



**Portfolio Management Services  
DISCLOSURE DOCUMENT**

**COMPOSITE INVESTMENTS PRIVATE LIMITED**

**No. 30/1, 3rd Floor, S J Towers, Mission Road, Bengaluru – 560027 Karnataka**

## **PORTFOLIO MANAGEMENT SERVICES – DISCLOSURE DOCUMENT**

[As per the requirement of the Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulation 2020]

1. This Disclosure Document pertains to the disclosures made by COMPOSITE INVESTMENTS PRIVATE LIMITED (the "Company" / "Portfolio Manager"). This Disclosure Document is filed with the Securities Exchange Board of India ("SEBI") along with the certificate in specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
2. The purpose of this Disclosure Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable investors in making informed decisions prior to engaging **COMPOSITE INVESTMENTS PRIVATE LIMITED**.
3. The Disclosure Document sets forth necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the Disclosure Document for future reference.
4. Following are the details of the portfolio manager:

Name of the Portfolio Manager	<b>COMPOSITE INVESTMENTS PRIVATE LIMITED</b>
Address	No. 30/1 3rd Floor S J Towers, Mission Road Bengaluru 560027
SEBI Registration No	INP000006396
Phone Number	080 22244909
Website	<a href="http://www.compositepms.com">www.compositepms.com</a>

5. The details of Principal Officer are as follows:

Name of the Principal Officer	Srinivas Jayaraman
Address	No. 30/1, 3rd Floor, S J Towers, Mission Road, Bengaluru – 560027
Phone Number	080 22244909
E-mail Address	<a href="mailto:jairam.srinivas@compositeinvestments.com">jairam.srinivas@compositeinvestments.com</a>

Date: 08-11-2024

Place: Bengaluru

## CONTENTS OF THE DISCLOSURE DOCUMENT

<b>S.No</b>	<b>Contents</b>	<b>Page No</b>
1	Disclaimer	4
2	Definitions	4
3	Description	6
4	Penalties, Pending Litigation or Proceedings, Findings Of Inspection Or Investigations For Which Action Has Been Taken Or Initiated By Any Regulatory Authority	7
5	Details of Services Offered by The Portfolio Manager	7
6	Risk Factors	16
7	Client Representation	21
8	Financial Performance of Portfolio Manager (Based On Audited Financial Statements)	22
9	Portfolio Management Performance	23
10	Nature of Expenses	23
11	Taxation	24
12	Accounting Policy	25
13	Investor Services	27
14	Additional Disclosures	28
15	General	28
16	FORM C	30

## **1. Disclaimer**

This document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

## **2. Definitions**

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

1. "Act" means the Securities and Exchange Board of India, Act 1992.
2. "Advisory Services" shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities.
3. "Agreement" means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto.
4. "Application" means the application made by the Client to the Portfolio Manager as more particularly described in Schedule A to the Agreement, for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
5. "Assets" means (i) the Portfolio and/or (ii) the Funds (as the case may be).
6. "Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or the Product (as may be applicable).
7. "Board" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act.
8. "Chartered Accountant" means a chartered accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.
9. "Client" means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds services.
10. "Client Level" shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager.
11. "Custodian" means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.
12. "Depository Account" means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
13. "Disclosure Document" shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.

14. "Discretionary Portfolio Management Services" shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.
15. "Non-Discretionary Portfolio Management Services" shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions.
16. "Funds" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
17. "Financial year" means the year starting from April 1 and ending on 31st March of the following year.
18. "Net Asset Value" (NAV) for the Products shall be calculated using the following method: NAV= Market value of all investments + Cash + Balance in ledger account with broker + Dividend/interest receivable - accrued expenses including Portfolio Management Fee.
19. "Parties" means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
20. "Person" includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided family or any other body of persons, whether incorporated or not.
21. "Portfolio Manager" means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the client the management or administration of portfolio of securities or the funds of the client, as the case maybe. For the purpose of this Disclosure Document, Portfolio Manager is COMPOSITE INVESTMENTS PRIVATE LIMITED, a Company incorporated under the Companies Act, 2013 and registered with SEBI as a Portfolio Manager.
22. "Portfolio" means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to this Agreement and includes any Securities mentioned in the Application, any further Securities that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
23. "Portfolio Management Fees/Advisory Fee" shall have the meaning attributed thereto in Clause [X] of this Disclosure Document.
24. "Principal Officer" means a director or any senior management employee of the Portfolio Manager, who is responsible for the activities of the portfolio management and has been designated as principal officer by the Portfolio Manager.
25. "Product" means any current investment Products or such Products that may be introduced at any time in the future by the Portfolio Manager.
26. "RBI" mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time
27. "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993, and as may be amended from time to time.
28. "Scheduled Commercial Bank" means any bank included in second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

29. "SEBI" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act 1992.
30. "Securities" means Securities as defined in clause (h) of Section 2 of Securities Contract (Regulations) Act, 1956 (SCRA)

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage in the Regulations and the SEBI Act, 1992. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in the regulations governing Portfolio Management Services.

### **3. Description**

#### **1. History, Present Business and Background of the Portfolio Manager**

**COMPOSITE INVESTMENTS PRIVATE LIMITED** (hereinafter referred to as "CIPL") is a Private Limited Company incorporated on January 06, 1995, under the provisions of the Companies Act, 2013. CIPL has its Registered Office situated at No. 30/1 3rd Floor S J Towers, Mission Road Bengaluru 560027. The Authorized share capital of the Company is Rs. 1,01,00,000. The Paid-up capital of the Company Rs. 1,01,00,000/-(represented by 10,01,000 equity shares of Rs.10 each).

#### **Business Activity**

- Stock Broking Services
- Depository Participant
- Mutual Fund Distribution
- Portfolio Management Services (Discretionary, Non-Discretionary and Advisory services)

#### **2. Promoters and Directors of the Portfolio Manager and their background**

The Directors of **COMPOSITE INVESTMENTS PRIVATE LIMITED** are Mr. Satish Kumar Dutt, Mr. Mukesh P Patel and Mr. Brijesh P Patel.

