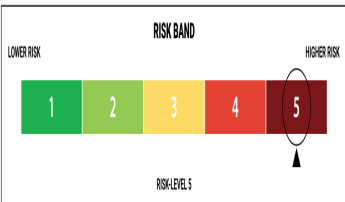
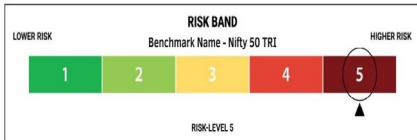


**Front Cover Page**  
**INVESTMENT STRATEGY INFORMATION**  
**DOCUMENT**

**SECTION I**  
**DIVINITI EQUITY LONG SHORT FUND**

(An open ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments)

| This product is suitable for investors who are seeking*:                                                                                                                                                                                                                                                                                              | Risk Band*                                                                        | Benchmark Risk Band*                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Capital appreciation over long term</li> <li>Investments in a diversified portfolio consisting of equity and equity related instruments across market capitalization.</li> </ul> <p><i>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</i></p> |  |  |

\*The Risk Band shall be as specified by AMFI

The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the investment strategy characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Offer for Units of Rs. 1000 each for cash during the New Fund Offer and Continuous offer for Units at NAV based prices.

| New Fund Offer opens on | New Fund Offer Close on | Investment strategy opens for continuous sale and repurchase not later than |
|-------------------------|-------------------------|-----------------------------------------------------------------------------|
| ---                     | ---                     | ---                                                                         |

|                                   |                                                                 |
|-----------------------------------|-----------------------------------------------------------------|
| Name of SIF                       | : Diviniti SIF                                                  |
| Name of Mutual Fund               | : ITI Mutual Fund                                               |
| Name of Asset Management Company  | : ITI Asset Management Limited                                  |
| Name of Trustee Company           | : ITI Mutual Fund Trustee Private Limited                       |
| Registered Office of the entities | : 36, ITI House, Dr. R K Shirodkar Marg, Parel, Mumbai 400 012. |
| Website                           | : <a href="https://sif.itiamc.com/">https://sif.itiamc.com/</a> |

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

The Investment Strategy Information Document sets forth concisely the information about the investment strategy

that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Investment Strategy Information Document after the date of this Document from the SIF/ Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

***The investors are advised to refer to the Statement of Additional Information (SAI) for details of Diviniti SIF, ITI Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on <https://sif.itiamc.com/>.***

SAI is incorporated by reference (is legally a part of the Investment Strategy Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website. i.e. ITI Mutual Fund Website [www.itiamc.com](http://www.itiamc.com); Diviniti SIF Website <https://sif.itiamc.com/>)

The Investment Strategy Scheme Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.

***Investors are advised to note that investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.***

This Investment strategy Information Document is dated October 09, 2025.

## INDEX

The Investment strategy Information Document has two sections- Section I and Section II.

While Section I contains investment strategy specific information that is dynamic, Section II contains elaborated provisions (including references to applicable Regulations/circulars/guidelines) with reference to information/disclosures provided in Section I.

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**Part I. HIGHLIGHTS/SUMMARY OF THE INVESTMENT STRATEGY**

| Sr. No. | Title                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I.      | <b>Name of the Investment Strategy</b>     | Diviniti Equity Long Short Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| II.     | <b>Category of the Investment Strategy</b> | Equity Long- Short Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| III.    | <b>Type of Investment Strategy</b>         | An open-ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| IV.     | <b>Investment Strategy Code</b>            | (will be updated at the time of launch of the Investment Strategy)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| V.      | <b>Investment objective</b>                | <p>To generate long-term capital appreciation from a diversified portfolio that dynamically invests in equity and equity-related securities, including limited short exposure in equity through derivative instruments of companies across various market capitalisation.</p> <p>However, there can be no assurance that the investment objective of the Investment strategy would be achieved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| VI.     | <b>Liquidity/listing details</b>           | <p>Units of the Investment Strategy will be available for Subscription and/or Redemption at NAV related prices on every Business Day commencing not later than 5 Business Days from the date of allotment of Units post the NFO Period.</p> <p><b>On continuous basis:</b></p> <p>Subscription on every business day and redemption on weekly basis. at NAV based prices subject to applicable loads.</p> <p><b>Listing of units:</b></p> <p>If the redemption is not allowed on daily (Business Day) basis, then the units of Investment Strategy may be listed on National Stock Exchange(s) to provide liquidity through secondary market. The units of the Investment Strategy can be bought / sold on all trading days on the National Stock Exchange of India Ltd. (NSE) where the Investment Strategy is proposed to be listed.</p> <p>The price of the Units in the secondary market on the Stock Exchange(s) will depend on demand and supply at that point of time.</p> <p>The AMC/Trustee reserves the right to list the units of the Investment Strategy on, any other recognized stock exchange as and when the AMC/Trustee consider it necessary in the interest of the Unitholders of the Investment Strategy.</p> <p>As per the Regulations, the Mutual Fund shall dispatch redemption proceeds within 3 working days from the date of redemption request subject to exceptional situations and</p> |

|              |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                                       | additional timelines for redemption payments provided by AMFI vide its letter no. AMFI/ 35P/ MEM - COR/ 74 / 2022 - 23 dated January 16, 2023. A penal interest of 15% p.a. or such other rate as may be prescribed by SEBI from time to time, will be paid in case the payment of redemption proceeds is not made within 3 working days from the date of redemption. Further, in certain circumstances [as outlined in SAI – refer section on 'Restrictions on Redemptions'], restrictions on redemptions may be imposed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>VII.</b>  | <b>Benchmark (Total Return Index)</b> | <p>The Investment Strategy's benchmark is Nifty 50 (TRI) Index</p> <p>The composition of the benchmark is such that it is closest to the portfolio strategy of the Investment Strategy and is most suited for comparing performance of the Investment Strategy. It will also enable the investors to arrive at a more informed judgement on Investment Strategy performances.</p> <p>The Trustee reserves the right to change the benchmark for the evaluation of the performance of the Investment Strategy from time to time, keeping in mind the investment objective of the Investment Strategy and the appropriateness of the benchmark, subject to the compliance with Regulations/ circulars issued by SEBI and AMFI in this regard from time to time.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>VIII.</b> | <b>Subscription frequency</b>         | Daily (Business Day)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>IX.</b>   | <b>Redemption frequency</b>           | <p>Daily (Business Day) or any lesser redemption frequency as may be decided by the AMC. Currently, daily basis.</p> <p>However, in the interest of unitholders, AMC will issue the addendum in case of change of redemption frequency.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>X.</b>    | <b>NAV disclosure</b>                 | <p>The AMC will calculate and disclose the first NAV of the Investment Strategy within 5 business days from the date of allotment. Subsequently, the AMC will calculate and disclose the NAVs on all the Business Days. The AMC shall update the NAVs on its website (<a href="http://www.itiamc.com">www.itiamc.com</a>) or Diviti website <a href="https://sif.itiamc.com">https://sif.itiamc.com</a> and of the Association of Mutual Funds in India - AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) before 11.00 p.m. on every Business Day.</p> <p>In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.</p> <p>The NAV of the Investment strategy will be calculated and declared by the Fund on every Working Day. The information on NAV may be obtained by the Unitholders, on any business day from the office of the AMC / the office of the Registrar in Hyderabad or any of the other Designated Investor Service Centres. For further details, kindly refer Section II (B)</p> |
| <b>XI.</b>   | <b>Applicable timelines</b>           | <p><b>Timeline for Dispatch of redemption proceeds</b></p> <p>The redemption or repurchase proceeds shall be dispatched to the unitholders within 3 business days from the date of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|             |                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             |                                                                                         | <p>redemption or repurchase, except for the circumstances as specified by AMFI.</p> <p><b>Dispatch of IDCW (if applicable) etc.</b></p> <p>The Income Distribution Cum Capital Withdrawal (IDCW) proceeds will be dispatched within 7 working days from the Record Date.</p> <p><b>Delay in payment of redemption / repurchase / IDCW proceeds.</b></p> <p>In case delay in payment of redemption proceeds, the AMC shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum) if the delay is beyond the SEBI stipulated time which is 3 Business Days.</p> <p>In case the AMC delays in dispatching the IDCW proceeds beyond 7 working days from the Record Date, it shall pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>XII.</b> | <b>Plans and Options</b><br>Plans/Options and sub-options under the Investment Strategy | <p><b>1) Plans: Regular Plan and Direct Plan</b></p> <ul style="list-style-type: none"> <li>○ The Plans will have a common portfolio and separate NAVs.</li> <li>○ Direct Plan is only for investors who purchase /subscribe Units in the Investment Strategy directly with the Fund and is not available for investors who route their investments through a Distributor.</li> </ul> <p><b>2) Options under each Plan:</b></p> <ul style="list-style-type: none"> <li>i) Growth</li> <li>ii) Income Distribution cum Withdrawal (IDCW),</li> </ul> <p><b>3) Sub-options under IDCW:</b></p> <ul style="list-style-type: none"> <li>- IDCW Payout</li> <li>- IDCW Reinvestment</li> </ul> <p>Amounts under IDCW option can be distributed out of investors capital (equalization reserve), which is part of sale price that represents realized gains. However, investors are requested to note that amount of distribution under IDCW option is not guaranteed and subject to availability of distributable surplus.</p> <p><b>Additional Plans</b></p> <p>The Trustees may permit introduction of one or more plans that may be envisaged at a later date under the Investment Strategy in terms of Para-no 2.3 of SEBI Master Circular depending upon the market conditions prevailing at the time of launch of the plan(s) and taking into consideration the interests of the unitholders and subject to the SEBI regulations. Investors will be suitably informed by publishing a notice in a newspaper/addendum or through any other means as the Trustee may be considered appropriate.</p> |

**Default option/sub-option:** If the investor does not clearly specify the choice of option (Growth / IDCW) at the time of investing, it will be treated as a Growth option. If the investor does not clearly specify at the time of investing, the choice of sub-option under IDCW, it will be treated as a IDCW Reinvestment option.

In case, the IDCW amount is less than Rs. 1000/-, then it will be compulsorily reinvested in the existing plan of the Investment Strategy, invested by the investor.

#### Default Plan

Investors subscribing under Direct Plan of the Investment Strategy will have to indicate "Direct Plan" against the Investment Strategy name in the application form. However, if distributor code is mentioned in application form, but "Direct Plan" is mentioned against the Investment Strategy name, the distributor code will be ignored and the application will be processed under "Direct Plan". Further, where application is received for Regular Plan without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Plan.

The below table summarizes the procedures which would be adopted by the AMC for applicability of Direct Plan / Regular Plan, while processing application form /transaction request under different scenarios:

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

In cases of wrong/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall endeavour to contact the investor/distributor and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not

|              |                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                       | <p>received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load. Further, in line with AMFI Best Practices Guidelines Circular no. 111/ 2023/ 2024 dated February 02, 2024, in case of invalid ARN code mentioned on the application form, the application will be processed under Direct Plan.</p> <p>Invalid ARN has been defined to include ARN validity period expired, ARN cancelled /terminated, ARN suspended, ARN Holder deceased, Nomenclature change (as required pursuant to SEBI (Investment Advisers) Regulations, 2013) and not complied by the Mutual Fund Distributor ('MFD'), MFD is debarred by SEBI, ARN not present in AMFI ARN database, ARN not empanelled with AMC.</p> <p><b>Default Option – Growth</b></p> <p><b>Default facility under IDCW Option – Reinvestment</b></p> <p>For detailed disclosure of default plans and options, kindly refer SAI.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>XIII.</b> | <b>Load Structure</b> | <p><b>Entry Load:</b> Not Applicable</p> <p>Pursuant to SEBI Master circular dated June 27, 2024 no entry load will be charged by the Investment Strategy to the investor. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder</p> <p><b>Exit Load*:</b></p> <p>10% of the units allotted may be redeemed without any exit load, on or before completion of 6 months from the date of allotment of units. Any redemption in excess of such limit in the first 6 months from the date of allotment shall be subject to the following exit load.</p> <ul style="list-style-type: none"> <li>• 0.50% if redeemed or switched out on or before completion of 6 months from the date of allotment of unit.</li> <li>• Nil, if redeemed or switched out after completion of 6 months from the date of allotment of units.</li> </ul> <p>Redemption of units would be done on First in First out Basis (FIFO).</p> <p>No Entry / Exit Load shall be levied on units allotted on Reinvestment of Income Distribution cum Capital Withdrawal Option.</p> <p>In respect of Systematic Transactions such as SIP, STP, SWP, Exit Load, if any, prevailing on the date of registration / enrolment for SIP/STP/SWP shall be levied for all the opted Installments</p> |

|              |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                                              | <p>Redemption of units would be done on First in First out Basis (FIFO).</p> <p>*The entire Exit Load, net of Goods &amp; service tax, shall be credited to the Investment Strategy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>XIV.</b>  | <b>Minimum Application Amount/switch in</b>  | <p>During NFO:</p> <p><b>Minimum Initial Investment:</b> ₹10,00,000/- and in multiples of ₹1/- thereafter.</p> <ul style="list-style-type: none"> <li>The minimum aggregate investment across all strategies under the SIF, at the PAN level, must not be less than ₹10,00,000/-.</li> <li>Investments in regular mutual fund schemes of the AMC will <b>not</b> be considered towards this minimum threshold.</li> <li>In case the aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-, the application amount on a continuous basis of ₹25,000/- and in multiples of ₹1/- thereafter shall be applicable.</li> </ul> <p><b>On continuous basis:</b></p> <p>Rs. 25,000/- and in multiples of ₹1/- thereafter.</p> <p><b>Switch in:</b></p> <p>Switch in is allowed from all strategies of Diviniti SIF, subject to a minimum switch-in amount of ₹10,00,000/- in aggregate.</p> <p>In case the aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-, the switch in amount will be ₹25,000/- and in multiples of ₹1/- thereafter.</p> <p><b>Note:</b> Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.</p> |
| <b>XV.</b>   | <b>Minimum Additional Purchase Amount</b>    | Rs. 25,000/- and in multiples of ₹1/- thereafter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>XVI.</b>  | <b>Minimum Redemption / switch outamount</b> | <p>Rs. 25,000/- and in multiples of ₹1/- thereafter subject to the remaining amount at an aggregate level across SIF at a PAN level is more than ₹10,00,000/-</p> <p>In case the aggregate investment across all strategies under the SIF, at the PAN level, is less than ₹10,00,000/-, the Redemption/switch out transaction will be rejected.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>XVII.</b> | <b>Notice Period</b>                         | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|               |                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>XVIII.</b> | <b>New Fund Offer Period</b><br>This is the period during which a new Investment Strategy sells its units to the investors.                 | NFO opens on: _____<br>NFO closes on: _____<br><br>Minimum duration to be 3 working days and will not be kept open for more than 15 days.<br>Any changes in dates will be published through notice on AMC SIF website i.e. <a href="https://sif.itiamc.com">https://sif.itiamc.com</a> .                                                                                                                                                                                                                                                                                              |
| <b>IXX</b>    | <b>New Fund Offer Price:</b><br>This is the price per unit that the investors have to pay to invest during the NFO.                         | Rs. 1000 price per unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>XX.</b>    | <b>Segregated portfolio/side pocketing disclosure</b>                                                                                       | In order to ensure fair treatment to all investors in case of a credit event at issuer level and to deal with liquidity risk, the AMC may create a segregated portfolio of debt and money market instruments. Creation of Segregated portfolio is optional and is at the discretion of the AMC. Further, Creation of Segregated Portfolio shall be subject to Para-no. 4.4 of SEBI Master Circular dated June 27, 2024 as amended from time to time.<br><br>For Details, kindly refer SAI.                                                                                            |
| <b>XXI</b>    | <b>Swing pricing disclosure</b>                                                                                                             | This is not applicable to equity Investment Strategy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>XXII.</b>  | <b>Stock lending/short selling</b>                                                                                                          | The Investment Strategy may engage in short selling of securities in accordance with framework relating to short selling and securities lending and borrowing specified by SEBI. For details on this provision, kindly refer SAI.                                                                                                                                                                                                                                                                                                                                                     |
| <b>XXIII.</b> | <b>How to Apply</b>                                                                                                                         | For Summary of process please refer to the SAI and application form for the instructions and Details in section II.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>XIV.</b>   | <b>Investor services</b>                                                                                                                    | <b>Contact details for general service requests:</b><br><br>Toll Free No. – 1800-266- 9603, write to <a href="mailto:contact.sif@itiorg.com">contact.sif@itiorg.com</a> or send communications to registered office address<br><br><b>Contact details for complaint resolution:</b><br><br>Ms. Nimisha Keny, Investor Relations Officer or write to <a href="mailto:contact.sif@itiorg.com">contact.sif@itiorg.com</a>                                                                                                                                                                |
| <b>XXV.</b>   | <b>Specific attribute of the Investment Strategy (such as lock in, duration in case of close ended Investment Strategy) (as applicable)</b> | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>XXVI.</b>  | <b>Special product/facility available during the NFO and on ongoing basis</b>                                                               | The Special Products / Facilities available under the Investment Strategy, are:<br><br><b>Systematic Investment Plan:</b> This facility enables investors to save and invest periodically over a long period of time. At the time of registration, the SIP allows the investors to invest a fixed equal amount for purchasing units of the Investment Strategy on specified periodic intervals which are daily/ weekly/ monthly. The provision for Minimum Application Amount will not be applicable under SIP Investments, provided aggregate investment across all strategies under |

