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DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES

PROVIDED BY

HDFC ASSET MANAGEMENT COMPANY LIMITED

Dated: January 15, 2026

Portfolio Manager
(SEBI Registration No. PM / INP000000506)

HDFC ASSET MANAGEMENT COMPANY LIMITED
L65991MH1999PLC123027
Registered Office:
"HDFC House", 2nd Floor, H.T. Parekh Marg,
165-166, Backbay Reclamation, Churchgate, Mumbai – 400 020
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PART – I – STATIC SECTION

1. DISCLAIMER CLAUSE

This Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

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

2. DEFINITIONS

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

"Act"	means the Securities and Exchange Board of India Act, 1992.
"Accreditation Agency"	means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by SEBI from time to time.
"Accredited Investor"	means any person who is granted a certificate of accreditation by an accreditation agency who: (i) in case of an individual, HUF, family trust or sole proprietorship has: (a) annual income of at least two crore rupees; or (b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or (c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets. (ii) in case of a body corporate, has net worth of at least fifty crore rupees; (iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees; (iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation: Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.
"Advisory Services"	means advising on the portfolio approach, investment and divestment of individual Securities in the Client's Portfolio, entirely at the Client's risk, in terms of the Regulations and the Agreement.
"Agreement" or "Portfolio Management Services Agreement" or "PMS Agreement"	means agreement executed between the Portfolio Manager and its Client for providing portfolio management services and shall include all schedules and annexures attached thereto and any amendments made to this agreement by the parties in writing, in terms of Regulation 22 and Schedule IV of the Regulations.
"Alternative Investment Fund (AIF)"	Alternative Investment Fund shall have the same meaning as assigned to it in clause (b) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

"APMI" or "Association of Portfolio Managers in India"	Association of Portfolio Managers in India means a trade body for Portfolio Managers registered with SEBI.
"Applicable Law/s"	means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
"Asset Under Management" or "AUM"	means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
"Associate"	means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
"Benchmark"	means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
"Board" or "SEBI"	means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
"Business Day"	means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
"Client(s)" / "Investor(s)"	means any person who enters into an Agreement with the Portfolio Manager for availing the services of portfolio management as provided by the Portfolio Manager.
"Co-investment"	Co-investment shall have the meaning assigned under Regulation 2(fa) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"Co-investment Portfolio Manager"	A Portfolio Manager who is a Manager of a Category I or Category II Alternative Investment Fund(s) and: (i) provides services only to the investors of such Category I or Category II Alternative Investment Fund(s); and (ii) makes investment only in unlisted securities of investee companies where such Category I or Category II Alternative Investment Fund(s) make investments: Provided that the Co-investment Portfolio Manager may provide services to investors from any other Category I or Category II Alternative Investment Fund(s) which are managed by them and are also sponsored by the same Sponsor(s).
"Custodian(s)"	means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.

"Depository"	means the depository as defined in the Depositories Act, 1996 (22 of 1996) and in this Disclosure Document refers to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
"Depository Account"	means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
"Derivatives"	Derivatives includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices or index of prices or underlying securities.
"Direct on-boarding"	means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
"Disclosure Document" or "Document"	means the disclosure document for offering portfolio management services prepared in accordance with the Regulations.
"Discretionary Portfolio Manager"	A portfolio manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
"Discretionary Portfolio Management Services (DPMS)"	Discretionary Portfolio Management Services means the portfolio management services rendered to the Client, by the portfolio Manager on the terms and conditions contained in this Agreement, where under the Portfolio Manager exercises any degree of discretion in investments or management of assets of the Client.
"Distributor"	means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
"Eligible Investors"	means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.
"Equity Related Instruments"	Equity Related Instruments include convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives, FCCBs, equity mutual funds and any other like instrument.
"Fair Market Value"	means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
"Foreign Portfolio Investor" or "FPI"	means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
"Financial Year"	means the year starting from April 1 and ending on March 31 in the following year.
"Funds" or "Capital Contribution"	means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of sale or other realization

	of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.
"Group Company"	shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.
"HDFC Mutual Fund" or "the Fund"	HDFC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882.
"HUF"	means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.
"Investment Advice"	Investment Advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the Client and may include financial planning.
"Investment Approach"	is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.
"Investment Advisory Agreement"	It is an agreement entered into between a Client and the Portfolio Manager pursuant to which the Portfolio Manager agrees to provide non-exclusive, non-binding investment advisory services to the Client on the terms and conditions contained therein.
"InvIT" or "Infrastructure Investment Trust"	"InvIT" or "Infrastructure Investment Trust" shall have the meaning assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 As per SEBI (Infrastructure Investment Trusts) Regulations, 2014, InvIT is defined as: "InvIT" or "Infrastructure Investment Trust" shall mean the trust registered as such under these regulations.
"IT Act"	means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
"Large Value Accredited Investor"	means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.
"Management Fee"	Management Fee means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.
"Master Circular"	SEBI Master Circular for Portfolio Managers dated July 16, 2025 as amended from time to time.
"Money Market Instruments"	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
"Net Asset Value (NAV)"	shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.

"NISM"	means the National Institute of Securities Markets, established by the Board.
"Non-Discretionary Portfolio Management Services (NDPMS)"	Non-Discretionary Portfolio Management Services means the portfolio management service rendered to the client, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Assets (including the Portfolio and Funds) of the Client, where the Portfolio Manager shall provide advice in relation to assets but does not exercise any discretion with respect to investments or management of the Assets of the Client, and invests and manage the Assets only after seeking and taking approval from the Client, entirely at the Client's risk.
"Non-resident Investors" or "NRI(s)"	shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
"Person"	includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
"Portfolio"	means the total holding of all investments, Securities and Funds belonging to the Client.
"Portfolio Manager"	means HDFC Asset Management Company Limited, a company incorporated under the Companies Act, 1956, registered with SEBI as a portfolio manager bearing registration number PM / INP000000506 and having its registered office at HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai – 400 020.
"Principal Officer"	means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for: (i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the Funds of the Client, as the case may be; and (ii) all other operations of the Portfolio Manager.
"**RBI**"	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934).
"Regulations" or "SEBI Regulations"	means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.
"REIT" or "Real Estate Investment Trust"	"REIT" or "Real Estate Investment Trust" shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014. As per SEBI (Real Estate Investment Trusts) Regulations, 2014, REIT is defined as: "REIT" or "Real Estate Investment Trust" shall mean a trust registered as such under these regulations.
"Related party"	Related party in relation to a portfolio manager, means— i. a director, partner or his relative; ii. a key managerial personnel or his relative; iii. a firm, in which a director, partner, manager or his relative is a

	partner; iv. a private company in which a director, partner or manager or his relative is a member or director; v. a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital; vi. any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager; vii. any person on whose advice, directions or instructions a director, partner or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; viii. any body corporate which is— A. a holding, subsidiary or an associate company of the portfolio manager; or B. a subsidiary of a holding company to which the portfolio manager is also a subsidiary; C. an investing company or the venturer of the portfolio manager; Explanation.—For the purpose of this clause, "investing company or the venturer of a portfolio manager" means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate. ix. a related party as defined under the applicable accounting standards; x. such other person as may be specified by the Board: Provided that, (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: i. of twenty per cent or more; or ii. of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.
"Securities"	means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.

The words and expressions used but not defined herein but defined in Regulations, SEBI Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Companies Act, 2013 (18 of 2013), the Depositories Act, 1996 (22 of 1996), or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or reenactment thereto, as the case may be.

INTERPRETATION

For the purpose of this Document, except as otherwise expressly provided or unless the context otherwise requires:

- all references to the masculine shall include all genders and all references, to the singular shall include the plural and vice-versa.
- "INR/ Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings refer to Indian Standard Time (IST).

3. DESCRIPTION – ABOUT HDFC AMC PMS

(i) HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER

HDFC AMC is a public limited company incorporated under the Companies Act, 1956, on December 10, 1999 and is existing under the Companies Act, 2013 and the equity shares of the Company were listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited on August 06, 2018.

The registered office of HDFC AMC is situated at "HDFC House", 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020.

HDFC AMC has obtained registration from SEBI vide Registration No.- PM / INP000000506 to act as a Portfolio Manager under SEBI Regulations. The registration has been periodically renewed / refreshed since December 22, 2000 with the last registration dated February 29, 2024. The said certificate of registration is valid unless it is suspended or cancelled by SEBI.

HDFC AMC was approved to act as an Asset Management Company for HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000.

The portfolio management / advisory services provided by HDFC AMC are not in conflict with the activities of HDFC Mutual Fund.

The paid-up share capital of HDFC AMC was Rs. 106.90 crore as at March 31, 2025.

As on March 31, 2025, the net-worth of HDFC AMC was Rs. 6,682.42 crore (Net-worth computation under PMS Regulations is Rs. 6,655.49 crore).

As on March 31, 2025 equity share holding pattern of HDFC AMC was as follows:

Particulars	**% of the paid – up equity share capital**
HDFC Bank Limited (Promoter)	52.47
Other Shareholders	47.53

HDFC Mutual Fund has 105 schemes (portfolios) in operation as at March 31, 2025 with Assets Under Management (un-audited) of Rs. 7.62 Lakh Crore.

Other Permissible activities under Regulation 24 (b) of SEBI (Mutual Funds) Regulations

The AMC may either through itself or through its subsidiaries may undertake other Business Activities such as acting as the investment manager of various Alternative Investment Funds (AIFs), providing portfolio management services, investment advisory services, separately managed accounts; etc. as permitted under Regulation 24(b) of the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time ("the Regulations") and subject to such conditions as may be specified by SEBI from time to time. Currently, HDFC AMC acts as an Investment Manager for Category II AIFs.

HDFC AMC International (IFSC) Limited, referred to as "HAMC IFSC" or the "Company," operates as a wholly owned subsidiary of HDFC AMC. It was incorporated under the

provisions of the Companies Act, 2013, and is registered with the International Financial Services Centres Authority (IFSCA) as a Registered Fund Management Entity (Retail) (FME Retail) under the IFSCA (Fund Management) Regulations 2025 (IFSCA FM Regulations). HAMC IFSC's is in the business of providing Investment Manager Services, act as a sponsor / settler for the GIFT AIF Funds and providing discretionary / non-discretionary portfolio management services to clients (PMS).

(ii) PROMOTER OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND

The Promoter of the Portfolio Manager is HDFC Bank Limited. Details of the promoter as at March 31, 2025 are as follows:

HDFC Bank Limited (HDFC Bank)

"HDFC Bank is India's largest private sector bank by balance sheet size as on March 31, 2025. It was incorporated in August 1994 by the erstwhile Housing Development Finance Corporation Limited (HDFC Ltd.) which was amongst the first financial institutions in India to receive an "in-principle" approval from the Reserve Bank of India to set up a bank in the private sector. It started off as a transaction bank and subsequently forayed into the entire gamut of asset, liability and payments products providing banking solutions to a larger customer base of retail, MSME and corporate segments.

