai**  
Date: May 04, 2026



Director:   
Name: **Mr. Amit Patni**  
Place: **Mumbai**  
Date: May 04, 2026

**FORM C**

**Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020**

**(Regulation 22)**

**Waterfield Financial and Investment Advisors Private Limited**

**Address: No. 142, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai,  
Maharashtra, India, 400021**

**Telephone number: 022 662100700**

**E-mail: pms@waterfieldadvisors.com**

**We confirm that:**

- i) the Disclosure Document forwarded to the Securities and Exchange Board of India is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Securities and Exchange Board of India from time to time;
- ii) the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Manager;
- iii) The Disclosure Document has been duly certified by an independent chartered accountant M/s. Shah & Ramaiya Address: 36/227, RDP 10, Sector 6, Charkop, Near Ambe Mata Mandir, Kandivali (West), Mumbai: 400067; Phone no.: 91-22-28085277 bearing registration no. 126489W dated May 04, 2026.



-----  
Mr. Arun Prakash Sampath Kumar

Date: May 04, 2026

Place: Mumbai

Address: 142, 14th Floor, Maker Chambers VI,  
Nariman Point, Mumbai - 400021.

## Annexure I

### Related Party Disclosures

(A) Related parties and transactions with them as identified by the Management are given below:

(i) Holding Company:

Waterfield Advisors Private Limited (WFA)

(ii) Fellow Subsidiary Company/Entity:

Waterfield Fund Managers Private Limited (WFM)

Waterfield Foundation

Waterfield International IFSC Private Limited

(iii) Key Management Personnel's (KMPs):

Soumya Rajan (SR) - Director

Amit Kumar Patni (AKP) – Director

Mr. Subramaniam Ramachandran Iyer

Ms. Shilpa Dadhich - Company Secretary

(iv) Relatives of Key Management Personnel's (KMPs):

Mukund Rajan (MR) - Spouse of SR

Arihant Patni (AP) - Brother of AKP

Ruchi Patni (RP) - Wife of AKP

(v) Enterprises over which persons mentioned in (i), (iii) and (iv) exercises significant influence or control directly or indirectly:

Lakshmi Machine Works Limited (LMWL)

(vi) Entity in which fellow subsidiary is a partner:

Waterfield Sponsor LLP

Particulars	Holding Company / Fellow Subsidiary/ Key Management Personnel / Relatives of KMP		Enterprises over which KMPs or Relative of KMPs exercises significant influence or control directly or indirectly	
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
<b><u>Fees from Advisory Services:</u></b>				
LMWL	-	-	40,00,000	40,00,000
Soumya Rajan	10,00,000	10,27,035	-	-
Mukund Rajan	38,184	-	-	-
<b>Total</b>	<b>10,38,184</b>	<b>10,27,035</b>	<b>40,00,000</b>	<b>40,00,000</b>
<b><u>Reimbursement of Expenses / (Income)</u></b>				
Waterfield Fund Managers Private Limited	(1,24,53,826)	(21,24,742)	-	-
Waterfield Advisors Private Limited	(4,58,00,061)	(8,87,00,136)	-	-
<b>Total Expenses / (Income)</b>	<b>(5,82,53,887)</b>	<b>(9,08,24,878)</b>	<b>-</b>	<b>-</b>
<b><u>Reimbursement to KMP:</u></b>				
KMP	-	2,950	-	-
<b>Total Expenses / (Income)</b>	<b>-</b>	<b>2,950</b>	<b>-</b>	<b>-</b>
<b><u>Remuneration to KMP:</u></b>				
KMP	16,41,130	8,57,523	-	-
<b>Total</b>	<b>16,41,130</b>	<b>8,57,523</b>	<b>-</b>	<b>-</b>
<b><u>Interest Expense:</u></b>				
Waterfield Advisors Private Limited	33,00,093	24,38,182	-	-
Waterfield Fund Managers Private Limited	42,35,905	46,37,867	-	-
<b>Total</b>	<b>75,35,998</b>	<b>70,76,049</b>	<b>-</b>	<b>-</b>
<b><u>Loan Repaid:</u></b>				
Waterfield Fund Managers Private Limited	6,77,74,000	7,34,92,355	-	-
Waterfield Advisors Private Limited	16,16,09,000	10,99,89,753	-	-
<b>Total</b>	<b>22,93,83,000</b>	<b>18,34,82,108</b>	<b>-</b>	<b>-</b>
<b><u>Loan Taken:</u></b>				
Waterfield Fund Managers Private Limited	6,30,70,000	7,18,12,205	-	-

