

## Annexure I

### FORMAT FOR QUARTERLY REPORT (QR) FROM AMCS TO TRUSTEES

1. AMCs shall submit QR on the activities of Mutual Funds/AMCs to trustees within 21 days from the end of respective quarters (March, June, September and December).
2. The report shall, *inter alia*, contain the following details and shall contain such other information/compliances as required by Trustees and / or as prescribed by SEBI from time to time:

**(I) Details about the Schemes of the Mutual Fund**

(i) **Number of live schemes as on \_\_\_\_ (last day of the quarter end):**

| Type of Scheme                                   | Open ended | Close ended | Interval | Total |
|--|------------|-------------|----------|-------|
| Overnight/Liquid/Money Market Funds              |            |             |          |       |
| Gilt Funds                                       |            |             |          |       |
| Debt Schemes (other than assured return schemes) |            |             |          |       |
| Debt Schemes (assured return schemes)            |            |             |          |       |
| Infrastructure Debt Funds                        |            |             |          |       |
| ELSS   |            |             |          |       |
| Other Growth / Equity Schemes                    |            |             |          |       |
| Hybrid Schemes                                   |            |             |          |       |
| Solution Oriented Schemes                        |            |             |          |       |
| Other Schemes (including ETFs)                   |            |             |          |       |
| <b>Total</b>                                     |            |             |          |       |
| Fund of Funds Schemes (Investing overseas)       |            |             |          |       |
| Fund of Funds Schemes (Domestic)                 |            |             |          |       |

(ii) **Details of Schemes launched during the quarter including schemes which were launched but could not be constituted for any reason:**

| Scheme Name | Scheme Category (As per MCR) | Open/ Closed/ Interval | Date of Launch | Closing Date | Allotment Date | Subscription Received (INR Cr.) |              | No. of Folios |              |
|-------------|------------------------------|------------------------|----------------|--------------|----------------|---------------------------------|--------------|---------------|--------------|
|             |                              |                        |                |              |                | Direct Plan                     | Regular Plan | Direct Plan   | Regular Plan |
|             |                              |                        |                |              |                |                                 |              |               |              |

(iii) **Details of Existing Schemes Matured/ wound up during the quarter:**

| Scheme Name | Scheme Category (As per MCR) | Open/ Close/ Interval | Amount redeemed at the time of maturity/ | Number of Unit-holders | Maturity/ Pay-out Date * (for wound up schemes) |
|-------------|------------------------------|-----------------------|--|------------------------|---|
|             |                              |                       |  |                        |   |

|  |  |  |                         |  |  |
|--|--|--|-------------------------|--|--|
|  |  |  | winding up<br>(INR Cr.) |  |  |
|  |  |  |                         |  |  |

For schemes which have been wound up, details of payout should be provided during each quarter till the last payout for such schemes.

(iv) Details of Schemes merged during the quarter:

| Merging Scheme     |                              |                       | Surviving Scheme   |                              |                       | Effective Date of Merger | Exit Period of 30 days From: To: |
|--------------------|------------------------------|-----------------------|--------------------|------------------------------|-----------------------|--------------------------|----------------------------------|
| Name of the Scheme | Scheme Category (As per MCR) | Open/ Close/ Interval | Name of the Scheme | Scheme Category (As per MCR) | Open/ Close/ Interval |                          |                                  |
|                    |                              |                       |                    |                              |                       |                          |                                  |

(v) Details of close-ended Schemes Rolled-over during the quarter:

| Scheme Name | Scheme Category (As per MCR) | Original Maturity Date | Date of Roll over | Period of Roll over | Extended Maturity Date | Amount Rolled Over (INR Cr.) |
|-------------|------------------------------|------------------------|-------------------|---------------------|------------------------|------------------------------|
|             |                              |                        |                   |                     |                        |                              |

(vi) Details of Schemes that underwent fundamental attribute change during the quarter:

| Scheme Name | Scheme Category (As per MCR) | Open/ Close/ Interval | Effective Date of Fundamental Attribute Change | Description of the Change |
|-------------|------------------------------|-----------------------|--|---------------------------|
|             |                              |                       |  |                           |

(vii) Clearance received from SEBI to launch New Schemes during the quarter:

| Scheme Name | Scheme Category (As per MCR) | Open/ Close/ Interval | SEBI clearance date | Validity of SEBI clearance |
|-------------|------------------------------|-----------------------|---------------------|----------------------------|
|             |                              |                       |                     |                            |

