DSP ASSET MANAGERS

Date: August 08, 2024

Dear Unit Holder,

Sub: Change in fundamental attributes of DSP Dynamic Asset Allocation Fund ('Scheme') of DSP Mutual Fund ('Fund').

Thank you for investing in DSP Mutual Fund ('Fund'). We appreciate your trust in us.

Unit holders are requested to note that the following Scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as fundamental attributes change (FAC) in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations"). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

1. **Name of the Scheme:** DSP Dynamic Asset Allocation Fund

2. **Summary of proposed changes and rationale:** It is proposed to change below provisions / sections of the Scheme Information Document ('SID') and Key Information Memorandum ('KIM') of the Scheme to expand the universe of securities / asset classes and to give flexibility to the fund manager to determine the final allocation based on changes in the macro-environment. Below are the details:

Sr. No.	Provision/Section of SID where changes are proposed	Proposed change and Rationale
1.	What are the investment strategies?	**1. To provide flexibility to the fund manager and model for determining asset allocation:** Dynamic asset allocation category belongs to the hybrid scheme category, wherein asset allocation and stock selection can be actively managed by the fund manager. Currently, in the DSP Dynamic Asset Allocation Fund, asset allocation is determined based on a proprietary model, which is exhaustively defined in the SID in the "Investment Strategy" section. There is no provision or flexibility in the existing scheme which allows the fund manager to add or modify parameters in the model or deviate from the model-determined equity allocation. Given the dynamic market environment and the nature of the category, it is necessary for the fund manager to have such flexibility in actively determining asset allocation. **2. Enabling put options for hedging and to protect downside**
2.	How will the Scheme allocate its assets?	**1. Enabling investment in overseas securities:** To participate in global opportunities **2. Enabling covered call strategy:** Covered call strategy can offer the followiinng benefits: a) Generating additional returns in the form of option premium in a range bound market. b) Down side protection to the extent of premium collected - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option. Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction. **3. Enabling investment in Floating rate instruments when yields are rising**

Subsequent to above change, 'Risk Factors' and other relevant sections of the SID shall be modified as per details given below in the comparison section.

3. The comparison between the existing features and the proposed features are as follows:

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
1.	Category	**Dynamic Asset Allocation**	**Dynamic Asset Allocation** (No change in category)
2.	Investment Objective*	The investment objective of the Scheme is to seek capital appreciation by managing the asset allocation between equity and fixed income securities. The Scheme will dynamically manage the asset allocation between equity and fixed income. Equity allocation will be decided based on a combination of valuation and momentum while fixed income and arbitrage will be resultant allocation. The Scheme intends to generate long-term capital appreciation by investing in equity and equity related instruments and seeks to generate income through investments in fixed income securities, and by using arbitrage and other derivative strategies. However, there can be no assurance that the investment objective of the scheme will be achieved.	The investment objective of the Scheme is to seek capital appreciation by **dynamically** managing the asset allocation between equity and debt securities. The Scheme intends to generate long-term capital appreciation by investing in equity and equity related instruments and seeks to generate income through investments in debt securities, arbitrage and other derivative strategies. However, there can be no assurance that the investment objective of the scheme will be achieved.

<table>
<tr><th>Sl. No.(a)</th><th>Particulars (b)</th><th>Existing Scheme Features (c)</th><th>Proposed Scheme Features (d)
(Changes are highlighted in Bold)</th></tr>
<tr><td>3.</td><td>Asset Allocation Pattern*</td>
<td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocations
(% of assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>A. Equity & Equity related instruments including derivatives</td><td>65</td><td>100</td></tr>
<tr><td>B. Debt and money market instruments</td><td>0</td><td>35</td></tr>
</table>
The Scheme retains the flexibility to invest across all the securities in the debt and money markets as permitted by SEBI / RBI from time to time, including schemes of mutual funds.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)
<table>
<tr><th>Sl. No</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr>
<tr><td>1.</td><td>Securities Lending</td><td>Upto 20% (upto 5% for any single intermediary)</td><td>Clause 12.11 of the SEBI Master Circular</td></tr>
<tr><td>2.</td><td>Derivatives</td><td>Upto 80%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>3.</td><td>Equity Derivatives for non- hedging purposes</td><td>Upto 80%</td><td>Clause 12.25 of the SEBI Master Circular</td></tr>
<tr><td>4.</td><td>Securitized Debt</td><td>Upto 20%</td><td>-</td></tr>
<tr><td>5.</td><td>Overseas Secu-rities</td><td>NIL</td><td>-</td></tr>
<tr><td>6.</td><td>ReITS and InVITS</td><td>NIL</td><td>-</td></tr>
<tr><td>7.</td><td>Debt Instruments with special features (AT1 and AT2 Bonds)</td><td>Upto 10% (upto 5%-single issuer) of the debt portfolio</td><td>Clause 12.2 of the SEBI Master Circular</td></tr>
<tr><td>8.</td><td>Debt Instruments with SO / CE rating</td><td>Upto 10% of the debt portfolio and the group exposure in such instruments shall not exceed 5% of the debt portfolio</td><td>Clause 12.3 of the SEBI Master Circular</td></tr>
<tr><td>9.</td><td>Tri-party repos (including reverse repo in T-bills and G-sec)</td><td>Upto 35%</td><td>-</td></tr>
<tr><td>10.</td><td>Other / own mutual funds</td><td>Upto 5% at Mutual Fund level</td><td>Clause 4 of seventh schedule of SEBI (Mutual Funds) Regulations, 1996</td></tr>
<tr><td>11.</td><td>Repo/ reverse repo transactions in corporate debt securities</td><td>Upto 10%</td><td>Clause 12.18 of the SEBI Master Circular</td></tr>
<tr><td>12.</td><td>Credit Default Swap transactions</td><td>Nil</td><td>-</td></tr>
<tr><td>13.</td><td>Writing of call options under cov-ered call strategy</td><td>NIL</td><td>-</td></tr>
<tr><td>14.</td><td>Equity linked debentures</td><td>NIL</td><td>-</td></tr>
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The Scheme retains the flexibility to invest across all the securities in the debt and money markets as permitted by SEBI / RBI from time to time, including schemes of mutual funds.
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<tr><td>4.</td><td>Securitized Debt</td><td>Up to 20%</td><td>-</td></tr>
<tr><td>5.</td><td>Overseas Securities</td><td>Up to 50%</td><td>Clause 12.19 of the SEBI Master Circular</td></tr>
<tr><td>6.</td><td>Debt Instruments with special features (AT1 and AT2 Bonds)</td><td>Upto 10% (upto 5%-single issuer) of the debt portfolio</td><td>Clause 12.2 of the SEBI Master Circular</td></tr>
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<tr><td>8.</td><td>Tri-party repos (including reverse repo in T-bills and G-sec)</td><td>Up to 35%</td><td>-</td></tr>
<tr><td>9.</td><td>Other / own mutual funds</td><td>Up to 25% (subject to 5% of AUM of the Mutual Fund)</td><td>Clause 4 of the Seventh Schedule of SEBI (Mutual Funds) Regula-tions, 1996</td></tr>
<tr><td>10.</td><td>Repo/ reverse repo transactions in corporate debt securities</td><td>Up to 10%</td><td>Clause 12.18 of the SEBI Master Circular</td></tr>
<tr><td>11.</td><td>Credit Default Swap transactions</td><td>Nil</td><td>-</td></tr>
<tr><td>12.</td><td>Covered call option</td><td>Yes (Refer note 1)</td><td>Clause 12.25.8 of the SEBI Master Circular</td></tr>
<tr><td>13.</td><td>Equity linked debentures</td><td>NIL</td><td>-</td></tr>
<tr><td>14.</td><td>unrated debt and money market instruments</td><td>Upto 5% (Refer Note 2)</td><td>Clause 12.1 of the SEBI Master Circular</td></tr>
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Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)

Existing Scheme Features (c)

15.	unrated debt and money market instruments	Upto 5% (refer Note 1)	Clause 12.1 of the SEBI Master Circular
16.	Short Selling	In terms of guidelines prescribed by SEBI	-
17.	Short Term Deposit	Refer Note 2	Clause 12.16 of the SEBI Master Circular

Note 1 - All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

Note 2 - Investment in Short-Term Deposits-

Pending deployment of funds of the Scheme shall be in terms of clause 12.16 of the SEBI Master Circular. The AMC may invest funds of the Scheme in short-term deposits of scheduled commercial banks, subject to The following conditions:

1. The term 'short term' for parking of funds shall be treated as a period not exceeding 91 days.
2. Such deposits shall be held in the name of the Scheme.
3. The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
4. The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries.
5. The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in that Scheme.
6. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.
7. The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank.

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

Indicative table is subset of primary asset allocation table mentioned above and both shall be read in conjunction.

Stock lending-

Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The Investment Manager will apply the following limits, should it desire to engage in Stock Lending:

1. Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary.

Cumulative gross exposure –

As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, other permitted

Proposed Scheme Features (d) (Changes are highlighted in Bold)

15.	Short Selling	In terms of guidelines prescribed by SEBI	-
16.	Foreign Securitized debt	Nil	-
17.	Short Term Deposit	Refer Note 3	Clause 12.16 of the SEBI Master Circular

Indicative table is subset of primary asset allocation table mentioned above and both shall be read in conjunction.

Note 1-

Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

a. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.

b. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.

c. At all points of time the Mutual Fund scheme shall comply with the provisions at (a) and (b) above. In case of any passive breach of the requirement at (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.

d. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with (a) and (b) above while selling the securities.

e. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts

f. The premium received shall be within the requirements prescribed in terms of Clause 12.25.2 of SEBI Master Circular i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.

g. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure.

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

Note 2 - All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

Note 3 - Investment in Short-Term Deposits-

Pending deployment of funds of the Scheme shall be in terms of clause 12.16 of the SEBI Master Circular. The AMC may invest funds of the Scheme in short-term deposits of scheduled commercial banks, subject to The following conditions:

1. The term 'short term' for parking of funds shall be treated as a period not exceeding 91 days.
2. Such deposits shall be held in the name of the Scheme.
3. The Scheme shall not park more than 15% of its net assets in the short term deposit(s) of all the scheduled commercial banks put together.