On July 1, 2023, HDFC Ltd. merged with and into HDFC Bank, enabling the Bank to add mortgages to its suite of products. This also brought broader financial services institutions, including HDFC Life, HDFC AMC and HDFC Ergo as subsidiaries under the HDFC Bank Group, in addition to the existing HDFC Securities and HDB Financial Services.

As of March 31, 2025, the Bank's distribution network stood at 9,455 branches and 21,139 ATMs spread across 4,150 cities / towns. About 51 per cent of these branches are in semi urban and rural locations.

The Bank's international operations comprise five branches, located in Hong Kong, Bahrain, Dubai, Singapore and an IFSC Banking Unit in Gujarat International Finance Tec-City. Additionally, it has four representative offices in Kenya, Abu Dhabi, Dubai and London respectively, catering to Non-Resident Indians and Persons of Indian Origin."

DIRECTORS ON THE BOARD OF THE PORTFOLIO MANAGER

The Board of Directors of the Portfolio Manager consists of the following eminent persons:

Name	Age/Qualification	Brief Experience
Mr. Deepak S. Parekh	80 years Fellow of the Institute of Chartered Accountants (England & Wales)	**Mr. Deepak Parekh** is a Non-Executive Director and Chairman on our Board. He has been on our Board since July 4, 2000. He was the Chairman of HDFC Ltd from 1993 to 2023 and was associated with the company for 45 years. HDFC Ltd was India's first retail housing finance company that helped turn the dream of owning a home into a reality for millions across the country. Mr. Parekh's

Name	Age/Qualification	Brief Experience
		astute business acumen and vision not only made HDFC the leader in mortgages, but also transformed it into India's leading financial services conglomerate, with a presence in banking, asset management, life insurance, general insurance, property funds, education loans and education. HDFC Limited merged with and into HDFC Bank with effect from July 1, 2023. This merger has resulted in HDFC Bank being amongst the top 10 banks globally in terms of market capitalization. Mr. Parekh is currently the non-executive chairman of HDFC Capital Advisors Limited. He is the non-executive chairman in India of Siemens Ltd; Schloss Bangalore Ltd and is on the board of the National Investment and Infrastructure Fund (NIIF). He is also on the Boards of Breach Candy Hospital Trust, Indian Institute for Human settlements, H T Parekh Foundation, the School of Ultimate Leadership Foundation and Economic Zone World FZE. Mr. Parekh is also on the international boards of DP World - UAE, Emirates Investment Bank -UAE and Orient Insurance PJSC - UAE He is the Chairman of the Indian advisory board of Accenture and on the international advisory boards of Investcorp International Ltd; Warburg Pincus LLC and Fairbridge Capital Pvt Ltd. The Mayor of London in 2017 named Deepak Parekh as first of a network of international ambassadors for championing London across the globe. In addition to being known for his vociferous views seeking standardization and transparency in the real estate sector, Mr. Parekh played a key role as Special Director on the Satyam Board in 2009 to revive the company and a crucial role during the restructuring of UTI in the late '90s, which helped regain investors' confidence.

Name	Age/Qualification	Brief Experience
		Mr. Parekh has always been willing to share his ideas and experience to formulate reform policies across sectors. Mr. Parekh has been a member of various high-powered Economic Groups, Advisory Committees and Task Forces which include infrastructure, housing, financial services, capital markets. A man with a mission, Mr. Parekh's philosophy on Corporate Social Responsibility is simple yet profound. He believes that if a company earns, it must also return to the society and that companies owe a responsibility not just to shareholders, but also to all its stakeholders. Government and Industry impressed by Mr. Parekh's performance and sobriety, have honored him with several awards. Some of the most important ones are; the Padma Bhushan in 2006, 'Bundesverdienstkreuz' Germany's Cross of the Order of Merit one of the highest distinctions by the Federal Republic of Germany in 2014, "Knight in the Order of the Legion of Honor" one of the highest distinctions by the French Republic in 2010, First international recipient of the Outstanding Achievement Award by Institute of Chartered Accountants in England and Wales, in 2010.
Ms. Renu Sud Karnad	72 years Masters in economics from University of Delhi, Graduate in law from University of Mumbai, Parvin Fellow - Woodrow Wilson School of International Affairs, Princeton University, USA	**Ms. Renu Sud Karnad** is a Non-Executive Director on our Board. Mrs. Karnad was the Managing Director of erstwhile Housing Development Finance Corporation Limited (HDFC Ltd) from 2010 till June 30, 2023. She holds a Master's degree in Economics from the University of Delhi and a Bachelor's degree in Law from the University of Mumbai. She is a Parvin Fellow - Woodrow Wilson School of Public and International Affairs, Princeton University, USA. Ms. Karnad has had to her credit, numerous awards, and accolades. Prominent among them being featured in list of '25 top non-banking women in finance' by U.S. Banker magazine, listed by Wall Street Journal Asia as among the 'Top Ten Powerful Women to Watch Out for in Asia', 'Outstanding Woman Business Leader' by CNBC-TV18, 25 Most Influential Women

Name	Age/Qualification	Brief Experience
		Professionals in India by India Today. Mrs. Karnad is a Director on the Board of Glaxosmithkline Pharmaceuticals Limited, HDFC Bank Limited, HDFC Ergo General Insurance Company Limited, HDFC Capital Advisors Limited, Bangalore International Airport Limited, EIH Limited, PayU Payments Private Limited and Nudge Lifeskills Foundation. Mrs. Karnad does not hold full-time position in any other company or body corporate.
Mr. Sanjay Bhandarkar	57 years B. Com. (University of Pune), MBA (XLRI, Jamshedpur)	**Mr. Sanjay Bhandarkar** has over three decades of corporate finance, advisory and investment banking experience in the country. He is an independent, non-executive director on the boards of two listed companies – Tata Power Company Limited and HDFC Asset Management Company Limited since late 2016 and on the board of the National Investment and Infrastructure Fund Limited as a shareholder nominee. He has been recently appointed as an Independent Non- Executive Director on the boards of Tata Projects Limited and Chemplast Sanmar Limited. Mr. Bhandarkar is on the Investment Committee of a SEBI registered seed capital fund called Contrarian Vriddhi as an external IC member. The fund has fully invested its corpus. He is also on the Investment Committee of the 170M USD South Asia Growth Fund II of GEF Capital Partners as an external IC member. He is on the advisory board of 1Crowd, a seed capital stage online investing platform which has also raised a SEBI approved fund for seed stage investing. He started his career with ICICI in 1990 and ISec, the joint venture between ICICI and JP Morgan, and then spent two years with Peregrine Capital. He was part of the founding team of Rothschild India in 1998 and played a key role in establishing Rothschild as a well-recognized and respected pure play advisory investment banking firm in India. He led the Rothschild India business from December 2005 to June 2016, when he stepped down from his full-time role.

Name	Age/Qualification	Brief Experience
		Mr. Bhandarkar's focus at Rothschild was on M&A as well as equity capital market advisory for Indian and international companies. He led the teams that worked closely with the Government of India on the 3G and BWA spectrum auctions, the first e-auctions done in India, and on the restructuring of the Enron and GE owned Dabhol power project, one of the largest and most complex restructurings to date. He did his MBA from XLRI, Jamshedpur in 1990. He lives in Mumbai.
Mr. Dhruv Subodh Kaji	73 years B.Com. (University of Mumbai), Chartered Accountant	**Mr. Dhruv Kaji** is an independent director on our Board with effect from October 31, 2018. He was Finance Director of Raymond Limited, Executive Director of Pinesworth Holdings Pte. Ltd. (Singapore) and a Director on the Boards of Raymond Apparel Limited, Colorplus Fashions Limited, Hindustan Oil Exploration Company Limited, Balaji Telefilms Limited, Balaji Motion Pictures Limited and Network18 Media & Investments Limited and TV18 Broadcast Limited; he was also on the advisory board of Essar Steel Limited. He is currently an advisor, evaluating and guiding business projects, strategies and organizational development, both in India and abroad. He is also on the Board of Ceinsys Tech Limited.
Mr. Jairaj Purandare	66 years B.Sc. (Hons) (University of Mumbai), Chartered Accountant	**Mr. Jairaj Purandare** is an independent director on our Board with effect from October 31, 2018. He is a Fellow member of The Institute of Chartered Accountants of India and holds a Bachelor of Science (Hons) from University of Mumbai. He has completed the YPO Presidents Program from Harvard Business School. Mr. Purandare has over four decades of experience in accounting, tax and business advisory matters. He is the Founder Chairman of JMP Advisors Private Limited, a leading advisory, accounting, tax and regulatory services firm, based in Mumbai, India. He was Regional Managing Partner, Chairman – Tax and Country Leader Markets & Industries of Pricewaterhouse Coopers, India. He was earlier Chairman of Ernst & Young India (EY) and Country Head of the Tax & Business Advisory practice of Andersen India.

Name	Age/Qualification	Brief Experience
		He has significant expertise in advising large and multinational clients across various sectors viz., Financial Services, Infrastructure, Power, Telecom, Media, Pharma and Auto sectors. International Tax Review (Euromoney), in its report World's Leading Tax Advisors has named Jairaj several times as among the leading Tax Advisors in India. Mr. Purandare is a frequent speaker at seminars in India and abroad and has presented several papers in areas of his expertise, including inbound/outbound investment structuring, international tax, transfer pricing, M&As, Indian Budget and Economy. Mr. Purandare holds directorships in listed companies viz., Piramal Pharma Limited, CIE Automative India Limited and Indegene Limited. He also holds directorship in JMP Advisors Private Limited. Mr. Purandare is a steering committee member of the ITSG International Network and a member of the City of London Advisory Council for India. He is a former member of the National Council of Confederation of Indian Industry (CII) and former Chairman of the Taxation Committee of CII. He has been a member of the Central Direct Taxes Advisory Committee, chaired by the Finance Minister. Mr. Purandare was also the Regional Networks Chair and Finance Chair of YPO Gold and continues to be a member. At PayU Payments Private Limited, an unlisted company, Mr. Purandare holds a position of Independent Director.
Mr. Parag Shah	49 years Bachelor's degree in Science (Computer Engineering) from the Illinois Institute of Technology, Graduate of the General	**Mr. Parag Shah** is Founder and Partner of Amara Partners, a mid-market Private Equity fund. Amara Partners provides growth capital to businesses and supports entrepreneurs in strategy, innovation, digitization, change management, governance and business transformation. In a career spanning over 25 years, Parag has

Name	Age/Qualification	Brief Experience
	Management Program of the Harvard Business School	held various positions with the Mahindra Group and in his last role, he was a Member of the Group Executive Board. Parag has extensive experience in building new businesses, turn arounds, joint ventures, mergers & acquisitions and IPOs. He was the Managing Partner of Mahindra Partners, the 1 Bn USD Private Equity and Venture Capital division of the Group that was in charge of diverse businesses like Logistics, Renewable Energy, Retail, Manufacturing (Steel components, Conveyor Systems, Boats), Consulting, Media and Healthcare. He had also set up the Group Silicon Valley office for technology investments and start-up partnerships. Parag was Chairman of GPMD program, Co-Chairman of the Group Diversity Council, Member of Group Sustainability & an Executive Committee member of various councils of Mahindra Learning University. He was the Group lead for business representation in Israel. Parag is a Director on several companies such as Mahindra Accelo, Blue Planet Integrated Waste Solutions Limited, the Indian and Eastern Engineer Company, Global Chess League (Geneva) & PSL Media and Communication. He is also an Independent Director on the board of Lumax Auto Technologies Limited and Thermax Limited. Parag holds a BS Degree in Computer Engineering from the Illinois Institute of Technology with special electives in Psychology and Manufacturing Technology. He is also a graduate of the General Management Program from Harvard Business School. Parag has been an Executive Committee Member of the CII National Committee on Private Equity and Venture Capital, FICCI Solar Energy Task Force, CII National Committee on Renewable Energy, CII National Healthcare Council, American Alumni Association in addition to other external associations. He is also an angel investor & is on the Board of Trustees of the IndUS Entrepreneurs (TiE), Mumbai.