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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|  |  | <p>the SIF, at the PAN level, is more than ₹10,00,000/-</p> <p>Frequency – Daily/ Weekly / Monthly</p> <p>Amount - ₹5,000/- and in multiples of ₹1/- thereafter.</p> <p><b>SIP Top Up facility:</b> SIP Top Up facility can be availed by Existing Investors who have already registered any SIP with the fund, after a gap of 6 months from the date of submission of such Top Up application request and after the subsequent cycle date SIP has been processed. For Example if for an Existing SIP, the First SIP date is 15th of each Month from Jan 2020; and the Top-Up application request is submitted on 22nd Feb, 2020. The Next SIP date will be 15th of March, 2020; therefore the Top Up will start after 6 Months from 15th of September, 2020. SIP Top up should be Rs. 1000/-</p> <p><b>Systematic Transfer Plan:</b> This facility enables the Unit holder to transfer fixed amount periodically from Investment Strategy ("Transferor Investment Strategy") to a different Investment Strategy ("Transferee Investment Strategy") by redeeming units of the Transferor Investment Strategy at the Applicable NAV, subject to Exit Load, if any and investing the same amount in Transferee Investment Strategy at the Applicable NAV, on a recurrent basis for a specified period at specified frequency as per the investor's STP mandate. It offers Daily / weekly/ monthly / quarterly frequency.</p> <p>Frequency – Daily / Weekly / Monthly / Quarterly</p> <p>Amount - ₹5,000/- and in multiples of ₹1/- thereafter</p> <p>provided aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-</p> <p>In case the aggregate investment across all strategies under the SIF, at the PAN level, is less than ₹10,00,000/- the STP will be rejected.</p> <p>If the selected STP date falls on a non-redemption day, the STP out will be processed on the next available redemption day.</p> <p><b>Systematic Withdrawal Plan:</b> This facility enables an investor to withdraw a specified amount at predetermined intervals from the investments in the Investment Strategy. Monthly and Quarterly frequencies are available under this facility. All terms and conditions for SIP/STP/SWP, including Exit Load, if any, prevailing in the date of SIP/STP/SWP enrolment/registration by the fund shall be levied in the Investment Strategy.</p> <p><b>Frequency</b> – Monthly / Quarterly</p> <p>Amount - ₹10,000/- and in multiples of ₹1/- thereafter</p> <p>provided aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-</p> <p>In case the aggregate investment across all strategies under the SIF, at the PAN level, is less than ₹10,00,000/-, the SWP transaction will be rejected.</p> <p>If the selected SWP date falls on a non-redemption day, the SWP out will be processed on the next available redemption</p> |
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|        |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |         | <p>day.</p> <p><b>Transfer of Income Distribution cum capital withdrawal plan:</b></p> <p>Under this facility, the IDCW declared in Divinit SIF Existing Investment Strategy, if any, can be transferred to any other open ended Investment Strategy of the SIF or any other Investment Strategy (in existence at the time of declaration of IDCW, as per the features of the respective Investment Strategy) at the Applicable NAV based prices provided aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-.</p> <p><b>One Time Mandate:</b> This facility enables the Unitholder(s) to transact with in a simple, convenient and paperless manner by submitting OTM - One Time Mandate registration form to the Investment Strategy / Fund which authorizes his/her bank to debit their account upto a certain specified limit based per day (subject to the statutory limits per transaction), as and when the transaction is undertaken by the Investor, without the need of submitting cheque or fund transfer letter with every transaction thereafter. It enables investment either through Systematic Investment Plan (SIP) or Lumpsum investments in the Investment Strategy by sending instructions indicating OTM usage for transaction through online or any other mode as enabled by ITIAML from time to time. If the unitholders have registered their OTM (PAN Level) in any of Mutual Fund schemes, the same can be continued to be used for any of the Investment Strategy as well.</p> <p><b>Auto Switch Facility:</b> Under this facility, the specified units from the Transferor Investment Strategy will be automatically switched out at the closing applicable NAV as on the last date of the New Fund Offer (NFO) period and that the units in NFO Investment Strategy will be allotted at the NFO Price on the allotment date.</p> <p><b>For further details of above special products / facilities, kindly refer SAI.</b></p> |
| XXVII. | Weblink | <p>Refer the below weblinks :</p> <p>TER for last 6 months - Not Applicable</p> <p>Daily TER – Not Applicable</p> <p>Factsheet of the Investment Strategy - <a href="https://sif.itiamc.com">https://sif.itiamc.com</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

**DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

1. The draft Investment Strategy of Diviniti Equity Long Short Fund, forwarded to SEBI, is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the Investment Strategy as also the guidelines, instructions etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the Investment Strategy Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the Investment Strategy.
4. All the intermediaries named in the Investment Strategy Information Document and Statement of Additional Information are registered with SEBI and their registrations are valid, as on date.
5. The contents of the Investment Strategy Information Document including figures, data, yields, etc. have been checked and are factually correct.
6. The AMC has complied with the compliance checklist applicable for Investment Strategy Information Document and other than cited deviations/ that there are no deviations from the regulations.
7. Notwithstanding anything contained in this Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.
8. The Trustee have ensured that the Divinity Equity Long Short Fund approved by them is a new product offered by Divinity SIF and is not a minor modification of any existing Investment Strategy.

**Sd/-**  
**Vikas Pandya**  
**Head -Compliance, Legal & Secretarial**

Date: October 09, 2025

Place: Mumbai

## Part II. INFORMATION ABOUT THE INVESTMENT STRATEGY

### A. HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS?

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

| Instruments                                                                                                              | Indicative allocations (% of net assets) |         |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------|
|                                                                                                                          | Minimum                                  | Maximum |
| Investment in equity and equity related instruments (including unhedged short exposure mentioned below indicative table) | 80                                       | 100     |
| Debt and Money Market Instruments                                                                                        | 0                                        | 20      |
| Units issued by REITs and InvITs                                                                                         | 0                                        | 20      |

The Investment Strategy may also take exposure to:

Securitized debt up to 20 % of debt portfolio of the Investment Strategy. The Investment Strategy will not invest in foreign securitized debt

The Investment Strategy will invest in Overseas securities / Overseas ETFs during NFO and on an ongoing basis. The Investment Strategy may invest an amount of US \$ 50 million in foreign securities and US \$ 20 million in overseas ETFs each as permitted by RBI/SEBI from time to time within a period of 6 months from the NFO closure date. Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds

On an ongoing basis, Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds, the Investment Strategy may make investments in overseas securities (i.e. ADRs, GDRs etc.) upto the headroom available without breaching the overseas investments limits, at the Mutual Fund level. Further, pursuant to SEBI letter dated March 19, 2024, the subscription to the Investment Strategies investing in Overseas ETFs will be temporarily suspended in order to avoid breach of industry-wide limits for investment in overseas ETFs till any further communication is received from SEBI / AMFI in this regard.

The Investment Strategy will invest upto 10% of Fixed Income assets of the Investment strategy in instruments having special features as stated in SEBI Master Circular for Mutual Funds dated June 27, 2024, as amended from time to time. The Investment Strategy may invest in Additional Tier 1 (AT1) and Tier 2 (AT2) bonds issued by high quality banks under the BASEL III framework. The investment shall adhere to the SEBI guidelines as amended from time to time

The Investment Strategy may undertake repo/reverse repo transactions in Corporate Debt Securities in accordance with the directions issued by RBI and SEBI from time to time.

In addition to the instruments stated in the table above, the Investment strategy may enter into repos/reverse repos as may be permitted by RBI. From time to time, the Investment strategy may hold cash. A part of the net assets may be invested in the Tri party Repos on Government securities or treasury bills (TREPS) or repo or in an alternative investment as may be provided by RBI to meet the liquidity requirements, subject to approval, if any

The Investment strategy may engage in Short Selling of securities in accordance with the framework relating to Short Selling and securities lending and borrowing specified by SEBI. The Investment strategy shall not deploy more than 20% of its net assets in securities lending and not more than 5% of the net assets of the Investment strategy will be deployed in securities lending to any single counterparty.

The Investment strategy shall invest in Debt instruments having Structured Obligations/ Credit Enhancements in accordance with provisions of SEBI Master Circular for Mutual Funds dated June 27, 2024. The same are currently as under:

The investment of the Investment strategy in the following instruments shall not exceed 10% of the debt portfolio of the Investment Strategy and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Investment strategy:

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

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

Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares. As per SEBI Circular dated September 20, 2024, the exposure in Credit Default Swaps should not exceed 10% of AUM of the Investment Strategy and shall be within the overall limit of derivatives exposure.

The cumulative gross exposure through equity, debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, REITs/INVTs, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the Investment Strategy. Further, the gross exposure limit will not include cash and cash equivalents having residual maturity of less than 91 days (government securities, repo on government securities and treasury bills).

As per the regulatory requirement, the Investment Strategy may deploy NFO proceeds in Tri Party repo before the closure of NFO period. However, the AMC shall not charge any investment management and advisory fees on funds deployed in Tri Party repo during the NFO period.

As Per SEBI Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23 dated February 27, 2025, the AMC will deploy the funds garnered in an NFO within 30 business days from the date of allotment of units. In an exceptional case, if the AMC is not able to deploy the funds in 30 business days, reasons in writing, including details of efforts taken to deploy the funds, will be placed before the Investment Committee of the AMC. The Investment Committee will examine the root cause for delay in deployment and may extend the timeline by 30 business days.

Pending deployment of funds in securities in terms of investment objective of the Investment Strategy, the AMC may park the funds of the Investment Strategy in short term deposits of Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide Para 12.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 as may be amended from time to time.

**Indicative Table** (Actual instrument/percentages may vary subject to applicable SEBI circulars)

| Sl. No | Type of Instrument | Percentage of exposure                                                                                                     | Circular references                                                          |
|--------|--------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1.     | Securities Lending | Upto 25% of net assets in securities lending and not more than 5% of net assets will be deployed with single intermediary. | SEBI Master circular dated June 27, 2024 – Clause 12.11-Stock Lending scheme |

| Sl. No | Type of Instrument                                                                                                                                                                 | Percentage of exposure                                                                                                                                                                                                                                                                                                                                                                                                  | Circular references                                                                                                        |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 2.     | Derivatives                                                                                                                                                                        | Upto 100% of the net assets                                                                                                                                                                                                                                                                                                                                                                                             | SEBI circular no. SEBI/HO/IMD/IMD-PoD1/P/CIR/2025/26 dated February 26, 2025                                               |
| 2 a    | Equity / Debt Derivatives for hedging purpose (through index futures, stock futures, index options, stock options for strategies such as cashfuture arbitrage, covered calls etc.) | Equity Derivatives - Upto 100% of equity allocation<br>Debt Derivatives - Upto 100% of debt allocation                                                                                                                                                                                                                                                                                                                  |                                                                                                                            |
| 2b     | Naked Derivatives (shorts) for non hedging purpose                                                                                                                                 | Upto 25% of the net assets                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                            |
| 3.     | Securitized Debt                                                                                                                                                                   | Upto 20% of the of debt portfolio of the Investment Strategy excluding foreign securitized debt.                                                                                                                                                                                                                                                                                                                        | SEBI Master circular dated June 27, 2024 – Clause 12.15-Investment restrictions for securitized debt                       |
| 4.     | Overseas Securities                                                                                                                                                                | <b>NFO</b> : US \$ 50 million in foreign securities and US \$ 20 million in overseas ETFs, subject to guidelines laid down by SEBI. Further, the limits shall be valid for a period of six months from the date of closure of NFO.<br><b>Ongoing period:</b> the investment in foreign securities shall not exceed 35% of its total assets of the Investment Strategy or residual regulatory limit, whichever is lower. | SEBI Master circular dated June 27, 2024 – Clause 12.19-Overseas investment                                                |
| 5.     | REITs and InvITs                                                                                                                                                                   | Upto 20% of the net assets of the Investment Strategy                                                                                                                                                                                                                                                                                                                                                                   | Regulation 49AA (4) of SEBI Mutual Fund Regulations.                                                                       |
| 6.     | Debt instruments with special features (AT1 and AT2 Bonds), structured obligations, credit enhancements                                                                            | Upto 10% of net assets of the Investment Strategy                                                                                                                                                                                                                                                                                                                                                                       | SEBI Master circular dated June 27, 2024 – Clause 12.2-Investment in instruments having special features                   |
| 7.     | Repo / reverse repo in Corporate debt securities                                                                                                                                   | The gross exposure of the Investment Strategy to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the Investment Strategy or such higher limit as may be specified by SEBI                                                                                                                                                                                                | SEBI Master circular dated June 27, 2024 – Clause 12.18-Participation of mutual funds in repo in corporate debt securities |
| 8.     | Credit Default Swap                                                                                                                                                                | Upto 10% of AUM of the Investment Strategy and shall be within the overall limit of derivatives exposure                                                                                                                                                                                                                                                                                                                | SEBI Master circular dated June 27, 2024 – Clause 12.28-CDS-mutual funds as users (protection buyers)                      |

| Sl. No | Type of Instrument                                  | Percentage of exposure                                                                                                     | Circular references                                                                                                                                         |
|--------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9,     | Short term deposits with scheduled commercial banks | Upto 15% of net assets, which can be extended to 20% with Trustees approval                                                | SEBI Mutual Funds Master circular dated June 27, 2024 – Clause 12.16- Investment in short term deposits of scheduled commercial banks                       |
| 10.    | Debt Instruments with SO / CE                       | Upto 10% of net assets of the Investment Strategy                                                                          | SEBI Master circular dated June 27, 2024 – Clause 12.3- Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements. |
| 11     | Investment in Units of Mutual Fund                  | upto 5% of the net assets of the Investment Strategy                                                                       | Clause 4 of Seventh Schedule of SEBI Mutual Funds Regulations, 1996                                                                                         |
| 12     | Tri party Repo                                      | Allocation may be made to TREPS for any amounts that are pending deployment or on account of any adverse market situation. | --                                                                                                                                                          |

The Investment Strategy will not invest in following securities:

| Sr. no. | Securities               |
|---------|--------------------------|
| 1       | Fund of Funds scheme     |
| 2       | Foreign Securitized Debt |

\*The Investment Strategy may use derivatives for purposes as may be permitted from time to time and in accordance with Para 12.25 of SEBI Master Circular dated June 27, 2024.

Investments in equity will be made through secondary market purchases, initial public offers, other public offers, placements and right offers (including renunciation). Investment in debt will be made through secondary market purchases, public offers, and placements. The securities could be listed / to be listed, privately placed, secured / unsecured, rated / unrated in accordance with various SEBI regulations.

There can be no assurance that the investment objective of the Investment Strategy will be realized. The Investment Strategy will also review these investments from time to time and the Fund Manager may churn the portfolio to the extent as considered beneficial to the investors.

### Change in Investment Pattern & Portfolio rebalancing

**Rebalancing due to Short Term Defensive Consideration:** Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per para 1.14.1.2 of SEBI Master Circular on Mutual Funds dated June 27, 2024, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation.

**Rebalancing due to Passive Breaches:** Further, as per para 2.9 of SEBI Master Circular on Mutual Funds dated June 27, 2024, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Investment Strategy within 30 Business Days. In case the portfolio of the Investment Strategy is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The

Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period. In case the portfolio of Investment Strategy is not rebalanced within the aforementioned mandated plus extended timelines, AMCs shall:

- I. not be permitted to launch any new Investment Strategy till the time the portfolio is rebalanced.
- II. not to levy exit load, if any, on the investors exiting such Investment Strategy(s).

## **B. WHERE WILL THE INVESTMENT STRATEGY INVEST?**

In order to achieve investment objectives, the corpus of the Investment Strategy can be invested in any (but not exclusively) of the following securities:

- 1) Equity and equity-related Securities including but not limited to derivatives (stock futures/ index futures and other such permitted derivative instruments including options), equity warrants and convertible instruments.
- 2) Preference shares and convertible preference shares.
- 3) Debt instruments (both public and private sector) issued by banks / development financial institutions.
- 4) Money Market instruments permitted by SEBI including alternative investments for the call money market as may be provided by RBI to meet the liquidity requirements.
- 5) Securities created and issued by the Central and State Governments as may be permitted by RBI, securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). State Government Securities (popularly known as State Development Loans or SDLs) are issued by the respective State Government in co-ordination with the RBI.
- 6) Debt instruments issued by Domestic Government Agencies and statutory bodies, which may or may not carry a Central / State Government guarantee.
- 7) Corporate Bonds of public sector or private sector undertakings.
- 8) Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
- 9) Tri-party Repo in Government Securities
- 10) Tier 1, Tier 2 bonds and Subordinated Debt as a part of Instruments/securities to be allowed for investments.
- 11) Securitized Debt (SD)/Pass Through Certificate (PTC)
- 12) The Investment Strategy will invest in Overseas securities / Overseas ETFs during NFO and on an ongoing basis. The Investment Strategy may invest an amount of US \$ 50 million in foreign securities and US \$ 20 million in overseas ETFs each as permitted by RBI/SEBI from time to time within a period of 6 months from the NFO closure date. Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds. On an ongoing basis, Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds, the Investment Strategy may make investments in overseas securities (i.e. ADRs, GDRs etc.) upto the headroom available without breaching the overseas investments limits, at the Mutual Fund level. Further, pursuant to SEBI letter dated March 19, 2024, the subscription to Investment Strategies investing in Overseas ETFs will be temporarily suspended in order to avoid breach of industry-wide limits for investment in overseas ETFs till any further communication is received from SEBI / AMFI in this regard.
- 13) Debt derivative instruments like Interest Rate Futures (IRFs), Interest Rate Options (including Call and Put options) and Interest Rate Swaps
- 14) Reverse Repo
- 15) Repo in Corporate Debt Securities
- 16) Treasury Bill (T-Bill)
- 17) Non convertible debentures and bonds
- 18) Floating rate debt instruments
- 19) Investments in units of mutual fund schemes and Investment Strategies of SIF
- 20) Units issued by REITs and InvITs
- 21) Any other like instruments as may be permitted by RBI/SEBI/ such other regulatory authority from time to time.

Money market instruments permitted by SEBI/RBI, in Tri Party repo market or in alternative investment for the Tri Party repo market as may be provided by the RBI to meet the short-term liquidity requirements. Securities in which investment is made for the purpose of ensuring liquidity (debt and money market instruments) are those that fall within the definition of liquid assets as given by SEBI/RBI.

The securities mentioned above and such other securities, the Investment Strategy is permitted to invest, could be listed, unlisted, IPO's, secondary market operations, privately placed, rights offers or negotiated deals, secured, unsecured, rated or unrated and of any maturity.

For applicable regulatory investment limits, please refer the section on "Investment Restrictions", under Section II

The Fund Manager reserves the right to invest in such other securities as may be permitted from time to time and which are in line with the investment objectives of the Investment Strategy.

Subject to the above, any change in the asset allocation affecting the investment profile of the Investment Strategy shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the SEBI Regulations, as detailed later in this document.

### **C. WHAT ARE THE INVESTMENT APPROACH?**

There will be no particular bias towards any market cap size or any sector. The universe of stocks is carefully selected to include companies having a robust business models and enjoying sustainable competitive advantages as compared to their competitors. The Investment Strategy may also invest a certain portion of its corpus in debt and money market securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

A portion of Investment Strategy may also be invested in IPOs and other primary market offerings that meet the Investment Strategy's investment criteria.

The Investment Strategy will have an actively managed investment strategy. The portfolio will be built utilising a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective amongst other variables considered for the same.

#### **Trading in Derivatives:**

The investment Strategy intends to use derivatives actively in-addition to the purpose of hedging and portfolio balancing or such other purpose as may be permitted under the Regulations from time to time. The same shall be within the permissible limit prescribed by SEBI (Mutual Funds) Regulations, 1996 from time to time.

Derivative transactions that can be undertaken by the investment Strategy include a wide range of instruments, including, but not limited to Futures, Options, swaps, any other instrument, as may be regulatory permitted.

**A) Futures** - Futures (Index & Stocks) are forward contracts traded on the exchanges & have been introduced both by BSE and NSE. Generally futures of 1 month (near month), 2 months (next month) and 3 months (far month) are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months. Some strategies are mentioned below:

- (i) Arbitrage – The Investment Strategy may use the strategy of i) selling spot and buying future or ii) Buying spot and selling future.
- (ii) Buying/Selling stock futures - When the Investment Strategy wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, then the Investment Strategy may just buy the futures contract instead of the spot thereby benefiting from a lower cost.
- (iii) Hedging - The Investment Strategy may use exchange-traded derivatives to hedge the equity portfolio. Both index and stock futures and options may be used to hedge the stocks in the portfolio.
- (iv) Alpha Strategy -The Investment Strategy will seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying a bank stock and selling Bank Nifty future.
- (v) Other than hedging:- SIF may take exposure (short) of up to 25% of the net assets in permissible exchange traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.

**B) Option Contracts (Stock and Index)** - An Option gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed-upon price during a certain period of time or on a specific date.