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit. The Scheme will not have a leveraged position in derivatives. Rebalancing of deviation due to short term defensive consideration: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above. Portfolio rebalancing in case of passive breach: As per clause 2.9 of the SEBI Master Circular and the clarifications/ guidelines issued by AMFI/ SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of omission and commission of AMC) shall be rebalanced within 30 business days. Where the portfolio is not rebalanced within above mentioned period, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to sixty (60) business days from the date of completion of mandated rebalancing period. In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in clause 2.9.3 and 2.9.4 of the SEBI Master Circular.	However, it may be raised to 20% with the prior approval of the Trustee. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. 4. The Scheme shall not park more than 10% of its net assets in short term deposit(s) with any one scheduled commercial bank including its subsidiaries. 5. The Trustee shall ensure that the funds of the Scheme are not parked in the short term deposits of a bank which has invested in that Scheme. 6. AMC will not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks. 7. The Trustee shall also ensure that the bank in which a scheme has short term deposits do not invest in the scheme until the scheme has short term deposits with such bank. The above provisions do not apply to term deposits placed as margins for trading in cash and derivative market. **Stock lending-** Subject to SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period. The Investment Manager will apply the following limits, should it desire to engage in Stock Lending: 1. Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending. 2. Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single intermediary. **Cumulative gross exposure –** As per clause 12.24 of the SEBI Master Circular, the cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme. Cash and cash equivalents as per SEBI letter no. SEBI/HO/ IMD-II/DOF3/ OW/P/ 2021/ 31487 / 1 dated November 03, 2021 which includes T-bills, Government Securities, Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time subject to the regulatory approval, if any, having residual maturity of less than 91 Days, shall not be considered for the purpose of calculating gross exposure limit. The Scheme will not have a leveraged position in derivatives. Rebalancing of deviation due to short term defensive consideration: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term on defensive considerations in line with clause 1.14.1.2 of the SEBI Master Circular; the intention being at all times to protect the interests of the Unit Holders and the Scheme shall endeavor to rebalance the portfolio within 30 calendar days. It may be noted that no prior intimation/indication will be given to investors when the composition/asset allocation pattern under the Scheme undergoes changes within the permitted band as indicated above. Portfolio rebalancing in case of passive breach: As per clause 2.9 of the SEBI Master Circular and the clarifications/ guidelines issued by AMFI/ SEBI from time to time, in the event of deviation from mandated asset allocation mentioned, passive breaches (i.e. occurrence of instances not arising out of

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In case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in clause 2.9.3 and 2.9.4 of the SEBI Master Circular.</td></tr>
<tr><td>4.</td><td>What are the Investment Strategies?*</td><td>The key value proposition of the Scheme is to provide an asset allocation overlay to investors. The Scheme will dynamically manage the asset allocation between equity and fixed income. Equity allocation will be decided based on a combination of valuation and momentum while fixed income and arbitrage will be resultant allocation.

The valuation factor that would be used for determining the equity allocation is the average of P/E and P/B allocation.

Average percentile score of the two will be considered for deciding the final equity allocation.

Post that the model will also have an overlay of momentum (determined by 50DMA and 200 DMA) which will add an additional 10% to the equity allocation if the markets are in momentum.

For the momentum filter, Nifty 50 values will be compared with 50 DMA and 200 DMA values:

• If the Nifty 50 is greater than both 50 DMA and 200 DMA, then it is regarded as an entry signal for momentum
• If the Nifty 50 is greater than any of the two, then it is a signal for Continuation.
• If Nifty is less than both 50DMA and 200 DMA, then it is an exit signal
• If signal is Entry or Continuation, then 10% is added to equity allocation with a capping to 90% and if signal is exit, then keep the equity allocation as it is.

Based on the bands mentioned in the below table equity allocation will be calculated:

<table>
<tr><td>Lower Range</td><td>Higher Range</td><td>Equity allocation*</td></tr>
<tr><td>0%</td><td>10%</td><td>90%</td></tr>
<tr><td>10%</td><td>20%</td><td>90%</td></tr>
<tr><td>20%</td><td>30%</td><td>80%</td></tr>
<tr><td>30%</td><td>40%</td><td>70%</td></tr>
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<tr><td>80%</td><td>90%</td><td>20%</td></tr>
<tr><td>90%</td><td>100%</td><td>20%</td></tr>
</table>

*unhedged equity exposure (exposure to equity shares alone without a corresponding equity derivative exposure)

The model takes the average of last 30 days of equity allocation and rounds it to the nearest tenths.

Since both the parameters will be ranked on a percentile basis everyday as compared to its history, the model places equal emphasis on new data.

In a scenario where Equity markets are attractive, the Scheme would exploit such opportunities with increased equity participation.</td><td>The key value proposition of the Scheme is to provide an asset allocation overlay to investors. The Scheme will dynamically manage the asset allocation between equity and debt. Final equity allocation will be decided by the fund manager after considering the prevailing market conditions, the macroeconomic environment (including interest rates and inflation), the performance of the corporate sector, the equity markets and general liquidity and other considerations in the economy and markets. Fund manager can take inputs from multiple proprietary model developed in-house as he may deem fit in determining asset allocation.
Allocation to debt, arbitrage will be resultant allocation.

Investment Strategy for Equity Investments

The scheme aims to provide long term capital growth by investing in a well-diversified portfolio of equity and equity related securities. The fund manager proposes to concentrate on business and economic fundamentals driven by in-depth research techniques and employing the full potential of the research team at the AMC. The stock selection process proposed to be adopted is generally a bottom-up approach seeking to identify companies with long term sustainable competitive advantage (as this is one of the key factors responsible for withstanding competitive pressures and does not allow rivals to eat up any excess profits earned by a successful business). The fund would also use a top down discipline for risk control by ensuring representation of companies from select sectors. Fund can also use index or stock call options to increase equity allocation during bull markets.

• Hedging Equity Allocation – Equity allocation of the fund can be hedged by fund manager using stock / Index futures, stock / Index put options or using any other derivatives allowed by SEBI.

• Covered Calls – Fund can write call options under covered call strategy in accordance with SEBI (Mutual Funds) Regulations, 1996 and Clause 12.25.8 of SEBI master circular.

Benefits of Writing of Call Option Under a Covered Call Strategy

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset.

The strategy offers the following benefits:

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

Illustration I – Covered Call strategy using stock call options:
A fund manager buys equity stock of ABC Ltd. for Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. Further, With it is assumed that the scheme has earned a premium of Rs. 50 and the fund manager is of the opinion that the stock price will not exceed Rs. 1100, during the expiry period of the option</td></tr>
</table>

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
		In a scenario where equity markets are expensive, the Scheme would reduce the equity participation and actively use arbitrage and cash to hedge the portfolio and generate low volatility returns. The primary objective of the scheme is to generate income through investments in fixed income securities and using arbitrage and other derivative Strategies. The Scheme also intends to generate long-term capital appreciation by investing a portion of the Scheme's assets in equity and equity related instruments. **Investment Strategy for Equity Investments** The scheme aims to provide long term capital growth by investing in a well-diversified portfolio of equity and equity related securities. The fund manager proposes to concentrate on business and economic fundamentals driven by in-depth research techniques and employing the full potential of the research team at the AMC. The stock selection process proposed to be adopted is generally a bottom-up approach seeking to identify companies with long term sustainable competitive advantage (as this is one of the key factors responsible for withstanding competitive pressures and does not allow rivals to eat up any excess profits earned by a successful business). The fund would also use a top down discipline for risk control by ensuring representation of companies from select sectors. **Investment Strategy for Debt Investments** The Fund Manager will invest only in those debt securities that are rated investment grade by a domestic credit rating agency such as CRISIL, ICRA, CARE, FITCH etc. or in unrated debt securities which the Fund Manager believes to be of equivalent quality. In the case of unrated debt securities, the approval of the Board of Directors of the AMC and Trustee shall be obtained prior to investment. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities maybe acquired through Initial Public Offerings (IPOs), secondary market operations, private placements, rights offers or through negotiated deals. Subject to the limits indicated above, the Fund may invest a part of the portfolio in securities issued and guaranteed by State and Central Governments. The Fund may also invest in Securities of issuers supported by Government of India or State Governments subject to such securities satisfying the criteria relating to rating etc. **Investment Strategy for Arbitrage Opportunities** The market provides opportunities to the investor to derive returns from the implied cost of carry between the underlying cash market and the derivatives market. This provides for opportunities to generate returns that are possibly higher than short term interest rates with minimal active price risk on equities. Implied cost of carry and spreads across the spot, futures and options markets can potentially lead to profitable arbitrage opportunities. The Scheme would carry out arbitrage strategies, which would entail taking offsetting positions in the various markets simultaneously. The arbitrage strategy can also be on account of buy-back of shares announced by a company and/or differences in prices between two exchanges/markets. In this case the arbitrage strategy will not include an offsetting derivatives transaction. The Investment Manager will use a disciplined quantitative analysis while accessing arbitrage opportunities. The Investment Manager will have an effective risk monitoring and control process to ensure adherence to regulatory guidelines and limits. As arbitrage opportunities are dependent on ensuing market conditions, there will be a part of the portfolio, which will be invested in debt securities and money market securities. This component of the portfolio will provide the necessary liquidity to meet redemption needs and other liquidity requirements of the Scheme.	**Scenario 1: Stock price exceeds as 1100** **The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at Rs. 1100 (earning a return of 10% on the stock purchase price. Also, since the scheme has earned a premium of Rs. 50, this has reduced the purchase cost of the stock Rs. 1000 - Rs. 50 - Rs 950. Hence, the Net Gain - Rs. 150 (Rs 100 stock appreciation + Rs 50 call option premium) (However, please note that in a scenario where the stock once reaches Rs. 1300, investment in long only equity would be more beneficial than a covered call strategy as the net gain under the covered call strategy would be Rs. 150, against a net gain of Rs. 300 under a pure long only equity strategy** **Scenario 2: Stock prices stays below Rs.1100** **The call option will not get exercised and will expire worthless. The premium earned on call option will generate gain for the scheme. Hence, the Net Gain is Rs. 50** **Investment Strategy for Debt Investments** The Fund Manager will invest only in those debt securities that are rated investment grade by a domestic credit rating agency such as CRISIL, ICRA, CARE, FITCH etc. or in unrated debt securities which the Fund Manager believes to be of equivalent quality. In the case of unrated debt securities, the approval of the Board of Directors of the AMC and Trustee shall be obtained prior to investment. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. **Fund manager will actively manage debt portfolio across duration, instruments & ratings.** **Overseas securities** **The scheme will also invest in overseas securities as permitted by SEBI in order to achieve the investment objective.** **Within the stated allocation range, actual allocation to overseas securities/ETF/index funds will depend upon an internally driven process based on (i) fundamental outlook for equity markets and the prevailing valuation framework, (ii) the macroeconomic environment (including interest rates and inflation) (iii) general liquidity and technical considerations and (iv) to capture arbitrage opportunities, price corrections or other event based opportunities in the market.** **Investment Strategy for Arbitrage Opportunities** There is no change in 'Investment Strategy for Arbitrage Opportunities' as mentioned under this section. **Portfolio Turnover** There is no change in 'Portfolio Turnover' as mentioned under this section. **Derivatives strategy** The Mutual Fund may use various derivatives and hedging products/ techniques, in order to seek to generate better returns for the Scheme. Derivatives are financial contracts of pre-determined fixed duration, whose values are derived from the value of an underlying primary financial instrument, commodity or index. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