(viii) Details of Assets Under Management (AUM):

| Scheme Name | Scheme Category (As per MCR) | Number of Folios | AUM as on last day of previous quarter (INR Cr.) | Total Inflow (INR Cr.) | Total Outflow (INR Cr.) | AUM as on last day of current quarter (INR Cr.) |
|-------------|------------------------------|------------------|--|------------------------|-------------------------|---|
|             |                              |                  |  |                        |                         |   |

**(II) AMC related Activities and Reporting:**

**(i) Details of other Permissible activity under Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996 (MF Regulations):**

1. Whether the other activities of the AMC are as per MF Regulations, and
2. Whether AMC continues to meet the networth requirements for each of the activities?
3. Provide explanation for the difference between the performance of various schemes (if the difference is more than 10%), managed by the same fund manager (i.e. mutual fund scheme versus other permissible activity). Confirm that the disclosure in this regard is also made on the website of the AMC.

**(ii) Net worth of the AMC:** Provide the networth of the AMC and its deployment and confirm absence of conflict of interest in its deployment.

**(iii) Conflicts of Interest:**

1. Provide confirmation that there is no conflict of interest between the activities allowed under Regulation 24(b) of MF Regulations and the mutual fund operation.
2. Provide confirmation w.r.t. compliance with Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

**(iv) Details of change in the AMC Directors during the quarter.**

**(v) Details of change in the interest of AMC Directors during the quarter.**

**(vi) Transactions in Securities:**

1. Provide details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC to trustees giving details of names of the personnel, name of the security, purchase / sale details like quantity, rate, value, name of broker, whether transaction is on personal account or immediate family or fiduciary.
2. Provide confirmation w.r.t. compliance of the guidelines on Investment by Employees of AMC on a continuous basis and reporting of any violations and remedial action taken to Trustees.

**(vii) Enhancing disclosures on proxy votes cast by Mutual Funds:** Review and ensure that AMC has voted on all resolutions and the rationale recorded for vote decision is prudent and adequate.

**(viii) Provide status of compliance on Cyber Security and Cyber Resilience framework for Mutual Funds / Asset Management Companies (AMCs)**

- (ix) **Regulatory Actions:** Details of all regulatory actions initiated or taken during the quarter such as enforcement proceedings, warning, deficiency, if any, received from SEBI and/or other regulators or Govt. Agencies along with corrective actions taken.

### (III) **SEBI mandated Reporting**

#### **A. Products Related**

- 1) **Necessary systems in place:** AMCs to confirm that it has necessary systems in place for back office etc., appointed all key personnel, auditors, compliance officer, registrars, prepared compliance manual, specified broker empanelment norms, obtained in-principle approvals from stock exchanges, etc.
- 2) **Easy availability of Offer Documents:** AMCs to confirm that it has adopted the Scheme Information Document (SID) and Key Information Memorandum (KIM) formats as specified by SEBI and ready availability of offer documents such as SID, KIM and Statement of Additional Information (SAI) with distributors/ ISCs of Mutual Funds and also on its website.
- 3) **Launch of Additional Plans under existing Schemes:** AMCs to confirm that the additional plans/schemes launched during the quarter were not for a particular investor on any arbitrary date and these were open for subscription for all the investors.
- 4) **Capital Protection Oriented Scheme:** AMCs to confirm that there is disclosure in offer documents and continuous monitoring of the structure of the portfolio of the Capital Protection Oriented Scheme and also quarterly review of ratings were done.
- 5) **Guaranteed return Schemes:** AMCs to confirm that it has ability to honour guaranteed commitment in respect of any guaranteed return scheme. No guaranteed return is provided in a scheme, unless such returns are fully guaranteed by the sponsor or the AMC; and unless a statement indicating the name of the person who will guarantee the return, is made in the offer document; and the manner in which the guarantee is to be met has been stated in the offer document.

#### **B. Performance Related**

- 1) **Selection of Appropriate Benchmarks:** AMC to confirm that the scheme specific benchmarks assigned to each schemes are appropriate.
- 2) **Performance along with Benchmark returns:** Performance of all schemes vis-à-vis its benchmark and additional benchmark as on the end of the quarter in 1-year, 3-year, 5-year, 10-year and since the date of allotment of the units.