(i) *Index options/Stock options* - Index options / Stock options are termed to be an efficient way of buying / selling an index/stock compared to buying / selling a portfolio of physical shares representing an index for ease of execution and settlement. The participation can be done by buying / selling either Index futures or by buying a call/put option.

(ii) *Covered Call Strategy* - The covered call strategy is a strategy where a fund manager writes call options against an equivalent long position in an underlying stock thereby giving up a part of the upside from the long position.

**C) Fixed Income Derivative instruments** - The Investment Strategy may use Derivative instruments like interest rate swaps like overnight indexed swaps (OIS), forward rate agreements, interest rate futures or such other Derivative instruments as may be permitted under the applicable regulations.

**Tentative list of derivative strategies to be deployed for short exposure.**

| Sl No | Strategy             | Description                                                                | Risk Level | Underlying Risk                                                                                  |
|-------|----------------------|----------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------|
| 1     | Short Index Futures  | Short exposure to benchmark indices for directional or hedging purposes    | High       | Potential for unlimited losses if indices rise; margin requirements escalate in volatile markets |
| 2     | Short Stock Futures  | Short exposure to individual stocks via futures contracts                  | High       | Exposure to company-specific events; risk of short squeezes; lower liquidity in certain names    |
| 3     | Index / Stock Puts   | Buying put options to gain from price decline with limited upfront premium | Moderate   | Option premium erosion if underlying does not fall below breakeven.                              |
| 4     | Bear Put Spreads     | Buy ATM put and sell lower-strike put in the same expiry to reduce cost    | Moderate   | Profits capped beyond lower strike; risk of limited protection in sharp market declines          |
| 5     | Short Call           | Sell a call option to express a bearish or neutral view                    | High       | Unlimited loss potential if underlying rises sharply; margin exposure in uptrends                |
| 6     | Bear Call Spreads    | Sell ATM/ITM call and buy higher-strike OTM call in same expiry            | Moderate   | Losses if underlying rallies beyond breakeven; profit capped at net premium received             |
| 7     | Put Ratio Spreads    | Buy 1 ATM put and sell 2 OTM puts (same expiry)                            | High       | Substantial downside losses if underlying falls well below breakeven                             |
| 8     | Calendar Put Spreads | Sell near-month put and buy longer-dated put at same strike                | Moderate   | Adverse impact from near-term volatility spikes.                                                 |
| 9     | Butterfly Spreads    | Combine three strikes in options to create a low-cost bearish position     | Low        | Limited profit range; ineffective if market remains outside target range                         |
| 10    | Condor Spreads       | Use four strikes in options to build a wider version of butterfly spread   | Low        | Narrow profit range; ineffective if market deviates significantly from expected range            |
| 11    | Long Put Diagonal    | Buy longer-dated put and sell nearer-dated higher-strike put               | Moderate   | Losses from time decay or falling implied volatility if underlying does not decline              |

**Underlying Risks of Using Derivatives for Short Strategies:**

- **Loss Potential** – Short futures and call positions can lead to losses if markets move higher than anticipated.
- **Premium Decay** – Put options and spreads may lose value if the market does not move sufficiently in the

expected direction.

- **Capped Payoffs** – Certain spread structures limit the extent of profits that can be realised.
- **Volatility & Margin Sensitivity** – In volatile phases, margin requirements may increase, impacting capital utilisation.
- **Liquidity Considerations** – Some individual stock contracts may have lower trading volumes.

- 
- **Use of Balanced Instruments** – A mix of futures, options, and spreads will be employed to manage exposures. This helps to avoid concentration in a single type of strategy.
  - **Prudent Trade Selection** – Focus will remain on liquid contracts and actively traded names. *This reduces the risk of execution delays or excessive costs.*
  - **Disciplined Position Management** – Positions will be monitored and adjusted in response to market conditions. *This ensures exposures remain aligned with overall investment intent.*
  - **Margin Preparedness** – Adequate liquidity will be maintained to always meet margin and settlement obligations.
  - **Ongoing Monitoring** – Derivative exposures are to be continually reviewed in line with investment objectives.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Investors may refer the SAI for details on the Derivative strategies along with illustrations for better understanding.

### ***Risk mitigation strategies***

Investments in equity, debt and derivative securities carry various risks such as inability to sell securities, trading volumes and settlement periods, market risk, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be mitigated by diversification and hedging.

Further, the AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Internal limits are defined and judiciously monitored. Risk indicators on various parameters are computed and are monitored on a regular basis. For risk control, the following may be noted:

| <b>Risk &amp; Description specific to the Investment Strategy</b>                                                                                                       | <b>Risk mitigants / management strategy</b>                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market risk</b><br>Risk arising due to vulnerability to price fluctuations and volatility, having material impact on the overall returns of the Investment Strategy. | Endeavour to have a well diversified portfolio of good companies with the ability to use cash/derivatives for of hedging. The Investment Strategy may use derivatives to limit this risk.                                                       |
| <b>Derivatives risk</b><br>Various inherent risks arising as a consequence of investing in derivatives.                                                                 | The fund will endeavor to continuous monitoring of the derivatives positions and strictly adheres to the regulations and internal norms. The fund has provision for using derivative instruments for portfolio rebalancing and hedging purpose. |
| <b>Credit risk</b><br>Risk associated with repayment of investment                                                                                                      | Investment universe carefully selected to only include issuers with high credit quality Understand the working of the markets and respond effectively to market movements                                                                       |
| <b>Performance risk</b><br>Risk arising due to change in factors affecting the market                                                                                   |                                                                                                                                                                                                                                                 |

|                                                                                                                     |                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Concentration risk</b><br>Risk arising due to over exposure in few securities                                    | Invest across the spectrum of issuers and keeping flexibility to invest across tenor                                                                                                                                                                                                                      |
| <b>Liquidity risk</b><br>Risk arising due to inefficient Asset Liability Management, resulting in high impact costs | The Fund seek to control portfolio liquidity at portfolio construction stage by investing in such stocks having strong fundamentals, sound financial strength and good corporate governance and high liquidity. Having optimum mix of cash & cash equivalents along with the debt papers in the portfolio |
| <b>Interest rate risk</b><br>Price volatility due to movement in interest rates                                     | Control the portfolio duration and periodically evaluate the portfolio structure with respect to existing interest rate scenario                                                                                                                                                                          |
| <b>Event risk</b><br>Price risk due to company or sector specific event                                             | Understand businesses to respond effectively and speedily to events. Usage of derivatives: Hedge portfolios, if required, in case of predictable events with uncertain outcomes                                                                                                                           |

#### Portfolio Turnover:

The Investment strategy being an open ended equity investment Strategy, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

There may be an increase in transaction cost such as brokerage paid, if trading is done frequently. However, the cost would be negligible as compared to the total expenses of the investment strategy. Frequent trading may increase the profits which will offset the increase in costs. The fund manager will endeavour to optimize portfolio turnover to maximize gains and minimize risks keeping in mind the cost associated with it. However, it is difficult to estimate with reasonable accuracy, the likely turnover in the portfolio of the investment Strategy. The investment strategy has no specific target relating to portfolio turnover.

#### **D. HOW WILL THE INVESTMENT STRATEGY BENCHMARK ITS PERFORMANCE?**

The performance of the investment Strategy will be benchmarked with Nifty 50 (TRI) Index. the Nifty50 TRI index as the appropriate benchmark for the following reasons:

1. **F&O Availability:** All 50 Nifty 50 stocks are available in the Futures & Options (F&O) segment, enabling efficient shorting and hedging, critical for the fund's strategy.
2. **Liquidity:** Nifty 50 stocks exhibit high liquidity, with an average daily trading volume of ~₹2.5 lakh crore. Impact cost is low, averaging 0.05-0.10% for large trades (₹10 crore), minimizing execution slippage for long-short trades and executing arbitrage opportunities.
3. **Diversification:** The index spans 13 sectors, with top weights (e.g., Financials ~35%, IT ~15%), reducing sector bias.

The Trustee/AMC reserves the right to change the benchmark for the evaluation of the performance of the Investment strategy from time to time, keeping in mind the investment objective of the Investment Strategy and the appropriateness of the benchmark, subject to the Regulations and other prevalent guidelines.

#### **E. WHO MANAGES THE INVESTMENT STRATEGY?**

Investment Strategy will be managed by Mr. Vasav Sahgal.

| <b>Name of the Fund Manager</b> | <b>Age / Qualification</b>                                                                                                                                                        | <b>Experience of the Fund Manager in the last 10 years</b>                                                                                                                                                                                                                                                                                                              | <b>Other Schemes /Investment Strategies managed by the Fund Manager</b>                                                                               |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Vasav Sahgal                | Age : 30 Years<br>Qualification:<br>Postgraduate Diploma in Securities Law Government Law College<br>CFA Charter holder- CFA Institute<br>bachelor's in commerce Jai Hind College | Quant Money Managers- Fund Manager. (April 2018 - January 2025) Quant Broking- Equity Research Analyst. (January 2018 - March 2018) Equestar Capital- Equity Research Intern. (July 2017 - September 2017)                                                                                                                                                              | ITI Balanced Advantage Fund.                                                                                                                          |
| Mr. Rajesh Bhatia               | Age: 54 years<br>Qualification:<br>CFA, AIMR, Associate of Cost and Management Accounting, B.Com                                                                                  | Mr. Bhatia joined ITI Asset Management Limited (ITI AMC) in December 2022 and has over 32 years of work experience in capital market. Past Experience: Prior to joining ITI AMC, he was Managing Director and CIO of ITI Long Short Equity Fund from June 2017 to December 2022. He was also associated with SIMTO Investments as CIO from September 2013 to June 2017. | He will act as a fund manager for overseas investments.<br>He is acting as a as Co-Fund Manager for ITI Large Cap Fund & ITI Balanced Advantage Fund. |

#### **F. HOW IS THE INVESTMENT STRATEGY DIFFERENT FROM EXISTING INVESTMENT STRATEGIES OF THE SIF**

This Investment Strategy is the first Investment Strategy to be launched by Diviniti SIF. Therefore, the same is not applicable.

#### **G. HOW HAS THE INVESTMENT STRATEGY PERFORMED (if applicable)**

This Investment Strategy is a new investment strategy and does not have any performance track record.

#### **H. ADDITIONAL INVESTMENT STRATEGY RELATED DISCLOSURES**

a) Investment Strategy's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.): Not applicable as the investment strategy is a new investment strategy

b) Functional website link for Portfolio Disclosure -: Not applicable as the investment strategy is a new investment strategy

c) Portfolio Turnover Rate: Not applicable as the investment strategy is a new investment strategy

d) Aggregate investment in the Investment Strategy by concerned Investment Strategy's Fund Manager (s) : Not applicable as the investment strategy is a new investment strategy.

### **Investment by the AMC, Trustee, Sponsor, or their associates in the Investment Strategy**

The AMC, Trustee, Sponsor, or their affiliates may invest in the investment strategy in the NFO Period or thereafter at any time during the continuous offer period subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the investment strategy.

Further, the AMC shall based on the risk value assigned to the investment strategy in terms of Para 17.4.1 of SEBI Master Circular on Mutual Funds dated June 27, 2024, invest minimum amount as a percentage of assets under management of the investment Strategy as specified under Para 6.9 of SEBI Master Circular on Mutual Funds dated June 27, 2024 as amended from time to time.

During the NFO period, AMC's investment shall be made during the allotment of units and shall be calculated as a percentage of the final allotment value excluding AMC's investment.

Please refer to the link <https://sif.itiamc.com> for AMC investments in Diviniti SIF /ITI Mutual Fund.

## **Part III- OTHER DETAILS**

### **A. COMPUTATION OF NAV**

The Net Asset Value (NAV) per unit of the Investment Strategy for each option will be computed by dividing the net assets of the Investment Strategy by the number of units outstanding on the valuation day. The AMC will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

The NAV of the Units under the Investment Strategy will be calculated on a daily basis as shown below:

$$\text{NAV per unit (Rs.)} = \frac{\text{(Market / Fair Value of Investment Strategy's Investments + Current Assets including Accrued Income - Current Liabilities and Provisions)}}{\text{No. of units outstanding under the Investment Strategy / Option on the valuation day}}$$

The NAV shall be calculated up to four decimal places. However, the AMC reserves the right to declare the NAVs up to additional decimal places as it deems appropriate. Separate NAV will be calculated and disclosed for each Plan/Option. The NAVs of the Growth Option and the IDCW Option will be different after the declaration of the first IDCW. The AMC will calculate and disclose the NAVs for all the business days.

Units of the Investment Strategy can be redeemed/ switched out at the Applicable NAV subject to prevailing exit load. The Repurchase Price however, will not be lower than 95% of the NAV subject to SEBI Regulations as amended from time to time.

**Methodology of calculation of repurchase price:** For calculating the repurchase price, the exit load applicable at the time of investment shall be deducted from the applicable NAV of the Investment Strategy.

### NAV Illustration on NAV computation:

Assumptions - on the day of calculation of NAV:

| Particulars                                                   | Amount (In Rs.) |
|---------------------------------------------------------------|-----------------|
| Market or Fair Value of the Investment Strategy's Investments | 1000            |
| Add: Current Assets                                           | 1000            |
| Less: Current Liabilities and Provisions                      | 300             |
| Net Assets                                                    | 1700            |

No of units outstanding in the plan = 100

The NAV per unit will be computed as follows:  $1700/100 = \text{Rs. } 17$  per unit.

The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be prescribed by SEBI from time to time.

### Methodology for computation of sale and re-purchase price of the units of SIF Investment Strategy:

Let's assume that an investor has invested Rs. 100,000 in a Mutual Fund Scheme on April 01, 2025, at a NAV of Rs. 10/- per unit and the exit load structure of the Investment Strategy is:

For exit on or before 12 months from the date of allotment – 1.00%

For exit after 12 months from the date of allotment – Nil

Purchase of Mutual Fund units:

|                                                              |                                                     |
|--------------------------------------------------------------|-----------------------------------------------------|
| Number of units allotted<br>At the time of purchase of units | Amount invested                                     |
|                                                              | NAV of Investment Strategy as on date of investment |
|                                                              | 100000                                              |
|                                                              | 10                                                  |
|                                                              | =<br>10,000 units                                   |

As per existing SEBI (MF) Regulations, no entry load is charged with respect to applications for purchase / additional purchase of mutual funds units.

### Redemption/Re-purchase of mutual fund units:

In case of redemption, the amount payable to the investor shall be calculated as follows:

(Current value of the holding) – (Exit Load applicable)

where, Current value of the holding = No. of units as on the date \* NAV as on the date

Exit Load applicable = Current value of the holding \* Exit Load %

### Scenario 1: Redemption is done during applicability of exit load

Assume that the investor has requested for redemption of all the units (i.e. 10,000 units), on or before 12 months from the date of allotment i.e. on or before March 31, 2026, the redemption amount payable to investor shall be calculated as follows:

Say in this example the redemption request is done on December 1, 2025; when the NAV of the Investment Strategy was Rs. 12/- and the exit load applicable is 1%, so the Redemption amount payable to investor shall be calculated as follows:

Current value shall be = 10,000 units\*Rs. 12/- = Rs. 1,20,000

Exit load applicable = Rs. 120,000\*1% = Rs. 1200/-

Redemption amount payable to investor = Current value of the holding – Exit Load applicable  
= Rs. 1,20,000 - Rs. 1200 = Rs. 118,800/-

### Scenario 2: Redemption is done if the exit load is NIL

Assume that the investor has requested for redemption of all the units (i.e. 10,000 units), after 12 months from the date of allotment i.e. after March 31, 2026, the redemption amount payable to investor shall be calculated as follows:

Say in this example the redemption request is done on April 1, 2026; when the NAV of the Investment Strategy was Rs. 12 and the exit load applicable is NIL, so the Redemption amount payable to investor shall be calculated as follows:

Current value shall be = 10,000 units\*Rs. 12/- = Rs. 120,000/-

Exit load applicable = NIL

Redemption amount payable to investor = Current value of the holding – Exit Load applicable  
= Rs. 1,20,000 – NIL = Rs. 1,20,000/-

The aforesaid example does not take into consideration any applicable statutory levies or taxes. Accordingly, the redemption amount payable to investor shall further reduce to the extent of applicable statutory levies or taxes.

For other details such as policy on rounding off, procedure in case of delay in disclosure of NAV etc., kindly refer to SAI.

## B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid, marketing and advertising, Registrar & Transfer Agents expenses, printing and stationary, bank charges etc. as per Para 10.1.12 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the NFO expenses shall be borne by the AMC/ Sponsors as applicable and the same shall not be charged to the Investment Strategy.

## C. ANNUAL RECURRING EXPENSES

These are the fees and expenses for operating the Investment Strategy. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar & Transfer Agent's fee, marketing and selling costs etc. as given in the table specified below:

The AMC has estimated that upto 2.25% of the daily net assets of the Investment Strategy, will be charged to the Investment Strategy as expenses. For the actual current expenses being charged, the Investor

should refer to the website of the AMC <https://sif.itiamc.com>.

| Sr. No | Expenses Head                                                                                                        | (% p.a. of Daily Net Assets* (Estimated p.a.)) |
|--------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| i.     | Investment Management & Advisory Fees                                                                                | Upto 2.25%                                     |
| ii.    | Trustee Fees                                                                                                         |                                                |
| iii.   | Audit Fees                                                                                                           |                                                |
| iv.    | Custodian Fees                                                                                                       |                                                |
| v.     | Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants |                                                |
| vi.    | Marketing & Selling expenses incl. agent commission and statutory advertisement                                      |                                                |
| vii.   | Costs related to investor communications                                                                             |                                                |
| viii.  | Cost of fund transfer from location to location                                                                      |                                                |
| xi.    | Cost towards investor education & awareness (at least 0.02 percent)                                                  |                                                |
| xii.   | Brokerage & transaction cost pertaining to distribution of units                                                     |                                                |
| xiii.  | Goods and Services tax on expenses other than investment and advisory fees                                           |                                                |
| xiv.   | Goods and Services tax on brokerage and transaction cost                                                             |                                                |
| xv.    | Other Expenses# (to be specified as per Reg 52 of SEBI MF Regulations)                                               |                                                |
| A.     | <b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)</b>                                     | <b>Upto 2.25%</b>                              |
| B.     | Additional expenses under regulation 52 (6A) (c)                                                                     | <b>Upto 0.05%</b>                              |
| C.     | Additional expenses for gross new inflows from specified cities under Regulation 52(6A)(b)                           | <b>Upto 0.30%</b>                              |

# Any other expenses which are directly attributable to the Investment Strategy, may be charged within the overall limits as specified in the Regulations, except those expenses which are specifically prohibited as per Regulations.

These estimates have been made in good faith as per the information available to the Investment Manager and are subject to change inter-se or in total subject to prevailing Regulations. The AMC may incur actual expenses which may be more or less than those estimated above under any head and/or in total. Type of expenses charged shall be as per the SEBI Regulations.

The total expenses of the Investment Strategy including the investment management and advisory fee shall not exceed the limit stated in Regulation 52 of the SEBI (MF) Regulations.

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc. and no commission for distribution of Units will be paid/ charged under Direct Plan.