Satish Kumar Dutt is co-founder, in addition to being a co-founder, CEO and Managing Director of the Company, Mr. Satish Kumar Dutt is a fellow member of the Institute of Chartered Accountants of India. In this role spanning more than 25 years, he has developed a strong understanding of the various intricacies of the Securities Market and the Financial Services Industry. He currently oversees all the principal functions of the company & has been instrumental in the growth of Composite Investments & charting their business course. He is also a director in Composite Insurance Brokers & Advisors Pvt. Ltd and IRDA registered Direct Insurance Broker.

Mr. Mukesh P Patel is a co- founder and Chairman of the Company. Being a successful entrepreneur in the Telecom and Electronics industry, he brings more than three decades of strategic management expertise and financial wisdom to Composite Investments Pvt. Ltd.

Mr. Brijesh P Patel is a co-founder and director of the company. A test cricketer of international fame, he was the former Chairman of the Indian Premier League (IPL) and was also the Hon. Secretary of the Karnataka State Cricket Association. For more than three decades, he has been a successful entrepreneur in the Telecom and Electronics industry.

#### **3. Group Companies / Group firms of the Portfolio Manager**

Sr. No.	Name of the Company
1	Composite Commodity Futures Private Limited
2	Composite Insurance Brokers and Advisors Private Limited

#### **4. Penalties, Pending Litigation or Proceedings, Findings Of Inspection Or Investigations for Which Action Has Been Taken Or Initiated By Any Regulatory Authority.**

No penalties/directions have been issued by SEBI under the SEBI Act or Regulations made there under, against Portfolio Manager. There are no pending litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act or Rules and Regulations made there under. There is no inspection conducted by SEBI for the PMS Business of the entity till date. However, CIPL the broking entity was penalised by SEBI of Rs.5 Lakhs for non-compliance of some of the SEBI Regulation vide SEBI Adjudication Order No. ORDER/VV/NK/ /2020-21/9246 dated 29/09/2020.

#### **5. Details of Services Offered by the Portfolio Manager**

##### **Services offered**

The Portfolio Manager offers the following three types of services:

##### **1. Discretionary Portfolio Management Services (DPMS)**

- Discretionary Portfolio Management Services: CIPL, as a Portfolio Manager, will provide discretionary management services. The portfolio manager shall have sole and absolute discretion to invest on behalf of the client in any type of security as per the executed agreement and make such changes in investments and invest some or all of the funds in such manner and such markets as it deems fit. The portfolio manager's decision (taken in good faith) in deployment of the client's account is absolute and final.

##### **Tailored Discretionary Services**

1. CIPL offers different discretionary mandates to its Clients, covering various strategies, asset classes and investment vehicles across different time horizons. A tailored discretionary mandate offering allows CIPL to design and manage the investment portfolio of a Client in accordance with specific mandates, expected returns, risk appetite and time period defined by the Client.
2. The choice of investment vehicles, type of securities, allocation, timing and management of all investment decisions will lie solely with the Portfolio Manager within the defined framework of client's mandated agreement. All discretionary mandate portfolios would be actively managed to optimize returns across the spectrum from conservative to aggressive allocations.
3. The Portfolio Manager would provide active reporting to keep Clients updated and informed on the performance of their portfolios. Periodic reviews with each Client would ensure that the portfolios are managed as per mandates. Any changes in the mandates will be recorded and agreed with Clients.
4. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's fund's is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time.

##### **2. Non-Discretionary Services (NDPMS)**

- CIPL will provide non-discretionary Portfolio Management Services in the nature of investment consultancy/management and may include the responsibility of managing, renewing and reshuffling the portfolio, buying, selling and custody of the securities and monitoring book closures, dividend, bonus, rights, etc., so as to ensure that all benefits accrue to the Client's portfolio, for an agreed fee structure entirely at the Client's risk. All investment recommendations will be shared with Clients and portfolio actions will be taken only with the express consent of Clients.

### 3. Advisory Services:

- The Portfolio Manager also offers Advisory Services wherein the Portfolio Manager only renders investment advice to the client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client. Under the Advisory function, Portfolio Manager advises on the client's portfolio with/without managing the funds/securities on specific or general instructions given by the client, as the case may be. Under the Advisory function, Portfolio Manager advises on the Fund Management, Investment Management, Custody of Securities and other support services.

#### Services Offered under Discretionary Services:

Under the Portfolio Manager Service offerings, the Portfolio Manager would offer multiple investment approaches that would primarily invest into listed/unlisted equity and fixed income securities including but not limited to listed/unlisted debentures; bonds; preference shares; structure products, mutual funds, Alternative Investment Funds, derivatives and in any other instruments or securities as may be permissible under the Regulations.

The following are the investment approaches offered by the Portfolio Manager Services. The Portfolio Manager can also launch multiple series within each investment approach with some variations.

#### A. Equity Based Investment Approaches

##### 1. GARP Investment Approach

**Investment Objective:** To generate long term capital growth by investing in a portfolio of equity stocks across market capitalization which are well placed to benefit from the India growth story and are available at reasonable valuations.

**Description of type of Securities:** Listed Stocks, Overnight MFs, Liquid Fund ETFs and cash

**Basis of selection of such securities:** Qualitative stock picking based on medium to long term fundamental analysis such as strong market position, long growth runway, high business quality, good corporate governance and reasonable valuation with respect to business fundamentals.

**Allocation of portfolio across types of securities:** Multi cap strategy, fund can buy and hold stocks across market capitalizations

**Appropriate benchmark:** S&P BSE 500

**Indicative tenure or investment horizon:** Medium to Long Term.

**Management Style:** Buy and Hold strategy with periodic rebalancing to stay within the risk management framework as decided by the fund manager

**Hedging Strategy:** No hedging strategy, this fund is long only. At best the fund can hold significant portion in overnight funds/liquid ETF/cash during extreme periods of market turbulence and market exuberance

#### Risks associated with the investment approach:

- **Equity risk:** It is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks and does not commonly refer to the risk in paying into real estate or building equity in properties.
- **Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.
- **Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.

- **Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.
- **Suitability and Risk Profile Mismatch risk:** This risk occurs when an investor chooses investments that are not suitable for their circumstance and risk tolerance. Investors experience mismatch risk when transactions in which they engage or assets they hold are not aligned with their needs. Mismatch between investment type and investment horizon can be a source of mismatch risk. For example, mismatch risk would exist in a situation where an investor with a short investment horizon (such as one who is near retirement) invests heavily in smallcap funds. Typically, investors with short investment horizons should focus on less volatile investments. This Strategy / portfolio is considered as part of the investor's core equity allocation, risk tolerance of the investor should be Moderate to High.
- **Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.