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		Portfolio Turnover Portfolio turnover is defined as the lower of the aggregate value of purchases or sales as a percentage of the corpus of a scheme during a specified period of time. This will exclude purchases and sales of money market securities. The Scheme is open ended, with subscriptions and redemptions expected on a daily basis, resulting in net inflow/outflow of funds, and on account of the various factors that affect portfolio turnover; it is difficult to give an estimate, with any reasonable amount of accuracy. Therefore, the Scheme has no specific target relating to portfolio turnover. **Derivative Strategies** The Scheme may use various techniques/strategies using derivative instruments for hedging as well as non-hedging purpose. Below is summary of some of the techniques which fund can employ. Please refer to Statement of Additional Information (SAI) for detailed description of derivative strategies. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. **Equity Derivatives** **1) Index/ Stock spot – Index/ Stock Futures:** • The Fund would sell futures contracts on securities/indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity portfolio • Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Fund would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase **2) Index/ Stock options** • The Scheme may purchase put and call stock/index options to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase. **3) Stock Arbitrage** • This strategy is employed when the price of the future is trading at a premium to the price of its underlying in spot market. The Scheme shall buy the stock in spot market and endeavor to simultaneously sell the future at a premium on a quantity neutral basis. In this way scheme shall lock in a spread which is not affected by the price movement of cash market and futures market. **4) Index Arbitrage:** • Index arbitrage opportunity exists when Index future is trading at a discount to the index (spot) and the futures of the constituent stocks are trading at a cumulative premium. • The investment manager shall endeavour to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index (constituent stock futures). Based on the opportunity, the reverse position can also be initiated **5) Corporate Action / Event Driven Strategies:** **I. IDCW Arbitrage** • At the time of declaration of IDCW, the stock futures / options market can provide a profitable opportunity. Generally, the stock prices decline by the IDCW amount when the stock becomes ex-IDCW. **II. Buy-Back/ Open Offer Arbitrage**	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. **<u>Equity Derivatives</u>** **1) Index/ Stock spot – Index/ Stock Futures:** • The Fund would sell futures contracts on securities/indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity portfolio • Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Fund would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase **2) Index/ Stock options** • The Scheme may purchase put and call stock/index options to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase. **3) Stock Arbitrage** • This strategy is employed when the price of the future is trading at a premium to the price of its underlying in spot market. The Scheme shall buy the stock in spot market and endeavor to simultaneously sell the future at a premium on a quantity neutral basis. In this way scheme shall lock in a spread which is not affected by the price movement of cash market and futures market. **4) Index Arbitrage:** • Index arbitrage opportunity exists when Index future is trading at a discount to the index (spot) and the futures of the constituent stocks are trading at a cumulative premium. • The investment manager shall endeavour to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index (constituent stock futures). Based on the opportunity, the reverse position can also be initiated **5) Corporate Action / Event Driven Strategies:** **I. IDCW Arbitrage** • At the time of declaration of IDCW, the stock futures / options market can provide a profitable opportunity. Generally, the stock prices decline by the IDCW amount when the stock becomes ex-IDCW. **II. Buy-Back/ Open Offer Arbitrage** • When the Company announces the buy-back or open offer of its own shares, there could be opportunities due to price differential in buyback price and traded price. **III. Merger** • When the Company announces any merger, amalgamation, hive off, de-merger, etc, there could be opportunities due to price differential in the cash and the derivative market. **6) Portfolio Hedging:** This strategy will be adopted: • If in an already invested portfolio of a Scheme, the Investment manager is expecting a market correction, the Investment manager may sell Index Futures to insulate the portfolio from the market related risks. • If there are significant inflows to the Scheme and the market expectations are bullish, the Investment manager may buy Index Futures to continue participation in the equity markets. This strategy is used to reduce the time to achieve the desired invested levels. **7) Covered Call** • **The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from**

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		• When the Company announces the buy-back or open offer of its own shares, there could be opportunities due to price differential in buyback price and traded price. **III. Merger** • When the Company announces any merger, amalgamation, hive off, de-merger, etc, there could be opportunities due to price differential in the cash and the derivative market. **6) Portfolio Hedging:** This strategy will be adopted: • If in an already invested portfolio of a Scheme, the Investment manager is expecting a market correction, the Investment manager may sell Index Futures to insulate the portfolio from the market related risks. • If there are significant inflows to the Scheme and the market expectations are bullish, the Investment manager may buy Index Futures to continue participation in the equity markets. This strategy is used to reduce the time to achieve the desired invested levels. **Fixed Income Derivatives** **1) Interest Rates Swap** • The primary reason for engaging in an interest rate swap is to hedge the interest rate exposure **2) Interest Rate Futures (IRF)** • IRFs can be used for hedging the underlying cash positions. **3) Forward Rate Agreement (FRA)** • An FRA is an off balance sheet agreement to pay or receive on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. • FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA. **For detailed derivative strategies, please refer to SAI.**	**the option premium.** **Fixed Income Derivatives** **1) Interest Rates Swap** • The primary reason for engaging in an interest rate swap is to hedge the interest rate exposure **2) Interest Rate Futures (IRF)** • IRFs can be used for hedging the underlying cash positions. **3) Forward Rate Agreement (FRA)** • An FRA is an off balance sheet agreement to pay or receive on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. • FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA. **For detailed derivative strategies, please refer to SAI.**
5.	Where will the scheme invest?	The corpus of the Scheme can be invested in any (but not exclusively) of the following securities: 1. Equity and equity related instruments 2. Equity Derivatives, which are financial instruments, generally traded on the stock exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property 3. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 4. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 5. Fixed Income Securities of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee; 6. Corporate debt (of both public and private sector undertakings); 7. Money market instruments as permitted by SEBI/RBI; 8. Debt Instruments with special features (AT1 and AT2 Bonds) 9. Usance bills; 10. Tri-party repos (including reverse repo in T-bills and G-sec) 11. Short-Term Deposits 12. Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts (securitised debt) 13. Repo/ reverse repo transactions in corporate debt securities 14. Securitised Debt; 15. Debt Instruments with SO / CE rating	The corpus of the Scheme can be invested in any (but not exclusively) of the following securities: **Equity and equity related instruments:** 1. Equity and equity related instruments 2. Equity Derivatives, which are financial instruments, generally traded on the stock exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property **3. Units of Mutual Fund Schemes** **4. ADRs / GDRs / Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India including overseas ETFs/index funds** **Debt instruments:** 1. Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 2. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills); 3. Fixed & Floating rate Securities of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee; 4. Fixed & Floating rate corporate debt instruments (of both public and private sector undertakings); 5. Corporate debt (of both public and private sector undertakings); 6. Money market instruments as permitted by SEBI/RBI;

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		16. Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables 17. The non-convertible part of convertible securities; 18. Any other domestic fixed income securities as permitted by SEBI/ RBI from time to time. 19. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Interest Rate Derivatives and such other derivative instruments permitted by SEBI/RBI. 20. Units of Mutual funds as may be permitted by regulations Any other like instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time. The securities mentioned in, "Where will the Scheme(s) invest?", could be listed, to be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through secondary market operations, primary issues/offerings, other public offers, Private Placement and negotiated deals amongst other mechanisms. For detailed definition/description of instruments and applicable regulations/ guidelines for instruments please refer Section II.	7. Debt Instruments with special features (AT1 and AT2 Bonds); 8. Usance bills; 9. Tri-party repos (including reverse repo in T-bills and G-sec); 10. Short-Term Deposits; 11. Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts (securitised debt); 12. Repo/ reverse repo transactions in corporate debt securities; 13. Securitised Debt; 14. Debt Instruments with SO / CE rating 15. Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables; 16. The non-convertible part of convertible securities; 17. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements, Interest Rate Derivatives and such other derivative instruments permitted by SEBI/RBI. **18. Units of Mutual Fund Schemes** 19. Any other debt securities as permitted by SEBI/ RBI from time to time. Any other like instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time. The securities mentioned in, "Where will the Scheme(s) invest?", could be listed, to be listed, unlisted, privately placed, secured, unsecured, rated or unrated (subject to the rating or equivalency requirements discussed above) and of any maturity. The securities may be acquired through secondary market operations, primary issues/offerings, other public offers, Private Placement and negotiated deals amongst other mechanisms. For detailed definition/description of instruments and applicable regulations/ guidelines for instruments please refer Section II.
6.	Scheme specific Risk Factors & Risk Mitigation Strategies	**Risks associated with segregated portfolio:** i. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer ii. Security comprises of segregated portfolio may not necessarily realise desired value iii. Listing of units of segregated portfolio on recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV **Risks associated with transacting in scheme units through stock exchange mechanism** In respect of transactions in units of the schemes through NSE and/or BSE or any other recognized stock exchange promoted platforms, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by NSE, BSE or such other exchange and their respective clearing corporations on which the AMC and Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by NSE, BSE or such other recognized exchange in this regard. **Risk associated with principles of efficient portfolio management:** The Scheme may use models, techniques and instruments for efficient portfolio management and may also attempt to hedge or reduce the risk. The Scheme's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is further dependent on the ability to predict movements in the prices of securities being hedged and movements in macro variables such as interest rates. There exists an imperfect correlation between the hedging instruments and the securities or market sectors being hedged. Thus due to mentioned bottleneck these techniques and instruments if imperfectly used have the risk of the Scheme incurring losses due to mismatches particularly in a volatile market. There could be possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an exchangeS.	Scheme Specific Risk Factors 1. Risks associated with investing in equity and equity-related securities/ instruments • **Price Risk: Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. The value of the Schemes' equity investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.** **Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by schemes. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the scheme may be adversely affected due to such factors.** **Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Schemes** • **Liquidity Risk for listed securities: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to execute investment strategies or sell these investments could be limited by the overall trading volume, settlement periods, transfer cycles on the stock exchanges and may lead to the Scheme incurring losses till the**