### C. Investments Related

- 1) **Investments:** AMCs to confirm that the investments in mutual fund schemes have been made in accordance with MF Regulations and various circulars issued there under, Trust Deed, investment objective of the Schemes and are in the interest of unitholders.
- 2) **Exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors:** AMC to confirm that the exposure of mutual fund in debt and money market instruments, across all its schemes, towards individual issuers, group companies and sectors are in compliance with the regulatory requirements and regular review of such exposure is undertaken.
- 3) **Exposure in equity in excess of 10% of the paid up capital of a Company:** Details of the date of purchase, name of the company, purchase price, value and holding percent in the capital carrying voting rights, whether any of such companies are Associates of the Sponsor / AMC, justification for making the investment.
- 4) **Intended Portfolio Allocation:** Details on the disclosed portfolio allocation and the actual portfolio of close ended debt oriented schemes launched during the quarter.
- 5) **Inter-scheme Investments:** Details of inter-scheme investments happened during the quarter including name of the schemes, date of investment, price, value, charges levied, if any, etc.
- 6) **Recording of Investment decisions by the AMC, Investments in unlisted, privately placed securities, if any:** Details of investments in unlisted and privately placed securities, if any during the quarter including the performance of such investments and also details of the due diligence being exercised while making such investment decisions. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.
- 7) **Investment in unrated debt instruments:** Details of investments in unrated debt instruments during the quarter, if any along with details of due diligence being exercised while making such investment decisions. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.
- 8) **Comments on investments downgraded to below investment grade or default:** Details of investments downgraded to below investment grade or default during the quarter. Comments on steps taken or to be taken by the AMC.
- 9) **Overseas Investments by Mutual Funds:** Comments on necessary due diligence in making investment decisions, detailed analysis of risks and returns of overseas investment and how these investments would be in the interest of investors. Further, in case of investment in overseas mutual fund schemes, the details w.r.t. management fees & other expenses charged by the underlying

schemes and also by the investing scheme may be provided. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.

- 10) **Parking of funds in Short Term Deposits of Scheduled Commercial Banks (SCBs):** Confirms that provisions of MF Regulations and various circulars issued thereunder pertaining to parking of funds in short term deposits pending deployment are complied with at all points of time. Details of funds parked in Short-term Deposits of SCBs due to pending deployment, during the quarter.
- 11) **Participation in Repo on Corporate Debt Securities, Credit Default Swaps (CDS), REIT, InvIT, Commodity Derivatives, etc.:** AMC to confirm that participation of mutual fund schemes in repo on corporate debt securities, Credit Default Swaps, REITs, InvITs, commodity derivatives, etc. were in compliance with the regulatory requirements and in the interest of investors.
- 12) **Carry Forward Transactions:** AMCs to confirm that the funds of a scheme shall not in any manner be used in carry forward transactions. Give details of such transactions which resulted in carry forward transactions – date, scrip, name of the broker, rate and quantity in custody, etc.
- 13) **Stock / Securities Lending:** Details with regard to securities lending during the quarter, in terms of value, volume and intermediaries and also earnings and/or losses, value of collateral security, etc. and confirm that the same is not, in any way, detrimental to the interests of the unit-holders of the scheme.
- 14) **Borrowings:** Data on borrowing by mutual fund schemes during the quarter with certain details such as date, nature of borrowing, source, amount borrowed, purpose of borrowing, interest rate, security offered for the borrowing, percent of borrowing to net asset on date of borrowing, date of repayment or proposed manner of liquidation of the debt, amount borne by the scheme, amount borne by the AMC and the average portfolio yield during that period, etc. Further, if borrowing is from any associate of the sponsor or AMC, provide reasons for borrowing from such entity and competitiveness of the terms.
- 15) **Inter-Scheme Transfers (ISTs):** Details on ISTs during the quarter such as dates, name of transferor and transferee schemes, securities transferred and price, value of transfer and specific reasons for the transfer.
- 16) **Cross Investments:** In case any company has invested more than 5 per cent of the net asset value of a scheme, the details of investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be provided to the trustees with justification for such investment, provided the latter investment has been made within one year of the date of the former investment calculated on either side.
- 17) **Code of Conduct for Fund Managers and Dealers:** Confirm that the code of conduct as specified for fund managers and dealers in MF Regulations were complied with during the quarter.