## 2. Emerging Stars Investment Approach

**Investment Objective:** The fund aims to generate long term capital appreciation by investing in a focused portfolio of small and mid-cap companies that are market leaders, led by high calibre management and with shareholder friendly practices

**Description of type of Securities:** Listed Stocks, Overnight MFs, Liquid MFs, Liquid Fund ETFs and cash

**Basis of selection of such securities:**

1. Business Analysis
2. Valuations
3. Quality of Management

**Allocation of portfolio across types of securities:** Small and Mid-Cap strategy, with up to 35% in Large Cap companies

**Appropriate benchmark:** S&P BSE 500

**Indicative tenure or investment horizon:** Medium to Long Term

**Management Style:** Portfolio manager would hold a concentrated portfolio of ~25-30 companies for a long term with limited churn. Sell decisions are governed by the performance of the underlying business, valuations and market conditions. Focus is on alpha generation.

**Hedging Strategy:** Long only fund with amount of cash/liquid funds decided dynamically based on market conditions to manage volatility

**Risks associated with the investment approach:**

**Equity risk:** It is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks and does not commonly refer to the risk in paying into real estate or building equity in properties.

**Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.

**Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.

**Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.

**Suitability and Risk Profile Mismatch risk:** This risk occurs when an investor chooses investments that are not suitable for their circumstance and risk tolerance. Investors experience mismatch risk when transactions in which they engage or assets they hold are not aligned with their needs. Mismatch between investment type and investment horizon can be a source of mismatch risk. For example, mismatch risk would exist in a situation where an investor with a short investment horizon (such as one who is near retirement) invests heavily in smallcap funds. Typically, investors with short investment horizons should focus on less volatile investments. This Strategy / portfolio is considered as part of the investor's core equity allocation and similar volatility of large cap equities provided risk tolerance of the investor is Moderate to High.

**Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.

## **B. Fixed Income Investment Approach**

### **Wealth Protector Debt Investment Approach**

**Investment Objective:** To generate regular returns through investment predominantly in debt instruments.

**Description of type of Securities: Debt** Mutual fund schemes, Sovereign Gold Bonds, NCDs, bonds, Market linked debentures, Debt ETF's, REITs, InvITs, Alternative Investment Funds.

**Basis of selection of such securities:** Mix of strategic and tactical asset allocations with instrument choice on the basis of returns, risk, manufacturer details, total costs etc.

**Allocation of portfolio across types of securities:** The strategy endeavours to achieve efficient returns by tweaking the debt allocation within defines limits basis of the market movement & future outlook while also optimising instrument selection choice on the basis of returns, risk, manufacturer details, total costs etc.

**Appropriate benchmark:** Nifty Medium to Long Duration Debt Index.

**Indicative tenure or investment horizon:** Medium to long Term.

**Management Style:** Portfolio manager would be actively managing the portfolio holdings by having majority of the allocation to high quality debt instruments.

### **Risks associated with the investment approach**

- **Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.
- **Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.
- **Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.

- **Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.
- **Market Risk:** The Scheme's NAV will react to the interest rate movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates, inflation and other monetary factors and also movement in prices of underlining investments.
- **Interest Rate Risk:** Changes in interest rates will affect the Scheme's Net Asset Value. The prices of securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is guided by modified duration, which is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and/or the price levels at which the market is already dealing in existing securities. Prices of long-term securities generally fluctuate more in response to interest rate changes than short-term securities. The price risk is low in the case of the floating rate or inflation-linked bonds. The price risk does not exist if the investment is made under a repo agreement. Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV. Modified Duration is a measure of price sensitivity, the change in the value of investment to a 1% change in the yield of the investment.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **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 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.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. 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 period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme.

## C. Multi Asset Investment Approach

### I-Core Investment Approach

**Investment Objective:** To generate long term capital growth by investing in a focused portfolio of ETF's and stocks across market capitalizations.

**Description of type of Securities:** Listed Stocks, Overnight MFs, Liquid MFs, Ultra Short Term MFs, Equity Arbitrage MFs, Liquid Fund ETFs, ETFs such as but not limited to for investing in sectors and/or themes.

**Basis of selection of such securities:** Based on core and satellite approach, where core will try to replicate market returns and satellites will try to add outperformance, also asset allocation based on market attractiveness.

**Allocation of portfolio across types of securities:** Mostly ETFs replicating the large cap / mid cap indices, other ETF's to strategically build alpha and diversify, stocks that could potentially add outperformance.

**Appropriate benchmark:** Nifty 50 Hybrid Composite Debt 50:50 Index.

**Indicative tenure or investment horizon:** Medium to Long Term.

**Management Style:** asset allocation, asset diversification based on fund managers view and market valuations, extensive use of ETF to replicate different segments of market.

**Hedging Strategy:** this portfolio will not use any hedging strategy.

**Risks associated with the investment approach:**

- **Equity risk:** It is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks and does not commonly refer to the risk in paying into real estate or building equity in properties.
- **Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.
- **Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.
- **Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.
- **Suitability and Risk Profile Mismatch risk:** This risk occurs when an investor chooses investments that are not suitable for their circumstance and risk tolerance. Investors experience mismatch risk when transactions in which they engage or assets they hold are not aligned with their needs. Mismatch between investment type and investment horizon can be a source of mismatch risk. For example, mismatch risk would exist in a situation where an investor with a short investment horizon (such as one who is near retirement) invests heavily in small cap funds. Typically, investors with short investment horizons should focus on less volatile investments. This Strategy / portfolio is considered as part of the investor's core equity allocation and similar volatility of large cap equities provided risk tolerance of the investor is Moderate to High.
- **Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.

**Services offered under Non-Discretionary Portfolio Services:**

Under the non-discretionary Portfolio Management Services, portfolio manager would offer services in the nature of investment consultancy/management and may include the responsibility of managing, renewing and reshuffling the portfolio, buying, selling and custody of the securities and monitoring book closures, dividend, bonus, rights, etc., so as to ensure that all benefits accrue to the Client's portfolio, for an agreed fee structure entirely at the Client's risk. All investment decisions will be shared with Clients and portfolio actions will be taken only with the express consent of Clients.