Name	Age/Qualification	Brief Experience
		Parag has been recognized by Economic Times & Spencer Stuart as India's Top 40 Business Leaders under the age of 40. He was also featured by India Today as 'Leaders of Tomorrow' in their anniversary issue. Parag is affiliated with various NGO associations such as Sabarkanta Relief Committee and S&G Charitable Trust. He has also been a Founder Director of "Executives Without Borders", an NGO based in USA.
Ms. Roshni Nadar Malhotra	43 years MBA from the Kellogg Graduate School of Management, Northwestern University	**Ms. Roshni Nadar Malhotra** is the Chairperson of the Board of Vama Sundari Investments (Delhi) Private Limited and she is also the Chairperson of HCL Corporation Private Limited and HCL Capital Private Limited, both registered NBFC-ML with RBI, New Delhi. Ms. Roshni has approx. 14 years of experience in managing affairs of NBFCs under HCL Group. Ms. Roshni, being Chairperson of the Treasury Committee of the Board of Directors, is actively involved in treasury management of the Company. Ms. Roshni Nadar Malhotra is the Chairperson of HCLTechnologies Limited, a leading global technology organization with a market capitalization of $60 billion, headquartered in India. Ms. Roshni is Trustee of the Shiv Nadar Foundation (Foundation). Since its inception, the Foundation has invested $1.5 billion in nation building institutions and driving transformational leadership. Ms. Roshni is also the Chairperson and driving force behind VidyaGyan, a leadership academy working towards nurturing future leaders from economically disadvantaged, meritorious rural students of India who can be catalysts of change for their communities, villages and the nation at large. She is the Managing Trustee of 'The Habitats Trust' engaged in protecting India's natural habitats and its indigenous species. Ms. Roshni is a member of the Dean's Advisory Council at the MIT School of Engineering, USA and also a member of the Kellogg School of Management Executive

Name	Age/Qualification	Brief Experience
		Board for Asia. She serves on the board of directors of US-India Strategic Partnership Forum (USISPF) and is on the global board of directors of The Nature Conservancy (TNC). In recognition of her outstanding work both in business and in philanthropy, Ms. Roshni has received several honors and accolades. France's highest civilian award Chevalier de la Légion d'Honneur (Knight of the Legion of Honour) has been conferred on her in 2024. In 2023, she was featured for the eighth consecutive year in 'The World's 100 Most Powerful Women' list, compiled and released by Forbes. Ms. Roshni holds an undergraduate degree in Communications from Northwestern University and an MBA from the Kellogg School of Management. At Kellogg, she was awarded the Dean's Distinguished Service Award. In 2023, Roshni was conferred with the Schaffner Award by Kellogg for her contribution to the society. Roshni was conferred with Lewis Institute Community Changemaker Award by Babson College in 2017. She holds directorship in the following companies viz. HCL Technologies Limited (Chairperson), HDFC Asset Management Company Limited, Blueberry Investments (Chennai) Private Limited, Guddu Investments (Chennai) Private Limited, Slocum Investments (Chennai) Private Limited, SSN Investments (Chennai) Private Limited, HCL Corporation Private Limited (Chairperson), SSN Investments (Pondi) Private Limited, Vama Sundari Investments (Delhi) Private Limited (Chairperson), KRN Education Private Limited, HCL Avitas Private Limited, HCL IT City Lucknow Private Limited, HCL Games Private Limited, HCL Sterna Private Limited, Julian Investments (Chennai) Private Limited, SSN Investments (Delhi) Private Limited and HCL Capital Private Limited (Chairperson).

Name	Age/Qualification	Brief Experience
Mr. Navneet Munot	53 years M.Com., CA, CFA, CAIA, FRM	**Mr. Navneet Munot** is the Managing Director and Chief Executive Officer of our Company effective from February 16, 2021. Mr. Munot has 3 decades of rich experience in financial services. Prior to this, he worked with SBI Funds Management Private Limited as an Executive Director and CIO and was a key member of the Executive Committee since December 2008. As the CIO, he was responsible for overseeing investments over $ 150 billion across various asset classes in mutual funds and segregated accounts. He was also a nominee director on the Board of SBI Pension Funds Private Limited. Mr. Munot started his career in 1994 with Aditya Birla Group. He then joined Birla Global Finance Limited (BGFL) and worked in various spheres of financial services business. He had a brief stint in the sell-side with Birla Sunlife Securities Limited. As the Chief Investment Officer (CIO) for fixed income and hybrid funds in Birla Sunlife Mutual fund, he played an important role in business development while delivering consistent risk-adjusted returns. He moved to Morgan Stanley Investment Management in 2007 as an Executive Director and head of multi-strategy boutique and then joined SBI Funds Management Private Ltd in December 2008. He has a Masters degree in Accountancy and Business Statistics and is a qualified Chartered Accountant. He is also a charter holder of CFA Institute and CAIA Institute and done Financial Risk Management (FRM). He is also on the Boards of Association of Mutual Funds in India, HDFC AMC International (IFSC) Limited, Bombay Chamber of Commerce and Industry.
Mr. V. Srinivasa Rangan	65 years Bachelor's degree in Commerce from University of Delhi Associate Member of The Institute of	**Mr. V. Srinivasa Rangan** is a Non-Executive Director (Nominee of HDFC Bank Limited) on our Board. He is also the Executive Director (i.e., Whole-time Director) of our Promoter, HDFC Bank Limited. He was the Executive Director and Chief Financial Officer of erstwhile Housing Development Finance Corporation Limited. He holds a Bachelor's

Name	Age/Qualification	Brief Experience
	Chartered Accountants of India (ICAI) Graduate member of I.C.M.A.I (The Institute of Cost Accountants of India)	degree in Commerce from University of Delhi and is an Associate of the Institute of Chartered Accountants of India (ICAI). He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing finance and real estate sector. Mr. Rangan has worked on international consulting assignments in housing finance in Ghana and the Maldives. He has been a member of various committees related to financial services such as RBI's Committee on Asset Securitisation and Mortgage-Backed Securitisation, Technical Group formed by National Housing Bank (NHB) for setting up of a Secondary Mortgage market Institution in India, NHB's Working Group on Covered Bonds and NHB's Working Group on Credit Enhancement Mechanism. Mr. Rangan was conferred the "Best CFO in the Financial Sector for 2010" by ICAI. He was also honoured with "Lifetime Achievement Award" at the sixth edition of Financial Express CFO Awards 2023. Mr. Rangan also serves as Non-Executive Nominee Director on the Board of Credila Financial Services Limited. Apart from HDFC Bank, Mr. Rangan does not hold full-time position in any other company or body corporate.

(iii) TOP 10 GROUP COMPANIES / FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS AS PER LATEST AVAILABLE AUDITED FINANCIAL STATEMENTS

The Promoter of Portfolio Manager is HDFC Bank Limited.

Top 10 group companies on turnover basis

The following are the top 10 group companies in terms of their turnover (i.e. income):

Sr. No.	Company
1.	HDFC Bank Limited
2.	HDFC Life Insurance Company Limited
3.	HDB Financial Services
4.	HDFC ERGO General Insurance Company Limited
5.	HDFC Securities Limited
6.	HDFC Sales Private Limited

Sr. No.	Company
7.	HDFC Capital Advisors Limited
8.	Griha **Investments**
9.	HDFC Trustee Company Limited
10.	Griha Pte Limited

(iv) DETAILS OF THE SERVICES BEING OFFERED: DISCRETIONARY / NON-DISCRETIONARY / ADVISORY / CO-INVESTMENT SERVICES

Under the Portfolio Management Services, the Portfolio Manager presently offers the following services:

- Discretionary
- Non-Discretionary
- Advisory
- Co-investment Services

Each of the above mentioned services are offered to Client under a specific agreement entered into between the Portfolio Manager and the Client on an individual basis. *(For details, refer Section 5.)*

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

All cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made thereunder.	The details of directions issued by SEBI and related matters are stated below.
	1. SEBI initiated proceedings in the matter of alleged front running of the trade orders of HDFC Mutual Fund by certain set of persons on the basis of information provided by Mr. Nilesh Kapadia, formerly a Dealer (Equities) at HDFC Asset Management Company Limited ('the AMC'). HDFC Trustee Company Limited, the AMC and its erstwhile Managing Director preferred settlement of the issues arising out of the same, without admission or denial of guilt, and the AMC also undertook to compensate investors for any losses suffered by them. SEBI issued a Consent Order no. CO/ID-6/AO/BM/ 130-132/2011 dated September 30, 2011 in this regard. The AMC compensated the concerned investors for losses suffered by them during the period November 2001 to September 2007. as determined by SEBI. 2. Pursuant to inspection of HDFC Mutual Fund conducted by SEBI for the period April 1, 2014 to March 31, 2016, SEBI issued letters dated May 31, 2018 to AMC and Trustee informing about initiation of quasi judicial proceedings against them in respect of certain alleged violations under SEBI (Mutual Funds) Regulations, 1996 and circulars and / or guidelines issued thereunder. The AMC and Trustee preferred settlement of the matter, without admission or denial of guilt, under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. SEBI issued settlement order nos. PM/RR/13/2018-19 and PM/RR/ 14/2018-19 both dated December 4, 2018 in this regard stating that the quasi judicial proceedings had been disposed off. 3. SEBI issued show cause notices in May 2019 to AMC, Trustees and certain Key Personnel of the AMC (collectively "the Notices") for alleged violations of SEBI MF Regulations in the matter of four Fixed Maturity Plans (FMPs) holding debt instruments of Essel Group Companies. The Notices preferred settlement of the matter, without admission or denial of guilt, under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018. SEBI issued Settlement Order no. SO/EFD-2/SD/337/April/2020 dated April 16, 2020

	in this regard whereby the enforcement action and enforcement proceedings had been disposed off against all Notices.
The nature of the penalty / direction	NIL
Penalties/ fines imposed for any economic offence and/ or for violation of any securities laws.	NIL
Any pending material litigation/ legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	NIL
Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.	NIL
Any enquiry/ adjudication proceedings initiated by SEBI against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.	1. SEBI issued final order on January 21, 2021, levying a penalty of Rs. 1 crore on the Bank, in the matter of invocation of securities pledged by BMA Wealth Creators (BRH Wealth Kreators) for availing credit facilities. SEBI also directed the Bank to transfer sale proceeds of Rs. 158.68 crores on invocation of securities, along with interest to escrow account with a nationalised bank by marking lien in favour of SEBI. The Bank challenged SEBI's order before SAT and SAT, vide its interim order, stayed operation of SEBI's order. SAT, vide its final order dated February 18, 2022, allowed the Bank's appeal and quashed SEBI's Order. 2. SEBI had issued Show Cause Notice dated June 19, 2023 to HDFC Bank as designated depository participant in the matter of Foreign Portfolio Investors not meeting eligibility criteria prescribed under SEBI (Foreign Portfolio Investors) Regulations. Response to the Show Cause Notice was submitted to SEBI vide letter dated August 15, 2023 and settlement application was also submitted to SEBI, which is under process.