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		Further the returns from the types of securities or assets in which the scheme invests may under perform returns of general Securities markets or different asset classes. Different types of Securities tend to go through cycles of out-performance and under-performance in comparison of Securities markets. **Risk associated with favorable taxation of certain scheme in India:** In any event beyond the control of AMC if the scheme is not able to invest the minimum % of the threshold that it is required to invest in eligible asset classes as per the domestic income tax regulation and rule, the benefit of lower tax, if any, on income distribution or capital gains may not be available to the Unit Holders. The summary of tax implications given in the taxation section (Units and Offer Section) is based on the existing provisions of the tax laws. The current taxation laws may change due to change in the domestic Tax Act or any subsequent changes / amendments in Finance Act / Rules / Regulations. Such change may entail a higher tax to the scheme or to the investors by way of any tax as made applicable thus adversely impacting the scheme. The investor is requested to consult their tax counsel for detail understanding of the tax laws and the risk factor associated with such tax laws. **Risks associated with the Scheme's Arbitrage Strategy** The Scheme proposes to invest in equity and equity related instruments by identifying and exploiting price discrepancies in cash and derivative segments of the market. These investments by nature are volatile as the prices of the underlying securities are affected by various factors such as liquidity, time to settlement date, news flow, spreads between cash and derivatives market at different points of time, trading volumes, etc. • There is no guarantee that the Fund Manager will be able to spot investment opportunities or correctly exploit price discrepancies in the different segments of the market. • The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. • The Scheme is also expected to have a high portfolio churn, especially in a volatile market. There is an execution risk while implementing arbitrage strategies across various segments of the market, which may result in missed investment opportunities, or may also result in losses/high transaction costs. • In case of a large outflow from the Scheme, the Scheme may need to reverse the spot-futures transaction before the settlement of the futures trade. While reversing the spot-futures transaction on the Futures and Options settlement day on the exchange, there could be a risk of volume-weighted-average-price of the market being different from the price at which the actual reversal is processed resulting in basis risk. • While future market are typically more liquid than underlying cash market, there can be no assurance that ready liquidity would exists at all point in time for the Scheme to purchase and close out a specific futures contract. • In case of arbitrage, if futures are allowed to expire with corresponding buy/sell in cash market, there is a risk that price at which futures expires, may/may not match with the actual cost at which it is bought/sold in the cash market in last half an hour of the expiry day (Weighted average price for buy or sell). **Risks associated with Equity and Equity-related securities / investments:** • **Price Risk:** Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. The value of the Schemes' equity investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks. Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of	**security is finally sold. Although the investment universe constitutes securities which will have high market liquidity, there is a possibility that market liquidity could get impacted on account of company/sector/general market related events and there could be a price impact on account of portfolio rebalancing and/or liquidity demands on account of redemptions** **• Liquidity Risk on account of unquoted and unlisted securities: Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk. Within the Regulatory limits, the AMC may choose to invest in unlisted securities or may receive such securities as a part of corporate action.** **The Schemes may not be able to immediately sell certain types of illiquid Securities. The prices and subsequent valuation of restricted and illiquid Securities may reflect a premium / discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.** **The liquidity and valuation of the Scheme's investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.** **Further Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Scheme(s) can go up and down because of such factors that affect the capital markets in general.** **The AMC cannot give assurance but will endeavor to liquidate any illiquid securities not a part of the investment strategy or underlying index at the earliest with least possible price impact.** **• Efficient portfolio management: The Scheme may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk. However, these techniques and instruments if imperfectly used have the risk of the Scheme incurring losses due to mismatches particularly in a volatile market. The Scheme's ability to use these techniques may be be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is dependent on the ability to predict movements in the prices of securities being hedged and movements in interest rates. There exists an imperfect correlation between the hedging instruments and the securities or market sectors being hedged. There is a possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an organized exchange.** 2. Risks Associated with Investment in Debt Securities and Money Market Instruments The following risks are applicable to the extent of Scheme's investment in debt securities & money market instruments: **• Price-Risk or Interest-Rate Risk: Debt securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing debt securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. However, debt securities in this scheme are intended to be held till maturity. For such securities held till maturity, there will not be any interest rate risk at the end of the tenure.** **• Term Structure of Interest Rates (TSIR) Risk: The Net Asset Value (NAV) of the Scheme(s), to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of**

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		payment of dividend in the past) may continue paying dividend in future. As such, the scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by schemes. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the scheme may be adversely affected due to such factors. Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Schemes • **Liquidity Risk for listed securities:** While securities that are listed on the stock exchange carry lower liquidity risk, the ability to execute investment strategies or sell these investments could be limited by the overall trading volume, settlement periods, transfer cycles on the stock exchanges and may lead to the Scheme not realizing desired price and may incur losses till the security is finally sold. Although the investment universe constitutes securities which will have high market liquidity, there is a possibility that market liquidity could get impacted on account of company/sector/general market related events and there could be a price impact on account of portfolio rebalancing and/or liquidity demands on account of redemptions • **Liquidity Risk on account of unquoted and unlisted securities:** Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk. Within the Regulatory limits, the AMC may choose to invest in unlisted securities or may receive such securities as a part of corporate action. The Schemes may not be able to immediately sell certain types of illiquid Securities. The prices and subsequent valuation of restricted and illiquid Securities may reflect a premium / discount, which may be significant, from the market price of comparable Securities for which a liquid market exists. Further Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Scheme(s) can go up and down because of such factors that affect the capital markets in general. The AMC cannot give assurance but will endeavor to liquidate any illiquid securities not a part of the investment strategy or underlying index at the earliest with least possible price impact. **Risk associated with Securities Lending & Borrowing and Short Selling:** Securities Lending and Borrowing ("SLB") is an exchange traded product in India, with trades done on order matching platforms setup by the clearing corporation/house of recognized stock exchanges. In accordance with SEBI guidelines, there is a robust risk management system and safeguards exercised by the clearing corporation/house, which also guarantee financial settlement hence eliminating counterparty risk on borrowers. The Scheme may participate as a lender in the SLB market and lend securities held in the portfolio for earning fees from such lending to enhance revenue of the Scheme. The key risk to the Scheme is creation of temporary illiquidity due to the inability to sell such lent securities, till the time such securities are returned on the contractual settlement date or on exercise of early recall. The Scheme may enter into short selling transactions in accordance with the guidelines prescribed by SEBI. The key risk to the Scheme is increase in the price of such securities, requiring the Scheme to purchase the securities sold short to cover the position even at unreasonable prices resulting in a huge loss to the Scheme.	**interest rates. The NAV of the Scheme(s) is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.** • **Credit Risk: Investments in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. Different types of securities in which the Scheme would invest as given in the SID carry different levels of credit risk. Accordingly, the Scheme' risk may increase or decrease depending upon their investment patterns. E.g., corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated.** • **Rating Migration Risk: Debt securities are exposed to rating migration risk, which could impact the price on account of change in the credit rating. For example: One notch downgrade of a AAA rated issuer to AA+ will have an adverse impact on the price of the security and vice-versa for an upgrade of a AA+ issuer.** • **Liquidity or Marketability Risk: This refers to the ease with which a security can be purchased or sold at or near to its valuation Yield-to-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The liquidity of investments made in the Scheme may be restricted by trading volumes besides operational issues like settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement processes & periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods periods when the assets of the Scheme are not invested and no return is earned thereon. The inability of the Scheme to make intended securities purchases or sale could cause the Scheme to miss certain investment opportunities due to the absence of a well-developed and liquid secondary market for debt securities which would result at times, in potential underperformance in the Scheme.** • **Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. Investments in debt securities may carry reinvestment risk as the cash flows received may get invested at a lower rate of interest prevailing on the date of investment of cash flows viz. interest or redemptions received during the tenure of the scheme.** • **Pre-payment Risk: Certain debt securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.** • **Risk from zero coupon securities: As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.** • **Risk associated with floating rate securities: To the extent the Scheme' investments are in floating rate debt instruments or fixed debt instruments swapped for floating rate return, they will be affected by:** **Interest rate movement (Basis Risk) - Coupon rates on floating rate securities are reset periodically in line with the benchmark index movement. Normally, the interest rate risk inherent in a floating rate instrument is limited compared to a fixed rate instrument. Changes in**

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		Risks Associated with Trading In Equity Derivatives: Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. There may be additional cost attached to buying index futures or other derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme. Some of the other risks in using derivatives include but are not limited to: i. Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavourable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange. ii. Market Liquidity risk where the derivatives cannot be transacted at prices that reflect the underlying assets, rates and indices. iii. Model Risk, the risk of mis-pricing or improper valuation of derivatives. iv. Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged. The risks may be inter-related therefore besides the price of the underlying, the tenor, the volatility & interest rates may influence the prices of the derivative instruments. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the investment manager to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager involve uncertainty and decision of investment manager may not always be profitable. No assurance can be given that the investment manager will be able to identify or execute such strategies. 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. Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place. i. The option buyer's risk is limited to the premium paid. ii. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. iii. Risk of loss in trading in futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets. **Risk Factors associated with investments in Debt Securities and Money Market Securities:** • **Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities	**the prevailing level of interest rates will likely affect the value of the Scheme' holdings until the next reset date and thus the value of the Scheme' Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates.** **The Mutual Fund could be exposed to interest rate risk (i) to the extent of time gap in the resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture interest rate changes appropriately; Spread Movement (Spread Risk) - Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments;Settlement Risk (Counterparty Risk) - Specific floating rate assets may also be created by swapping a fixed return into a floating rate return. In such a swap, there is the risk that the counterparty (who will pay floating rate return and receive fixed rate return) may default; Liquidity Risk: The market for floating rate securities is still in its evolutionary stage and therefore may render the market illiquid from time to time, for such securities that the Scheme are invested in.** • **Investment in unrated securities: The scheme may invest in unrated securities as permitted under regulation. Investment in unrated securities involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.** 3. Market Liquidity Risk There is no change in 'Market Liquidity Risk' as mentioned under this section. 4. Risk associated with investments in repo of corporate debt securities There is no change in 'Risk associated with investments in repo of corporate debt securities' as mentioned under this section. 5. Risks associated with investments in Securitised Assets: There is no change in 'risks associated with investments in Securitised Assets' as mentioned under this section. 6. Risks Associated with Trading In Derivatives There is no change in 'Risks Associated with Trading In Derivatives' as mentioned under this section. 7. Risks associated with the Scheme's Arbitrage Strategy There is no change in 'Risks associated with the Scheme's Arbitrage Strategy' as mentioned under this section. 8. Risks associated with Securities Lending & Borrowing and Short Selling There is no change in 'Risks associated with Securities Lending & Borrowing and Short Selling' as mentioned under this section. 9. Risks Associated with Transaction in Units Through Stock Exchange Mechanism There is no change in 'Risk Associated with Transaction in Units Through Stock Exchange Mechanism' as mentioned under this section. 10. Risk factors associated with investments in Perpetual Debt Instrument (PDI) There is no change in 'Risk factors associated with investments in Perpetual Debt Instrument (PDI)' as mentioned under this section.