**\*Impact of TER on Investment Strategy returns (for both Direct and Regular plans)**

| Particulars                          |       | Regular Plan   | Direct Plan    |
|--------------------------------------|-------|----------------|----------------|
| Opening AUM                          | a     | Rs. 10,000,000 | Rs. 10,000,000 |
| Opening NAV                          | b     | 10.0000        | 10.0000        |
| O/s Units                            | C=a/b | 1,000,000      | 1,000,000      |
| Market Value of Investment (Assumed) | d     | Rs. 10,002,650 | Rs. 10,002,650 |
| NAV before charging Expense Ratio    | e=d/c | 10.0027        | 10.0027        |
| Total Expense Ratio in %             | f     | 2.00%          | 1.50%          |
| Total Expense Ratio in value         | g=e*f | 0.0005         | 0.0004         |
| Closing NAV                          | h=e-g | 10.0022        | 10.0023        |
| Returns without expense Ratio        | i     | 9.67%          | 9.67%          |
| Returns with expense Ratio           | j     | 7.67%          | 8.17%          |

The above illustration is purely given to explain the impact of the expense ratio on the Investment strategy's return and should not be construed as an indicative return of the Investment Strategy.

**Notes:**

1. The above computation assumes no investment/ redemption made during the year. The investment is made in the Growth option of the Investment Strategy.
2. The above computation is simply to illustrate the impact of expenses of the Investment Strategy. The actual expenses charged to the Investment Strategy will not be more than the amount that can be charged to the Investment Strategy as mentioned in this SID.
3. It is assumed that expenses charged are evenly distributed throughout the year. Tax impact on customers has not been considered due to the individual nature of this impact.
4. Calculations are based on one day NAV and actual returns may differ from those considered above.

The current expense ratios will be updated on the Diviniti SIF/ AMC website and on the AMFI website at least three working days prior to the effective date of the change. The exact web link for TER is <http://www.itiamc.com/statutory-disclosure/total-expense-ratio>.

Goods and Services tax on expenses other than the investment management and advisory fees, if any, shall be charged to the Investment Strategy within the maximum limit of total expense ratio as prescribed under regulation 52 of the SEBI (MF) Regulations. Goods and Services tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under regulation 52 of the SEBI (MF) Regulations.

' In terms of SEBI Master circular dated June 27, 2024, Chapter 10 – 'Loads, fees, charges and expenses', the AMC shall annually set apart at least 0.02% on daily net assets within the maximum limit of recurring expenses as per Regulation 52 for investor education and awareness initiatives.

The total expenses of the Investment Strategy including the investment management and advisory fee shall not exceed the limits stated in Regulation 52(6) which are as follows:

- (i) On the first Rs. 500 crores of the daily net assets – 2.25%;
- (ii) On the next Rs. 250 crores of the daily net assets – 2.00%;
- (iii) On the next Rs. 1,250 crores of the daily net assets – 1.75%;
- (iv) On the next Rs. 3,000 crores of the daily net assets – 1.60%;
- (v) On the next Rs. 5,000 crores of the daily net assets – 1.50%;
- (vi) On the next Rs. 40,000 crores of the daily net assets – Total expense ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof.
- (vii) On the balance of the assets – 1.05%;

In addition to the limits specified in Regulation 52 (6) of SEBI Regulations, the following costs or expenses may be charged to the Investment Strategy:

- (a) Brokerage and transaction cost incurred for the purpose of execution shall be charged to the Investment Strategy as provided under Regulation 52 (6A) (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage & transaction costs, over and above the said 12 bps and 5 bps for cash market transactions and derivatives transactions respectively may be charged to the Investment Strategy within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.
- (b) Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified by SEBI/AMFI from time to time are at least –
  - (i) 30 per cent of gross new inflows in the Investment Strategy, or;
  - (ii) 15 per cent of the average assets under management (year to date) of the Investment Strategy, whichever is higher;

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub- clause (ii), such expenses on daily net assets of the Investment Strategy shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the investment Strategy in case the said inflows are redeemed within a period of one year from the date of investment. Provided further that, additional TER can be charged based on inflows only from retail investors from B30 cities in terms of Master circular dated June 27, 2024, Chapter 10 – 'Loads, fees, charges and expenses'. For this purpose inflows of amount upto Rs. 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor". *Investors may kindly note that SEBI vide its letter no. SEBI/HO/IMD-SEC 3/P/OW/2023/5823/1 dated February 24, 2023 and AMFI vide letter no. 35P/MEM-COR/85-a/2022-23 dated March 02, 2023 has directed AMCs to keep B-30 incentive structure in abeyance with effect from March 01, 2023 until further notice.*

- (c) Goods and Services tax on investment management and advisory fees shall be charged to the Investment Strategy, in addition to the above expenses, as prescribed under the SEBI (MF) Regulations. All Investment Strategy related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the Investment Strategy only within the regulatory limits and not from the books of the AMC, its Associate, Sponsor, Trustee or any other entity through any route. However, expenses that are very small in value but high in volume may be paid out of AMC's books at actuals or not exceeding 2 bps of respective Investment Strategy's AUM, whichever is lower. A list of such miscellaneous expenses will be as provided by AMFI in consultation with SEBI.

Any circular/clarification issued by SEBI in regard to expenses chargeable to the Investment Strategy /Plan(s) will automatically become applicable and will be incorporated in the SID/SAI/KIM accordingly.

#### D. LOAD STRUCTURE

Load is an amount which is paid by the investor to redeem the units from the Investment Strategy. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of Diviniti SIF <https://sif.itiamc.com> or may call at 1800-266-9603 (toll free no.) or your distributor.

| Type of Load | Load Chargeable (as % of NAV)#                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Entry        | <p>Not Applicable</p> <p>Pursuant to SEBI Master circular dated June 27, 2024 no entry load will be charged by the Investment Strategy to the investor. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered Distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.</p>                                                                                                                                                                                                                                                                                                                               |
| Exit         | <p>10% of the units allotted may be redeemed without any exit load, on or before completion of 12 months from the date of allotment of units. Any redemption in excess of such limit in the first 12 months from the date of allotment shall be subject to the following exit load.</p> <ul style="list-style-type: none"> <li>0.50% if redeemed or switched out on or before completion of 6 months from the date of allotment of unit.</li> <li>Nil, if redeemed or switched out after completion of 6 months from the date of allotment of units.</li> </ul> <p>Redemption of units would be done on First in First out Basis (FIFO).</p> <p>*The entire Exit Load, net of Goods &amp; service tax, shall be credited to the Investment Strategy.</p> |

# Applicable for normal subscriptions/redemptions including transactions under special products such as SIP, SWP, etc. offered by the AMC.

No Exit Load shall be levied for switching between Plans / Options within the Investment Strategy.

However, exit load will be applicable if the units are switched-out / redeemed from the Investment strategy within the exit load period from the initial date of purchase.

At the time of changing the Load Structure:

1. An Addendum detailing the changes will be attached to Investment Strategy Scheme Information Document (s) and Key Information Memorandum. The addendum may be circulated to all the distributors / brokers so that the same can be attached to all Investment Strategy Scheme Information Documents and Key Information Memoranda already in stock.
  2. The addendum will be displayed on the website of the AMC and arrangements will be made to display the addendum in the form of a notice in all the Investor Service Centres and distributors / brokers office.
  3. The introduction of the Exit Load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such Load.
  4. Any other measure which the Mutual Fund may consider necessary
- The investors / unitholders are requested to check the prevailing load structure of the Investment Strategy before investing.

#### **E. REQUIREMENT OF MINIMUM INVESTORS IN THE INVESTMNET STRATEGY**

The Investment Strategy shall have a minimum of 20 investors, and no single investor shall account for more than 25% of the corpus of the Investment Strategy. The two conditions mentioned above shall also be complied with within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days' notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by Divinity SIF on the Applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## Section II

### **B. Introduction**

- A. **Definitions/interpretation** – Kindly refer the Functional website link that contains detailed description <https://sif.itiamc.com>

### **B. Risk factors**

#### **- Standard Risk Factors:**

- 1) Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- 2) As the price / value / interest rate of the securities in which the Investment Strategy invests fluctuates, the value of your investment in the Investment Strategy may go up or down, depending on the various factors and forces affecting the capital markets.
- 3) Past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Investment Strategy.
- 4) The name of the Investment Strategy does not in any manner indicate either the quality of the Investment Strategy or its future prospects and returns.
- 5) The Sponsors are not responsible or liable for any loss resulting from the operation of the Investment Strategy beyond the initial contribution of an amount of Rs. 1 lakh made by it towards setting up the Fund.
- 6) Diviniti SIF Equity Long and Short Fund is not a guaranteed or assured return Investment Strategy.
- 7) Although it is intended to generate capital appreciation and maximize the returns by actively investing in debt and money market instruments, investors may note that AMC/Fund Manager's investment decisions may not be always profitable.

#### **Investment Strategy specific risk factors**

Different types of securities in which the Investment Strategy would invest as given in the Investment Strategy Information Document carry different levels and types of risk. Accordingly, the Investment Strategy's risk may increase or decrease depending upon its investment pattern.

#### **1. Risks associated with investing in Equities and Equity related Securities:**

- The value of the Investment Strategy's investments may be affected by factors affecting the securities markets such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in law / policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors. Consequently, the NAV of the Units of the Investment Strategy may be affected.
- Equity Securities and equity-related Securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made by the Investment Strategy may be restricted by trading volumes settlement periods and transfer procedures. This may impact the ability of the Unit Holders to redeem their Units. In view of this, the Trustee has the right, in its sole discretion to limit Redemptions (including suspending Redemption) in certain circumstances [as outlined in SAI - 'Restrictions on Redemptions'].
- Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Investment Strategy to make intended Securities purchases, due to settlement problems, could cause the Investment Strategy to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Investment Strategy's portfolio could result, at times, in potential losses to the Investment Strategy, should there be a subsequent decline in the value of Securities held in the Investment Strategy's portfolio.
- Investments in equity and equity related Securities involve a degree of risk and investors should not invest in the Investment Strategy unless they can afford to take the risk of losing their investment.
- The liquidity and valuation of the investment Strategy's investments due to its holdings of Securities proposed to be listed may be affected if they have to be sold prior to the target date for disinvestment.

- Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with Securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in Securities proposed to be listed within the regulatory limit. This may however increase the risk of the portfolio.

## **2. Risks associated with investing in debt and / or Money Market Securities/ Units of Liquid / Money Market /Debt Mutual Fund Schemes/Investment Strategies:**

The NAV of the scheme/Investment Strategies is likely to be affected by changes in the prevailing rates of interest. The AMC may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio.

The following are the risks associated with investment in debt and Money Market securities:

**Interest Rate Risk:** As with all debt securities, changes in interest rates may affect the Investment Strategy's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets 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.

**Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

**Spread Risk:** Yield Spreads between fixed income securities might change. Example: Corporate Bonds are exposed to the risk of widening of the spread between corporate bonds and gilts. Prices of corporate bonds tend to fall if this spread widens which might adversely affect the NAV of the Investment Strategy. Similarly, in case of floating rate securities, where the coupon is expressed in terms of a spread or mark up over the benchmark rate, widening of the spread results in a fall in the value of such securities.

**Liquidity Risk:** This risk pertains to how saleable a security is in the market or the ease at which a security can be sold at or close to its true value. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of some of the investments. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The liquidity of debt securities may change, depending on market conditions. At the time of selling the security, the security can become less liquid (wider spread) or illiquid, leading to loss in value of the portfolio. Securities that are proposed to be listed generally carry a higher liquidity risk compared to listed securities.

Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Investment Strategy and may lead to the Investment Strategy incurring mark to market losses and losses when the security is finally sold.

Liquidity risk is greater for thinly traded securities, lower-rated bonds, bonds that were part of a smaller issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer may be relatively illiquid. Bonds are generally the most liquid during the period right after issuance when the bond typically has the highest trading volume.

**Credit Risk/ Default Risk:** Credit risk is the risk that the issuer of a debenture/ bond or a money market instrument may default on interest and /or principal payment obligations and/or on violation of covenant(s) and/or delay in scheduled payment(s). Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer.

Government Security is a sovereign security and the default risk is considered to be the least. Corporate bonds carry a higher credit risk than Government Securities and among corporate bonds there are different levels of safety. Credit risks of most issuers of debt securities are rated by independent and professionally run rating agencies. Ratings of Credit issued by these agencies typically range from "AAA" ("Triple A" denoting "Highest Safety") to "D" (denoting "Default"). A bond rated higher by a particular rating

agency is safer than a bond rated lower by the same rating agency.

**Basis Risk (interest – rate movement) :** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of event may result in loss of value in the portfolio.

**Counterparty Risk:** This is the risk of failure of counterparty to the transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the Investment Strategy in case of counterparty default.

**Settlement Risk:** Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Investment Strategy to make purchases in intended securities due to settlement problems could cause the Investment Strategy to miss certain investment opportunities. Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.

**Duration Risk:** The modified duration of a bond is a measure of its price sensitivity to interest rates movements, based on the average time to maturity of its interest and principal cash flows.

Bond portfolio managers increase average duration when they expect rates to decline, to get the most benefit, and decrease average duration when they expect rates to rise, to minimize the negative impact. If rates move in a direction contrary to their expectations, they lose.

**Inflation Risk:** Inflation causes tomorrow's currency to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices. Inflation-indexed securities such as Treasury Inflation Protection Securities (TIPS) are structured to remove inflation risk.

**Performance Risk:** Performance of the Investment Strategy may be impacted with changes in factors which affect the capital market and in particular the debt market.

**Selection Risk:** This is the risk that a security chosen will underperform the market for reasons that cannot be anticipated.

**Timing Risk:** It is the risk of transacting at a price based on erroneous future price predictions resulting to losses. Timing risk explains the potential for missing out on beneficial movements in price due to an error in timing. This could lead to purchasing too high or selling too low.

**Call Risk:** Some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. (See also Reinvestment risk.)

**Concentration Risk:** This is the risk arising from over exposure to few securities/issuers/sectors. The Investment Strategy intends to invest substantially in Tri – Party Repo. For risks relating to investments in Tri – Party Repo, please refer to the section on 'Risks associated with investing in Securities Segment and Tri-party Repo trade settlement' herein below in this document.

**Legislative Risk:** This is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

### 3. Risks associated with investing in Derivatives

- The Investment Strategy will invest in derivative products in accordance with and to the extent permitted under the Regulations. The use of derivatives requires an understanding of the underlying instruments and the derivatives themselves. The risk of investments in derivatives includes mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount.
- The Investment Strategy may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limits or circuit breakers, the Investment Strategy may face a liquidity issue.
- The option buyer's risk is limited to the premium paid, while the risk of an option writer is unlimited. However, the gains of an option writer are limited to the premiums earned. Since in case of the Investment Strategy all option positions will have underlying assets, all losses due to price-movement beyond the strike price will actually be an opportunity loss.
- The relevant stock exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- Investments in index futures face the same risk as investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- The Investment Strategy bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indexes or other financial or economic factors in establishing derivative positions for the Investment Strategy.
- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends on the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involves uncertainty and the decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
- As and when the Investment Strategy trades in derivative products, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivatives require the maintenance of adequate controls to monitor such transactions and the embedded market risks that a derivative adds to the portfolio.

Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to:

- a) **Market Liquidity Risk:** This is where the derivatives cannot be sold at prices that reflect the underlying assets, rates and indices.
- b) **Model Risk:** This is the risk of mis-pricing or improper valuation of derivatives.
- c) **Basis Risk:** This is 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.
- d) **Mark to Market Risk:** There could be a mark to market loss in derivatives leg of arbitrage and additional margin may need to be provided for the same.

#### 4. Risks associated with Covered Call Strategy

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

#### 5. Risk factors associated with investing in Preference Shares:

**Credit Risk** - Investments in Preference Shares are subject to the risk of an issuer's inability to meet IDCW and redemption by the issuer. Further, for non-cumulative preference shares, issuer also has an option to not pay IDCW on preference shares in case of inadequate profits in any year.

**Liquidity Risk** - Preference shares lack a well-developed secondary market, which may restrict the selling ability of the Investment Strategy(s) and may lead to the Investment Strategy(s) incurring losses till the security is finally sold.

**Unsecured in nature** - Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus, there is significant risk of capital erosion in case the company goes into liquidation.

**Market Risk** – The Investment Strategy will be vulnerable to movements in the prices of securities invested by the Investment Strategy which could have a material bearing on the overall returns from the Investment Strategies.

#### 6. Risk associated with investing in Securitized Debt:

A securitization transaction involves true sale of cash generating assets & receivables such as asset backed securities (ABS) or mortgage backed securities (MBS) by the originator (a bank, non-banking finance company (NBFC), housing finance company (HFC), or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by transferring his cash generating asset(s) to an SPV, receives consideration from investors upfront. Investors get paid from the periodic distribution of cash generated by the underlying asset(s). Typically, the transaction is provided with some sort of credit enhancement (as stipulated by the rating agency for a target rating). If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS/MBS holders will suffer credit losses. ABS/ MBS are also normally exposed to a higher level of reinvestment risk as compared to the normal corporate or sovereign debt. This mechanism attempts to protect investors against potential delay in cash flows from assets as well as potential defaults by tranching risks by structuring cash flows in different forms.

Generally available asset classes for securitization in India are:

- Commercial vehicles

- Auto and two wheeler pools
- Mortgage pools (residential housing loans)
- Personal loans, credit card and other retail loans
- Corporate loans/receivables

In terms of specific risks attached to securitisation, each asset class would have different underlying risks, however, residential mortgages typically have lower default rates as an asset class. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is normally easier and better compared to mortgages.

Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/ receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher and hence their overall risks are comparable to other AAA or equivalent rated asset classes. Some of the factors, which are typically analyzed for any pool, are as follows:

**Size of the loan:** this generally indicates the kind of assets financed with loans. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs. 1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000/- each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs. 5,00,000/- per individual.

**Average original maturity of the pool:** this indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60 month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 100 car loans having original maturity of 60 months, more than 70% of the contracts have paid more than 50% of the monthly installments and if no default has been observed in such contracts, this pool should have a lower probability of default than a similar car loan pool where 80% of the contracts have not yet paid 5 installments.

**Loan to value ratio ("LTV"):** this indicates how much of the value of the asset is financed by borrower's own equity. The lower the LTV, the better it is. This ratio stems from the principle that where the borrower's own contribution of the asset cost is high, the chances of default are lower. To illustrate: for a truck costing Rs. 20 lakhs, if the borrower has himself contributed Rs. 10 lakhs and has taken Rs. 10 lakhs as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs. 20 lakhs if he defaults in repaying an installment. This is as against a borrower who may meet only Rs. 2 lakhs out of his own equity for a truck costing Rs. 20 lakhs. Between the two scenarios given above, as the borrower's own equity is lower in the latter case, it would typically have a higher risk of default than the former.

**Average seasoning of the pool:** this indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a pool of personal loans, if a pool of assets consist of borrowers who have already repaid 80% of the installments without default, the probability of default is lower than for a pool where only 10% of installments have been repaid. In the Indian scenario, also, more than 95% of issuances have been AAA or equivalent rated issuances indicating the strength of the underlying assets as well as adequacy of credit enhancement.