Waterfield Advisors Private Limited	28,93,03,854	12,36,37,282	-	-
<b>Total</b>	<b>35,23,73,854</b>	<b>12,36,37,282</b>	-	-
<b><u>Interest Accrued and Due on Borrowings (Net of TDS):</u></b>				
Waterfield Fund Managers Private Limited	38,12,315	21,623	-	-
Waterfield Advisors Private Limited	29,70,084	13,22,370	-	-
<b>Total</b>	<b>67,82,399</b>	<b>13,43,994</b>	-	-
<b><u>Issue of Equity Shares during the year ):</u></b>				
Waterfield Advisors Private Limited (Loan Converted in Equity at nominal value of Rs 10 Face value)	-	9,00,00,000	-	-
Waterfield Advisors Private Limited	20,00,00,000	-	-	-
Waterfield Advisors Private Limited (Transfer of Shares)	9,77,780			
<b>Total</b>	<b>20,09,77,780</b>	<b>9,00,00,000</b>	-	-
<b><u>Closing Balance Outstanding as on 31st March: Loan Taken (Including Interest net of TDS)</u></b>				
Waterfield Advisors Private Limited	16,03,83,937	2,97,19,000	-	-
Waterfield Fund Managers Private Limited	1,89,52,662	1,98,44,347	-	-
<b>Total</b>	<b>17,93,36,599</b>	<b>4,95,63,347</b>	-	-
<b><u>Receivable / (Payable) (including Provision for expenses) Balances as on 31st March:</u></b>				
Waterfield Fund Managers Private Limited	1,24,53,826	25,07,196	-	-
Waterfield Advisors Private Limited	4,57,71,741	10,46,63,895	-	-
<b>Total</b>	<b>5,82,25,567</b>	<b>10,71,71,090</b>	-	-

## CERTIFICATE

We have verified the Disclosure Document (“the Document”) for Portfolio Management Services prepared by **Waterfield Financial and Investment Advisors Private Limited**, a Portfolio Manager registered with SEBI under the SEBI (Portfolio Managers) Regulations, 2020 (SEBI Reg. No. PM/ INP000007818), dated **May 04, 2026** having its Registered Office at 142, Maker Chamber VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai, Maharashtra, India, 400021.

The disclosure made in the document is made on the model disclosure document as per circular SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125 dated September 09, 2025.

With regard to TWRR calculation method, we have been informed by the management that the TWRR has been calculated by their software as per the logic specified by SEBI.

Our certification is based on the audited Balance sheet of the Company as on 31<sup>st</sup> March, 2025 audited by Statutory Auditors, ZADN & Associates Chartered Accountants and examination of other records, data made available and information & explanations provided to us.

Based on such examination we certify that:

- The disclosure made in the document is true, fair and correct and
- The information provided in the Disclosure Document is adequate to enable the investors to make well-informed decisions.

The enclosed document is initialled / signed by us for the purpose of identification.

**For Shah & Ramaiya**  
**Chartered Accountants**

**FRN : 126489W**

SHARDUL Digitally signed

by SHARDUL

JASHWAN JASHWANTLAL

TLAL SHAH

Date: 2026.05.04

12:26:41 +05'30'

**CA Shardul Shah**

**Partner**

**M No.: 118394**

**UDIN No: 26118394CDFYOT3225**

**Place: Mumbai**

**Date: May 04, 2026**