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		fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. However,certain debt securities may be intended to be held till maturity. For such securities held till maturity, there will not be any interest rate risk at the end of the tenure. Duration risk refers to the movement in price of the invested debt instruments due to change in interest rates over different durations of maturity of instruments. Duration of portfolio is expressed in years and should be used as a measure of the sensitivity of the fixed income instrument to a change in interest rates. A longer portfolio duration is associated with greater price fluctuations. A rise in interest rates could normally lead to decrease in prices and generally negatively affects portfolios having longer duration vis-a-vis portfolios having shorter duration. A fall in interest rate generally benefits portfolio having longer duration. A longer duration portfolio is also generally associated with greater volatility vis-a-vis a shorter duration portfolio. • **Term Structure of Interest Rates (TSIR) Risk:** The Net Asset Value (NAV) of the Scheme(s), to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the Scheme(s) is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. • **Credit Risk:** Investments in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. Different types of securities in which the Scheme would invest as given in the SID carry different levels of credit risk. . Accordingly, the Scheme' risk may increase or decrease depending upon their investment patterns. E.g., corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated. Investments in money market instruments involve credit risk commensurate with short term rating of the issuers. • **Rating Migration Risk:** Fixed income securities are exposed to rating migration risk, which could impact the price on account of change in the credit rating. For example: One notch downgrade of a AAA rated issuer to AA+ will have an adverse impact on the price of the security and vice-versa for an upgrade of a AA+ issuer. • **Liquidity or Marketability Risk:** This refers to the ease with which a security can be purchased or sold at or near to its valuation Yield-to-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The liquidity of investments made in the Scheme may be restricted by trading volumes besides operational issues like settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement processes & periods and such periods may be extended significantly by unforeseen circumstances. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon. The inability of the Scheme to make intended securities purchases or sale could cause the Scheme to miss certain investment opportunities due to the absence of a well-developed and liquid secondary market for debt securities which would result at times, in potential underperformance in the Scheme. • **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. Investments in fixed income securities may carry reinvestment risk as the cash flows received may get invested at a lower rate of interest prevailing on the date of investment of cash flows viz. interest or redemptions received during the tenure of the scheme. • **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining	**11. Risk factors associated with investment in Tri-Party Repo:** **The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, , it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. . In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member). CCIL shall maintain two separate Default Funds in respect of of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.** **12. Risks associated with Covered Calls Strategy:** **A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by the regulations. Risks associated thereto are mentioned below:** **i. Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares. This downside risk is reduced bywriting covered call options.** **ii. The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This wouldlead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.** **iii. The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.** **iv. The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of**

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		interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund. • **Risk from zero coupon securities:** As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. • **Risk associated with floating rate securities:** To the extent the Scheme' investments are in floating rate debt instruments or fixed debt instruments swapped for floating rate return, they will be affected by: a) Interest rate movement (Basis Risk) - Coupon rates on floating rate securities are reset periodically in line with the benchmark index movement. Normally, the interest rate risk inherent in a floating rate instrument is limited compared to a fixed rate instrument. Changes in the prevailing level of interest rates will likely affect the value of the Scheme' holdings until the next reset date and thus the value of the Scheme' Units. . The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates. The Mutual while it would be adversely affected by an increase in the level of interest rates. b) Spread Movement (Spread Risk) - Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments; c) Settlement Risk (Counterparty Risk) - Specific floating rate assets may also be created by swapping a fixed return into a floating rate return. In such a swap, there is the risk that the counterparty (who will pay floating rate return and receive fixed rate return) may default; d) Liquidity Risk: The market for floating rate securities is still in its evolutionary stage and therefore may render the market illiquid from time to time, for such securities that the Scheme are invested in. **Risk factors associated with investment in debt instruments having structured obligations /credit enhancements:** The Scheme may invest in debt instruments having credit enhancement (backed by assets such as equity shares/real estate or backed by payment mechanisms such as guarantees/ escrows of identified revenue streams). Typically, in such instruments, the profile of the underlying issuer tends to be relatively weaker. The risks with such credit enhanced structures include inability to sell and realize the collateral due to sharp prices moves of the underlying collateral values, erosion in collateral values, and illiquidity of collateral. There is a possibility of the guarantor or underlying issuer going insolvent which also can impact the recovery value of exposure. These instruments are typically less liquid in the secondary market which is an additional risk factor. In case of complex payment mechanisms, these may be challenged in legal courts by the unsecured creditors in case of bankruptcy of the underlying obligors which may result in delays or defaults in payments. **Risk factors associated with investment in unrated securities:** The scheme may invest in unrated securities as permitted under regulation. Investment in unrated securities involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities. **Risk factors associated with investment in special feature bonds:** The scheme may invest in special feature bonds as permissible by the SEBI &	**the scheme. This may restrict the ability of Scheme to buy any options.** **13. Risks associated with Overseas Securities:** **Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Schemes, the Schemes may invest in overseas markets and securities which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. Further, the scheme may not be able to invest in overseas markets if overseas limits as per RBI and SEBI circulars are exhausted at AMC or industry level which may negatively impact the performance of the schemes.** **i. Currency Risk: The scheme may invest in overseas securities and the income from those securities may be quoted in currencies which are different from the schemes base currency. The performance of the scheme may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the schemes base currency and hence there can be the prospect of additional loss or gain for the Unit Holder than what may be normally derived from the assets in which the scheme invests. The performance of the scheme fund may also be subject to exchange control regulations. Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. Movements in currency exchange rates can adversely affect the return of your investment.** **ii. Risks arising from exhaustion of overseas limits as per applicable SEBI and RBI circulars: The schemes capability to invest in overseas securities is subject to the limits assigned by the SEBI & RBI from time to time basis. In case of exhaustion of the limits to invest in overseas securities is exhausted either at an individual Mutual Fund level or at Industry level or otherwise as restricted by SEBI or RBI, the scheme may not be able to allocate and invest in overseas securities and the AMC will suitably reallocate the proceeds to other investments as permissible under the asset allocation specified in the scheme document.** **14. Risks associated with Depository Receipts:** **Liquidity Risk:** Depositary receipts may not be as liquid as the underlying shares in the foreign company. This means that it may be difficult to buy or sell the depositary receipt at a favorable price. **Political risk:** Political instability in a foreign country can also affect the value of depositary receipts. This can include changes in government policies, civil unrest, or even war. For example, if a company's operations are disrupted due to political unrest in the country where it operates, the value of its depositary receipts may decline. **15. Risk associated with investments in overseas /domestic mutual funds / ETFs / Index Funds:** **Subject to necessary approvals, in terms of all applicable guidelines issued by SEBI and RBI from time to time and within the investment objectives of the Scheme, the Scheme may invest in overseas ETFs/ index funds which carry a risk on account of fluctuations in the foreign exchange rates, nature of securities market of the country concerned, repatriation of capital due to exchange controls and political circumstances. Further, the scheme may not be able to invest in overseas markets if overseas limits as per RBI and SEBI circulars are exhausted at AMC or industry level which may negatively impact the performance of the schemes. Risks related to investments in overseas ETFs/index funds include:**

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		scheme offer documents, which may be subordinate to the equity and thus may carry high credit risk and risk of capital loss. Some Tier 2 bonds issued by the banks under the Basel III norms may have such special features. **Risk factors associated with investment in Tri-Party Repo:** The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund **Risk factors associated with investments in Perpetual Debt Instrument (PDI)** Perpetual Debt instruments are issued by Banks, NBFCs and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the RBI guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). While there are no regulatory guidelines for issuance of PDIs by corporate bodies, NBFCs issue these bonds as per guidelines issued by RBI. The instruments are treated as perpetual in nature as there is no fixed maturity date. The key risks associated with these instruments are highlighted below: i. Risk on coupon servicing: a. Banks: As per the terms of the instruments, Banks have discretion at all times to cancel distributions/ payment of coupons. b. NBFCs: While NBFCs have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios. c. Corporates: Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI. ii. Risk of write-down or conversion into equity: a. Banks: As per current RBI guidelines, banks have to maintain a Common Equity Tier-1 (CET-1) ratio of minimum 5.5% of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates	**i. Financial Markets, Counterparties and Service Providers: The underlying ETFs/index funds may be exposed to finance sector companies that act as a service provider or as counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse effect on the returns. Regulators and self-regulatory organisations and exchanges are stabilize to take extraordinary actions in the event of market emergencies. The effect of any future regulatory actions could be substantial and adverse.** **ii. Global Financial Market Crisis and Governmental Intervention: Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability which has led to governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the the effect of such restrictions on the ability to implement a Fund's investment objective. Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilize the financial markets is unknown. The Fund Managers cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on an ETF/index fund or global economy and the global securities markets. The Fund Managers are monitoring the situation. Instability in the global financial markets or government intervention may increase the volatility of the ETFs and hence the risk of loss to the value of your investment.** **iii. Liquidity Risk: Trading volumes in the underlying investments of the Underlying ETFs/index funds may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Underlying ETFs/index funds may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and so that investment cannot be readily sold at the desired time or price, and consequently the relevant ETF/index fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of assets can have a negative impact of the value of the Underlying ETF/index fund or prevent the relevant Underlying ETFs/index funds from being able to take advantage of other investment opportunities.** **iv. Similarly, investment in equity securities issued by unlisted companies, small and mid-capitalisation companies and companies based in emerging countries are particularly subject to the risk that during certain market conditions, the liquidity of particular issuers or industries, or all securities within a particular investment category, will reduce or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse market sentiment.** **v. Liquidity risk also includes the risk that relevant Underlying ETFs/ index funds may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the investment manager. To meet redemption requests, the Underlying schemes may be forced to sell investments at an unfavorable time and/or conditions, which may have a negative impact on the value of the Scheme.**