#### **Risk Factor associated with investing in special features instrument:**

Tier I and Tier II Bonds are unsecured and the RBI prescribes certain restrictions in relation to the terms of these Bonds:

Tier I and Tier II bonds are unsecured in nature. The claims of the Bondholders shall (i) be subordinated to the claims of all depositors and general creditors of the Bank; (ii) neither be secured nor covered by any guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-a-vis creditors of the Bank; (iii) Unless the terms of any subsequent issuance of bonds/debentures by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the Bonds issued under the Disclosure Document or unless the RBI specifies otherwise in its guidelines, the claims of the Bondholders shall be pari passu with claims of holders of such subsequent

debentures/bond issuances of the Bank; (iv) rank pari passu without preference amongst themselves and other subordinated debt eligible for inclusion in Tier 1 / Tier 2 Capital as the case may be. The Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.

The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 5 thereof and are subject to certain loss absorbency features as described in bond prospectus and required of Tier 1 / Tier 2 instruments at the Point of Non Viability as provided for in Annex 16 of the aforesaid Basel III Guidelines as amended from time to time.

The Bonds are essentially non-equity regulatory instruments, forming part of a Bank's capital, governed by Reserve Bank of India (RBI) guidelines and issued under the issuance and listing framework given under Chapter VI of the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("NCRPS Regulations"). These instruments have certain unique features which, inter-alia, grant the issuer (i.e. banks, in consultation with RBI) a discretion in terms of writing down the principal/ interest, to skip interest payments, to make an early recall etc. without commensurate right for investors to legal recourse, even if such actions of the issuer might result potential loss to investors. Payment of coupon on the Bonds is subject to the terms of Information Memorandum, including Coupon Discretion, IDCW Stopper Clause, Loss Absorption as contained in the Information Memorandum. The Bonds are subject to loss absorption features as per the guidelines prescribed by RBI.

There may be no active market for the Bonds on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Bonds may fail to develop and may accordingly be adversely affected:

There is no assurance that a trading market for the Bonds will exist and no assurance as to the liquidity of any trading market. Although an application will be made to list the Bonds on the NSE and/or BSE, there can be no assurance that an active market for the Bonds will develop, and if such a market were to develop, there is no obligation on the issuer to maintain such a market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, financial condition and prospects and other factors that generally influence the market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which one purchases these Bonds.

Issuer is not required to and will not create or maintain a Debenture Redemption Reserve (DRR) for the Bonds issued under this Disclosure Document:

As per the Companies (Share Capital and Debentures) Rules, 2014, as amended, no Debenture Redemption Reserve is required to be created by Banking Companies issuing debentures.

There is no assurance that the Tier I / Tier II bonds will not be downgraded:

The Rating agencies, which rate the Bonds, have a slightly different rating methodology for Tier I and Tier II bonds. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Bonds may be downgraded whilst the ratings of other bonds issued by the issuer may remain constant. In such a scenario, for Tier I and Tier II Bond holders may incur losses on their investment.

## **7. Risk Associated with Short Selling and Securities Lending**

The risks in lending portfolio Securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of Securities, i.e. the Investment Strategy, and the approved intermediary. Such failure to comply can result in a possible loss of rights in the collateral put up by the borrower of the Securities, the ability of the approved intermediary to return the Securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the Securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such Securities and this can lead to temporary illiquidity.

## 8. Risks associated with investing in repo transactions in corporate bonds

The market for the aforesaid product is illiquid. Hence, repo obligations cannot be easily sold to other parties. If a counterparty fails, the investment Strategy would have to take recourse to the collateral provided. If a counterparty fails to repay and the value of the collateral falls beyond the haircut, then the Investment Strategy would be exposed to a loss of interest or principal.

Corporate bond repo will be settled between two counterparties in the OTC segment unlike in the case of TREPS transactions where CCIL stands as central counterparty on all transactions (no settlement risk).

Further, if the Investment Strategy needs to take recourse to the debt securities provided as collateral, and the issuer of the debt securities makes a default, the investment strategy may lose the whole, or substantial portion of the amount. This risk is somewhat mitigated by the fact that only bonds which have credit rating of AA+ and above can be accepted as collateral for repo transactions.

## 9. Risks associated with investing in Securities Segment and Tri-party Repo trade settlement

The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered and the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, the investment strategy may lose an amount equivalent to its contribution to the default fund.

## 10. Risks associated with Investments in REITs and InvITs:

•**Price-Risk or Interest-Rate Risk:** REITs & InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

•**Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be prescheduled.

•**Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.

•**Reinvestment Risk:** Investments in REITs & InvITs 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.

•**Risk of lower-than-expected distributions:** The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/INVIT receives as IDCWs or the interest and principal payments from portfolio assets.

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

#### **11. Risks associated with transaction in Units through stock exchange(s):**

In respect of transaction in Units of the Investment Strategy through BSE and / or NSE (applicable to the facility to transact in the Units of the Investment Strategy through the Stock Exchange mechanism provided by the AMC), allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by BSE and / or NSE and their respective clearing corporations on which the Fund has no control.

#### **12. Risks associated with Restrictions on Redemption:**

As outlined in Section I – ‘Restrictions on Redemptions’ the Trustee and the AMC may impose restrictions on redemptions when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets. Accordingly, such restriction may affect the liquidity of the Investment Strategy and there may be a delay in investors receiving part of their redemption proceeds.

#### **13. Risks associated with Segregated portfolio:**

The AMC / Trustee shall decide on creation of segregated portfolio of the Investment strategy in case of a credit event at issuer level i.e. downgrade in credit rating by a Credit Rating Agencies (CRA) or actual default (in case of unrated debt or money market instruments). Accordingly, Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer. The Security comprised of segregated portfolio may not realise any value.

Further, Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

#### **14. Risks associated with investing in foreign securities/ overseas investments/ offshore securities:**

Subject to necessary approvals, if any and within the investment objectives of the Investment strategy, the Investment strategy may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances. Since the Investment strategy would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Investment strategy. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time. Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Investment strategy 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. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

#### **15. Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities:**

The risk factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instrument

Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated

instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.

- **Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the Investment Strategy to sell such debt instruments and generate liquidity for the Investment Strategy or higher impact cost when such instruments are sold.

- **Credit Risk:** The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, 56 comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

#### 16. Risk associated Credit Default Swaps:

Risks associated with Credit Default Swaps may include credit risk of seller of CDS. SIFs participating in CDS transactions, as users, shall be required to comply with the guidelines issued by RBI, vide notification no IDMD.PCD.No.5053/14.03.04/2010-11 dated May 23, 2011 and subsequent guidelines issued by RBI and SEBI from time to time.

#### C. Risk mitigation strategies

Investments in equity, debt and derivative securities carry various risks such as inability to sell securities, trading volumes and settlement periods, market risk, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be mitigated by diversification and hedging.

Further, the AMC has necessary framework in place for risk mitigation at an enterprise level. The Risk Management division is an independent division within the organization. Internal limits are defined and judiciously monitored. Risk indicators on various parameters are computed and are monitored on a regular basis. For risk control, the following may be noted:

| Risk & Description specific to the Investment Strategy                                                                                                                  | Risk mitigants / management strategy                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market risk</b><br>Risk arising due to vulnerability to price fluctuations and volatility, having material impact on the overall returns of the Investment Strategy. | Endeavour to have a well diversified portfolio of good companies with the ability to use cash/derivatives for of hedging. The investment strategy may use derivatives to limit this risk.                                                       |
| <b>Derivatives risk</b><br>Various inherent risks arising as a consequence of investing in derivatives.                                                                 | The fund will endeavor to continuous monitoring of the derivatives positions and strictly adheres to the regulations and internal norms. The fund has provision for using derivative instruments for portfolio rebalancing and hedging purpose. |
| <b>Credit risk</b><br>Risk associated with repayment of investment                                                                                                      | Investment universe carefully selected to only include issuers with high credit quality Understand the working of the markets and respond effectively to market movements                                                                       |
| <b>Performance risk</b><br>Risk arising due to change in factors affecting the market                                                                                   |                                                                                                                                                                                                                                                 |

|                                                                                                                     |                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Concentration risk</b><br>Risk arising due to over exposure in few securities                                    | Invest across the spectrum of issuers and keeping flexibility to invest across tenor                                                                                                                                                                                                                      |
| <b>Liquidity risk</b><br>Risk arising due to inefficient Asset Liability Management, resulting in high impact costs | The Fund seek to control portfolio liquidity at portfolio construction stage by investing in such stocks having strong fundamentals, sound financial strength and good corporate governance and high liquidity. Having optimum mix of cash & cash equivalents along with the debt papers in the portfolio |
| <b>Interest rate risk</b><br>Price volatility due to movement in interest rates                                     | Control the portfolio duration and periodically evaluate the portfolio structure with respect to existing interest rate scenario                                                                                                                                                                          |
| <b>Event risk</b><br>Price risk due to company or sector specific event                                             | Understand businesses to respond effectively and speedily to events. Usage of derivatives: Hedge portfolios, if required, in case of predictable events with uncertain outcomes                                                                                                                           |

## II. Information about the investment strategy:

### A. Where will the investment strategy invest?

In order to achieve the investment objective, the corpus of the **Investment Strategy** can be invested in any (but not exclusively) of the following securities:

- 1) Equity and equity-related Securities including but not limited to derivatives (stock futures/ index futures and other such permitted derivative instruments including options), equity warrants and convertible instruments.
- 2) Preference shares and convertible preference shares.
- 3) Debt instruments (both public and private sector) issued by banks / development financial institutions.
- 4) Money Market instruments permitted by SEBI including alternative investments for the call money market as may be provided by RBI to meet the liquidity requirements.
- 5) Securities created and issued by the Central and State Governments as may be permitted by RBI, securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). State Government Securities (popularly known as State Development Loans or SDLs) are issued by the respective State Government in co-ordination with the RBI.
- 6) Debt instruments issued by Domestic Government Agencies and statutory bodies, which may or may not carry a Central / State Government guarantee.
- 7) Corporate Bonds of public sector or private sector undertakings.
- 8) Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
- 9) Tri-party Repo in Government Securities
- 10) Securitized Debt (SD)/Pass Through Certificate (PTC)
- 11) Debt derivative instruments like Interest Rate Futures (IRFs), Interest Rate Options (including Call and Put options) and Interest Rate Swaps
- 12) Reverse Repo
- 13) Repo in Corporate Debt Securities
- 14) Treasury Bill (T-Bill)
- 15) Non convertible debentures and bonds
- 16) Floating rate debt instruments
- 17) Investments in units of mutual fund schemes and investment strategies
- 18) Units issued by REITs and InvITs
- 19) Any other like instruments as may be permitted by RBI/SEBI/ such other regulatory authority from time to time.
- 20) Investment in Foreign Securities:

The investment strategy may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, yield enhancement and to benefit from potential foreign currency appreciation,

commensurate with the Investment strategy objectives and subject to the provisions of Para 12.19.2 of SEBI Master Circular on Mutual Funds dated June 27, 2024 as may be amended from time to time and any other requirements as may be stipulated by SEBI/RBI from time to time. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, as and when permissible under the regulations:

The Investment strategy may, in terms of its investment objectives with the approval of SEBI/RBI invest in following Foreign Securities:

- i. ADRs/ GDRs issued by Indian or foreign companies;
- ii. Equity of overseas companies listed on recognized stock exchanges overseas ;
- iii. Initial and follow on public offerings for listing at recognized stock exchanges overseas ;
- iv. Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies;
- v. Money market instruments rated not below investment grade ;
- vi. Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds;
- vii. Government securities where the countries are rated not below investment grade;
- viii. Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities ;
- ix. Short term deposits with banks overseas where the issuer is rated not below investment grade and
- x. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) permitted unlisted overseas securities (not exceeding 10% of their net assets).

1. As per Para 12.19 of SEBI Master Circular on Mutual Funds dated June 27, 2024:

1.1. Mutual Funds can make overseas investments subject to a maximum of US \$ 1 billion per Mutual Fund, within the overall industry limit of US \$ 7 billion.

1.2. Mutual Funds can make investments in overseas Exchange Traded Fund (ETF(s)) subject to a maximum of US \$ 300 million per Mutual Fund, within the overall industry limit of US \$ 1 billion.

2. The allocation methodology of the aforementioned limits shall be as follows:

The investment strategy will invest in Overseas securities / Overseas ETFs during NFO and on an ongoing basis. The Investment strategy may invest an amount of US \$ 50 million in foreign securities and US \$ 20 million in overseas ETFs each as permitted by RBI/SEBI from time to time within a period of 6 months from the NFO closure date. Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds. On an ongoing basis, Subject to guidelines laid down by SEBI in Clause 12.19 of the SEBI Master Circular dated June 27, 2024 for Mutual Funds, the Investment strategy may make investments in overseas securities (i.e. ADRs, GDRs etc.) upto the headroom available without breaching the overseas investments limits, at the Mutual Fund level. Further, pursuant to SEBI letter dated March 19, 2024, the subscription to investment strategies investing in Overseas ETFs will be temporarily suspended in order to avoid breach of industry-wide limits for investment in overseas ETFs till any further communication is received from SEBI / AMFI in this regard.

Subject to the approval of RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. Any other like instruments as may be permitted by RBI/SEBI/ such other Regulatory Authority from time to time

The securities mentioned above and such other securities, the Investment strategy is permitted to invest, could be listed, unlisted, IPO's, secondary market operations, privately placed, rights offers or negotiated deals, secured, unsecured, rated or unrated and of any maturity.

For applicable regulatory investment limits, please refer the below section on "B. Investment Restrictions".

The Fund Manager reserves the right to invest in such other securities as may be permitted from time to time and which are in line with the investment objectives of the Investment strategy.

Subject to the above, any change in the asset allocation affecting the investment profile of the Investment strategy shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the SEBI Regulations, as detailed later in this document.

### **Debt and Money Markets in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. Securities in the debt market typically vary based on their tenure and rating. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities market is the oldest and the largest component of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Sec market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc. The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non- Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), reverse repo transactions (temporary buy with an agreement to sell the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI) and similar securities. In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and non government debt vary from time to time.

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. PSU / DFI / Corporate paper with a residual maturity of less than 1 year are actively traded and offer a viable investment option.

Following table exhibits various debt instruments along with current yields as on September 30, 2025.

| <b>Instrument</b>                 | <b>Yield Range</b>   |
|-----------------------------------|----------------------|
|                                   | <b>(% per annum)</b> |
| Tri – Party Repo                  | 5.50 - 5.75          |
| Repo                              | 5.35 - 5.65          |
| 91 days T-Bill                    | 5.39 - 5.47          |
| 364 days T-Bill                   | 5.45 - 5.60          |
| 1 month CD/CP                     | 6.00 - 6.50          |
| 3-month CD/CP                     | 5.87 - 6.73          |
| 6-month CD/CP                     | 6.05 - 6.75          |
| 1 year CD/CP                      | 6.40 - 6.85          |
| 1-year Corporate Bond - AAA Rated | 6.45 - 6.85          |

|                                   |             |
|-----------------------------------|-------------|
| 3-year Corporate Bond - AAA Rated | 6.70 - 7.05 |
| 5-year Corporate Bond - AAA Rated | 6.95 - 7.35 |
| 5-year G-sec                      | 6.25 - 6.30 |
| 10-year G-sec                     | 6.53 - 6.58 |

(Source: CCIL, FBIL, RBI, BLOOMBERG, NSE)

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro-economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

#### **B. What are the investment restrictions?**

The investment policies of the investment strategy shall comply with the rules, regulations and guidelines laid out in SEBI (Mutual Funds) Regulations, 1996. As per the Regulations, specifically the Seventh Schedule, the following investment limitations are applicable to investment strategy of Mutual Funds:

1. An investment strategy under Specialized Investment Fund shall not invest more than 20 per cent of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 25 per cent of the NAV of the investment strategy with the prior approval of the Board of Trustees and Board of Directors of the asset management company

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

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

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the SEBI from time to time.

2. No Specialized Investment Fund under all its investment strategies should own more than fifteen per cent of any company's paid up capital carrying voting rights

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

Provided further that the limit mentioned in sub-regulation (2) above shall be inclusive of ten per cent limit for mutual fund schemes as specified under clause 2 of Seventh Schedule.

**Explanation:** If a mutual fund under all its schemes owns ten per cent of any company's paid up capital carrying voting rights, then the Specialized Investment fund under all its investment strategies shall not own more than five per cent of that company's paid up capital carrying voting rights.

3. The Investment Strategy shall buy and sell Securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant Securities and in case of sale deliver the securities.

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the SEBI.

Provided that the Fund may enter into derivatives transactions on a recognised stock exchange subject to such guidelines as may be specified by SEBI. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

4. No investment strategy of a Specialized Investment Fund shall invest more than 10 per cent of its NAV in the equity shares and equity-related instruments of any company.
5. All investments by the Investment Strategy in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.
6. A Specialized Investment Fund may invest in the units of REITs and InvITs subject to the following:
  - a) No Specialized Investment Fund under all its investment strategies shall own more than 20 per cent of units issued by a single issuer of REIT and InvIT:

Provided that the limit mentioned in clause (a) of sub-regulation 4 above shall be inclusive of 10 per cent limit for mutual fund scheme as specified under clause 13 (a) of Seventh Schedule.

- b) An investment strategy under Specialized Investment Fund shall not invest -
    - (i) more than 20 per cent of its NAV in the units of REITs and InvITs; and
    - (ii) more than 10 per cent of its NAV in the units of REIT and InvIT issued by a single issuer:
7. An investment strategy shall not invest more than 20% of its NAV in debt and money market securities issued by a single issuer and rated AAA or 16% in securities rated AA or 12% in securities rated A and below. These instrument limits may be extended by up to 5% of the NAV of investment strategy with prior approval of trustees of MF and board of AMC.

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and TREPS. Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.

8. An investment strategy shall not invest more than 25% of its NAV in debt and money market securities of a particular sector.
9. The Investment strategy shall not invest in unlisted debt instruments including commercial papers, except Government Securities, and other money market instruments and derivative products such as Interest Rate Swaps, Interest Rate Futures, etc. which are used by mutual fund for hedging :

However, mutual fund investment strategies may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the investment strategy subject to the condition that such unlisted NCDs have a simple structure(i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

Provided further that the Investment strategy shall comply with the norms under this clause within the time and in the manner as may be specified by the Board.

10. Investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. shall be subject to the following:
  - a. Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
  - b. Exposure of mutual fund investment strategies in such instruments shall not exceed 5% of the net assets of the investment strategies.
  - c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

11. The investment strategy shall not make any investment in:

- i) Any unlisted security of an associate or group company of the sponsors; or
  - ii) Any security issued by way of private placement by an associate or group company of the sponsors;
- or

- iii) The listed securities of group companies of the sponsors which is in excess of 25% of the net assets of the Investment strategy.

12. Transfers of investments from one investment strategy to another investment strategy in the same mutual fund shall be allowed only if, —
  - (a) such transfers are done at the prevailing market price for quoted instruments on spot basis. [Explanation. — “Spot basis” shall have same meaning as specified by stock exchange for spot transactions;]
  - (b) the securities so transferred shall be in conformity with the investment objective of the investment strategy to which such transfer has been made.

Further, the inter Investment strategy transfer of securities would be done either for meeting liquidity requirements in a Investment Strategy in case of unanticipated redemption pressure or to facilitate duration, issuer, sector or group rebalancing as referred in SEBI Master circular dated June 27, 2024, Chapter 9.11 & 12.30 -‘Inter scheme transfers’.