5. SERVICES OFFERED

- **DETAILS OF THE SERVICES BEING OFFERED BY THE PORTFOLIO MANAGER**

Under the Portfolio Management Services, the Portfolio Manager presently offers the following services:

- Discretionary
- Non-Discretionary
- Advisory
- Co-investment Services

Each of the above mentioned services are offered to Client under a specific agreement entered into between the Portfolio Manager and the Client on an individual basis. For the details of the services (*as detailed herein under)* offered the Clients are requested to refer to the Portfolio Manager.

Discretionary

Under this service, the Portfolio Manager manages portfolios, investing in equities, debt, Money Market Instruments and Derivatives of any description (by whatever name called) or other securities as mandated and as may be permitted under applicable law, on behalf of its Client, in a discretionary manner. The Portfolio Manager has the absolute discretion as to the investments and / or management of the portfolio of securities or the funds of the Client. A Discretionary Portfolio Management Agreement outlining the details of services including the objectives, rights and responsibilities, fees and expenses, etc. is entered into with each client separately.

Non - Discretionary

Under this service, the Portfolio Manager manages its Client's funds on a non-discretionary basis. The Client will approve of the investments in line with the relevant clauses of the agreement before any particular investment is made. A Non-Discretionary Portfolio Management Agreement outlining the details of services including the objectives, rights and responsibilities, fees and expenses, etc. is entered into with each client separately.

Advisory

Under this service, the Portfolio Manager advises the Clients on investments in general as well as any specific advice that may have been agreed upon in the Investment Advisory Agreement executed with the Client. Based on the Client's investment objectives either detailed in the Prospectus or Memorandum of the Client, the Portfolio Manager provides recommendation to the Client on purchase/sale of securities as per the Investment mandate. The Portfolio Manager under the Investment Advisory mandate advises on trading in securities without any back-office responsibility for trade execution, custody or accounting functions. An Investment Advisory Agreement outlining the details of services including the objectives, rights and responsibilities, fees and expenses, etc. is entered into with each Client separately. Under this service, the Portfolio Manager does not make any investments on behalf of the Client. The investment advice under this service is non-exclusive and non-binding on the Client. For advisory services in respect of products or services which are outside the regulatory purview of SEBI, no recourse from SEBI shall be available to such clients for any grievance arising therefrom.

For the above services, the portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence.

Services offered to Accredited Investors and Large Value Accredited Investors:

The below regulatory concessions are available to Accredited Investor and Large Value Accredited Investor under SEBI (Portfolio Managers) Regulations, 2020:

Particulars	**Applicability**
Contents of agreement specified under Schedule IV of SEBI (Portfolio Managers) Regulations, 2020 shall not apply to the agreement between the Portfolio Manager and Large Value Accredited Investor	Large Value Accredited Investor
The requirement of minimum Capital Contribution per client shall not Apply	Accredited Investor
The Portfolio Manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management in unlisted securities subject to the terms agreed between the client and the Portfolio Manager	Large Value Accredited Investor
The quantum and manner of exit load applicable to the client of the Portfolio Management shall be governed through bilaterally negotiated contractual terms	Large Value Accredited Investor

Co-investment Services

Under this service, the Co-investment Portfolio Manager shall provide co-investment services to investors of Category I and II Alternative Investment Funds (AIFs) managed by it from time to time. Co-investments services and advise for the same shall be provided in accordance with and subject to the provisions under applicable SEBI Regulations viz, SEBI (Portfolio Managers) Regulations, 2020 and SEBI (Alternative Investment Funds) Regulations, 2012 and circulars and guidelines issued thereunder, as amended from time to time. Co-investments shall only be made in unlisted securities of investee companies where such Category I or Category II AIFs make investments. Currently, the Co-investment Portfolio Manager is Investment Manager to **HDFC AMC Select AIF FoF – I** ("FoF"), a SEBI registered Category II Alternative Investment Fund.

Co-investment Portfolio Management Services

1	**Investment Objective**	The primary objective of the Co-Investment Portfolio Manager is to provide co-investment portfolio management services to existing investors of alternative investment funds (AIF) managed by the Co-Investment Portfolio Manager.
2	**Description of types of securities in which Portfolio Manager will invest**	The Co-Investment Portfolio Manager shall invest in Unlisted equity, equity linked instruments, debt or such other unlisted securities or investments where Category I or Category II AIFs make investment.

3	**Investment Approach of the Portfolio Manager**	The Co-Investment Portfolio Manager does not follow a specific investment approach. Existing investors of the alternative investment funds managed by the Co-Investment Portfolio Manager who express interest in a specific unlisted security where a co-investment opportunity exists, will be allowed to invest. This approach provides flexibility, enabling investors to selectively participate in deals that match their individual preferences.
4	**Terms of Co-Investment**	The terms and conditions for co-investments will be as per the applicable regulatory guidelines from time to time, including the following: • the terms of co-investment in an investee company by a co-investor, shall not be more favourable than the terms of investment of the AIF • the terms of exit from the co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the AIF • Early withdrawal of funds by the co-investors shall be allowed to the extent the AIF has also made an exit.
5	**Risks associated with Co-Investments**	Co-investments may involve higher risks, including concentration risk, liquidity risk, and the potential loss of capital. Investors should be aware that co-investment structures may also be subject to different regulatory, tax, and legal frameworks than the AIF, which may affect their investment outcomes. Co-investment opportunities are not guaranteed to achieve the same performance as the AIF's primary investments, and their results may vary significantly. Investors should carefully consider the risks before committing capital to any co-investment opportunity. i. **Illiquidity Risk:** Investments in unlisted securities or private companies may have limited options for exiting the investment, making it difficult to access capital when needed. ii. **Concentration Risk:** Co-investments often focus on specific companies or sectors, leading to a concentrated investment portfolio. This concentration can increase overall risk, as underperformance in the concentrated area may disproportionately impact the investor's overall returns. iii. **Performance Risk:** The success of co-investments is heavily reliant on the performance of the underlying company. Factors such as operational inefficiencies, market competition, regulatory changes, and economic conditions can adversely affect the performance and profitability of the investment.

		iv. **Dependence on the Lead Investor:** Co-investors typically rely on the lead investor for due diligence and investment decisions. If the lead investor's judgment or strategies do not align with the co-investor's interests or expectations, it can lead to suboptimal investment outcomes. v. **Regulatory and Compliance Risk:** Private market investments are subject to specific regulatory frameworks that may change over time. Non-compliance with regulations can expose co-investors to legal liabilities or penalties, affecting investment outcomes. vi. **Market Risk:** Co-investments in private markets are subject to broader market risks, including economic downturns, changes in interest rates, and shifts in investor sentiment, which can negatively impact the performance of the underlying investments. vii. **Exit Strategy Risk:** The timing and method of exit can significantly influence the returns from co-investments. If the market conditions are unfavorable when the AIF or co-investors decide to exit, they may realize lower returns or face delays in liquidating their positions.

- **INVESTMENT APPROACHES / OBJECTIVES AND POLICIES OF THE PORTFOLIO MANAGER**

1. **<u>Diversified Portfolio – Equity</u>**
(Formerly known as Diversified Portfolio name changed w.e.f. April 1, 2023 and modified w.e.f. January 11, 2024)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a diversified portfolio by investing in equity & fixed income securities and units of mutual fund schemes or ETFs or Real Estate Investment Trusts (REITs) or Infrastructure Investment Trusts (InvITs). The approach for security selection is as detailed in the subsequent section.
Description of types of securities	Investing in portfolio of equity and related securities or fixed income and related securities or units of mutual fund schemes or ETFs or REITs or InvITs.
Basis of selection of securities	The portfolio manager selects equity and related securities from the listed universe across market capitalizations. For fixed income and related securities, the portfolio manager selects securities across credits, sectors and ratings. Mutual fund schemes / REITs / InvITs are selected basis the need for asset allocation or specific requirement of client/s.

Allocation of Portfolio across types of securities under normal circumstances	i. Equity & equity related securities including units of equity oriented mutual fund schemes or ETFs – 65% to 100% . ii. Fixed income & fixed income related securities including units of fixed income oriented mutual fund schemes or ETFs – 0% to 35%. iii. Units / securities issued by REITs / InvITs – 0% to 35% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI
Benchmark Rationale	Investments under the approach which are predominantly in equities (shares, units of equity oriented mutual fund schemes), the selection of securities would be across market capitalizations and hence BSE 500 is a suitable benchmark
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds.

2. <u>Diversified Portfolio – Hybrid</u>

(Formerly known as Diversified Portfolio name changed w.e.f. April 1, 2023)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a diversified portfolio by investing in equity & fixed income securities and units of mutual fund schemes or ETFs. The approach for security selection is as detailed in the subsequent section.

Description of types of securities	Investing in portfolio of equity and related securities or fixed income and related securities or units of mutual fund schemes or ETFs.
Basis of selection of securities	The portfolio manager selects equity and related securities from the listed universe across market capitalizations. For fixed income and related securities, the portfolio manager selects securities across credits, sectors and ratings. Mutual fund schemes are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	Equity & related securities or Fixed Income & related securities including units of mutual fund schemes or ETFs – 65% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Hybrid
Benchmark*	Nifty 50 Hybrid Composite Debt 50:50 Index
Benchmark Rationale	Investments under the approach are both in debt and equity, Nifty 50 Hybrid Composite Debt 50:50 Index is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds.