**18) Valuation of Investments:**

- i. AMC to confirm that the valuation of all debt and money market instruments during the quarter were done in compliance with the regulatory requirements. Report the justification for deviations, if any, from indicative haircut and / or valuation price for securities below investment grade provided by valuation agencies.
- ii. AMC to confirm that valuation of investments made by its scheme(s) was in accordance with the Investment Valuation Norms specified in Eighth Schedule of MF Regulations, and publishing the same. Periodic review of the valuation policy by the AMC and annual review by the Statutory Auditors.
- iii. AMC to confirm that in case of change in terms of the issue of any security, the same has been communicated to the Valuation Agencies.

**19) Trade Execution and Allocation:** AMC to confirm compliance with regulatory requirements relating to Trade Execution and Allocation prescribed by SEBI. Further, any non-compliance and material information, if any, in this regard needs to be reported to trustees.

**D. Risk Management Related**

- 1) **Risk Management Framework for MFs:** Details of outcomes of the risk management framework for mutual funds along with steps taken to address the same. Confirm that the existing risk management framework of mutual fund is in compliance with the regulatory requirements and ensures protection of interest of investors.
- 2) **Stress Testing:** Details of outcomes of the stress testing of open ended mutual fund schemes along with steps taken to address the same.

**E. Empanelment of Broker for purchase or Sale of Securities**

- 1) Confirm that the AMC has not dealt with any associate broker for purchase or sale of securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes for a block of three months.
- 2) Confirm that in case the AMC has dealt through any other broker other than a associate broker in excess of 5% or more of the aggregate purchase and sale of securities made by the mutual fund in all its schemes, the AMC has recorded in writing the justification for the same. In this regard provide details such as date of transactions, name of broker, value of business, brokerage paid, percent of business to total business for the day, whether the broker is associated with the sponsor or through a firm which is an associate of the sponsor, etc.
- 3) Diligence in empaneling the brokers, monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.

## **F. Operations Related**

- 1) **Scheme-wise segregation of Assets and liabilities & Bank Accounts and Securities Accounts:** Confirm that the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund; and bank accounts and securities accounts of each schemes are segregated and ring-fenced.
- 2) **Identification and Appropriation of Expenses:**
  - i. Confirm that all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, was paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route.
  - ii. Confirm that in case certain expenses are paid from the AMC books then they are in compliance with the regulatory requirements and are within the permissible limit of 2 bps and are properly recorded and audited.
- 3) **Maintenance of proper Books of Accounts, Records and Documents:** Confirm that the books of accounts, records and documents for each scheme are kept and maintained properly and intimated to SEBI the place where such books of account, records and documents are maintained
- 4) **Reconciliation of investment in Government Securities:** With respect to investments in Government securities, the AMC has reconciled the balances in their Subsidiary General Ledger (SGL) / Constituent Subsidiary General Ledger (CSGL) Account with the statement issued by RBI, at monthly intervals. The AMC has also submitted a compliance certificate on a quarterly basis to RBI. The reconciliation procedure is a part of internal audit and the auditors check on a continuous basis about the status of reconciliation and submit a report to the Audit Committees. These reports are placed in the meetings of Boards of AMCs and Trustees.

## **G. Investor Related**

- 1) **Minimum Investors and Maximum Holding during the quarter:** Confirm that the regulatory requirements w.r.t. minimum number of 20 investors and no single investor hold more than 25% of the net assets of the scheme were complied with during the quarter.
- 2) **Investments by any company amounting to more than five percent of the net asset value of a scheme:** Indicate names of companies / schemes and their association with the Sponsor or the AMC, if any.
- 3) **Uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/plan(s):** Confirm compliance with the regulatory requirements with regard to uniform cut-off timings for applicability of NAV. Provide details of manual time stamping of applications during the quarter



along with adequate justification for the same and also steps taken to avoid occurrence of the same in future. Also list instances of damages of the seal and/or breakdown of the electronic time stamping process, if any.