13. The Investment strategy may invest in other Investment Strategy/Schemes of the Mutual Fund or any other mutual fund without charging any fees, provided the aggregate inter-scheme investment made by all the Investment Strategy under the same management or in Investment Strategy under the management of any other asset management company shall not exceed 5% of the Net Asset Value of the Mutual Fund. Provided that this clause shall not apply to any Fund of Funds scheme.
14. The Mutual Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned Investment strategy, wherever investments are intended to be of a long-term nature.
15. Save as otherwise expressly provided under the Regulations, the Investment Strategy shall not advance any loans for any purpose.
16. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of Units or payment of interest and/or IDCW to the Unit holder.  
The Fund shall not borrow more than 20% of the net assets of the Investment Strategy and the duration of the borrowing shall not exceed a period of 6 months.
17. The Investment Strategy shall not make any investment in any fund of funds scheme.
18. Pending deployment of the funds of the Investment Strategy in securities in terms of the investment objective of the Investment Strategy, the Mutual Fund may park the funds of the Investment Strategy in short term deposits of scheduled commercial banks, subject to the following guidelines issued by SEBI vide its Master circular dated June 27, 2024, Chapter 12.16 – ‘Investment in short term deposits’, as may be amended from time to time:
  - (i) “Short Term” for such parking of funds by the Investment strategy shall be treated as a period not exceeding 91 days. Such short-term deposits shall be held in the name of the Investment strategy.
  - (ii) The Investment Strategy shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
  - (iii) Parking of funds in short term deposits of associate and sponsors scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - (iv) The Investment Strategy shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - (v) The Investment Strategy shall not park funds in short term deposit of a bank which has invested in that Investment Strategy. Further, the Trustees/AMC shall also ensure that the bank in which a investment Strategy has short term deposit do not invest in the said investment Strategy, until the investment strategy has short term deposit with such bank.
  - (vi) The above norms do not apply to term deposits placed as margins for trading in cash and derivatives market.
  - (vii) The AMC shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.
19. Pursuant to SEBI Master circular dated June 27, 2024, Chapter 12.3- ‘Restrictions on Investment in debt

instruments having Structured Obligations / Credit Enhancements', the Investment strategy shall not invest in debt instruments having Structured Obligations / credit enhancements.

20. The Investment strategy shall participate in Repo in corporate debt securities in accordance with SEBI Master circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/74 dated June 27, 2024 and such other directions issued by RBI and SEBI from time to time subject to the following:

- (i) The Gross exposure of the investment strategy to repo transactions in corporate debt securities shall not be more than 10% of the net asset of the investment strategy.
- (ii) The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt, derivative positions and other securities as specified by SEBI shall not exceed 100% of the net assets of the investment strategy.
- (iii) The Investment strategy shall participate in repo transactions only in AA and above rated corporate debt securities, Commercial Papers and Certificate of Deposits.
- (iv) In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Investment strategy shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
- (v) The Investment strategy shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.
- (vi) For the purpose of consideration of credit rating of exposure on repo transactions for various purposes including for Potential Risk Class (PRC) matrix, liquidity ratios, Risk-o-meter etc., the same shall be as that of the underlying securities, i.e., on a look through basis.
- (vii) For transactions where settlement is guaranteed by a Clearing Corporation, the exposure shall not be considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.
- (viii) The investment strategy shall participate in Repo in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time and in accordance with the Policy framed by the Board of Directors of ITI Asset Management Limited and ITI Mutual Fund Trustee Private Limited in this regard.

21. The investment strategy may take exposure (short) of up to 25% of the net assets in permissible exchange traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.

## **22. Limitations and restrictions for investments in Overseas Securities**

In terms of Para 12.19 of SEBI Master Circular on Mutual Funds dated June 27, 2024 each mutual fund is currently permitted to invest up to US\$1 billion in Foreign Securities irrespective of the size of the assets. The ceiling for investment in overseas ETFs that invest in securities is US\$ 300 million per mutual fund.

For ongoing investment strategies that invest or are allowed to invest in Overseas securities / Overseas ETFs, an investment headroom of 20% of the average AUM in Overseas securities / Overseas ETFs of the previous three calendar months would be available to the Mutual Fund for that month to invest in Overseas securities / Overseas ETFs subject to maximum limits as specified above. Currently, the mutual funds can invest in ADRs/GDRs issued by Indian or foreign companies, equity of overseas companies listed on recognised stock exchanges overseas, Initial and follow on public offerings for listing at recognized stock exchanges overseas, foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos in the form of investment, where the counterparty is rated not below investment grade (repos should not however, involve any borrowing of funds by mutual funds), Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade and Overseas Exchange Traded Funds (ETFs) that invest in securities. The mutual funds can also invest in the units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets). The restriction on the investments in mutual fund units up to 5% of net assets and

prohibition on charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Guidelines. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund investment strategy shall not exceed the total limits on expenses as prescribed under Regulations. Where the investment strategy is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

### **23. Limitations and restrictions for investments in derivative instruments**

SEBI has vide its circular DNPd/Cir-29/2005 dated September 14, 2005 inter alia specified the guidelines pertaining to trading by Mutual Funds in Exchange Traded derivatives. The position limits have subsequently been modified vide circulars inter alia including circular no. DNPd/Cir-30/2006 dated January 20, 2006 and circular no. SEBI/DNPd/Cir-31/2006 dated September 22, 2006, circular no. SEBI/HO/MRD/DP/CIR/P/2016/143 dated December 27, 2016 and and Para 7.5 of SEBI Master Circular on Mutual Funds dated June 27, 2024

All derivative positions taken in the portfolio would be guided by the following principles.

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

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

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

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

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

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

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

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

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

#### **v. Position limit for each investment strategy of a SIF for stock based derivative contracts**

The investment strategy-wise position limit / disclosure requirements shall be –

- a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a investment strategy of a mutual fund shall not exceed the higher of:

1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

- b. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- c. For index based contracts, Mutual Funds shall disclose the total open interest held by its investment strategy or all investment strategies put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

#### **Exposure limits for the Investment strategy:**

In accordance with SEBI Master circular dated June 27, 2024, Chapter 12,24 – ‘Cumulative Gross Exposure limits’ and 12.25 – ‘Norms for investment and disclosure by Mutual Funds in derivatives’, the following exposure limits for investment in derivatives will be applicable to the Investment strategy:

- I. The cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions and units issued by REITs & InvITs shall not exceed 100% of the net assets of the Investment strategy. However, cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.
- II. The Investment strategy shall not write options or purchase instruments with embedded written options except call options under a covered call strategy.
- III. The total exposure related to option premium paid shall not exceed 20% of the net assets of the Investment strategy.
- IV. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
  - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions have to be added and treated under limits mentioned in point 1 above.
  - c. Any derivative instrument used to hedge shall have the same underlying security as the existing position being hedged.
  - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- V. The Investment strategy may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions shall have to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases shall not exceed the value of respective existing assets being hedged by the investment strategy. Exposure to a single counterparty in such transactions shall not exceed 10% of the net assets of the investment strategy.
- VI. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated as exposure for the limit mentioned in point 1 above.
- VII. Definition of Exposure in case of Derivative Positions:

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

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

22. The Investment strategy may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

- (i) The total notional value (taking into account strike price as well as premium value) of call options

- written by a investment strategy shall not exceed 15% of the total market value of equity shares held in that investment strategy.
- (ii) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the investment strategy. The unencumbered shares in a investment strategy shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
  - (iii) At all points of time the Mutual Fund investment strategy shall comply with the provisions at paragraph (i) and (ii) above. In case of any passive breach of the requirement at paragraph (i), the respective investment strategy shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said investment strategy.
  - (iv) In case the Investment strategy needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (i) and (ii) above while selling the securities.
  - (v) In no case, the investment strategy shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
  - (vi) The premium received shall be within the requirements prescribed under point III. of heading 'Exposure limits for the investment strategy' i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the Investment strategy.

The exposure on account of the call option written under the covered call strategy shall not be considered as exposure as per point I. of heading 'Exposure limits for the investment strategy'

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

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

The Investment strategy shall not carry out imperfect hedging using IRFs.

All investments by the Investment strategy will be made in accordance with the Investment Objective and Investment Pattern described earlier. The Trustee may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the Unit Holders.

The Investment strategy will comply with the other Regulations applicable to the investments of Mutual Funds from time to time. Apart from the Investment Restrictions prescribed under the Regulations, internal risk parameters for limiting exposure to a particular scrip or sector may be prescribed from time to time to respond to the dynamic market conditions and market opportunities.

All the investment restrictions will be applicable at the time of making investments. Changes do not have to be effected merely because of appreciations or depreciations in value of the investments, or by reason of receipt of any rights, bonuses or benefits in the nature of capital or of any investment strategys of arrangement or of amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund resulting in any of the above limits getting breached. However, the AMC shall take appropriate corrective action as soon as possible taking into account the interests of the Unit holders.

### **C. Fundamental Attributes**

Following are the Fundamental Attributes of the Investment Strategy, in terms of Clause 1.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024:

#### **(i) Type of a Investment Strategy**

An open ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments.

## (ii) Investment Objective

To generate long-term capital appreciation from a diversified portfolio that dynamically invests in equity and equity-related securities, including limited short exposure in equity through derivative instruments of companies across various market capitalisation. However, there can be no assurance that the investment objective of the Investment strategy would be achieved.

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

| Instruments                                                                                                        | Indicative allocations (% of net assets) |         |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------|
|                                                                                                                    | Minimum                                  | Maximum |
| Investment in equity and equity related instruments (including unhedged short exposure mentioned indicative table) | 80                                       | 100     |
| Debt and Money Market Instruments                                                                                  | 0                                        | 20      |
| Units issued by REITs and InvITs                                                                                   | 0                                        | 20      |

**Rebalancing due to Short Term Defensive Consideration:** Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per para 1.14.1.2 of SEBI Master Circular on Mutual Funds dated June 27, 2024, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation.

## (iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption

**Listing** - The Units of the Investment Strategy may be listed on National Stock exchange. However, the Trustee reserves the right to list the Units as and when this Investment strategy is permitted to be listed under the Regulations and the Trustee considers it necessary in the interest of Unit holders of the Fund.

**Repurchase, Redemption** - The Investment Strategy offers Units for subscription every business day and redemption at Daily (business day) or any lesser redemption frequency as may be decided by the AMC at NAV based prices on an ongoing basis, commencing not later than five business days from the date of allotment. Under normal circumstances, the AMC shall dispatch the Redemption proceeds within 3 Business Days from date of receipt of request from the Unit holder.

However, in case of exceptional circumstances prescribed by AMFI vide its letter no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, in consultation with SEBI, redemption or repurchase proceeds shall be transferred / dispatched to Unitholders within the time frame prescribed for such exceptional circumstances.

- Aggregate fees and expenses charged to the Investment Strategy

The aggregate fees and expenses charged to the Investment Strategy will be in line with the limits defined in the SEBI (MF) Regulations as amended from time to time. The aggregate fee and expenses to be charged to the Investment strategy is provided in Part III (B) of Section I – Annual investment strategy recurring expenses.

- Any safety net or guarantee provided

The Investment Strategy does not provide any safety net or guarantee nor does it provide any assurance regarding the realization of the investment objective of the investment strategy or in respect of declaration of IDCW.

#### Changes in Fundamental Attributes

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations and Regulation 25(26) of the SEBI (MF) Regulations read with Clause 1.14.1.4 of SEBI Master Circular for Mutual Funds dated June 27, 2024 the Trustees shall ensure that no change in the fundamental attributes of the Investment Strategy thereunder or the trust or fee and expenses payable or any other change which would modify the Investment strategy thereunder and affect the interests of Unitholders is carried out unless:

- SEBI has reviewed and provided its comments on the proposal;
- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of at least 30 calendar days to exit at the prevailing Net Asset Value without any exit load.

Accordingly, after the approval of Trustee Board for changes in fundamental attributes of the Investment Strategy, the proposal will be filed with SEBI seeking its comments. If SEBI does not raise any queries or suggest any modification to the proposal within 21 working days from the date of filing, then the proposal shall be deemed to have been taken on record by SEBI.

#### D. Other Investment strategy Specific Disclosures:

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| Listing and transfer of units | <p>The units of the Investment Strategy may be listed on National Stock Exchange of India Ltd (NSE). The AMC/Trustee reserves the right to list the units of the Investment Strategy on any other recognized stock exchange as and when the AMC/Trustee consider it necessary in the interest of the Unitholders of the Investment Strategy.</p> <p>The AMC will appoint Market Makers to provide liquidity in secondary market on an ongoing basis. The Market Maker(s) would offer daily two-way quote (buy and sell quotes) in the market</p> <p>The Units of the Investment Strategy held in the dematerialised form will be fully and freely transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations as may be amended from time to time.</p> <p>Further, the facility for transfer of units to individual unitholders falling under the following three categories to be provided:</p> <ol style="list-style-type: none"> <li>Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).</li> <li>A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.</li> <li>A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent / guardian, sibling, spouse etc. in the folio as joint holder(s).</li> </ol> <p>Partial transfer of units held in a folio shall be allowed. If the request for transfer of units is lodged on the record date, the IDCW payout/ reinvestment shall be made to the transferor.</p> <p>To mitigate the risk, redemption under the transferred units shall not be allowed for 10 days from the date of transfer. This will enable the investor to revert in case the transfer</p> |
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|                            | <p>is initiated fraudulently.</p> <p><b>Mode of submitting / accepting the Transfer Request:</b><br/>         The facility for transfer of units held in SOA mode shall be available only through online mode via the transaction portals of the RTAs and the MF Central, i.e., the transfer of units held in SOA mode shall not be allowed through physical/ paper-based mode or via the stock exchange platforms, MFU, channel partners and EOPs etc.</p> <p><b>Pre-requisites:</b><br/>         (i) The surviving unit holder /nominee/minor unitholder who has turned major, should be registered as the rightful unitholder of the units in the folio to be eligible to apply for transfer of units held in SOA mode.<br/>         There should be no “lien” or freeze on the units being transferred for any reason whatsoever. Also, the Units should not be under any lock-in period.</p> <p>The transferee(s) should mandatorily be an individual / individual(s) with a valid folio in the mutual fund in which the transferor wishes to transfer the units. Transferee should be eligible to hold the Units as per the respective SID and fulfil any other regulatory requirement as may be applicable.<br/>         (i) The primary holder, Plan, Option, and the ARN (in case of Regular Plan) in the transferor's Folio shall remain unchanged upon transfer of units in the transferee folio.</p> <p>Further, above-mentioned facility is also available for transfer of Units held by Resident Individual / NRI.</p> <p><b>Payment of Stamp duty on Transfer of Units:</b><br/>         (i) The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor.<br/>         (ii) For calculation of the amount of stamp duty, the consideration value will be calculated as per the last available NAV (irrespective of the amount of consideration mentioned by the transferor in the transfer request).<br/>         (iii) The stamp duty if/where applicable, shall be collected by the RTAs from the transferor through online mode by ensuring that the payment is received from the bank account registered in the folio.</p> <p>For units held in non - demat form / by way of an Account Statement, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.</p> <p>If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence.</p> |
| Dematerialization of units | <p>An applicant in a investment strategy whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|                                                                                                                                                                                                                                     | <p>application. Further, the unitholders who wish to trade in units would be required to have a demat account.</p> <p>Further, investors also have an option to convert their physical holdings into the dematerialized mode at a later date. Each Option under each Plan held in the dematerialized form shall be identified on the basis of an International Securities Identification Number (ISIN) allotted by National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL). The ISIN details of the respective option under the respective Plan can be obtained from your Depository Participant (DP) or the investors can access the website link <a href="http://www.nsdl.co.in">www.nsdl.co.in</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a>. The holding of units in the dematerialized mode would be subject to the guidelines/procedural requirements as laid by the Depositories viz. NSDL/CDSL from time to time.</p> |
| Minimum Target amount (This is the minimum amount required to operate the investment strategy and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.) | Rs. 10,00,00,000 (Rupees Ten Crore)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Redemption and subscription frequency of the investment strategy                                                                                                                                                                    | <p><b>Subscription frequency:</b> Daily (Business Day)<br/> <b>Redemption frequency:</b> Daily (Business Day) or any lesser redemption frequency as may be decided by AMC</p> <p><b>Listing of units:</b></p> <p>The units may be listed on National Stock Exchange(s) to provide liquidity through secondary market. The units of the Investment Strategy can be bought / sold on all trading days on the National Stock Exchange of India Ltd. (NSE) where the Investment Strategy is proposed to be listed.</p> <p>The price of the Units in the secondary market on the Stock Exchange(s) will depend on demand and supply at that point of time.</p> <p>The AMC/Trustee reserves the right to list the units of the Investment Strategy on, any other recognized stock exchange as and when the AMC/Trustee consider it necessary in the interest of the Unitholders of the Investment Strategy</p>                                                                               |
| Notice period of the investment strategy                                                                                                                                                                                            | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Maximum Amount to be raised (if any)                                                                                                                                                                                                | There will be no upper limit on the total amount collected under the Investment strategy during the NFO Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <p>Dividend Policy (IDCW)</p>         | <p>Under the IDCW option, the Trustees will endeavour to declare the IDCW subject to availability of distributable surplus calculated in accordance with SEBI Regulations. IDCW amount can be distributed out of investor's capital (Equalization Reserve), which is part of sale price that represents realized gains. The actual declaration of IDCW and frequency will inter-alia, depend on availability of distributable surplus calculated in accordance with SEBI (MF) Regulations and the decision of Trustees shall be final in this regard. There is no assurance or guarantee to the Unit holders as to the rate of IDCW nor that the IDCW will be paid regularly.</p> <p>The AMC/Trustee reserves the right to change the frequency of declaration of IDCW or may provide additional frequency for declaration of IDCW. IDCW Distribution Procedure in accordance with SEBI Master circular dated June 27, 2024, the procedure for IDCW distribution would be as under:</p> <ol style="list-style-type: none"> <li>1. Quantum of IDCW and the record date will be fixed by the Trustee. IDCW so decided shall be paid, subject to availability of distributable surplus.</li> <li>2. Within one calendar day of the decision by the Trustee, the AMC shall issue notice to the public communicating the decision including the record date. The record date shall be 2 working days from the date of publication in at least English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.</li> <li>3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of Unitholders whose names appear on the register of Unitholder for receiving IDCWs. The Record Date will be 2 working days from the date of issue of notice.</li> <li>4. The notice will, in font size 10, bold, categorically state that pursuant to payment of IDCW, the NAV of the Investment strategy would fall to the extent of payout and statutory levy (if applicable).</li> <li>5. The NAV will be adjusted to the extent of IDCW distribution and statutory levy, if any, at the close of Business Hours on record date.</li> <li>6. Before the issue of such notice, no communication indicating the probable date of IDCW declaration in any manner whatsoever will be issued by Mutual Fund.</li> </ol> <p>The IDCW (dividend warrants / cheque / demand draft shall be dispatched to the Unit Holders within 7 working days from the record date. In the event of failure to dispatch the IDCW (IDCW) within the stipulated 7 working days period from the record date, the AMC shall be liable to pay interest @ 15 percent per annum calculated from the record date till the date of dispatch of IDCW proceeds, to the Unit holders.</p> <p>The IDCW (IDCW) proceeds will be paid by way of ECS / EFT / NEFT / RTGS / Direct credits/ any other electronic manner if sufficient banking details are available with the Mutual Fund for the Unitholder. In case of specific request for IDCW (IDCW) by warrants/cheques/demand drafts or unavailability of sufficient details with the Mutual Fund, the IDCW (IDCW) will be paid by warrant/cheques/demand drafts and payments will be made in favour of the Unit holder (registered holder of the Units or, if there are more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund.</p> |
| <p>Allotment (Detailed procedure)</p> | <ul style="list-style-type: none"> <li>• On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e-mail and/or SMS within 5 business days from the date of closure of NFO period will be sent to the Unitholders/ investors registered e-mail address and/or mobile number.</li> <li>• An applicant whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted by way of e-mail and / or sms to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of closure of the initial subscription list or from the date of receipt of the application. The asset management company shall issue units in dematerialized form to a unit holder in a investment strategy within two working days</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|                                                                                                                                                                                  | <p>of the receipt of request from the unit holder.</p> <ul style="list-style-type: none"> <li>Where investors / Unitholders, have provided an email address, an account statement reflecting the units allotted to the Unitholder shall be sent by email on their registered email address.</li> <li>The Unitholder may request for a physical account statement by writing / calling the AMC /ISC / RTA. The AMC shall dispatch an account statement within 5 Business Days from the date of the receipt of request from the Unit holder.</li> </ul> <p><b>Option to hold units in dematerialised (demat) form</b></p> <p>Investors shall have an option to subscribe to/ hold the units in electronic (demat) form in accordance with the guidelines/procedural requirements as laid down by the Depositories (NSDL/CDSL) from time to time. The Applicants intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.</p> <p>In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms.</p> <p>Investors desirous of having the Units of the Investment strategy in dematerialized form should contact the ISCs of the AMC/Registrar. For details, Investors may contact any of the Investor Service Centres of the AMC.</p>                                                                                                                                  |
| Refund                                                                                                                                                                           | <p>If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Who can invest<br>This is an indicative list and investors shall consult their financial advisor to ascertain whether the investment strategy is suitable to their risk profile. | <p>Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Investment strategy and are authorised to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorisations and relevant statutory provisions. The following persons (subject, wherever relevant, to purchase of Units, being permitted and duly authorized under their respective constitutions / bye-laws, charter documents and relevant statutory regulations) are eligible and may apply for purchase Subscription to the Units under the Investment strategy:</p> <ol style="list-style-type: none"> <li>1. Indian Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;</li> <li>2. Hindu Undivided Family (HUF) through Karta;</li> <li>3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding with minor investments. Payment for investment shall be made from the bank account of the minor or from a joint account of the minor with the guardian only;</li> <li>4. Partnership Firms including limited liability partnership firms;</li> <li>5. Proprietorship in the name of the sole proprietor;</li> <li>6. Companies, Bodies Corporate, Public Sector Undertakings (PSUs.), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860;</li> <li>7. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;</li> <li>8. Mutual Funds/AIF registered with SEBI;</li> <li>9. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as "Public Securities" as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;</li> </ol> |