3. <u>Enhanced Portfolio 1</u>

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	HDFC AMC PMS Enhanced Portfolio 1 will invest in equity and equity related investments and Investee Schemes i.e. one or more open ended equity oriented

	schemes of HDFC Mutual Fund. The Investee Schemes will be selected at the sole discretion of the Portfolio Manager based on their underlying portfolio's earnings outlook and market valuation, amongst other factors. At the time of inception of portfolio, investments will be in units of mutual fund schemes or ETFs and in equity and related securities in almost equal proportion. The approach for security selection is as detailed in the subsequent section.
Description of type of securities	Portfolios wherein investments will be in Open ended equity oriented schemes of HDFC Mutual Fund and in portfolio of equity and related securities.
Basis of selection of securities	The portfolio manager selects equity and equity related securities from the listed universe across market capitalizations. Mutual fund schemes are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	Equity & equity related securities including units of equity oriented mutual fund schemes or ETFs - 65% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI
Benchmark Rationale	HDFC AMC PMS Enhanced Portfolio 1 invests in equity and equity related investments across market capitalizations and Investee Schemes i.e. one or more open-ended equity oriented schemes of HDFC Mutual Fund. BSE 500 has a fair representation of a number of large, mid and small cap companies, and thus is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. HDFC AMC PMS Enhanced Portfolio 1 proposes to have direct exposure to equity stocks as well as invest in one or more Investee Schemes. In addition to the risks associated with direct forms of investments (like market, credit and liquidity risks), any investment in mutual fund units also involves specific investment risks such as trading volumes, settlement risk, regulatory risks, redemption risks, prepayment risks, default risk including the possible loss of principal and other risks. These risks are more specifically disclosed in this document and in the scheme related documents of

	HDFC Mutual Fund as available at http://www.hdfcfund.com/. ii. Movements in the Net Asset Value (NAV) of the Investee Schemes may impact the performance of the Portfolio. Any change in the investment policies or fundamental attributes of the Investee Schemes may affect the performance of the Portfolio. While it would be the endeavor of the Portfolio Manager to invest in the schemes with a view to maximize returns, the performance of the underlying schemes may vary which may impact the returns of this Portfolio. iii. As the liquidity of the investments made by the Investee Schemes could, at times, be restricted by trading volumes and settlement periods, the time taken by the Investee Scheme for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. iv. Investments by client/s in the underlying schemes will be subjected to exit load

4. <u>Debt Mandate</u>

Investment Objective	The objective is to earn a rate of return on the portfolio, while preserving capital and ensuring liquidity.
Investment Approach	The portfolio manager endeavors to generate income / capital appreciation by investing in fixed income securities and units of fixed income mutual funds as per the mandate specified by the client/s. The approach for security selection is as detailed in the subsequent section.
Description of type of securities	Investments predominantly in fixed income securities and units of fixed income mutual fund schemes.
Basis of selection of securities	Based on the specific mandate of client/s
Allocation of Portfolio across types of securities under normal circumstances	Fixed Income securities & related instruments including units of fixed income oriented mutual fund schemes or ETFs - 65% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Debt
Benchmark*	Nifty Medium to Long Duration Debt Index
Benchmark Rationale	The portfolios are generally constructed with a medium to long duration and hence Nifty Medium to

	Long Duration Debt Index is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term or as mandated by the client/s
Risk Factors	i. The value of investments, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The value of investments is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. ii. Money market instruments, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the investments and may lead to the investments incurring losses till the security is finally sold. iii. Interest Rate Risk: Interest Rate risk is the risk arising from fluctuating interest rates and may affect the valuation of the portfolio. Prices of securities increase as interest rates fall and vice versa. Prices of longer duration securities fluctuate more in response to changes in interest rates than shorter duration securities. iv. Credit Risk/Default Risk: Credit Risk is the risk of default on an investment that may arise from a borrower failing to make the required interest or principal payments. Due to this risk corporate securities are sold at a higher yield than Government Securities which are sovereign securities and free of credit risk. v. Liquidity Risk: This is a risk that a security may not be sold at or near its valuation yield to maturity. Liquidity is measured by spread between the bid price and ask price. vi. Reinvestment Risk: Reinvestment risk is the risk of having to reinvest proceeds at a rate lower than the rate the security was previously earning. One of the main ways this risk presents itself is when interest rates fall over time. vii. Inflation Risk: When buying a bond, we are essentially committed to receive a rate of return, either fixed or floating, for the duration of the security or at least as long as it is held. However, if the inflation (cost of living) increases dramatically, clients may see their purchasing power erode. viii. Downgrade Risk: A company's ability to operate and repay its debt issues is frequently evaluated by major ratings institutions. Ratings range from 'AAA' for high credit quality instruments to 'D' for

	bonds in default. If a company's ability to operate and repay its obligation is questioned, this can have an adverse impact on the company's ability to satisfy its debt with current bondholders.

5. <u>Provident Funds, Treasuries and Special Mandates</u>

(Modified w.e.f. January 15, 2026)

Investment Objective	The objective is to earn a rate of return on the portfolio, while preserving capital and ensuring liquidity.
Investment Approach	The portfolio manager endeavors to create a portfolio in line with the investment pattern specified under each mandate. The approach for security selection will depend on and may vary from the client to client, based on client specific mandates in order to achieve clients' investment objectives. The investments strategy is usually "Buy and Hold to maturity" in case of debt securities under Provident Fund portfolios.
Description of types of securities	The Portfolio will invest in Fixed Income securities, Equity securities, Units of Mutual Funds, AIFs and Trusts.
Basis of selection of securities	The portfolio manager selects securities from the permissible universe. Units of Mutual Fund, AIFs and Trust are selected basis the need for asset allocation or specific requirement of client/s. Permissible universe may be defined by the Clients or laws applicable to them and may further be defined based on credit quality, sectors, external rating or internal assessment.
Allocation of Portfolio across types of securities under normal circumstances	Debt and Equity related instruments including securities, units of funds/ ETFs/REITs/InvITs and cash equivalent as permitted by regulation and mutually agreed by client's investment policies. Portfolio manager may use derivatives and related instruments as appropriate within regulatory restrictions. *The asset allocation pattern may change from time to time depending on the market conditions and change in clients risk appetite. The actual asset allocation may vary in order to protect client's interest*
Strategy	Debt
Benchmark*	NIFTY 10 yr Benchmark G-Sec. The benchmark may be agreed with client for specific mandates. A few mandates may have exemption from disclosure of benchmark or have customized benchmark.

Benchmark Rationale	SEBI has prescribed Portfolio Managers to choose benchmarks from the prescribed list of benchmarks. The benchmarks are appropriately chosen out of the options available from the prescribed list that align well with the Investment Approach except for mandates having exemption as mentioned above.
Indicative tenure or investment horizon	Medium to Long term or as mandated by the client/s
Risk Factors	i. The value of investments, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The value of investments is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. ii. Money market instruments, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the investments and may lead to the investments incurring losses till the security is finally sold. iii. Market Risk: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. iv. Interest Rate Risk: Interest Rate risk is the risk arising from fluctuating interest rates and may affect the valuation of the portfolio. Prices of securities increase as interest rates fall and vice versa. Prices of longer duration securities fluctuate more in response to changes in interest rates than shorter duration securities. v. Credit Risk/Default Risk: Credit Risk is the risk of default on an investment that may arise from a borrower failing to make the required interest or principal payments. Due to this risk corporate securities are sold at a higher yield than Government Securities which are sovereign securities and free of credit risk. vi. Liquidity Risk: This is a risk that a security may not be sold at or near its valuation yield to maturity. Liquidity is measured by spread between the bid price and ask price vii. Reinvestment Risk: Reinvestment risk is the risk of having to reinvest proceeds at a rate lower than the rate the security was previously earning. One of the main ways this risk presents itself is when interest

	rates fall over time. viii. Inflation Risk: When buying a bond, we are essentially committed to receive a rate of return, either fixed or floating, for the duration of the security or at least as long as it is held. However, if the inflation (cost of living) increases dramatically, clients may see their purchasing power erode. ix. Downgrade Risk: A company's ability to operate and repay its debt issues is frequently evaluated by major ratings institutions. Ratings range from 'AAA' for high credit quality instruments to 'D' for bonds in default. If a company's ability to operate and repay its obligation is questioned, this can have an adverse impact on the company's ability to satisfy its debt with current bondholders.

6. <u>Bespoke Accounts</u>

(Modified w.e.f. June 16, 2025)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager endeavors to create a portfolio as per the specific requirements of the client. Based on the preference of the client/s, the portfolio manager can invest in permissible securities. The approach for security selection is as detailed in the subsequent section.
Description of types of securities	All permissible securities for the category of the client such as equity, debt, Units of mutual funds / ETFs, Units of Alternative Investment Funds (AIFs), whether listed or unlisted, rated or unrated, convertible instruments, etc. The types of securities invested in and Investment strategy shall be tailored as per the requirement of each client and could be different from any of the investment approaches.
Basis of selection of securities	The portfolio manager selects securities based on research both in-house and external. Equity and related securities are selected from the permissible universe across market capitalizations. For fixed income and related securities, the portfolio manager further considers credit position, sectors and ratings. Mutual fund schemes / units of AIFs / other permitted securities are selected basis the need for asset allocation or specific requirement of client/s. Further, securities selected for investment shall also depend on the risk appetite / other criteria specified by the Clients.

Allocation of Portfolio across types of securities under normal circumstances	Subject to the applicable regulatory limits for each type of investor, and the type of security viz., listed / unlisted, rated / unrated, etc. the broad asset allocation under this approach will be as under: i. Equity & equity related securities – 0% to 100% ii. Fixed Income securities & related instruments – 0% to 100% iii. Units of mutual fund schemes or ETFs – 0% to 100% iv. Units of Alternative Investment Funds (AIFs) – 0% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above as per each client's requirement.*
Strategy	Equity
Benchmark*	NIFTY 50 TRI
Secondary Benchmark	BSE SENSEX TRI
Benchmark Rationale	Portfolio construction as per the specific requirements of the clients.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk:** Market risk refers to the possibility of losses due to adverse market movement. Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk:** The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk:** There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds. Illiquidity can lead to delay in the exiting the positions or execution at unfavorable prices.

7. <u>All Cap Portfolio - DPMS</u>

(Introduced w.e.f. June 29, 2022 and name changed w.e.f. May 23, 2025)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a portfolio of

	stocks based on a proprietary scoring model. Scores are assigned to companies on various parameters such as Profit after Tax (PAT) growth, Free Cash Flow (FCF) growth, Return on Equity (ROE), etc.
Description of type of securities	Investing in portfolio of equity and related securities, units of fixed income mutual fund schemes / ETFs.
Basis of Security Selection	The portfolio manager selects equity and related securities with an aim to offer an optimal risk reward at that point in time. The securities will be selected from the investment universe based on a proprietary scoring model based on various parameters such as Profit after Tax (PAT) growth, Free Cash Flow (FCF) growth, Return on Equity (ROE), etc.
Allocation of Portfolio across types of securities under normal circumstances	i. Equity & equity related securities – Generally 80% to 100%. ii. Units of fixed income mutual fund schemes / ETFs – Generally 0% to 20%* ** Pending deployment, the funds may be parked in units of fixed income mutual fund schemes / ETFs.* *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI
Secondary Benchmark	NIFTY 50 TRI
Benchmark Rationale	BSE 500 has a fair representation of a number of large, mid and small cap companies. Since, the selection of securities would be across market capitalizations, BSE 500 is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds.

	iv. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. v. Investments by client/s in the underlying schemes will be subjected to exit load. vi. Movements in the Net Asset Value (NAV) of the Investee Schemes may impact the performance of the Portfolio. Any change in the investment policies or fundamental attributes of the Investee Schemes may affect the performance of the Portfolio. While it would be the endeavor of the Portfolio Manager to invest in the schemes with a view to maximize returns, the performance of the underlying schemes may vary which may impact the returns of this Portfolio.