**1. All the Investment Approaches offered under Discretionary Services may also be offered under Non-Discretionary Services**

All the strategies that are offered in Discretionary Portfolio Management Services would also be offered on Non-Discretionary basis. All investment recommendations will be shared with Clients and portfolio actions will be taken only with the express consent of Clients.

Investment objective, type of instruments that can be invested in, Management Style as well as Suitability of the respective strategy would remain the same as it is in case of the strategy under Discretionary services. The most critical difference would be that in case of non-discretionary services, portfolio actions would need confirmation from the client.

In case client wants to make investment in an instrument of his/her own choice, Portfolio manager may express his/her own views on the same and the final decision to make the investment would remain with the client.

## **2.Tailored Non-Discretionary Portfolio Management Investment Approach**

### **Investment Objective:**

To generate optimal returns by providing consultancy and management across asset classes and products permissible under SEBI PMS regulations. Specific Investment objectives shall be agreed as per the specific requirements of each client.

**Description of type of Securities** Mutual fund schemes (including but not limited to debt, equity & gold), Sovereign Gold Bonds, NCDs, bonds, Market linked debentures, Direct Equities, ETF's, REITs, InvITs, Alternative Investment Funds, Unlisted securities (to be extent allowed under PMS regulations). It shall be agreed in consultation with each client.

**Capitalization Style:** Multi Cap and Multi Asset Class. It shall be agreed in consultation with each client.

**Appropriate benchmark:** As per agreed requirements with client.

**Indicative tenure or investment horizon:** Medium to long Term.

**Allocation of portfolio across types of securities:-** The strategy endeavours to achieve efficient returns by tweaking the equity and debt allocation within defines limits basis of the market movement & future outlook while also optimising instrument selection choice on the basis of returns, risk, manufacturer details, total costs etc.

**Management Style:** Portfolio Manager will provide consultancy to build an optimum portfolio using all permissible investment options including but not limited to Exchange Traded Funds (ETFs), Stocks, Mutual Funds, REIT (Real Estate investment trusts), InviTs, Bonds, Unlisted securities (to be extent allowed). Portfolio Manager may recommend going over weight on sectors/market capitalizations depending on the Market opportunity. Portfolio manager may also recommend investing into certain stocks/group of stocks to replicate certain indices which are not available as ETF's, for long term gain.

### **Risks associated with the investment approach**

- **Equity risk:** It is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks and does not commonly refer to the risk in paying into real estate or building equity in properties.
- **Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.
- **Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.
- **Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.
- **Suitability and Risk Profile Mismatch risk:** This risk occurs when an investor chooses investments that are not suitable for their circumstance and risk tolerance. Investors experience mismatch risk when transactions in which they engage or assets they hold are not aligned with their needs. Mismatch between investment type and investment horizon can be a source of mismatch risk. For example, mismatch risk would exist in a situation where an investor with a

short investment horizon (such as one who is near retirement) invests heavily in smallcap funds. The Portfolio / Strategy is considered as part of the Investor's core portfolio will be constructed as per the specific requirements and risk profile of each single client.

- **Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.
- **Market Risk:** The Scheme's NAV will react to the interest rate movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates, inflation and other monetary factors and also movement in prices of underlining investments.
- **Interest Rate Risk:** Changes in interest rates will affect the Scheme's Net Asset Value. The prices of securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is guided by modified duration, which is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and/or the price levels at which the market is already dealing in existing securities. Prices of long-term securities generally fluctuate more in response to interest rate changes than short-term securities. The price risk is low in the case of the floating rate or inflation-linked bonds. The price risk does not exist if the investment is made under a repo agreement. Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV. Modified Duration is a measure of price sensitivity, the change in the value of investment to a 1% change in the yield of the investment.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **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 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.
- **Spread Risk:** In a floating rate security, the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. 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 period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme

#### **Portfolio Services Offered under PMS Advisory Services:**

Under the Portfolio advisory services, portfolio manager would advise the client in order to help them construct an optimum portfolio using multiple asset classes so as to generate long term growth.

In case of advisory services, portfolio manager shall only provide the recommendations, client will need to execute the transactions on his/her own. Portfolio manager shall be able to assist the client in implementation of the same to the extent permitted in PMS regulations.

The following strategy is offered by the PMS Advisory services.

**Investment Objective:** To generate optimal returns by providing consultancy and management across asset classes and products permissible under SEBI PMS regulations. Specific Investment objectives shall be agreed as per the specific requirements of each client.

**Description of type of Securities:** Mutual fund schemes (including but not limited to debt, equity & gold), Sovereign Gold Bonds, NCDs, bonds, Market linked debentures, Direct Equities, ETF's, REITs,

InvITs, Alternative Investment Funds, Unlisted securities (to be extent allowed under PMS regulations).. It shall be agreed in consultation with each client.

**Capitalization Style:** Multi Cap and Multi Asset Class. It shall be agreed in consultation with each client.

**Appropriate benchmark:** As per agreed requirements with client.

**Indicative tenure or investment horizon:** Medium to long Term.

**Management Style:** Portfolio Manager will provide consultancy to build an optimum portfolio using all permissible investment options including but not limited to Exchange Traded Funds (ETFs), Stocks, Mutual Funds, REIT (Real Estate investment trusts), InviTs, Bonds, Unlisted securities (to be extent allowed) . Portfolio Manager may recommend going over weight on sectors/market capitalizations depending on the Market opportunity. Portfolio manager may also recommend investing into certain stocks/group of stocks to replicate certain indices which are not available as ETF's, for long term gain.