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|                   | <p>10. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;</p> <p>11. Foreign Institutional Investors (FIIs) and their sub accounts registered with SEBI on repatriation basis;</p> <p>12. Foreign Portfolio Investors (FPIs) registered with SEBI;</p> <p>13. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</p> <p>14. Scientific and Industrial Research Organisations;</p> <p>15. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;</p> <p>16. Provident/ Pension/ Gratuity Fund to the extent they are permitted;</p> <p>17. Other schemes of ITI Mutual Fund/Investment strategies of SIF or any other mutual fund subject to the conditions and limits prescribed by SEBI Regulations;</p> <p>18. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;</p> <p>19. Such other person as maybe decided by the AMC from time to time.</p> <p>The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Who cannot invest | <p>It should be noted that the following persons cannot invest in the Investment strategy:</p> <ol style="list-style-type: none"> <li>1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FPI or FII or sub account of FII or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority, or as stated in the exception in point no. 5 hereunder;</li> <li>2. Overseas Corporate Bodies (OCBs)</li> <li>3. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.</li> <li>4. U.S. Persons and Residents of Canada as defined under the applicable laws of U.S. and Canada, except subscriptions received by way of lump sum/switches/systematic transactions received from Non-Resident Indians (NRIs)/ Persons of Indian Origin (PIO); and Foreign Portfolio Investors (FPI)/Foreign Institutional Investors (FII). The investors need to submit a transaction request along with such documents as may be prescribed by ITIAML/the Fund from time to time.</li> <li>5. Persons subject to sanctions or residing in countries which are sanctioned, by any regulatory authorities.</li> </ol> <p><i>*The term "U.S.person" mean any person that is a U.S.person within the meaning of Regulation S under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time</i></p> <p>Investors may be requested to note that, neither the Investment strategy Information Document ("SID")/Key Information Document ("KIM")/Statement of Additional Information ("SAI") ["Investment strategy Related Documents"] nor the units of the investment strategy(s) of Diviniti SIF have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/territorial jurisdiction in Canada. The distribution of the Investment strategy related document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of the Investment strategy related documents are required to inform themselves about, and to observe any such restrictions.</p> <p>No persons receiving a copy of the Investment strategy related documents or any accompanying application form in such jurisdiction may treat these Investment strategy related documents or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other</p> |

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|                                                                                                                                                                     | <p>legal requirements.</p> <p>Accordingly, the Investment strategy related documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation as per applicable law.</p> <p>The investor shall be responsible for complying with all applicable laws for such investments. The AMC/Trustee reserves the right to put the application form/transaction request on hold/reject the subscription/transaction request and redeem the units, if already allotted, as the case may be, at its sole discretion, as and when identified by the AMC that the same is not in compliance with the applicable laws, the terms and conditions stipulated by the AMC/Trustee from time to time and/or the documents/undertakings provided by such investors are not satisfactory. Any decision of the AMC about the eligibility or otherwise of a person to transact under the Investment strategy shall be final and binding on the applicant. Such redemption will be processed at the applicable Net Asset Value and subject to applicable taxes and exit load, if any.</p> <p>The Mutual Fund reserves the right to include/exclude new/existing categories of investors to invest in the Investment strategy from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any. The Mutual Fund / Trustee / AMC may redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete or Units are held by any person in breach of the SEBI Regulations, any law or requirements of any governmental, statutory authority.</p> |
| How to Apply (and other details)                                                                                                                                    | <p>Investment strategy-specific application form can be downloaded from the AMC's website, <a href="http://www.itiamc.com">www.itiamc.com</a> or Divinity SIF website <a href="https://sif.itiamc.com">https://sif.itiamc.com</a> sourced from the nearest Investor Service Centres (ISC) or Official Points of Acceptance (OPAT) of the Fund/ Registrar. The list of ISC/OPAT are available under <a href="https://www.itiamc.com/statutory-disclosure">https://www.itiamc.com/statutory-disclosure</a>, and also mentioned on the back cover page of this document.</p> <p><b>Details of Registrar:</b></p> <p><b>KFin Technologies Limited</b><br/>       Karvy Selenium Tower B, Plot No. 31 &amp; 32,<br/>       Gachibowli, Financial District<br/>       Nanakramguda, Serilingampally, Hyderabad 500032<br/>       Ph: 18003094034 Email id investorsupport.mfs@kfintech.com</p> <p>Further, Investors may also apply through ASBA facility, during the NFO period of the Investment strategy. Please refer to the SAI and Application form for the instructions.</p> <p>As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form. The Bank Account details as mentioned with the Depository should be mentioned. If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected.</p>                                                                                                                                                                                                                                                                       |
| The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the investment strategy or the AMC) involved in | <p>Units once redeemed will be extinguished and will not be reissued.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| Restrictions, if any, on the right to freely retain or dispose of units being offered. | <p>The Mutual Fund will be repurchasing (subject to completion of lock-in period, if any) and issuing units of the Investment strategy on an ongoing basis. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Investment strategy. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission (transfer of units by operation of law) of Units and not transfer.</p> <p>The Units of the Investment strategy held in the dematerialised form will be fully and freely transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations as may be amended from time to time.</p> <p>For units held in non - demat form / by way of an Account Statement, unit holders intending to transfer units will have to get the units Certified by submitting designated form. On receipt of the said request, RTA will mark the underlying units as Certified Units and will issue a Certified SOA for those units. The AMC / RTA, on production of Designated Transfer Form together with relevant Certified SOA and requisite documents, register the transfer and provide the Certified SOA to the transferee within 10 business days from the date of such production. Investors may note that stamp duty and other statutory levies, if any, as applicable from time to time shall be borne by the transferee.</p> <p>Please refer to paragraphs on 'Transfer and Transmission of units', 'Right to limit redemption', 'Suspension of purchase and / or redemption of Units and IDCW distribution' and 'Pledge of Units' in the SAI for further details.</p> <p><b>Right to Limit Redemptions</b></p> <p>Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Investment strategy when there are circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets such as:</p> <ol style="list-style-type: none"> <li>1. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security.</li> <li>2. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.</li> <li>3. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.</li> </ol> <p>Such restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period. However, if exceptional circumstances / systemic crisis referred above continues beyond the expected timelines, the restriction may be extended further subject to the prior approval of Board of Directors of the AMC and Trustee Company giving details of circumstances and justification for seeking such extension shall also be informed to SEBI in advance</p> <p><b>Procedure to be followed while imposing restriction on redemptions:</b><br/>       No redemption requests upto Rs. 2 lakhs per request shall be subject to such restriction;</p> |

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|                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>Where redemption requests are above Rs. 2 lakhs:<br/>The AMC shall redeem the first Rs. 2 lakhs of each redemption request, without such restriction;</p> <p>ii. Remaining part over and above Rs. 2 lakhs shall be subject to such restriction and be dealt as under:</p> <ul style="list-style-type: none"> <li>- Any Units which are not redeemed on a particular Business Day will be carried forward for Redemption to the next Business Day, in order of receipt.</li> <li>- Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing Load, if any) of the subsequent Business Day(s) on which redemptions are being processed.</li> </ul> <p>Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on a prorate basis based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |                                                  |                         |                                                  |                                       |
| <p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>                                                                                                                                                                                                                                   | <p>In accordance with provisions of SEBI Master circular dated June 27, 2024, Chapter 8.4 – ‘Uniform Cut off Timings for applicability of Net Asset Value of Mutual Fund investment strategy(s) and/ or plans’, and further amendments if any, thereto, the following cut-off timings shall be observed by Mutual Fund in respect of purchase/redemption/ switches of units of the investment strategy (irrespective of application amount):</p> <p><b>For Purchases (including switch-in)</b></p> <table border="1"> <tr> <td>In respect of valid applications received upto 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time i.e. available for utilization before the cut-off time</td><td>closing NAV of the day shall be applicable</td></tr> <tr> <td>In respect of valid applications received after 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day</td><td>closing NAV of the next business day shall be applicable</td></tr> <tr> <td>Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective investment strategy before the cut-off time on any subsequent business day i.e. available for utilisation before the cut-off time on any subsequent business day</td><td>closing NAV of such subsequent business day shall be applicable</td></tr> </table> <p><b>For Redemption / switch out under both the Plans</b></p> <table border="1"> <tr> <td>where the application is received upto 3.00 p.m.</td><td>closing NAV of the day;</td></tr> <tr> <td>where the application is received after 3.00 p.m</td><td>closing NAV of the next Business Day.</td></tr> </table> <p>Note: In case the application is received on a Non-Business Day, it will be considered as if received on the Next Business Day.</p> <p>The above-mentioned cut-off timing shall also be applicable to transactions through the online trading platform.</p> <p>In case of Transaction through Stock Exchange Infrastructure, the Date of Acceptance will be reckoned as per the date &amp; time; the transaction is entered in stock exchange's</p> | In respect of valid applications received upto 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time i.e. available for utilization before the cut-off time | closing NAV of the day shall be applicable | In respect of valid applications received after 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day | closing NAV of the next business day shall be applicable | Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective investment strategy before the cut-off time on any subsequent business day i.e. available for utilisation before the cut-off time on any subsequent business day | closing NAV of such subsequent business day shall be applicable | where the application is received upto 3.00 p.m. | closing NAV of the day; | where the application is received after 3.00 p.m | closing NAV of the next Business Day. |
| In respect of valid applications received upto 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time i.e. available for utilization before the cut-off time                                                    | closing NAV of the day shall be applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |                                                  |                         |                                                  |                                       |
| In respect of valid applications received after 3.00 p.m on a business day at the official point(s) of acceptance and funds for the entire amount of subscription / purchase (including switch-in) as per the application are credited to the bank account of the respective investment strategy before the cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day | closing NAV of the next business day shall be applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |                                                  |                         |                                                  |                                       |
| Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the respective investment strategy before the cut-off time on any subsequent business day i.e. available for utilisation before the cut-off time on any subsequent business day                                | closing NAV of such subsequent business day shall be applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |                                                  |                         |                                                  |                                       |
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| where the application is received after 3.00 p.m                                                                                                                                                                                                                                                                                                                                                                                  | closing NAV of the next Business Day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                 |                                                  |                         |                                                  |                                       |

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|                                                                           | infrastructure for which a system generated confirmation slip will be issued to the investor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Where can the applications for purchase/redemption switches be submitted? | <p>Please refer the AMC website <a href="http://www.itiamc.com/">www.itiamc.com/</a> SIF website <a href="https://sif.itiamc.com">https://sif.itiamc.com</a> at the following link for the list of official points of acceptance, collecting banker details etc.</p> <p>To inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Minimum amount for purchase/redemption / switches                         | <p>During NFO</p> <ul style="list-style-type: none"> <li><b>Minimum Initial Investment:</b> ₹10,00,000/- and in multiples of ₹1/- thereafter</li> <li>The minimum aggregate investment across all strategies under the SIF, at the PAN level, must not be less than ₹10,00,000/-.</li> <li>Investments in regular mutual fund investment strategies of the AMC will <b>not</b> be considered towards this minimum threshold.</li> <li>In case the aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-, the application amount on a continuous basis of ₹25,000/- and in multiples of ₹1/- thereafter shall be applicable.</li> </ul> <p>On continuous basis:<br/>₹25,000/- and in multiples of ₹1/- thereafter</p> <p>Switch in:</p> <p>Switch in is <b>allowed from all existing Investment Strategy of Divinit SIF</b>, subject to a <b>minimum switch-in amount of ₹10,00,000/-</b> in aggregate.<br/>In case the aggregate investment across all strategies under the SIF, at the PAN level, is more than ₹10,00,000/-, the switch in amount will be ₹25,000/- and in multiples of ₹1/- thereafter.</p> <p><b>Note:</b> Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.</p> <p>In case the investor specifies the number of units and amount to be redeemed, the number of units shall be considered for redemption. In case the unitholder does not specify the number of units or amount to be redeemed, the redemption request will not be processed.</p> <p>The AMC reserves the right to change the minimum amounts for various purchase/redemption/ switch. Such changes shall only be applicable to transactions on a prospective basis.</p> |
| Minimum threshold requirement and consequences of non maintenance         | <p>Rs. 10 lakhs across Investment Strategy at PAN level. provided that the requirement of minimum investment shall not apply to an accredited investor.</p> <p>The Minimum Investment Threshold of Rs.10 lakh shall apply exclusively to investments under SIF and shall not include investments made by the investor in ITI Mutual Funds schemes.<br/>If the total investment value falls below the threshold due to a passive breach, the investor shall only be permitted to redeem the entire remaining investment amount from the SIF.</p> <p><b>In case of any active breach of the Minimum Investment Threshold by an investor, including through transactions on stock exchanges or off-market transfers:</b></p> <p>All units of such investor held across investment strategies of the Diviniti SIF will be frozen for debit, and</p> <p>a notice of 30 calendar days will be given to such investor to rebalance the investments</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|                           | <p>in order to comply with the Minimum Investment Threshold.</p> <p>In case investor rebalances his/her investments in SIF within the notice period of 30 calendar days, the units of SIF of such investor will be unfrozen, and no further action will be taken with regard to compliance with Minimum Investment Threshold.</p> <p>In case the investor fails to rebalance the investments within the aforesaid 30 calendar day period, the frozen units will be automatically redeemed by the ITI AMC, at the applicable Net Asset Value of the next immediate business day after the 30th calendar day of the notice period.</p> <p>For the purpose of SIF, the 'Active Breach' shall mean fall in the aggregate value of an investor's total investment across all investment strategies of Diviniti SIF, below the Minimum Investment Threshold of INR 10 lakh, on account of any transactions (i.e. redemption, transfer, sale etc.) initiated by the investor.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Account Statements</b> | <p>The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).</p> <p>A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 12th of the succeeding month to investors that have opted for delivery via electronic mode, within twelve (12) days from the month end and to investors that have opted for delivery via physical mode, within fifteen (15) days from the month end..</p> <p>Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 18<sup>th</sup> day of the succeeding month, <i>to investors that have opted for delivery via electronic mode and investors that have opted for delivery via physical mode, on or before the twenty-first (21st) day of succeeding month</i>, to all investors providing the prescribed details across all schemes of mutual funds/Investment Strategies and securities held in dematerialized form across demat accounts, if applicable.</p> <p><i>Further, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered with the Depositories and the AMCs/MF-RTAs.</i></p> <p><b>Option to hold units in dematerialised (demat) form</b></p> <p>The Unit holders would have an option to hold the Units in electronic i.e. demat form. The Applicants intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units. In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms. Investors desirous of having the Units of the Investment strategy in dematerialized form should contact the ISCs of the AMC/Registrar. For details, Investors may contact any of the Investor Service Centres of the AMC.</p> <p><b>Account Statement for demat account holders</b></p> |

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|                                                                            | In case of Unit Holders holding units in the dematerialized mode, the AMC will not send the account statement to the Unit Holders. The demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account.<br>For further details, refer SAI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Dividend/<br>IDCW                                                          | The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Redemption                                                                 | <ul style="list-style-type: none"> <li>The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase.</li> <li>It shall be mandatory for the investors of mutual fund investment strategys to mention their bank account numbers in their applications/requests for redemption</li> <li>For list of exceptional circumstances, refer para 14.1.3 of SEBI Master Circular for Mutual Funds dated June 27, 2024.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Bank Mandate                                                               | All cheques and bank drafts accompanying the application form should contain the application form number on its reverse. Pursuant to para-No.14.11 and 14.12 of Master Circular it is mandatory for applicants to mention their bank account numbers in their PAN and applications for purchase or redemption of Units. This is to prevent fraudulent encashment of IDCW /redemption / refund cheques. The verification procedures for registration of bank mandates will be applicable at the time of fresh subscription/new folio creation with the Fund i.e. in case the fresh subscription cheque does not belong to the bank mandate mentioned in the application form, the AMC shall seek the additional documents before registering the bank mandate in the new folio.                                                                                                                                                                                                                                                                                                                                |
| Delay in payment of redemption / repurchase proceeds/dividend              | The AMC shall be liable to pay interest to unitholders at rate as specified vide clause 14.2 of SEBI Master Circular for Mutual Funds dated June 27, 2024 by SEBI for the period of such delay.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount | <p>As per Master circular dated June 27, 2024, Chapter 14.3-'Unclaimed Redemption and Dividend Amount', the unclaimed redemption and IDCW amounts shall be deployed by the Fund in call money market or money market instruments or in a separate plan of Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.</p> <p>The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. Investors claiming these amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC shall make a continuous effort to remind investors through letters to take their unclaimed amounts.</p> |
| Disclosure w.r.t investment by minors                                      | <p>Pursuant to SEBI Master circular June 27, 2024 - Chapter 17.6, the following uniform process shall be applicable with respect to Investments made in the name of a minor through a guardian.</p> <ol style="list-style-type: none"> <li>Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of minor, parent or legal guardian of minor, or from the joint account of the minor with parent or legal guardian. For existing folios, the AMC shall insist upon a Change of payout bank mandate before redemption is processed. However, all redemptions from investments made in the name of a minor shall be credited only to the verified bank account of the minor, with effect from June 15, 2023.</li> <li>Existing unit holders are requested to review the Bank Account registered in the folio and ensure that the registered Bank Mandate is in favour of minor or joint with</li> </ol>                                                                                                                                             |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>registered guardian in folio. If the registered Bank Account is not in favour of minor or not joint with registered guardian, unit holders will be required to submit the change of bank mandate, where minor is also a bank account holder (either single or joint with registered guardian), before initiation any redemption transaction in the folio, else the transaction is liable to get rejected.</p> <p>iii. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC/FATCA details, updated bank account details including cancelled original cheque leaf of the new account and his/her specimen signature duly authenticated by banker/guardian. Investors shall additionally note that, upon the minor attaining the status of major, no further transactions shall be allowed till the status of the minor is changed to major. The standing instructions registered for Systematic Investment Plan (SIP), Systematic Transfer Investment Plan (STP), Systematic Withdrawal Plan (SWP), IDCW Transfer Plan (DTP), etc., shall be suspended when the minor attains majority, till the status is changed to major.</p> |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### III. Other Details

#### A. Periodic Disclosures

**Bi Monthly/ Half yearly Disclosures\*** (Portfolio This is a list of securities where the corpus of the Investment Strategy is currently invested. The market value of these investments is also stated in portfolio disclosures.)