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		iii. Risk of instrument not being called by the Issuer: a. Banks: The issuing banks have an option to call back the instrument after minimum period of 5 years from the date of issuance and typically annually thereafter, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date. b. NBFCs: The NBFC issuer has an option to call back the instrument after minimum period of 10 years from date of issuance and typically annually thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Scheme may have to hold the instruments for a period beyond the first call exercise date. c. Corporates: There is no minimum period for call date. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date iv. Risk of rating downgrades: The Rating agencies, which rate the instruments, have a slightly different rating methodology for these Instruments compared to plain vanilla bonds. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Perpetual Debt Instruments may be downgraded whilst the ratings of other bonds issued by the issuer may remain constant. In such a scenario, Perpetual Debt Instrument holders may incur losses on their investment v. Liquidity risk: There may be no active market for the Perpetual Debt Instruments on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Perpetual Debt Instruments may fail to develop and may accordingly be adversely affected. There is no assurance that a trading market for the Perpetual Debt Instruments will exist and no assurance as to the liquidity of any trading market. The liquidity and market prices of the Perpetual Debt Instruments can be expected to vary with changes in market and economic conditions, financial condition and prospects and other factors that generally influence market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of these Instruments, which may trade at a discount to the price at which one purchases these instruments. Risks associated with investments in Securitized Assets: A securitization transaction involves sale of receivables by the originator (a bank, non-banking finance company, housing finance company, or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by selling his loan receivables to an SPV, receives consideration from investors much before the maturity of the underlying loans. Investors are paid from the collections of the underlying loans from borrowers. Typically, the transaction is provided with a limited amount of credit enhancement (as stipulated by the rating agency for a target rating), which provides protection to investors against defaults by the underlying borrowers. <u>Some of the risk factors typically analyzed for any securitization transaction are as follows:</u> • <u>Risks associated with asset class</u>: Underlying assets in securitised debt may assume different forms and the general types of receivables include commercial vehicles, auto finance, credit cards, home loans or any such receipts. Credit risks relating to these types of receivables depend upon various factors including macro -economic factors of these industries and economies. Specific factors like nature and adequacy of collateral securing these receivables, adequacy of documentation in case of auto finance and home loans and intentions and credit profile of the borrower influence the risks relating to the asset borrowings underlying the securitised debt. • <u>Risks associated with pool characteristics</u>: (a) Size of the loan: This generally indicates the kind of assets financed with	**vi. Credit Risk & Market Risk: To the extent that the underlying ETFs/ index funds invest in corporate debt securities, they are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in credit rating, interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer among others (market risk).** **vii. Term Structure of Interest Rates (TSIR) Risk: To the extent that the underlying ETFs/index funds are invested in debt securities, the NAV of the Units issued under the ETFs is likely to be affected by changes in the general level of interest rates. When interest rates decline, the value of a portfolio of debt securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of debt securities can be expected to decline.** **viii. Country Risks: The value of the underlying ETF's/index funds assets may be affected by uncertainties such as changes in a country's government policies, taxation, restrictions on foreign investment, currency decisions, applicable laws and regulations, together with any natural disasters or political upheaval, which could weaken a country's securities markets** **ix. Equity Risks: The values of equities fluctuate daily and an ETF/ index fund investing in equities could incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including changes in investment sentiment, trends in economic growth, inflation and interest rates, issuer-specific factors, corporate earnings reports, demographic trends and catastrophic events.** **x. Smaller Capitalisation Companies: Securities issued by small companies may be riskier, more volatile or less liquid than those of large companies. They are often new companies with shorter track records, less extensive financial resources, and less established markets. They may not have as many tradable shares compared with large companies, therefore, they tend to be less liquid.** **xi. Emerging Markets: Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. Amongst these, those which exhibit the lowest levels of economic and/or capital market development may be referred to as frontier markets, and the below mentioned risks may be amplified for these markets. Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and inadequate financial systems also presents risks in certain countries, as do environmental problems. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.** **xii. Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those**

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		loans. While a pool of loan assets comprising of smaller individual loans provides diversification, if there is excessive reliance on very small ticket size, it may result in difficult and costly recoveries. (b) Loan to Value Ratio: This Indicates how much percentage value of the asset is financed by borrower's own equity. The lower LTV, the better it is. This ratio stems from the principle that where the borrowers own contribution of the asset cost is high, the chances of default are lower. To illustrate for a Truck costing Rs. 20 lakhs, if the borrower has himself contributed Rs.10 lakhs and has taken only Rs. 10 lakhs as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs. 20 lakhs if he defaults in repaying an installment. This is as against a borrower who may meet only Rs. 2 lakhs out of his own equity for a truck costing Rs. 20 lakhs. Between the two scenarios given above, the later would have higher risk of default than the former. (c) Original maturity of loans and average seasoning of the pool: Original maturity indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. Average seasoning indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loans, if a pool of assets consists of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher. (d) Default rate distribution: This indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here is very obvious, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category. • Credit Rating and Adequacy of Credit Enhancement: Unlike in plain vanilla instruments, in securitisation transactions, it is possible to work towards a target credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called "Credit enhancement". The process of "Credit enhancement" is fulfilled by filtering the underlying asset classes and applying selection criteria, which further diminishes the risks inherent for a particular asset class. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period is short of the contractual payout on securitisation. Securitisation is normally non-recourse instruments and therefore, the repayment on securitisation would have to come from the underlying assets and the credit enhancement. Therefore, the rating criteria centrally focus on the quality of the underlying assets. The Scheme will predominantly invest in those securitisation issuances which have AA and above rating indicating high level of safety from credit risk point of view at the time of making an investment. However, there is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency. • Limited Liquidity & Price Risk: Presently, the secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure. • Limited Recourse to Originator & Delinquency: Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the seller or the originator, or the parent or any affiliate of the seller, issuer and originator. No financial recourse is available to the Certificate Holders against the Investors" Representative. Delinquencies and credit losses may cause depletion of the amount available under the credit enhancement and	xiii. **Practices in relation to the settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because of the need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable.** xiv. **Delays in settlement could result in investment opportunities being missed if an ETF/index fund is unable to acquire or dispose of a security. The Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with applicable law and regulation. In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the ETFs/index fund concerned could suffer loss arising from these registration problems.** xv. **Risk of Investing in Specific Sectors and Themes: Where investment is made in one or in a limited number of market sectors, Underlying ETFs/index funds may be more volatile than other more diversified Schemes. The companies within these sectors may have limited product lines, markets, or financial resources, or may depend on a limited management group. Such ETFs/index funds may also be subject to rapid cyclical changes in investor activity, regulatory changes and / or the supply of and demand for specific products and services. As a result, a stock market or economic downturn in the relevant specific sector or sectors or a regulatory change having disproportionate impact on the specific sector would have a larger impact on an ETF/index fund that concentrates its investments in that sector or sectors than on a more diversified Fund.** xvi. **Depositary Receipts Risk: the issuers of certain depositary receipts are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Investment in depositary receipts may be less liquid than the underlying shares in their primary trading market. Depositary receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock underlying unsponsored depositary receipts are not obligated to disclose material information in the United States.** xvii. **xvii. Restrictions on Foreign Investment: Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of an Underlying ETF/index fund . For example, an Underlying ETF/index fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Underlying ETF/index fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which an Underlying ETF/index fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where an Underlying ETF places a purchase order but is subsequently informed, at the time of re-registration, that**

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		thereby the investor payouts may get affected if the amount available in the credit enhancement facility is not enough to cover the shortfall. On persistent default of an obligor to repay his obligation, the servicer may repossess and sell the underlying Asset. However, many factors may affect, delay or prevent the repossession of such asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such asset may be sold may be lower than the amount due from that Obligor. • Bankruptcy of the Originator or Seller: If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a 'True Sale'. Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale. • Bankruptcy of the Investor's Agent: If Investor's agent, becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an Investor could experience losses or delays in the payments due under the agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/ receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity • Risk of co-mingling: The servicers normally deposit all payments received from the obligors into the collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the loan agreements may not be segregated from other funds of the servicer. If the servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on standalone basis to minimize co-mingling risk. • Risks relating to tax incidence on securitization Special Purpose Vehicles: In October 2011, the income tax authorities issued a claim on certain securitisation SPVs, stating that the gross income of such SPVs was liable to tax. The matter is presently under sub judice with the Bombay High Court. Several industry participants approached the Ministry of Finance (MoF) to seek clarity and reinforce the "pass through" status of a securitisation SPV. The Finance Bill, 2013, has sought to clarify the tax position by stating that securitisation SPVs are not liable to pay income tax. However, any tax incidence on gross income of SPVs could result in dilution of payouts to investors. **Risks Associated with fixed income Derivatives:** The Scheme may invest in fixed income derivatives for swap of fixed rate debt instruments swapped to floating rate or floating rate debt instruments swapped to fixed rate, hedging and portfolio rebalancing or any other purposes as may be permitted under regulatory guidelines. The Scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative as may be permitted by SEBI / RBI / such other Regulatory Authority from time to time. The use of derivatives may expose the Scheme to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore	**the permissible allocation to foreign investors has been filled, depriving the Underlying ETF/index fund of the ability to make its desired investment at the time.** xviii. **Substantial limitations may exist in certain countries with respect to an Underlying ETFs/index funds ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. An Underlying ETF/index fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Underlying ETF/index fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If an Underlying ETF/index fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the ETF/index fund (including management fees) and, indirectly, the expenses of such closed end investment companies. In addition, certain manager of may not always be profitable. No assurance can be given that the investment manager of the Underlying ETF/index fund will be able to identify or execute such strategies. ability to redeem shares.** xix. **Taxation of underlying ETFs/index funds and assets: Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. As a result, the Underlying ETF/index fund (and therefore the Scheme) could become subject to additional taxation in such countries.** xx. **Investors should note that there may be additional taxes, charges or levies applied in respect of the ETF's investments depending on the location of the assets of the Underlying ETF/index fund and the jurisdiction in which the Underlying ETF/index fund is located, registered or operated. Investors should also note that the Underlying ETF's/index funds investment managers and the ETF's/ index funds ability to provide tax information and audited accounts in respect of the Underlying ETF/index fund to Unit Holders of the Scheme is dependent on the relevant tax and other information being provided in timely fashion. Accordingly, delays may occur in respect of delivery of such information to the Scheme's Unit Holders.** xxi. **Currency Risk: The assets in which the Underlying ETF/index fund is invested and the income from the assets may be quoted in currencies which are different from the Underlying ETF's/ index funds base currency. The performance of the Underlying ETF/index fund may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Underlying ETF's/index funds base currency and hence there can be the prospect of additional loss or gain for the Unit Holder than what may be normally derived from the assets in which the Underlying ETF/index fund invests. The performance of the Underlying ETF/index fund may also be affected by changes in exchange control regulations. Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimize the effect of currency fluctuations may not always be successful.**