### **Risks associated with the investment approach**

- **Equity risk:** It is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks and does not commonly refer to the risk in paying into real estate or building equity in properties.
- **Credit Risk:** It is the financial risk involved in holding debt issued by a particular issuer. This risk is in all type of debt instruments as well as in Mutual funds (including Liquid MF, Overnight MFs, Liquid ETFs etc) investing in debt instruments.
- **Systematic Risk:** Systematic risk refers to the risk inherent to the entire market or market segment. Systematic risk, also known as "undiversifiable risk," "volatility" or "market risk" affects the overall market, not just a particular stock or industry. This type of risk is both unpredictable and impossible to completely avoid. It cannot be mitigated through diversification, only through hedging or by using the correct asset allocation strategy.
- **Concentration risk:** Concentration Risk is the potential for a loss in value of an investment portfolio or a financial institution when an individual or group of exposures move together in an unfavourable direction. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely. The portfolio will be liquidated, or the institution will face bankruptcy.
- **Suitability and Risk Profile Mismatch risk:** This risk occurs when an investor chooses investments that are not suitable for their circumstance and risk tolerance. Investors experience mismatch risk when transactions in which they engage or assets they hold are not aligned with their needs. Mismatch between investment type and investment horizon can be a source of mismatch risk. For example, mismatch risk would exist in a situation where an investor with a short investment horizon (such as one who is near retirement) invests heavily in smallcap funds. The Portfolio is considered as part of the Investor's core portfolio will be constructed as per the specific requirements and risk profile of each single client.
- **Execution Risk:** The risk that a transaction won't be executed within the range of recent market prices or within the stop order limits that have been set. Execution risk exists on virtually all financial instruments.
- **Market Risk:** The Scheme's NAV will react to the interest rate movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates, inflation and other monetary factors and also movement in prices of underlining investments.
- **Interest Rate Risk:** Changes in interest rates will affect the Scheme's Net Asset Value. The prices of securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is guided by modified duration, which is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and/or the price levels at which the market is already dealing in existing securities. Prices of long-term securities generally fluctuate more in response to interest rate changes than short-term securities. The price risk is low in the case of the floating rate or inflation-linked bonds. The price risk does not exist if the investment is made under a repo agreement. Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV. Modified Duration is a measure of price sensitivity, the change in the value of investment to a 1% change in the yield of the investment.

- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **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 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.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. 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 period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme

## 6. Risk Factors

1. Investments are subject to market risks, which include price fluctuation risks and there is no assurance and guarantee that the objective of the investments will be achieved. The investments may not be suited to all categories of Investors.
2. Past performance of the portfolio manager does not indicate its future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
3. Investments in equity may be adversely affected by the performance of companies, changes in the economy, government policy, the marketplace, credit ratings and industry specific factors.
4. Debt and other fixed income investments may be subject to changes in interest rates and/or liquidity, credit and reinvestment risks.
5. Liquidity in the investments and performance of portfolio may be affected by trading volumes, settlement periods and transfer procedures.
6. The portfolio manager has no previous experience/track record. However, the directors, Promoters and Employees of the Company have rich individual experience.
7. The names of the strategies/portfolios do not in any manner indicate their prospects or returns.
8. Derivatives, futures and options are highly leveraged instruments and require a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value.
9. Industry specific stocks, like technology stocks, may be subject to volatility, high valuations, obsolescence and low liquidity.
10. Appreciation in any of the model portfolio can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any model portfolio may also be affected due to any other asset allocation factors.
11. When investments are restricted to a particular or few sector(s) under any model portfolio; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the portfolio value will be adversely affected.
12. The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
13. Risk may also arise due to an inherent nature / risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.
14. Each portfolio will be exposed to various risks depending on the investment objective, investment strategy and the asset allocation. The investment objective, investment strategy and the asset

- allocation may differ from client to client. However, generally, highly concentrated portfolios with lesser number of stocks generally will be more volatile than a portfolio with a larger number of stocks.
15. In the case of stock lending, risks relate to the defaults from counterparties with regard to securities lent and the corporate benefits accruing thereon. The Portfolio Manager is not responsible for any loss resulting from stock lending.
  16. The investments made are subject to external risks such as war, natural calamities, and policy changes of local / international markets which affects stock markets.
  17. The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the Approved Intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
  18. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment in a particular Investment Strategy. In such situation the Clients may suffer opportunity loss.
19. Risk factors associated with investing in Foreign Securities
- a) **Currency Risk:** Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee.
  - b) **Interest Rate Risk:** The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, the assets stand exposed to their interest rate cycles.
  - c) **Credit Risk:** Investment in Foreign 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.
  - d) **Taxation Risk:** Investment in Foreign Securities poses additional challenges based on the tax laws of each respective country or jurisdiction. The investment may be subject to a higher level of taxes than originally anticipated and /or dual taxation. The investment may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Further, such investments are exposed to risks associated with the changing / evolving tax / regulatory regimes of all the countries where the assets are invested. All these may adversely impact the returns resulting in lower returns to an Investor
  - e) **Legal and Regulatory Risk:** Legal and regulatory changes could occur during the term of the investment which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the investment and the investors may be subject could differ materially from current requirements and may materially and adversely affect the investment. Legislation/ Regulatory guidelines could also be imposed retrospectively.
  - f) **Country Risk:** The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilization of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.

To manage risks associated with foreign currency and interest rate exposure, the fund manager may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/ RBI from time to time.

20. **Specific Risk Factors:** The investments, presently recommended by the Portfolio Manager are subject to following risk factors:
- a. **Market Risk:** The NAV of the portfolio will react to the securities market movements. The investor could lose money over short periods due to fluctuation in the NAV of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.

- b. **Market Trading Risks:**
- i. **Absence of Prior Active Market:** Although securities are listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained.
  - ii. **Lack of Market Liquidity:** Trading in securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extra ordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will continue to be met or will remain unchanged.
  - iii. **ETF may Trade at Prices other than NAV:** ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme's holdings of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in Creation Units directly with the Mutual Fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.
- c. **Regulatory Risk:** Any changes in trading regulations by the Exchange(s) or SEBI may affect the ability of marker maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. Because of halt of trading in market the Portfolio may not be able to achieve the stated objective.
- d. **Asset Class Risk:** The returns from the types of securities in which a portfolio manager invest may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison of the general securities markets.
- e. **Performance Risk:** Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also, as the allocation to other securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.
- f. **Interest Rate Risk:** Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of Mutual Fund in which the portfolio manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.
- g. **Credit Risk:** Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.
- h. **Model Risk:** Investments in the Market Linked Debentures (MLDs) are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.
- i. **Investments in Derivative Instruments:** As and when investments are made in derivative instruments, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter party") to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:
- i. **Credit Risk** - this occurs when a counterparty defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. 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 sold (unwound) at prices that reflect the underlying assets, rates and indices.

iii. Model Risk is 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 also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.

20. Risk Factors associated with investments in Liquid Funds: The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short-term interest rates of the government change, sometimes daily, thereby making the fund susceptible. Liquid fund returns are not guaranteed, and it entirely depends on market movements.