8. <u>India Ascent Portfolio - DPMS</u>

(Introduced w.e.f. August 30, 2022 and name changed w.e.f. May 23, 2025)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The Portfolio Manager aims to create a portfolio of stocks based on emerging and scalable long term growth opportunities.
Description of type of securities	Investing in portfolio of equity and related securities, units of fixed income mutual fund schemes / ETFs.
Basis of Security Selection	The portfolio manager selects equity and related securities with an aim to offer an optimal risk reward at that point in time. The securities will be selected from the investment themes benefitting from India's growth opportunity.
Allocation of Portfolio across types of securities under normal circumstances	i. Equity & equity related securities – Generally 80% to 100%. ii. Units of fixed income mutual fund schemes / ETFs – Generally 0% to 20%* * *Pending deployment, the funds may be kept in cash & cash equivalents, units of fixed income mutual fund schemes / ETFs.* *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI

Secondary Benchmark	NIFTY 50 TRI
Benchmark Rationale	BSE 500 has a fair representation of a number of large, mid and small cap companies. Since, the selection of securities would be across market capitalizations, BSE 500 is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds. iv. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. v. Investments by client/s in the underlying schemes will be subjected to exit load. vi. Movements in the Net Asset Value (NAV) of the Investee Schemes may impact the performance of the Portfolio. Any change in the investment policies or fundamental attributes of the Investee Schemes may affect the performance of the Portfolio. While it would be the endeavor of the Portfolio Manager to invest in the schemes with a view to maximize returns, the performance of the underlying schemes may vary which may impact the returns of this Portfolio.

9. <u>HDFC AMC "MF Select" Portfolio – Equity</u>

(Formerly known as Portfolio of Mutual Fund Schemes / ETFs" name changed w.e.f. May 24, 2023)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a diversified portfolio by investing predominantly in units of equity oriented mutual fund schemes and / or ETFs. Further,

	investments may also be made in any other type of mutual fund schemes.
Description of types of securities	Units of mutual fund schemes and / or ETFs. These could be open-ended, close-ended or interval schemes. The schemes could be listed or unlisted.
Basis of selection of securities	Mutual fund schemes and / or ETFs are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	Units of equity oriented mutual fund schemes and /or ETFs - 65% to 100%. *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	NIFTY 50 TRI
Benchmark Rationale	NIFTY 50 Index is the most followed and recognized benchmark. Hence, using the NIFTY 50 Index Benchmark.
Indicative tenure or investment horizon	Medium to Long Term
Risk Factors	i. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. ii. As the price/ value/ interest rates of the securities in which a scheme invests fluctuates, the value of investments in a scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets. iii. The name of a scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns. iv. Investments by client/s in the mutual fund schemes will be subjected to applicable exit load. v. In case of any investments in fund of funds schemes, investors shall bear the recurring expenses of that scheme in addition to the recurring expenses of the underlying schemes (subject to regulatory limits).

10. <u>HDFC AMC "MF Select" Portfolio – Debt</u>
(Introduced w.e.f. May 24, 2023)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a diversified portfolio by investing predominantly in units of debt oriented mutual fund schemes and / or ETFs. Further, investments may also be made in any other type of mutual fund schemes.
Description of type of securities	Units of mutual fund schemes and / or ETFs. These could be open-ended, close-ended or interval schemes. The schemes could be listed or unlisted.
Basis of selection of securities	Mutual fund schemes and / or ETFs are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	Units of debt oriented mutual fund schemes and / or ETFs - 65% to 100%. *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Debt
Benchmark*	Nifty Medium to Long Duration Debt Index
Benchmark Rationale	Investments under this approach are predominantly in units of various types of debt oriented mutual fund schemes and / or ETFs and the portfolios are generally constructed with a medium to long term horizon and hence Nifty Medium to Long Duration Debt Index is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. ii. As the price/ value/ interest rates of the securities in which a scheme invests fluctuates, the value of investments in a scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets. iii. The name of a scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns. iv. Investments by client/s in the mutual fund schemes

	will be subjected to applicable exit load. v. In case of any investments in fund of funds schemes, investors shall bear the recurring expenses of that scheme in addition to the recurring expenses of the underlying schemes (subject to regulatory limits).

11. <u>HDFC AMC "MF Select" Portfolio – Hybrid</u>
(Introduced w.e.f. May 24, 2023)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a diversified portfolio by investing in a combination of units of equity oriented and debt oriented schemes and / or Hybrid schemes or other schemes and/ or ETFs.
Description of type of securities	Units of mutual fund schemes and/ or ETFs. These could be open-ended, close-ended or interval schemes. The schemes could be listed or unlisted.
Basis of selection of securities	Mutual fund schemes and/ or ETFs are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	i. Units of equity oriented mutual fund schemes and/ or ETFs upto 65% ii. Units of debt oriented mutual fund schemes and/ or ETFs upto 65% iii. Units of hybrid schemes or other schemes and/ or ETFs – 0% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Hybrid
Benchmark*	Nifty 50 Hybrid Composite Debt 50:50 Index
Benchmark Rationale	The portfolios are generally constructed with a combination of equity oriented and debt oriented schemes and / or Hybrid schemes or other schemes and/ or ETFs and hence Nifty 50 Hybrid Composite Debt 50:50 Index is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. Investment in mutual fund units involves investment risks such as trading volumes,

	settlement risk, liquidity risk, default risk including the possible loss of principal. ii. As the price/ value/ interest rates of the securities in which a scheme invests fluctuates, the value of investments in a scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets. iii. The name of a scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns. iv. Investments by client/s in the mutual fund schemes will be subjected to applicable exit load. v. In case of any investments in fund of funds schemes, investors shall bear the recurring expenses of that scheme in addition to the recurring expenses of the underlying schemes (subject to regulatory limits).

12. <u>HDFC AMC "MF Select" Portfolio – Multi-Asset</u>
(Introduced w.e.f. May 24, 2023)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a portfolio by investing in a combination of units of at least three types of schemes namely equity oriented, debt oriented and commodity oriented schemes and/ or ETFs. Alternatively, investments may be made in pure multi-asset schemes. Further, investments may also be made in any other type of mutual fund schemes.
Description of type of securities	Units of mutual fund schemes and/ or ETFs. These could be open-ended, close-ended or interval schemes. The schemes could be listed or unlisted.
Basis of selection of securities	Mutual fund schemes and/ or ETFs are selected basis the need for asset allocation or specific requirement of client/s.
Allocation of Portfolio across types of securities under normal circumstances	i. Units of equity oriented mutual fund schemes and/ or ETFs – 5% to 90% ii. Units of debt oriented mutual fund schemes and/ or ETFs - 5% to 90% iii. Units of commodity oriented schemes or any other asset class oriented schemes and/ or ETFs – 5% to 90% iv. Multi-asset schemes and/or ETFs - 0% to 100% *The asset allocation pattern is indicative and may change from time to time depending on the market conditions.*

	The actual asset allocation may vary from the range indicated above in order to protect client's interest.
Strategy	Multi-Asset
Benchmark*	Nifty Multi Asset – Equity: Debt: Arbitrage: REITs/InvITs (50:20:20:10) Index. The Index has 50% exposure to Nifty 500 (Equity), 20% exposure to Nifty Medium Duration Debt Index (Debt), 20% exposure to Nifty 50 Arbitrage (Arbitrage) and 10% exposure to the Nifty REITs & InvITs (REITs/InvITs) Index.
Benchmark Rationale	The portfolios are constructed by investing in schemes representing multiple asset classes, hence Nifty Multi Asset – Equity: Debt: Arbitrage: REITs/InvITs (50:20:20:10) is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. ii. As the price/ value/ interest rates of the securities in which a scheme invests fluctuates, the value of investments in a scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets. iii. The name of a scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns. iv. Investments by client/s in the mutual fund schemes will be subjected to applicable exit load. v. In case of any investments in fund of funds schemes, investors shall bear the recurring expenses of that scheme in addition to the recurring expenses of the underlying schemes (subject to regulatory limits).

13. <u>HDFC AMC Liquid Portfolio</u>
(Introduced w.e.f. January 11, 2024)

Investment Objective	The portfolio manager proposes to invest with the objective of short term parking of funds and generating short term capital appreciation.
Investment Approach	The portfolio manager aims to create a Liquid Mutual Fund Scheme (MF) / Liquid Exchange Traded Funds (ETFs) portfolio for short term.

Description of type of securities	Units of Liquid Mutual Fund Schemes (MF) or Liquid Exchange Traded Funds (ETFs).
Basis of selection of securities	Liquid Mutual Fund Schemes or Liquid ETFs of HDFC Mutual Fund.
Allocation of Portfolio across types of securities under normal circumstances	Units of Liquid Mutual Fund Schemes or Liquid ETFs – 0 to 100%. *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest*
Strategy	Debt
Benchmark*	Crisil Composite Bond Index
Benchmark Rationale	Investments under this approach are predominantly in units of Liquid Mutual Fund Schemes or Liquid ETFs and the portfolios are generally constructed with a short duration and hence Crisil Composite Bond Index is a suitable benchmark.
Indicative tenure or investment horizon	Short term
Risk Factors	i. Investment in Mutual Fund Units or ETFs involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. ii. As the price/ value/ interest rates of the securities in which the mutual fund schemes invest fluctuates, the value of investments in the schemes may go up or down depending on the various factors and forces affecting the capital markets and money markets. iii. The name of a mutual fund scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns iv. Investments by client/s in the underlying schemes will be subjected to exit load. v. **Concentration Risk**: The portfolio will be subject to concentration risk, as the investments will only be in Liquid Mutual Fund Scheme or Liquid ETFs of HDFC Mutual Fund.