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		increase Scheme volatility. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that they add to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Identification and execution of the strategies to be pursued involve uncertainty and decision of the Investment Manager may not always be profitable. No assurance can be given that the Investment Manager will be able to identify or execute such strategies. Other risks in using derivatives include but are not limited to: a) Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavourable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange b) Market Liquidity risk – this occurs where the derivatives cannot be transacted due to limited trading volumes and/or the transaction is completed with a severe price impact. c) Model Risk - the risk of mispricing or improper valuation of derivatives d) Basis Risk arises due to a difference in the price movement of the derivative vis-à-vis that of the security being hedged Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the investment manager to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager involve uncertainty and decision of investment manager may not always be profitable. No assurance can be given that the investment manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. **Risk associated with investments in repo/reverse repo of corporate debt securities:** In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks: i. **Counterparty Risk:** This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price. The Investment Manager will endeavor to manage counterparty risk by dealing only with counterparties having strong credit profiles assessed through in-house credit analysis or with entities regulated by SEBI/RBI/IRDA ii. **Collateral Risk:** In the event of default by the repo counterparty, the scheme have recourse to the corporate debt securities. Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo	**xxii. Valuation Risk: The price the underlying ETF/index fund could receive upon the sale of a security or other asset may differ from the underlying ETF's/index funds valuation of the security or other asset and from the value used by the Underlying Index, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. The underlying ETF's/index funds ability to value investments may be impacted by technological issues or errors by pricing services or other thirdparty service providers.** **xxiii. Risks Associated with Derivatives: The Underlying ETF/index fund may use derivatives in connection with its investment strategies. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the investment manager of the Underlying ETF/index fund to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager of the Underlying ETF/index fund involve uncertainty and decision of the investment manager of may not always be profitable. No assurance can be given that the investment manager of the Underlying ETF/index fund will be able to identify or execute such strategies.** **xxiv. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in the losses that significantly exceed the Underlying ETF's/index funds original investment. Certain derivatives may give rise to a form of leverage. Due to the low margin deposits normally required in trading financial derivative instruments, an extremely high degree of leverage is typical for trading in financial derivative instruments. As a result, the Underlying ETF/index fund may be more volatile than if the Underlying ETF/index fund had not been leveraged. A relatively small price movement in a derivative contract may result in substantial losses to the investor.** **xxv. Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The use of derivatives for hedging or risk management purposes or to increase income or gain may not be successful, resulting in losses to the Underlying ETF/index fund and the cost of such strategies may reduce the Underlying ETF's/index funds returns and increase the Underlying ETF's/index funds potential for loss.** **xxvi. The Underlying ETF/index fund may take short positions on a security through the use of financial derivative instruments in the expectation that their value will fall in the open market. The possible loss from taking a short position on a security differs from the loss that could be incurred from a cash investment in the security; the former may be unlimited as there is no restriction on the price to which a security may rise, whereas the latter cannot exceed the total amount of the cash investment. The short selling of investments may also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.** **xxvii. Risks of Exchange Traded Derivative Transactions: The securities exchange on which the shares of the Underlying ETF/index fund may be listed may have the right to suspend or limit trading in all securities which it lists. Such a suspension would expose the Underlying ETF/index fund to losses and delays in its**

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		transactions only in AA and above rated money market and corporate debt securities. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument. **C. RISK MITIGATION STRATEGIES** **• Risks associated with Scheme's Arbitrage strategy** • **Liquidity Risk:** The fund will aim at taking exposure only into liquid stocks/ derivatives where there will be minimal risk to square off the transaction. The fund will ensure this by analyzing historical data of volume and open interest • **Market Risk:** The Scheme will endeavour to cover or square off the positions as soon as possible and maintain a net market neutral position • **Opportunities Risk:** In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in cash, short-term debt and money market securities **Risks associated with Debt Securities and Money Market Securities:** i. **Market Liquidity Risk:** The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select fixed income securities, which have or are expected to have high secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. Amongst all the segments of the fixed income market in India, the government securities market demonstrates the highest market liquidity. The liquidity varies from security to security with benchmark securities for the reference tenors like 10 years, 5 years etc. showing relatively higher market liquidity. With time, the benchmark government security changes and thus hence liquidity propagates from one security to the other. ii. **Credit Risk:** Credit Risk associated with fixed income securities will be managed by making investments in securities issued by borrowers post detailed credit review internally. The credit research process includes a detailed in-house analysis and due diligence where limits are assigned for each of the issuer (other than government of India) for the amount as well as maximum permissible tenor. The credit process ensures that issuer limits are reviewed periodically by taking into consideration the financial statements and operating strength of the issuer. iii. **Rating Migration Risk:** The endeavor is to invest in well researched issuers. The due diligence performed by the fixed income team before assigning credit limits and the periodic credit review and monitoring should help keep the rating migration risk low for company-specific issues. iv. **Interest Rate Risk:** The investment managers will endeavor to keep the duration within the permissible limit as defined by the scheme document and based on the investment objectives. v. **Re-investment Risk:** The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested. vi. **Term Structure of Interest Rates (TSIR) Risk:** The Scheme is expected to have duration based on the investment objective and limits defined in the scheme documents. Depending on the nature of the scheme, the Term Structure of Interest Rates (TSIR) Risk cannot be eliminated and it exists as a primary feature of the scheme. **Risks associated with Equity Derivative investments:** The investment managers will invest only in exchange traded derivatives	**ability to redeem shares.** **xxviii. Legal risk – OTC Derivatives, Repurchase and Reverse Repurchase Transactions, Securities Lending and Re-used Collateral: There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, an underlying ETF/index fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may for example be governed by English or Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.** **xxix. Securities Lending: The underlying ETFs/index funds may engage in securities lending. The underlying ETFs/index funds engaging in securities lending will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value value of the collateral below that of the value of the securities lent may result in a reduction in the value of the underlying ETFs/ index funds.** **xxx. Infectious Illness Risk. An outbreak of an infectious respiratory illness, COVID 19, caused by a novel coronavirus has resulted in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, ratings downgrades, defaults and other significant economic impacts. Certain markets have experienced temporary closures, extreme volatility, severe losses, reduced liquidity and increased trading costs. Such events can have an impact on the underlying ETFs/index funds and could impact their ability to purchase or sell securities or cause elevated tracking error and increased premiums or discounts to the NAV. Other infectious illness outbreaks in the future may result in similar impacts.** **xxxi. Operational Risk. The underlying ETFs/index funds are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures.** **xxxii. Counterparty Risk: An underlying ETF/index fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant underlying ETF/index fund. This would include the counterparties to any derivatives, repurchase / reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure.** **Additional Risk associated with investing in underlying ETFs:** **i. In addition to the recurring expenses of the Scheme, the Unit Holders shall also bear the applicable expenses of the Underlying ETF/index fund. Therefore, the returns that the Unit Holder of the Scheme may receive may be impacted or may, at times, be lower than the returns that a Unit Holder, who is directly investing in the same Underlying ETF/index fund, could obtain.**

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		(settlement guaranteed) and the investment shall be in line with guidelines and regulatory limits as specified by regulators & scheme documents. No investment will be made in OTC derivative contracts for equity derivatives. **Risks associated with fixed income Derivative investments:** Investment managers will ensure adherence to the limits and the guidelines as issued by SEBI / RBI from time to time for forward rate agreements and interest rate swaps and other fixed income derivative products. **Risks associated with Equity investments:** i. **Liquidity Risk:** The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select securities, which have or are expected to have good secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. The first access to liquidity will be through cash and fixed income securities if any. ii. **Concentration Risk:** The Scheme will try and mitigate this risk by investing across large number of companies/sectors and endeavor to keep stock-specific concentration risk relatively low. iii. **Market Risk:** The Investment Manager endeavors to invest in companies, where adequate due diligence and research has been performed by the Investment Manager. As not all these companies are very well researched by third-party research companies, the Investment Manager also relies on its own research. This involves one-to-one meetings with the management of companies, attending conferences and analyst meets and also tele-conferences. The company– wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know- how and transparency in corporate governance. The investment manager may use derivatives to hedge and limit the inherent market risk in scheme **Risk associated with investments in repo of corporate debt securities** The Investment Manager will endeavor to manage counterparty risk in corporate debt repos by dealing only with counterparties having strong credit profiles or through tri-party corporate repos done on the exchange platforms. The collateral risk is mitigated by restricting participation in repo transactions only in AA and above rated money market and corporate debt securities, where potential for downgrade/default is low. In addition, appropriate haircuts are applied on the market value of the underlying securities to adjust for the illiquidity and interest rate risk on the underlying instrument. **Risks associated with Stock Lending:** The investment managers will ensure adherence to the limits assigned for stock lending and will ensure that the liquidity Risk is managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. Also to ensure that the counterparty risk is limited the AMC will participate in stock lending only through exchange mechanism where the settlement is guaranteed.	**ii. Index-Related Risk. There is no guarantee that the underlying ETF's/ index funds investment results will have a high degree of correlation to those of the Underlying Index or that the underlying ETF/index fund will achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the underlying ETF's/index funds ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the Underlying Index in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, which may have an adverse impact on the underlying ETF/index fund. Unusual market conditions may cause the Index Provider to postpone a scheduled rebalance, which could cause the Underlying Index to vary from its normal or expected composition** **iii. Passive Investment Risk. The underlying ETF/index fund is not actively managed, and the fund manager generally does not attempt to take defensive positions under any market conditions, including declining markets** **iv. Tracking Error Risk. The underlying ETF/index fund may be subject to tracking error, which is the divergence of its performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the ETF/index fund portfolio and those included in the Underlying Index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's/index funds valuation of a security at the time of calculation of the Fund's NAV), transaction costs incurred by the ETF/index fund, the holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, the requirements to maintain pass through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, acceptance of custom baskets, changes to the Underlying Index or the costs to the ETF/index fund of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the ETF/index fund incurs fees and expenses, while the Underlying Index does not.** **16. Risk of substantial redemption:** **The Scheme(s) at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments** **17. Risks associated with segregated portfolio:** **i. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer** **ii. Security comprises of segregated portfolio may not realise any value** **iii. Listing of units of segregated portfolio on recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV** **18. Risk associated with favorable taxation of equity-oriented Scheme in India:** **In case of any event that investible funds of more than 65% of the total proceeds in Scheme are not invested in the equity shares of domestic companies, the benefit of preferential tax, if any, on gains/loss or income distribution may not be available to the Unit Holders. The AMC has an internal monitoring mechanism to ensure that the investment is maintained at 65% as required under the local tax laws.**

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			<u>RISK MITIGATION STRATEGIES</u> DSPAM is committed to a strong control and compliance environment and ensuring that the management structure is appropriate to the scale of the business. DSPAM's fiduciary business is managed according to the rules and a regulation stipulated for Asset Management Companies by the Securities & Exchange Board of India (SEBI) and also incorporates DSPAM's internal policies. The AMC has systems and processes to monitor all the investment restrictions specified by SEBI and in this document on a regular basis. **Risks associated with Equity investments:** **i. Liquidity Risk: The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select securities, which have or are expected to have good secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. The first access to liquidity will be through cash and debt securities if any.** **ii. Concentration Risk: The Scheme will try and mitigate this risk by investing across large number of companies/sectors and endeavor to keep stock-specific concentration risk relatively low.** **iii.Market Risk: The Investment Manager endeavors to invest in companies, where adequate due diligence and research has been performed by the Investment Manager. As not all these companies are very well researched by third-party research companies, the Investment Manager also relies on its own research. This involves one-to-one meetings with the management of companies, attending conferences and analyst meets and also tele-conferences. The company– wise analysis will focus, amongst others, on the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know- how and transparency in corporate governance. The investment manager may use derivatives to hedge and limit the inherent market risk in scheme** **Risks associated with favorable taxation of equity-oriented Scheme:** **Investment Manager regular monitor's equity exposure of equity oriented Scheme of the Fund to ensure compliance with the relevant regulation.** **Risks associated with Stock Lending:** **The investment managers will ensure adherence to the limits assigned for stock lending and will ensure that the liquidity Risk is managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. Also to ensure that the counterparty risk is limited the AMC will participate in stock lending only through exchange mechanism where the settlement is guaranteed.** **Risks associated with Equity Derivative investments:** **The investment managers will invest only in exchange traded derivatives (settlement guaranteed) and the investment shall be in line with guidelines and regulatory limits as specified by regulators & scheme documents. No investment will be made in OTC derivative contracts for equity derivatives.** **Risks associated with Debt Securities and Money Market Securities:**