22. Specific Risk factors & Disclosures pertinent to Structured Notes & Securitized debt instruments

a. Presently, secondary market for such securitized 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 investments 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.

b. Securitized 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 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 Seller 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.

c. The Structured Notes like the Index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss.

d. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of 'The Issuer of index linked securities' or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement

in the Reference Assets, or activities in related markets, including by any acts or inactions of 'The Issuer of index linked securities' or any of its Agents;

- e. The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;
- f. The returns on the Structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the securities) the security holder may receive no income/return at all or negative income/return on the security, or less income/return than the security-holder may have expected, or obtained by investing elsewhere or in similar investments.
- g. The return on investment in securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly.
- h. In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities / AMC;
- i. There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities.
- j. At any time during the life of such securities, the value of the securities may be substantially less than its redemption value. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down.
- k. The securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.
- l. The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
- m. The Issuer of equity index linked securities or any of its Agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

## 7. Client Representation:

### i. Fund management business details

Category of Clients	No. of Clients	Funds Managed (Rs. in Crore.)	Discretionary/Non-Discretionary / Advisory
Associates/Group Companies	NA	NA	NA
F.Y. 2023-24	NA	NA	NA
F.Y. 2022-23	NA	NA	NA
F.Y. 2021-22	NA	NA	NA
F.Y. 2020-21	NA	NA	NA
Others (Last 4 Years)			
F.Y. 2023-24	118	265.38	ALL
F.Y. 2022-23	183	277.08	ALL
F.Y. 2021-22	191	280.77	ALL
F.Y. 2020-21	142	162.68	Discretionary

### ii. DISCLOSURES IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AS PER ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURE" ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1	Composite India Emerging Stars	Satish Kumar Dutt	0.25	0.85	0.30
2	Wealth Protector Debt Investment Approach	Satish Kumar Dutt	1.39	1.57	0.56
3	Wealth Protector Debt Investment Approach	Satish Kumar Dutt - HUF	1.43	1.51	0.54

## 8. Financial Performance of Portfolio Manager (Based on Audited Financial Statements)

The Financial Performance of the Portfolio Manager for last three financial years are given below: (in Rs. Lakhs)

### Abstract of Balance sheet:

Particulars	31-03-2024	31-03-2023	31-03-2022
<b>Sources of Funds:</b>			
Shareholder's Funds	101	101	101
Current Liabilities	8634.46	9890.15	21182.08
Reserves and Surplus	4019.49	2842.41	2115.48
Deferred Tax Liabilities	0	22.89	18.32
<b>Total Liabilities</b>	<b>12754.95</b>	<b>12856.45</b>	<b>23416.88</b>
<b>Application of Funds:</b>			
Net Fixed Assets	25.53	21.27	21.78
Investments	25.75	1146.55	1402.88
Current Assets	12698.53	11688.63	21992.22
Less: Current Liabilities and provisions	8634.46	9890.15	21182.08
Net Current Assets	4064.07	11688.63	21992.22
Deferred Tax Asset	5.14	0	5.14
<b>Total Assets</b>	<b>12754.95</b>	<b>12856.45</b>	<b>23416.88</b>

### Abstract of Profit & Loss Account:

Particulars	31-03-2024	31-03-2023	31-03-2022
Total Income	3909.25	3364.47	4530.73
Total Expenses before depreciation	21398.60	2442.77	3221.79
Profit/(Loss) before Depreciation & Tax	1487.43	921.7	1308.95
Depreciation	11.61	10.19	10.64
Profit/(Loss) before Tax	1475.82	911.51	1298.31
Provision for Tax	350	180	279.76
Deferred tax (Assets)/Liability	-28.03	4.57	5
<b>Profit/(Loss) after Tax</b>	<b>1153.85</b>	<b>726.94</b>	<b>1013.55</b>

## 9. Portfolio Management Performance

Portfolio Management Performance of the Portfolio Manager for last Three Financial Years:

Name of the Investment Approach	FY 23-24	FY 22-23	FY 21-22
Product Performance (%) GARP	39.32	3.01	11.42
S&P BSE 500 Total Return Index (%) GARP	40.16	-0.91	20.88
Product Performance (%) STAR	37.17	-5.58	34.18
S&P BSE 500 Total Return Index (%) STAR	40.16	-0.91	
Product Performance (%) I-CORE	22.03	2.77	3.2
NIFTY 50 Hybrid Composite Debt 50:50 Index (%) I-CORE	18.87	2.39	20.88
Product Performance (%) Wealth Protector Debt Investment Approach	10.04	7.65	4.37
Nifty Medium to Long Duration Debt Index (%) Wealth Protector Debt Investment Approach	8.24	3.45	4.64

## 10. Nature of Expenses

The following are indicative types of expenses. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Services Agreement which will be entered into between the Portfolio Manager and the Client, and the agreements in respect of each of the services availed at the time of execution of such agreements.

### 1. Management Fees

All fees and charges shall be levied on the actual number of Clients' assets under management. In case of interim contributions/ withdrawals by Clients, performance fees may be charged on proportionate basis.

Management Fees relate to the Portfolio management services offered to clients. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these. Return based fees shall be calculated on "High Water Mark Principle" (High Water Mark Principle: High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fees, the frequency shall not be less than quarterly.)

### 2. Entry Fees

There is no entry fee applicable in any of the scheme

### 3. Exit Fees

Exit fees relate to exit charge(s) payable to the Portfolio Manager at the time of withdrawal or partial withdrawal.

### 4. Other Expenses

a) Custodian/ Depository Fees-The charges pertaining to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialisation, rematerialisation and other charges in connection with the operation and management of the Depository Accounts.

b) Registrar and Transfer Agent Fee-Charges payable to registrar and transfer agents in connection with effecting transfer of Securities, including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges, etc.

c) Brokerage and transaction costs-The brokerage charges and other charges like service tax/Goods and Service Tax (GST), securities transaction tax, service charges, stamp duty, transaction costs,

turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

- d) Fund accounting charges: The charges depend on the Average Investments and Investment strategies.
- e) Certification and Professional Charges- Charges payable for outsourced professional services like accounting, taxation and legal services, notarization, etc. for certification, attestation required by bankers, intermediaries and regulatory authorities.
- f) Goods and Service Tax and / or any other statutory levies: Such Taxes and levies not covered explicitly in schedule of charges will be charged extra as per the relevant Government regulations.
- g) Audit Fees: Fees paid to auditors appointed by the Portfolio Manager with respect to the periodic audit of the Client's accounts maintained by the Portfolio Manager.
- h) Incidental Expenses- Courier charges, stamp duty, service tax, postal stamps, opening and operation of bank accounts, etc.
- i) Securities Lending and Borrowing Charges: Charges pertaining to the lending of securities and cost of borrowings including interest and cost associated with the transfer of securities in connection with the lending and borrowing operations.
- j) Any Other charges: As may be mutually agreed between client and Portfolio Manager.