14. HDFC SmallCap Multiplier - DPMS

(Introduced with effect from May 23, 2025)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation by investing in Small Cap Companies.
Investment Approach	The Portfolio Manager aims to create a portfolio of stocks with focus on small cap companies with quality business and management, consistency in earnings growth and operating in niche environment, at reasonable valuations.
Description of types of securities	Equity and related securities, Units of fixed income Mutual Fund Schemes / ETFs / REITs.
Basis of selection of securities	The portfolio manager selects equity and related securities with an aim to offer an optimal risk reward at that point in time. The securities will be selected predominantly from small cap companies universe based on quality, growth and reasonable valuation.
Allocation of Portfolio across types of securities under normal circumstances	1. Equity & equity related securities – Generally 80% to 100%. In normal circumstances 80% to 100% will be endeavored to be invested in small cap companies. 2. Units of fixed income Mutual Fund Schemes / ETFs – Generally 0% to 20%* 3. REITs – Generally 0% to 20% ** Pending deployment, the funds may be kept in cash & cash equivalents, units of fixed income mutual fund schemes / ETFs.* *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI
Secondary Benchmark	BSE SmallCap 250 TRI
Benchmark Rationale	BSE 500 has a fair representation of selection of securities across market capitalizations.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. While Small & Mid-cap stocks gives one an opportunity to go beyond the usual large blue chip stocks and present possible higher capital appreciation, it is important to note that Small & Mid-cap stocks can be riskier and more volatile on a relative basis. Therefore, the risk levels of

	investing in Small & Midcap stocks are more than investing in stocks of large well established companies. It should be noted that over a period of time, Small, Mid and Large cap stocks have demonstrated different levels of volatility and investment returns. And it is important to note that generally, no one class consistently outperforms the others. ii. **Market Risk**: Investments in equity are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. iii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iv. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds. v. As the price/ value/ interest rates of the securities in which a portfolio invests fluctuates, the value of investments in a portfolio may go up or down depending on the various factors and forces affecting the capital markets and money markets. vi. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. vii. Investments by client/s in the underlying schemes will be subjected to exit load. viii. Movements in the Net Asset Value (NAV) of the Investee Schemes may impact the performance of the Portfolio. Any change in the investment policies or fundamental attributes of the Investee Schemes may affect the performance of the Portfolio. While it would be the endeavor of the Portfolio Manager to invest in the schemes with a view to maximize returns, the performance of the underlying schemes may vary which may impact the returns of this Portfolio.

15. HDFC Core Equity – NDPMS

(Introduced with effect from May 23, 2025)

Investment Objective	The portfolio manager proposes to invest with the objective of generating long term capital appreciation.
Investment Approach	The portfolio manager aims to create a portfolio of stocks based on macro growth opportunities, qualitative and quantitative metrics such as 2-yrs Revenue CAGR, Profit after Tax (PAT) growth, Earnings turnaround and Return on Equity (ROE) etc. across market Capitalization.
Description of types of securities	Equity and related securities, units of fixed income mutual fund schemes / ETFs.
Basis of selection of securities	The portfolio manager selects equity and related securities with an aim to offer an optimal risk reward at that point in time. The securities will be selected from the investment universe across market Capitalization based on a proprietary scoring model based on various parameters such as Profit after Tax (PAT) growth, Free Cash Flow (FCF) growth, Return on Equity (ROE), etc.
Allocation of Portfolio across types of securities under normal circumstances	1. Equity & equity related securities – Generally 80% to 100%. 2. Units of fixed income mutual fund schemes / ETFs – Generally 0% to 20%* ** Pending deployment, the funds may be kept in cash & cash equivalents, units of fixed income mutual fund schemes / ETFs.* *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 TRI
Secondary Benchmark	Nifty 50 TRI
Benchmark Rationale	BSE 500 has a fair representation of a number of large, mid and small cap companies. Since, the selection of securities would be across market capitalizations, BSE 500 is a suitable benchmark.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity and fixed income securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have

	heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds. iv. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. v. Investments by client/s in the underlying schemes will be subjected to exit load. vi. Movements in the Net Asset Value (NAV) of the Investee Schemes may impact the performance of the Portfolio. Any change in the investment policies or fundamental attributes of the Investee Schemes may affect the performance of the Portfolio. While it would be the endeavor of the Portfolio Manager to invest in the schemes with a view to maximize returns, the performance of the underlying schemes may vary which may impact the returns of this Portfolio.

16. <u>HDFC Growth for GOOD Portfolio</u>

(Introduced w.e.f. October 15, 2025 and name changed w.e.f. January 15, 2026)

Investment Objective	The portfolio manager proposes to invest with the objective to provide investors with opportunities for long-term capital appreciation through investments in companies that align with the ahimsa principles.
Investment Approach	The Portfolio Manager aims to create a portfolio of stocks with a focus on companies that align with ahimsa-driven principles.
Description of types of securities	Investing in portfolio of equity and equity related securities, Units issued by REITs/InvITs, Cash & Cash Equivalents /Fixed income or fixed income related securities including Units of fixed income Mutual Fund Schemes / ETFs
Basis of selection of securities	The portfolio manager selects equity and equity related securities that align with ahimsa principles. The Investment Approach will avoid investing in equities of companies that generate revenues predominantly from: Defence, Alcohol, Cigarettes & Tobacco Products, Dairy

	Products, Leather Products, Animal testing (including pharmaceuticals companies involved in such practices), Meat and poultry industries or any form of animal cruelty, Businesses engaged in serving meat/alcohol, Gambling & Betting. The above list is indicative and not exhaustive; additional categories may also be excluded in alignment with ahimsa principles. To ensure continued alignment with the ahimsa principles, the universe list of eligible securities will be reviewed and confirmed by the Fund Manager on a monthly basis.
Allocation of Portfolio across types of securities under normal circumstances	1. Equity & equity related securities – Generally 80% to 100%. In normal circumstances 80% to 100% will be endeavoured to be invested in companies that align with ahimsa principles. 2. Units issued by REITs/InvITs: Generally, 0% to 10% 3. Cash & Cash Equivalents / Fixed income or fixed income related securities including units of fixed income mutual funds / ETFs – Generally, 0% to 10%* * *Pending deployment, the funds may be kept in cash & cash equivalents, units of fixed income mutual fund schemes / ETFs.* *The asset allocation pattern is indicative and may change from time to time depending on the market conditions. The actual asset allocation may vary from the range indicated above in order to protect client's interest.*
Strategy	Equity
Benchmark*	BSE 500 (Total Returns Index)
Benchmark Rationale	BSE 500 has a fair representation of selection of securities across market capitalizations.
Indicative tenure or investment horizon	Medium to Long term
Risk Factors	i. **Market Risk**: Investments in equity are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved. ii. **Concentration Risk**: The portfolio may have heavy concentration in any one industry / sector, security at any given point of time. iii. **Liquidity Risk**: There may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments. In the event of low volumes, there may be delay in liquidating the portfolio and transfer of redemption proceeds.

	iv. As the price/ value/ interest rates of the securities in which a portfolio invests fluctuates, the value of investments in a portfolio may go up or down depending on the various factors and forces affecting the capital markets and money markets. v. The principles of ahimsa could have different interpretations and may continue to evolve over time. In its endeavour to invest as per the investment objectives, the portfolio manager will internally set out guidelines or parameters to identify ahimsa principles and companies aligning with the same to the best of its interpretation. The Fund Manager will exit from the securities on identification of variation / deviations in alignment of the ahimsa principles as per the investment process. This may restrict the Investment Approach to sell such securities at desired price. Evaluation of companies based on ahimsa principles may exclude securities of certain issuers therefore the portfolio may forgo some market opportunities. Stocks of companies aligning with ahimsa practices may shift in and out of favour with stock market investors depending on market and economic conditions, and the portfolio performance may at times be better or worse than the performance of portfolio or benchmark that do not follow ahimsa principle theme. **vi. Risk factors associated with PMS strategy investments in underlying mutual fund schemes:** • Movements in the Net Asset Value (NAV) of these Schemes may impact the performance. Any change in the investment policies or fundamental attributes of these Schemes will affect the performance of the Scheme to the extent of investment in such schemes. • Redemptions in these Schemes would be subject to applicable exit loads.

This Investment approach will enable investors to park their full or part of investments in HDFC Mutual Fund's Liquid Schemes or Liquid ETFs and subsequently the amount can be transferred and invested systematically on pre-defined dates in any other investment approach(es), as opted for by the client under the Systematic Transfer Facility offered by the Portfolio Manager.

****Note - The Portfolio Manager may change the Benchmark of the portfolio in accordance with prescribed formalities. The composition of the Portfolio may or may not be the same as that of the composition of the Benchmark.***

NOTE FOR ALL APPROACHES: The investment approaches offered by the portfolio manager are available for both Discretionary and Non-Discretionary clients, unless otherwise specified.

MINIMUM INVESTMENT AMOUNT

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and / or funds worth not less than Fifty lakh rupees with effect from January 16, 2020. Provided that the minimum investment amount per client shall be applicable for new clients and fresh investments by existing clients. The existing investments of clients may continue as such till maturity / and / or redemption of the investment or as specified by SEBI. It is clarified that the requirement of minimum investment amount mentioned above shall not be applicable to the investors availing co-investment services. The minimum amount shall not be applicable to Accredited Investor. Further, for Large Value Accredited Investor, the minimum amount shall be INR.10,00,00,000 (Indian Rupees Ten Crores) or such other amount as prescribed by the Regulations.

SYSTEMATIC TRANSFER PLAN (STP) FACILITY (UNDER ALL INVESTMENT APPROACHES):

The Portfolio Manager shall offer a Systematic Transfer Plan (STP) facility under all its investment approaches.

Under the STP facility, clients can initiate a systematic transfer of funds or securities held by them from one investment approach to another investment approach offered by the Portfolio Manager.

Eligibility of Investors: Existing client/s with portfolio value of more than or equal to the statutory limit of Rs 50 lakhs at the time of initiating STP and new client/s who make an initial investment of more than or equal to the statutory limit of Rs 50 lakhs can register / initiate STP.

Frequency of STP: Fortnightly / monthly / quarterly basis either on 7th and/or 22nd of every succeeding month (or subsequent working day, if the STP date is a non business day).

The terms of the STP facility may be amended from time to time by the Portfolio Manager.

FURTHER INFORMATION ABOUT INVESTMENT APPROACHES OFFERED

1. **EQUITY INVESTMENT APPROACH**

Four basic principles serve as the foundation for the investment approach. They are as follows:

- **Focus on the long term**: There is substantive empirical evidence to suggest that equities are the asset class of choice in terms of providing the maximum risk adjusted returns over a long period of time. In order to take full advantage of this phenomenon, the idea is to identify superior businesses with predictable, growing cash flows and then allow the power of compounding to work in our favour.

- **View investments as conferring a proportionate ownership of the business:** In essence, the approach to valuing a company is similar to that in making a private investment in an operating business.
- **Maintain a margin of safety:** The aim is to purchase shares of companies in the market when it is possible to do so at a price that represents a discount from the long-term intrinsic value of that business.
- **Maintain a balanced outlook on the market:** The same market mechanism that creates the opportunity for successful long-term results occasionally also presents doubts, challenges and anxiety in the short term. As owners of a business, it is appropriate and in fact necessary for success, to maintain the patience and discipline that is on occasion uncomfortable.