The Fund shall disclose within ten days from the close of each Alternate Month /half year (i.e. 31st March and 30th September), the complete statement of the Investment strategy's portfolio (alongwith ISIN) as on the last day of the Alternate month/half year for all its investment strategies on the websites of the Fund and AMFI in a user friendly and downloadable spreadsheet format.

The link of Fund website for Alternate month/Half yearly portfolio is <https://sif.itiamc.com>

The Link of AMFI website is [amfiindia.com/investor-corner/online-center/portfoliodisclosure](http://amfiindia.com/investor-corner/online-center/portfoliodisclosure)

The Fund shall send email regarding the alternate month( i.e as on the end of May, July, September, November, January and March) and half-yearly portfolio within 10 days from the close of each Alternate month /half year (i.e. March 31st & September 30th) to the unitholders whose email addresses are registered with the Fund.

The Fund will publish an advertisement in the all India edition of atleast two daily newspapers, one each in English and Hindi, regarding the hosting of the half yearly statement of the Investment strategy's portfolio on the websites of the Fund and AMFI and also the modes through which unitholders can submit a request for a physical or electronic copy of the Investment Strategy portfolio. The Fund shall provide a physical copy of the portfolio, without charging any cost, upon specific request from a unitholder.

#### Half-Yearly Results:

The Fund and asset management company shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited / audited financial results on its website.

The Fund shall give an advertisement disclosing the hosting of the financial results on the website and in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the regional language where the Corporate Office of the Fund is situated.

The link of Fund website for Half Yearly Result is <https://www.itiamc.com/statutory-disclosure>

### **Annual Report:**

The Investment Strategy wise annual report shall be hosted on the website of the AMC / Mutual Fund ([www.itiamc.com](http://www.itiamc.com)) and AMFI ([www.amfiindia.com](http://www.amfiindia.com)) not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year). Further, the physical copy of the investment strategy wise annual report shall be made available to the Unitholders at the registered /corporate office of the AMC at all times.

In case of Unitholders whose e-mail addresses are registered with the Fund, the AMC shall e-mail the annual report or an abridged summary thereof to such Unitholders. The Unitholders whose e-mail addresses are not registered with the Fund may submit a request to the AMC / Registrar & Transfer Agent to update their email ids or communicate their preference to continue receiving a physical copy of the investment strategy wise annual report or an abridged summary thereof. Unitholders may also request for a physical or electronic copy of the annual report / abridged summary, by writing to the AMC at [mfassist@itiorg.com](mailto:mfassist@itiorg.com) from their registered email ids or calling the AMC on the toll free number 1800-266- 9603 or by submitting a written request at any of the nearest investor service centers of the Fund.

Further, the AMC shall publish an advertisement in all India edition of at least two daily newspapers, one each in English and Hindi, every year disclosing the hosting of the investment strategy wise annual report on its website and on the website of AMFI. The AMC shall provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a Unitholder.

The link for Annual Report on our website is <https://www.itiamc.com/statutory-disclosure>

### **Risk-o-meters/ Product labelling**

In accordance with Para 17.4.1 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC shall assign risk level of the investment strategy based on the Investment Strategy characteristics at the time of launch of Investment Strategy. Any change in risk-o meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular Investment Strategy. Further, the AMC shall evaluate Risk-o-meter on a monthly basis and shall disclose the Risk-o-meter along with portfolio disclosure for all their investment strategies on AMC website <https://www.itiamc.com/statutory-disclosure> and on AMFI website within 10 days from the close of each month. The AMC shall also disclose the risk level of all Investment Strategies as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website. The table of investment strategy wise changes in Risk-o-meter shall also be disclosed in Investor Strategy wise Annual Reports and Abridged summary thereof.

### **Investment Strategy Summary Document**

The AMC will provide on its website a standalone investment strategy document for all the Investment strategies which contains all the details of the Investment Strategy including but not limited to Investment Strategy features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc. Investment Strategy summary document will be uploaded on the websites of AMC, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine-readable format)

The link for Investment Strategy Summary Document on our website <https://sif.itiamc.com>

### **Investment by the Designated Employees of AMC in the Investment Strategy:**

Pursuant to para 6.10 of SEBI Master circular dated June 27, 2024 pertaining to 'Alignment of interest of Designated Employees of AMC's with the Unitholders of the Mutual Fund Investment strategies', investors are requested to note that a part of compensation of the Designated Employees of AMC, as defined by SEBI,

shall be mandatorily invested in units of the Investment Strategy in which they have a role/oversight effective October 01, 2021. Further, investors are requested to note that such mandatory investment in units of the Investment Strategy shall be made on the day of payment of salary and in proportion to the AUM of the Investment Strategy in which such Designated Employee has a role/oversight. AMC shall ensure compliance with the provisions of the said circular and further, Every Investment Strategy shall disclose the 'compensation, in aggregate, mandatorily invested in units for the Designated Employees', under the provisions of this Master Circular, on the website of Stock Exchanges. The disclosure shall be at quarterly aggregate level showing the total investment across all relevant employees in a specific Investment Strategy. The disclosure shall be made within 15 calendar days from the end of each quarter.

**B. Scenario Analysis for Derivatives Positions (As specified by AMFI))**

The following table shows the performance of Nifty50 index and individual performance of other indices:

|                                                                   |           |                               |                             |                              |                                |
|-------------------------------------------------------------------|-----------|-------------------------------|-----------------------------|------------------------------|--------------------------------|
| <b>Nifty50</b>                                                    |           | <b>10.00%</b>                 |                             |                              |                                |
| <b>IT Sector</b>                                                  |           | <b>-15.00%</b>                |                             |                              |                                |
| <b>Banking Sector</b>                                             |           | <b>8.50%</b>                  |                             |                              |                                |
|                                                                   |           |                               |                             |                              |                                |
| <b>Total AUM of Investment Strategy</b>                           |           |                               | <b>₹ 10,00,00,000</b>       |                              |                                |
|                                                                   |           |                               |                             |                              |                                |
| <b>Scenario 1: Without any unhedged short derivative exposure</b> |           |                               |                             |                              |                                |
| <b>Portfolio</b>                                                  |           | <b>Weight (NAV/Total NAV)</b> | <b>Net Asset Value(NAV)</b> | <b>PnL (Nifty up by 10%)</b> | <b>PnL (Nifty down by 10%)</b> |
| Equity                                                            | Nifty50   | 95.0%                         | ₹ 9,50,00,000               | ₹ 95,00,000                  | ₹ - 95,00,000                  |
| Cash                                                              | -         | 5.0%                          | ₹ 50,00,000                 | ₹ -                          | ₹ -                            |
| <b>Total</b>                                                      |           | <b>100.0%</b>                 | <b>₹ 10,00,00,000</b>       | <b>₹ 95,00,000</b>           | <b>₹ - 95,00,000</b>           |
|                                                                   |           |                               |                             | <b>9.50%</b>                 | <b>-9.50%</b>                  |
|                                                                   |           |                               |                             |                              |                                |
| <b>Scenario 2: 25% short exposure in IT Sector</b>                |           |                               |                             |                              |                                |
| <b>Portfolio</b>                                                  |           | <b>Weight (NAV/Total NAV)</b> | <b>Net Asset Value(NAV)</b> | <b>PnL (Nifty up by 10%)</b> | <b>PnL (Nifty down by 10%)</b> |
| Equity                                                            | Nifty50   | 70.0%                         | ₹ 7,00,00,000               | ₹ 70,00,000                  | ₹ - 70,00,000                  |
| Unhedged Futures Short                                            | IT Sector | 25.0%                         | ₹ 2,50,00,000               | ₹ 37,50,000                  | ₹ - 37,50,000                  |
| Cash                                                              |           | 5.0%                          | ₹ 50,00,000                 | ₹ -                          | ₹ -                            |
| <b>Total</b>                                                      |           | <b>100.000%</b>               | <b>₹ 10,00,00,000</b>       | <b>₹ 1,07,50,000</b>         | <b>₹ - 1,07,50,000</b>         |
|                                                                   |           |                               |                             | <b>10.75%</b>                | <b>-10.75%</b>                 |
|                                                                   |           |                               |                             |                              |                                |
| <b>Scenario 3: 25% short exposure in Banking Sector</b>           |           |                               |                             |                              |                                |

| Portfolio                                                                                   |                                                                                                       | Weight (NAV/Total NAV) | Net Asset Value(NAV)  | PnL (Nifty up by 10%) | PnL (Nifty down by 10%) |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|-------------------------|
| Equity                                                                                      | Nifty50                                                                                               | 70.0%                  | ₹ 7,00,00,000         | ₹ 70,00,000           | ₹ - 70,00,000           |
| Unhedged Futures Short                                                                      | Banking Sector                                                                                        | 25.0%                  | ₹ 2,50,00,000         | ₹ - 21,25,000         | ₹ 21,25,000             |
| Cash                                                                                        |                                                                                                       | 5.0%                   | ₹ 50,00,000           | ₹ -                   | ₹ -                     |
| <b>Total</b>                                                                                |                                                                                                       | <b>100.000%</b>        | <b>₹ 10,00,00,000</b> | <b>₹ 48,75,000</b>    | <b>₹ - 48,75,000</b>    |
|                                                                                             |                                                                                                       |                        |                       | <b>4.88%</b>          | <b>-4.88%</b>           |
| <b>Scenario 4: 15% short exposure in IT Sector and 10% short exposure in Banking sector</b> |                                                                                                       |                        |                       |                       |                         |
| Portfolio                                                                                   |                                                                                                       | Weight (NAV/Total NAV) | Net Asset Value(NAV)  | PnL (Nifty up by 10%) | PnL (Nifty down by 10%) |
| Equity                                                                                      | Nifty50                                                                                               | 70.0%                  | ₹ 7,00,00,000         | ₹ 70,00,000           | ₹ - 70,00,000           |
| Unhedged Futures Short                                                                      | IT Sector                                                                                             | 15.0%                  | ₹ 1,50,00,000         | ₹ 22,50,000           | ₹ - 22,50,000           |
| Unhedged Futures Short                                                                      | Banking Sector                                                                                        | 10.0%                  | ₹ 1,00,00,000         | ₹ - 8,50,000          | ₹ 8,50,000              |
| Cash                                                                                        |                                                                                                       | 5.0%                   | ₹ 50,00,000           | ₹ -                   | ₹ -                     |
| <b>Total</b>                                                                                |                                                                                                       | <b>100.000%</b>        | <b>₹ 10,00,00,000</b> | <b>₹ 84,00,000</b>    | <b>₹ - 84,00,000</b>    |
|                                                                                             |                                                                                                       |                        |                       | <b>8.40%</b>          | <b>-8.40%</b>           |
| <b>Note:</b>                                                                                |                                                                                                       |                        |                       |                       |                         |
| 1                                                                                           | Equity Derivatives may include exchange traded Futures and Options on equity securities               |                        |                       |                       |                         |
| 2                                                                                           | NAV is representative of the market value at the asset level and aggregates to 100% at the fund level |                        |                       |                       |                         |
|                                                                                             |                                                                                                       |                        |                       |                       |                         |

### C. Liquidity risk management tools and its applicability

AMCs shall have an appropriate Liquidity Risk Management (LRM) Model at Investment Strategy level, approved by trustees, to ensure that reasonable liquidity requirements are adequately provided for. Recourse to ISTs for managing liquidity will only be taken after the following avenues for raising liquidity have been attempted and exhausted:

- I. Use of Investment Strategy cash & cash equivalent
- II. Use of market borrowing
- III. Selling of Investment Strategy securities in the market
- IV. After attempting all the above, if there is still a Investment Strategy level liquidity deficit, then out of the remaining securities, outward ISTs of the optimal mix of low duration paper with highest quality shall be effected.

The use of market borrowing before ISTs will be optional and Fund Manager may at his discretion take decision on borrowing in the best interest of unitholders. The option of market borrowing or selling of

security as mentioned at para (r) II & (r) III above may be used in any combination and not necessarily in the above order. In case option of market borrowing and/or selling of security is not used, the reason for the same shall be recorded with evidence.

#### **D. Transparency/NAV Disclosure**

- The AMC will calculate and disclose the NAV of the Investment Strategy on all business days.
- Subsequently, the AMC will calculate and disclose the NAVs on all the Business Days. The AMC shall update the NAVs on its website ([www.itiamc.com](http://www.itiamc.com)) and of the Association of Mutual Funds in India - AMFI ([www.amfiindia.com](http://www.amfiindia.com)) before 11.00 p.m. on every Business Day.
- In case of any delay in NAV declaration, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.
- Information regarding NAV can be obtained by the Unitholders / Investors by calling or visiting the nearest ISC. Investors may also call our Toll free number 1800-266-9603.

#### **E. Transaction Charges & Stamp duty:**

**Transaction Charges:** No transaction charges will be deducted from the subscription amount for transactions/ applications (including SIPs) received under the Investment Strategies of Diviniti SIF through the distributor (i.e in Regular Plan).

**Stamp duty** - Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, a stamp duty @0.005% of the transaction value of units would be levied on applicable mutual fund inflow transactions, with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including Reinvestment of Income Distribution cum capital withdrawal and Transfer of Income Distribution cum capital withdrawal) to the unitholders would be reduced to that extent.

For more details please refer to SAI.

**F. Associate Transactions-** Please refer to the Statement of Additional Information (SAI)

**G. Taxation-** For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

| <b>Tax*</b>                                                                                               | <b>Resident Investors</b>                                                                                                           | <b>Mutual Fund</b>                                                                                  |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Tax on dividend received from units of the Investment Strategy                                            | Tax rates applicable basis the status of the investor i.e. corporate, noncorporate, etc. Please refer SAI for tax rates applicable. | Withholding Tax on the income distributed to the investors 10% from 1 April 2021 (Please refer SAI) |
| <b>Capital gains:</b><br>Long Term<br>- Upto Rs. 1.25 lakh<br>- Exceeding Rs. 1.25 lakh<br><br>Short term | <br>NIL<br>12.5%<br><br>20%**                                                                                                       | <br>NIL<br>NIL<br><br>NIL                                                                           |
| Business income (where the units are held as stock-in-trade by the investors)                             | Please refer SAI for gains arising on sale of units                                                                                 | Nil                                                                                                 |

- 1) \*plus surcharge and health & education cess as applicable.
- 2) ^ Any Long Term Capital Gains arising on transfer of unit of an equity oriented mutual fund will be taxable at 12.5% without indexation benefit of such capital gains exceeding Rs.1,25,000/-. Equity Investment Strategy will also attract securities transaction tax (STT) at applicable rates. Surcharge and health & educational cess will be payable in addition to the applicable taxes.
- 3) \*\* These should be increased by the applicable surcharge i.e. in the case of individual, HUF, AOP, BOI and Artificial Juridical Person where the income exceeds Rs. 50 Lakhs but less than Rs. 1 crore surcharge @ 10% will be applicable, where the income exceeds Rs. 1 crore but less than Rs.2 crore surcharge @ 15% shall be applicable, where the income exceeds Rs. 2 crore but less than Rs. 5 crore surcharge @ 25% shall be applicable and on exceeding Rs. 5 crore the surcharge @ 37%. In the case of domestic company having total income exceeding Rs. 1 crore but less than Rs. 10 crore the surcharge applicable is 7% and on total income exceeding Rs. 10 crore surcharge applicable is 12%. In the case of foreign company having income exceeding Rs. 1 crore but less than Rs. 10 crore the surcharge rate is 2% and on income exceeding Rs. 10 crore the surcharge rate is 5%. In case of Firm, Cooperative Society and Local Authorities, surcharge @ 12% if the total income exceeds Rs. 1 Crore. Health & educational cess will be payable in addition to the applicable taxes.
- 4) W.e.f. April 1, 2020, Mutual Funds are required to deduct TDS at 10% only on IDCW payment (Above Rs 5000) & no tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain.

**H. Rights of Unitholders-** Please refer to SAI for details.

**I. List of official points of acceptance:** Kindly refer the link <https://www.itiamc.com/statutory-disclosure> for list of Official points of acceptance.

**J. , Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority :** Kindly refer the link <https://www.itiamc.com/statutory-disclosure> for details

The Investment strategy under this Investment Strategy Information Document was approved by the Board of Directors of ITI Mutual Fund Trustee Private Limited (Trustee to ITI Mutual Fund ) on July 01, 2025. The Trustee has ensured that the Investment Strategy is a new product offered by Divinity SIF and is not a minor modification of its existing Investment Strategy.

**NOTWITHSTANDING ANYTHING CONTAINED IN THIS INVESTMENT STRATEGY INFORMATION DOCUMENT, THE PROVISIONS OF THE SEBI (MUTUAL FUNDS) REGULATIONS, 1996 AND THE GUIDELINES/CIRCULARS THERE UNDER SHALL BE APPLICABLE.**

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**For behalf of ITI Asset Management Limited**

**Sd/-**

**Jatinder Pal Singh**

**Chief Executive Officer**

**Date: October 09, 2025**