#### **MANNER OF PAYMENT:**

Client shall pay by way of cheque/ DD/ Debit to the client portfolio account / any other terms as may be mutually agreed between the client and portfolio manager, as per the respective fee schedule applicable to the portfolio services opted by the client.

#### **5. Custodians and Depository Participants, share brokers, fund accountant, involved for Portfolio Management activities:**

##### **i. Custodians**

The Portfolio Manager uses the services of a SEBI registered custodian M/s Orbis Financial Corporation Limited for settlement of the transactions done on behalf of the clients. Further, it is proposed to open demat account of clients with SEBI registered depository/custodian.

##### **ii. Share Brokers**

- The Portfolio Manager uses the broking services of Composite Investments Private Ltd, who is also a member of BSE and NSE in Cash, Derivatives & Currency or may deal with any other SEBI registered broker(s).

- The Portfolio Manager also uses the services of BugleRock Capital Private Limited as an empanelled broker.

##### **iii. Fund Accountant**

The Portfolio Manager has outsourced the Fund Accounting activities to M/s Orbis Financial Corporation Limited a SEBI registered custodian.

##### **iv. Banker**

HDFC Bank Limited and/or IndusInd Bank

The Portfolio Manager may, at its sole discretion, empanel additional service providers as and when the need arises.

#### **11. Taxation**

Clients will be responsible and liable for taxes under the provisions of the Income Tax Act, 1961 for any income generated out of the investment made using the portfolio management services.

In view of the individual nature of tax benefits, each prospective client/investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their availing Portfolio management services, in terms of the provisions of the Income-tax Act, 1961. Clients are best advised

to take independent opinion from their tax advisors / experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the Client's tax obligations. The provisions of the Income Tax Act, 1961 shall apply to the Client and the Portfolio Manager in respect of their individual income.

### **Tax withholding:**

#### Resident Investors

As per Circular no. 715 dated August 8, 1995 issued by the CBDT in case of resident Unit holders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.

#### Foreign Portfolio Investors

Under section 196D of the Act, no tax is required to be deducted at source on income way of capital gains earned by a FPI.

#### Non-resident Investors other than FPI's

Under Section 195 of the Act, the Mutual Fund is required to deduct tax at source at the rate of 20% /10% (without indexation) on any long-term capital gains arising to non-resident investors from units other than units of an equity-oriented scheme. Long term capital gains from equity-oriented schemes & listed equity shares are liable to be withhold @10% if the capital gain exceed Rs 1Lakh during the financial year starting from April 1, 2018. In respect to short-term capital gains from units other than units of an equity-oriented scheme, tax is required to be deducted at source at the rate of 30% (Assuming Highest tax bracket for investor) if the payee unit holder is a non-resident non-corporate and at the rate of 40% if the payee unit holder is a foreign company. In case of equity-oriented schemes, tax is required to be deducted at the rate of 15% for both corporate and non-corporate non-resident unit holders. Further, the aforesaid tax to be deducted is required to be increased by surcharge and Health & Education Cess, as applicable. As per circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. Please note: The tax incidence to investors could vary materially based on residential status, characterization of income (i.e. capital gains versus business profits) accruing to them. The Information provided here is general in nature. Please consult your financial planner before taking decision

General Anti Avoidance Rules (GAAR) may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies any of the tainted elements as per the relevant statute. In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the Client's obligations (if any) in this regard.

### **Details under FATCA/Foreign Tax Laws:**

Tax regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/declaration in the application form may undergo a change on receipt of communication/guidelines from SEBI.

## **12. Accounting Policy**

- i. The Portfolio Manager shall maintain a separate Portfolio record in the name of the client to account for the assets of the client and any receipts, income and expenses in connection therewith as provided under SEBI (Portfolio Managers) Regulations 1993.
- ii. For every Client Portfolio, the Portfolio Manager shall keep and maintain proper books of accounts, records and documents, for the Client, on mercantile system of accounting, so as to explain its

transactions and to disclose at any point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.

- iii. The Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client.
  - a. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that same year.
  - b. Investments introduced by the client in his portfolio will be recorded at last quoted closing price on the National Stock Exchange of India Limited ('NSE') (in case the securities are not listed on NSE, the last quoted closing price on BSE Limited ('BSE') will be used) of the day prior to the date of introduction to the portfolio.
  - c. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
  - d. The cost of investments acquired or purchased shall include brokerage, stamp duty and any other charges customarily included in the broker's contract note or levied by any statute. Securities Transactions Tax incurred on buying and selling of securities shall be recognized as an expense.
  - e. In respect of privately placed debt instruments, any front-end discount offered shall be reduced from the cost of the investment.
  - f. The Portfolio Manager shall carry all investments initially at cost of acquisition on the date of purchase and at market value as at the reporting date.
  - g. Investments in units of Mutual Funds shall be valued at the NAV published by the Mutual Fund Houses on the reporting date. Where no NAV is published for a particular day, the last working day's published NAV will be taken for valuation purpose.
  - h. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("NSE"). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Unlisted Securities/investments will be valued at cost till the same are priced at Fair Market Value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
  - i. Open positions in derivative transactions, will be marked to market at the last quoted closing price on NSE.
  - j. Initial Public Offer (IPO) placements will be recorded as current assets till the date prior to the date of allotment. Post allotment and prior to the date of listing on the stock exchanges, it will be recorded as investments and valued at the allotment price.
  - k. Unrealized gain / loss is the difference, between the market value fair value as at the reporting date and the historical cost of the securities.
  - l. In respect of all interest-bearing investments, income shall be accrued on a daily basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
  - m. Dividend income on equities securities shall be recognized when the right to receive the dividend is established. Other corporate benefits like Bonus /split / rights entitlement are recognized as investments on the ex-bonus / ex-split / ex-rights date respectively. For investments in MF and shares which are not quoted on a stock exchange, dividend income and other corporate benefits shall be recognized on the date of actual receipt.
  - n. Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will

be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

- o. In case of Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, previous day's closing price on BSE will be used for aforesaid accounting purpose.
- p. Investments in the Managed accounts (Alternate investment funds and Venture Capital funds) will be valued at last available Net asset value declared by issuer.
- q. All other income and expenses shall be accounted on an accrual basis.
- r. Notwithstanding above, the Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting, if the same is mutually agreed between them. The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or the market practice followed for similar type of securities.