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
			i. Market Liquidity Risk: The liquidity risk will be managed and/or sought to be addressed by creating a portfolio which has adequate access to liquidity. The Investment Manager will select debt securities, which have or are expected to have high secondary market liquidity. Market Liquidity Risk will be managed actively within the portfolio liquidity limits by maintaining proper asset-liability match to ensure payout of the obligations. **Amongst all the segments of the debt market in India, the government securities market demonstrates the highest market liquidity. The liquidity varies from security to security with benchmark securities for the reference tenors like 10 years, 5 years etc. showing relatively higher market liquidity. With time, the benchmark government security changes and thus hence liquidity propagates from one security to the other.** **ii. Credit Risk: Credit Risk associated with debt securities will be managed by making investments in securities issued by borrowers post detailed credit review internally. The credit research process includes a detailed in-house analysis and due diligence where limits are assigned for each of the issuer (other than government of India) for the amount as well as maximum permissible tenor. The credit process ensures that issuer limits are reviewed periodically by taking into consideration the financial statements and operating strength of the issuer.** **iii. Rating Migration Risk: The endeavor is to invest in well researched issuers. The due diligence performed by the fixed income team before assigning credit limits and the periodic credit review and monitoring should help keep the rating migration risk low for company-specific issues.** **iv. Interest Rate Risk: The investment managers will endeavor to keep the duration within the permissible limit as defined by the scheme document and based on the investment objectives.** **v. Re-investment Risk: The Investment Manager will endeavor that besides the tactical and/or strategic interest rate calls, the portfolio is fully invested.** **vi. Term Structure of Interest Rates (TSIR) Risk: The Scheme is expected to have duration based on the investment objective and limits defined in the scheme documents. Depending on the nature of the scheme, the Term Structure of Interest Rates (TSIR) Risk cannot be eliminated and it exists as a primary feature of the scheme.** **Risk Associated with overseas mutual funds / ETFs and Index securities:** **i. Liquidity Risk on account of investments in overseas funds: The investments are made in international funds, which provide daily liquidity.** **ii. Expense Risks associated with investments in overseas funds: The aggregate of expenses incurred by the Indian Fund-of-Funds scheme and the underlying international funds is subject to limits prescribed by SEBI.** **iii. Portfolio Disclosure Risks associated with investments in overseas fund: Although full portfolio disclosure is not available at the end of each month, top ten holdings as well as sector holdings are made available at the end of each month for the overseas fund. Full portfolio holdings can be obtained from underlying Overseas funds generally with a three-month lag i.e. March portfolio can be obtained at the end of June** **iv. Investment Policy and/or fundamental attribute change risks associated with investments in overseas funds: Investments are made in such international funds, which have similar investment objectives to the domestic fund in India. However, there exists**

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
			international fund. In such circumstances, the Investment Manager will seek to invest in other international funds, which have the same investment objective as the domestic fund. **v. Should there be investments in ADRs/GDRs of Indian companies or foreign securities, the investment process of the fund manager will ensure that a comprehensive company specific due diligence is performed.** **vi. Monitoring overseas investment limits: The Investment Manager will keep monitoring the overseas investments limits. In case of an adverse event the Investment Manager may initiate appropriate action like investing across other areas as permitted by the scheme document or any other action to ensure that the investor interest is safeguarded.** **The Investment Manager will keep monitoring the overseas investments limits. In case of an adverse event the Investment Manager may initiate appropriate action like investing across other areas as permitted by the scheme document or any other action to ensure that the investor interest is safeguarded.**
7.	Who will manage the scheme?	Mr. Rohit Singhania (Equity portion) Mr. Dhaval Gada (Equity portion) Mr. Laukik Bagwe (Debt portion)	Mr. Rohit Singhania (Equity portion) Mr. Dhaval Gada (Equity portion) Mr. Laukik Bagwe (Debt portion) **Mr. Jay Kothari (Overseas investments)**
8.	What are the investment restrictions?	Not available	**Investment Restrictions for Covered Call strategy** **Mutual Fund schemes (excluding ETFs and Index funds) can write Call options under a covered strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:** **a) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme** **b) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.** **c) At all points of time the Mutual Fund scheme shall comply with the provisions at points (a) and (b) above. In case of any passive breach of the requirement at paragraph (a) above, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.** **d) In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.** **e) In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.** **f) The premium received shall be within the requirements prescribed in terms of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.** **g) The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cit/IMD./DF/11/2010, dated August 18, 2010.** **h) The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective schemes until the position is closed or expired.** **Investment in Overseas Financial Assets/Foreign Securities** According to clause 12.19 of the SEBI Master Circular mutual funds can invest in ADRs/GDRs/other specified foreign securities and such investments are subject to maximum of US $ 1 billion per Mutual Fund and overall limit of

Sl. No.(a)	Particulars (b)	Existing Scheme Features (c)	Proposed Scheme Features (d) (Changes are highlighted in Bold)
			US$ 7 billion for all mutual funds put together. The overall ceiling for investment in overseas ETFs that invest in securities is US$ 1 billion subject to a maximum of US$ 300 million per mutual fund. The dedicated fund manager appointed for making overseas investments by the Mutual Fund will be in accordance with the applicable requirements of SEBI. Further, SEBI vide its letter no. SEBI/HO/OW/IMD-II/DOF3/P /25095/2022 dated June 17, 2022 had advised AMFI that Mutual Fund schemes may resume subscriptions and make investments in overseas funds/securities upto the headroom available, without breaching the overseas investment limits as of end of day of February 01, 2022 at Mutual Fund level. SEBI vide email dated March 19, 2024, and AMFI email dated March 20, 2024, has directed AMCs to suspend subscriptions intending to invest in overseas ETFs w.e.f April 01, 2024. The investment in overseas securities (in other overseas schemes – other than overseas ETFs) may continue till further communication from SEBI. On an ongoing basis, the AMC is allowed to invest in overseas securities upto 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion at Fund house level. Clause 12.19.1.3.d of the SEBI Master Circular has clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI.
9.	Definitions **Business/Working Day**	A day other than: (1) Saturday and Sunday; (2) a day on which the National Stock Exchange is closed (3) a day on which the Sale and Redemption of Units is suspended The AMC reserves the right to declare any day as a non-business day at any of its locations at its sole discretion.	A day other than: (1) Saturday and Sunday; (2) a day on which the National Stock Exchange is closed (3) a day on which the Sale and Redemption of Units is suspended (4) **a day on which the sale and purchase of the units of the overseas mutual fund, where the scheme has investment, is suspended or closed and** **(5) a day on which any other overseas exchanges where the scheme has investment are closed.** The AMC reserves the right to declare any day as a non-business day at any of its locations at its sole discretion.
10.	Taxation	-	**Tax Chapter for investment in Overseas securities** For tax chapter for investment in overseas securities, please refer SAI.

* Considered as Fundamental Attribute Change
Note: All other features of the Scheme except those mentioned above will remain unchanged.

4. The Board of Directors of DSP Asset Managers Private Limited and the Board of Directors of DSP Trustee Private Limited, have approved the above proposed changes. Further, SEBI, vide its email dated June 03, 2024 has taken on record the proposed changes.

5. In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window ("Exit Option") to the Unit holders of 30 days (minimum 30 days) from August 22, 2024 to September 20, 2024 (both days inclusive) ("Exit Option Period"). These changes will be effective from September 21, 2024 ("Effective Date"). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of the Fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the Scheme. All transaction requests received on or after September 21, 2024 will be subject to applicable exit load (if any), as may be applicable to the Scheme mentioned above.

6. Redemption/switch requests, if any, may be lodged at any of the Official Points of Acceptance of the Fund.

7. The above information is also available on the website of the Fund i.e. www.dspim.com.

8. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests.

9. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.

10. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar, Computer Age Management Services Limited) within 3 (three) working days from the date of receipt of redemption request.

11. It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.

12. Please note that unit holders who do not opt for redemption on or before September 20, 2024 (upto 03 p.m.) shall be deemed to have consented to the changes specified herein above and shall

continue to hold units in the Scheme of the Fund. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the Scheme of the Fund by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of the AMC or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.

13. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
   a) Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of the AMC or to the DP (in case of units held in Demat mode).
   b) The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.
   c) Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.

14. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of the Fund.

15. Tax Consequences:

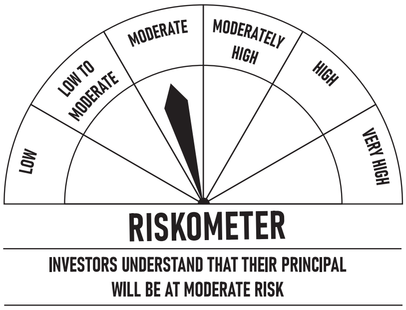
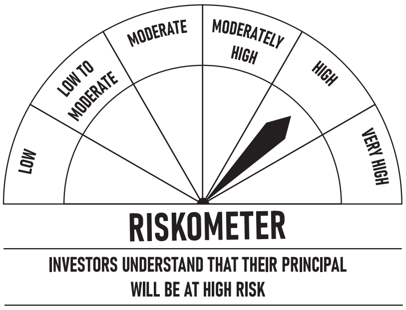
Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of the Fund and Scheme Information Document of Scheme of the Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:
DSP Asset Managers Private Limited ("AMC")
CIN: U65990MH2021PTC362316
Investment Manager for DSP Mutual Fund
Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021
Tel. No.: 91-22 66578000, Fax No.: 91-22 66578181
Toll-free: 1800 208 4499 or 1800 200 4499
Email ID: service@dspim.com Website: www.dspim.com

DSP Dynamic Asset Allocation Fund
(An open ended dynamic asset allocation fund)

This product is suitable for investors who are seeking*
• Long-term capital growth
• Investment in equity and equity related securities including the use of equity derivatives strategies and arbitrage opportunities with balance exposure in debt and money market instruments

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

Scheme Riskometer#	**Benchmark Riskometer#** As per AMFI Tier I Benchmark: CRISIL Hybrid 50+50 - Moderate Index
	

(# For latest Riskometers, investors may refer on the website of the Fund viz. www.dspim.com)

We look forward to your continued support.

Yours sincerely,

For and on behalf of DSP Asset Managers Private Limited

Sd/-
Authorised signatory

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

DSP ASSET MANAGERS