- 4) **Despatch of redemption proceeds and Transfer of Units:** Confirm that all redemption and dividend payments are made within the regulatory limits. In case of delay in payment within the period specified, interest is paid to the unitholders, for the period of such delay, at such rate as specified by the SEBI.
- 5) **Status of Investor Complaints:** Provide the status of investor complaints received through various modes and the redressal of the same by the AMC including ageing schedule and reasons.

| Category     | No. of Complaints |           |         | Ageing analysis of pending complaints |          |           |            |            |                | Reason for pending complaints |
|--------------|-------------------|-----------|---------|---------------------------------------|----------|-----------|------------|------------|----------------|-------------------------------|
|              | Received          | Redressed | Pending | 0-3 days                              | 4-7 days | 8-20 days | 21-40 days | 41-60 days | Beyond 60 days |                               |
|              |                   |           |         |                                       |          |           |            |            |                |                               |
| <b>TOTAL</b> |                   |           |         |                                       |          |           |            |            |                |                               |

- 6) **KYC and AML Compliance including requirements on PAN, FATCA, etc.:**

Confirm that the regulatory requirement for Know Your Customer (KYC) norms and the Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) Obligations under the Prevention of Money Laundering Act, 2002 and Rules framed thereunder (PMLA) are complied with.

- 7) **Consent of Unitholders:** Confirm that wherever required, consent of unitholders were taken during the quarter in terms of MF Regulations.

#### **H. Distributor Related**

- 1) **Distributor Empanelment:** Number of new distributors empanelled by the AMC during the quarter, for the purpose of selling and distribution of units of mutual fund schemes with the following details:

(a) List of Domestic Distributors empanelled

(b) List of Overseas Distributors

(c) List of New cadre Distributors

In cases where the ARN of distributors expired, whether the commission payable to the distributor is withheld by the AMC?

**Due Diligence:** At the time of empanelment of distributors and during the period of review, AMCs has undertaken a due diligence process to satisfy 'fit and proper' criteria.

**2) Certification and Registration of Intermediaries (Distributors) and Employees:**

(a) **Certification of agents / distributors and employees of AMC:** The distributors/agents empanelled for selling and distribution of mutual funds and also the employees of the AMC engaged for selling and distribution were having the required certification.

(b) **Brokerage on own Investments:** No brokerage has been paid to the brokers on their own investments.

(c) **Code of Conduct for Intermediaries (Distributors):** Confirm that the activities of their agents/distributors are monitored on continuous basis to ensure that they do not indulge in any kind of malpractice or unethical practice while selling/marketing mutual fund units. If any intermediary (distributor) did not comply with the code of conduct, the same has been reported to AMFI and SEBI. There was no dealing with those intermediaries (distributor) who do not follow the code of conduct.

3) **Indicative portfolio and indicative yield:** Confirm that no indicative portfolio and indicative yield has been communicated in any manner whatsoever by the MF/ Distributors:

**I. Service Provider Related**

1) **Service Contracts:** Confirm the following:

(a) Review of all service contracts such as custody arrangements, transfer agency of the securities to ensure that such contracts are executed in the interest of the unitholders [Regulation 18(19)]

(b) All service providers are holding appropriate registrations from SEBI or concerned regulatory authority [Regulation 18(25)A(iv)]

(c) The trust property is properly protected, held and administered by proper persons and by a proper number of such persons. [Regulation 18(25)A(iii)]

2) **Specific attention by Independent Directors of Trustees or AMC:** Confirm that the independent directors have given specific attention on the areas mentioned under Regulation 18(27) OF mf Regulations. Details of comments, if any, to be provided to trustees.

3) **Any Special Developments:** Details of any special developments in the mutual fund during the quarter shall be provided to trustees.

**(IV) Associate Transactions**

- a. Confirm that utilisation of services of the sponsor or any of its associates, employees or their relative for any securities transaction; and distribution and sale of securities; and the brokerage and commission paid for such services; were disclosed and were in accordance with the regulatory requirements.
- b. Details of securities transactions in terms of Second Proviso to Regulation 25(8) of the Regulations:
  - Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities of associate companies and devolvement, if any.
  - Subscription by the schemes in the issues lead managed by associate companies; and
  - Subscription of securities by the Schemes to any issue on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
- c. Details of investments made by the schemes during the period in securities of any of the associate companies
- d. Details pertaining to securities transactions during the period where associates are the counter parties.
- e. Details with justification about purchase and sale of securities of the Sponsor, group companies or associates of the Sponsor or AMC during the quarter.
- f. Confirm that no investment by mutual fund scheme is made in any unlisted or privately placed securities of an associate or group company of the sponsor.
- g. Investments/ redemption by the AMC, Sponsor, any associate or group company of the Sponsor in any of the schemes during the quarter.

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