### **13. Investor Services**

The Portfolio Manager shall ensure timely and prompt redress of any grievances or dispute with the client.

1. Name, address and telephone number of the investor relations officer who shall attend to the Client's queries and complaints:

Name	Prakash Nayak B
Designation	Compliance Officer
Address	No. 30/1 3rd Floor S J Towers Mission Road Bengaluru 560027
Telephone & Email	91 80 22244909, prakash@compositeinvestments.com

The official mentioned above will ensure prompt Investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the wherewithal to handle Investor complaints.

#### **2. Grievance Redressal and Dispute Settlement mechanism**

Any unresolved dispute between the Portfolio Manager and the client shall be settled through arbitration as per the Arbitration and Conciliation Act.

The Portfolio Manager shall attend to and address any client query or concern as soon as possible to mutual satisfaction. All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the agreement with a client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising there from or the interpretation of any provision therein shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Bengaluru and be conducted in English language. The agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the agreement by either party of its obligations will be conducted exclusively in courts located within the city of Bengaluru in the State of Karnataka.

For any complaints, kindly send email at [investorgrievance@compositeinvestments.com](mailto:investorgrievance@compositeinvestments.com)

**3. SEBI SCORES Platform:** SEBI has launched a centralized web-based complaints redress system (SCORES), which enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. This also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge

complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

Investors can register/ lodge complaints online on the SCORES (SEBI Complaints Redress System) portal <http://scores.gov.in/> by clicking on "complaint registration" <https://scores.gov.in/scores/complaintRegister.html>.

#### **14. Additional Disclosures**

The portfolio manager may avail the below mentioned services from its group companies for consideration, under normal course of business.

With respect to services offered by the portfolio manager under the portfolio management services or securities recommended, advised or acquired under PMS or in respect of services of any intermediary recommended by the portfolio manager, the Client may note the following.

- Portfolio manager may be utilizing services of group companies for carrying out trading/broking activities under Portfolio Management Services.
- The portfolio manager and its group, associate and subsidiary companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the securities acquired/advised under PMS) the said companies may earn fees or remuneration in form of arranger fees, distribution fees, referral fees, advisory fees, management fees, trustee fees, Commission, brokerage, transaction charges, underwriting charges, issue management fees and other fees.
- The subsidiaries / associates / group companies of the portfolio manager may act as Investment Manager and Trustee to Scheme(s) of Mutual Fund, Alternative Investment Funds and Venture Capital Fund (in which Portfolio Manager may invest) and accordingly they earn management and trustee fees, for the same.
- The portfolio manager is a Stock Broker/ Authorized Person of any registered broker for stock broking business and may receive Brokerage/ commission.
- Apart from above, investment may be made in securities of associates & group companies, investment transaction may be done with portfolio manager, its associates and group companies as counterparties and the portfolio manager including its subsidiaries and associates may receive various form of remuneration linked to the PMS or Advisory services offered to the Client.
- The transactions with the portfolio manager, associates or group companies will be done at arm's length and under normal course of investment transactions.
- The Portfolio Manager (CIPL) provides the following options for on boarding
  1. Direct on-boarding
  2. On-boarding through a Distributor

The commercials may differ based on the option selected by the investor and also from one strategy to another. The investor has the discretion to opt any channel for on-boarding and any strategy as mentioned in services offered

#### **15. General**

- Prevention of Money Laundering:

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advised all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no.

CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s) should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under applicable laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third-party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including inter alia identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies), that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager may not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.

#### ● **Client Information**

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said Funds. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account.

Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable. Clients are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

For **COMPOSITE INVESTMENTS PRIVATE LIMITED**

  
**Satish Kumar Dutt**  
**Director**

Date: 08/11/2024

Place: Bengaluru

## FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 Regulation 22

Name of the Portfolio Manager : COMPOSITE INVESTMENTS PRIVATE LIMITED  
Regd. Office Address : No. 30/1, 3rd Floor S J Towers Mission Road  
Bengaluru 560027

### We confirm that:

- I. The Disclosure Document forwarded to the Securities & Exchange Board of India ("SEBI") is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- II. The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services.
- III. The Disclosure Document has been duly certified by an independent chartered accountant.

N. N. SOMESH  
Chartered Accountant  
Registration No. 202618  
Address: NO.114, 11<sup>th</sup> Cross, 8<sup>th</sup> Main  
Canara Union Road, Malleshwaram  
Bengaluru 560 003

The Copy of the Chartered Accountant's certificate is enclosed.

For **COMPOSITE INVESTMENTS PRIVATE LIMITED**

  
**Srinivas Jayaraman**  
**Principal Officer**

Email: [jairam.srinivas@compositeinvestments.com](mailto:jairam.srinivas@compositeinvestments.com)

Phone:- +91 80 22244909

Date: 08/11/2024

Place: Bengaluru



Date: 08<sup>th</sup> November 2024

**CERTIFICATE**

The Board of Directors,  
**Composite investments Private Limited**  
**No 30/1, 3<sup>rd</sup> Floor S J Towers Mission Road**  
**Bangalore – 560027.**

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management services ("the Disclosure Document") of **Composite investments Private Limited** ("the Company"). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India ("the SEBI").
2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("the SEBI Regulation") and the master circular issued by SEBI dated March 20, 2023 is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3. In respect of the information given in the Disclosure document, we state that:
  - a) The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
  - b) The Promoters and qualification, experience, ownership details are as declared by them and have been accepted without further verification.
  - c) We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
  - d) We have relied on the representation made by the management regarding the Assets under management of Rs. 265.380 crores as on March 31, 2024.
4. Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document dated April 30, 2024 are true and fair in accordance with the disclosure requirements laid down in Regulation 22 read with Schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith.

This certificate is intended solely for the use of the management of the company for the purpose as specified in paragraph 1 above.

**N N Somesh**  
**Chartered Accountant**  
**Membership No.- 202618**