  In summary, the assessment of investment value is a function of extensive research and founded on data and reasoning, rather than current fashion and emotion. The idea is to develop a model that allows us to identify "**good businesses, with acceptable management, at a reasonable price".**

2. DEBT INVESTMENT APPROACH

The starting point for the fixed income approach is a thorough analysis of interest rate movements. These are then combined with the current outlook and factors likely to affect the movement of interest rates. This model helps in generating a forecast of likely future trends

in interest rates. Portfolio adjustments are then effected in an effort to achieve maximum total return. Firstly, extension or retraction of portfolio duration is done in response to the interest rate forecasts. Secondly, a thorough evaluation of credit spreads between issuers, tenor spreads between sectors and yield curves is carried out. Emphasis is on instruments of the highest quality where the financial strength of the issuer / guarantor is well documented by major rating agencies. In addition, detailed in – house credit analysis is relied on to arrive at finer credit differentiation within major rating categories.
This approach is characterized by the following:

- Flexible investment style, one that develops through an appraisal of the investment objectives, expectations, risk tolerance and unique needs.
- The creation and maintenance of an appropriate portfolio with an objective of achieving steady return on capital through high quality investments.
- Secondary objectives tailored to the other needs of a Client are addressed by investing in appropriate securities.
- In the implementation of the investment approach the emphasis is on quality and a long-term outlook. Both fundamental and technical analyses are employed in an effort to seek opportunities that may lead to superior returns.

The aim is therefore, to maintain long-term asset security, generation of current income, and attractive rates of return within appropriate risk parameters.

3. TRADING IN DERIVATIVES

SEBI in terms of the SEBI (Portfolio Managers) Amendment Regulations, 2020 has permitted all the Portfolio Managers to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf.

Accordingly, the Portfolio Manager may use derivative instruments as may be introduced from time to time and as permitted by SEBI. However, leveraging of portfolio shall not be permitted in respect of investment in derivatives.

4. RISK MANAGEMENT

Notwithstanding the unique investment requirement and risk preference of the Client, the Portfolio Manager will endeavor to put in place the following risk control measures while recommending investments to the Client and/or executing transactions on behalf of the Client. However, specific investment guidelines in this regard provided by the Client would be adhered to by the Portfolio Manager.

The four most essential elements necessary to effectively control risk are:

(i) The extent of CONCENTRATION, or alternatively the approach to diversification.
(ii) ASSET QUALITY, the fundamental performance of the underlying companies in the portfolio.
(iii) INVESTMENT VALUATIONS, attempt to invest in underlying growth companies at reasonable valuations.
(iv) LIQUIDITY, the extent to which the portfolio can be easily sold in the markets, to raise cash.
(v) VOLATILITY, the extent to which the portfolio is volatile with respect to the underlying benchmark.

- **POLICY FOR INVESTMENTS IN ASSOCIATES / GROUP COMPANIES OF THE PORTFOLIO MANAGER AND THE MAXIMUM PERCENTAGE OF SUCH INVESTMENTS THEREIN SUBJECT TO THE APPLICABLE LAWS / REGULATIONS / GUIDELINES**

The Portfolio Manager will, before investing in the securities of associates/group companies, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Portfolio. The Portfolio Manager may also make investment under the schemes of HDFC Mutual Fund. Investments under the Portfolio in the securities of the group companies will be subject to the limits (if any) prescribed in the Agreement executed with the respective Client and the same would be subject to the prior consent of the investor obtained as per applicable laws/regulations/guidelines. However, such limits shall not apply to any investments in the Mutual Funds, including HDFC Mutual Fund.

For maximum limits of investments in associate / group companies of the portfolio manager as per the Master Circular, refer Section 11.

- **CONFLICTS OF INTEREST**

HDFC AMC manages multiple portfolios as a Portfolio Manager, thereby presenting possibility of conflict of interest arising in several situations, including in allocating investment opportunities amongst the various portfolios, or its actions vis-à-vis third parties. The Portfolio Manager will endeavour to resolve any such conflicts in a reasonable manner taking into account, amongst other things, the investment objectives and policies of each portfolio, The Portfolio Manager shall ensure fit treatment in an arms-length

transaction towards all its clients and shall also specifically ensure that the interests of the Client are not prejudiced.

The Portfolio Manager, its associated companies, group companies are engaged in a broad spectrum of activities in the financial services sector viz., lending, banking, insurance, broking etc and the Portfolio Manager itself acting as the Investment Manager to the Schemes of HDFC Mutual Fund (hereinafter referred to as collectively 'Relevant Parties'). HDFC Asset Management Company Limited as a Portfolio Manager may utilize the services of its group companies, associates etc. as and when required with proper disclosure to its Clients.

Conflict of interest may arise between the activities of the Portfolio Manager and the Relevant Parties. It is intended for such conflicts to be managed primarily by complying with the applicable law, acting in good faith to develop equitable resolutions of known conflicts and developing policies to reduce the possibilities of such conflict and proper and adequate disclosure to Clients. The Portfolio Manager shall endeavour to ensure that these conflicts do not work to the detriment of the interests of the Client; however, there can be no assurance that they will be able to do so in all instances.

In order to identify, manage and mitigate existing and potential conflicts of interest, and pursuant to the SEBI Circular CIR/MIRSD/5/2013 dated August 27, 2013 on General Guidelines for dealing with Conflict of Interest, the AMC has implemented with effect from January 16, 2014 a Conflicts of Interest ("CoI") policy approved by the Board of AMC from time to time. The Policy has last been updated with effect from January 15, 2025. The policy sets out broad parameters to identify various potential conflict situations, provides for mitigating steps to manage such conflicts, measures to reduce and prevent the occurrence of conflict situations, and generally encompasses the principles to deal with CoI situations, as embedded in the various Regulations governing the various activities of HDFC AMC.

In addition to the CoI policy, the AMC has implemented several existing policies and procedures as enumerated in the CoI policy and the Agreements with Clients, to reduce the possibilities of conflicts of interest. The Company shall ensure that existing/potential conflicts, if any, do not work to the detriment of the interest of the client, although no assurance can be provided that the said objective will always be met.

6. RISK FACTORS

A. General Risks Factors

1) Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.

2) The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.

3) Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager.

4) The names of the Investment Approach do not in any manner indicate their prospects or returns.

5) Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.

6) When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.

7) Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.

8) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.

9) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

B. Risk associated with equity and equity related instruments

10) Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments,

which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

11) Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.

12) Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

C. Risk associated with debt and money market securities

13) Interest Rate Risk

Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise. As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically. Therefore, the interest rate risk of zero coupon securities is higher.

14) Liquidity or Marketability Risk

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances. Money market instruments, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the portfolio and may lead to the portfolio incurring losses till the security is finally sold.

15) Credit Risk

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

16) Reinvestment Risk

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

D. Risk associated with derivatives instruments

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

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

E. **Risk associated with investments in mutual fund schemes**

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

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

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

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

23) The Portfolio Manager shall not responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer

document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monitory and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

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

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

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

F. Risk arising out of Non-diversification

27) The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector / issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate / strategy may also result in risk associated with this factor.

G. Risk arising out of investment in Associate and Related Party transactions

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

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

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

H. Risk Factors associated with REITs and InvITs

31) **Price Risk:** Securities/Instruments of REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. The extent of fall or rise in the prices is a fluctuation in general market conditions, factors and forces affecting capital market, Real Estate and Infrastructure sectors, level of interest rates, STP trading volumes, settlement periods and transfer procedures.

32) **Interest Rate Risk:** Securities/Instruments of REITs and InvITs run interest rate risk. Generally, when interest rates rise, prices of units fall and when interest rates drop, such prices increase.

33) **Credit Risk:** Credit risk means that the issuer of a REITs and InvITs security/ instrument may default on interest payment or even on paying back the principal amount on maturity. Securities/ Instruments of REITs and InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre-scheduled.

34) **Liquidity Risk:** This refers to the ease with which securities/instruments of REITs and InvITs can be sold. There is no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities/instruments for which a liquid market exists. As these products are new to the market they are likely to be exposed to liquidity risk.

35) **Reinvestment Risk:** Investments in securities/instruments of REITs and InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or Dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

36) **Legal and Regulatory Risk:** The regulatory framework governing investments in securities/instruments of REITs and InvITs comprises a relatively new set of regulations and is therefore untested, interpretation and enforcement by regulators and courts involves uncertainties. Presently, it is difficult to forecast as to how any new laws, regulations or standards or future amendments will affect the issuers of REITs and InvITs and the sector as a whole. Furthermore, no assurance can be given that the regulatory system will not change in a way that will impair the ability of the Issuers to comply with the regulations, conduct the business, compete effectively or make distributions.

I. Risk Factors associated with Alternative Investment Funds (AIFs)

37) **Higher Risk:** AIFs, particularly Category I and II funds, typically invest in unlisted equity, private equity etc. which are inherently less liquid and carries higher risk compared to traditional listed securities. The value of these unlisted assets can fluctuate, making their performance unpredictable, and there is no guarantee that the objective of investments will be achieved. Furthermore, unlisted securities are prone to governance risk due to lower transparency and less stringent disclosure requirements compared to publicly traded securities.

38) **Lock-in period**: Typically, AIFs has long lock-in periods, mostly 5-10 years during which investment cannot be redeemed. The portfolio manager cannot simply liquidate the AIF units at will to meet client redemptions.

39) **Leverage Risk:** As per SEBI regulations Category III AIFs are permitted to deploy complex trading strategies using derivatives and leverage. While leverage can amplify returns, it also significantly magnifies losses, increasing the risk profile of the investor.

40) **PMS Manager's Due Diligence Risk:** The PMS manager's ability to conduct thorough due diligence on the chosen AIFs, assess their strategies, and monitor their performance is crucial. Poor selection of AIFs by the PMS can lead to underperformance.

41) **Higher Fees and Expenses**: AIFs typically have higher fee structures (management fees, carried interest/performance fees, setup costs) than direct PMS. These fees, when combined with PMS fees, can significantly impact net returns.

42) **Valuations and review of AIFs:** AIFs will be highly illiquid and will most likely not be publicly traded or readily marketable. The portfolio manager, therefore, will not have access to readily ascertainable market prices when establishing valuations of the investments.

43) **Concentration Risk**: AIFs typically invest across multiple companies or sectors, their portfolios can still be concentrated compared to diversified funds. Investing in a smaller number of private companies can lead to higher risk.

Also refer the specific risk factors mentioned against each of the investment approaches.

7. NATURE OF EXPENSES –

The information provided under this section seeks to assist the Client in understanding the typical expense structures, including investment management fee and other third party expenses the Client is likely to incur on availing the Portfolio Management Services of HDFC AMC.

Investors may refer to the fee calculation tool provided on the website under section Statutory Disclosures titled "Fee Calculation Tool-PMS" for their understanding. https://www.hdfcfund.com/statutory-disclosure

Actuals may vary to a limited extent from these estimates. Expenses relating to third party service providers may be revised by them and will be charged accordingly.

Investment management and advisory fees for various investment approaches are mentioned below:

Name of Investment Approach	Investment management and advisory fees
Diversified Portfolio – Equity	Upto 2.75% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.75% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis.
Diversified Portfolio - Hybrid	Upto 2.75% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.75% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis.
Enhanced Portfolio 1	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears. This fee shall be inclusive of total expense ratio (TER) levied on the direct plans of the open ended equity oriented scheme(s) of HDFC Mutual Fund
Debt Mandate	Upto 0.50% p.a. of Daily Average Assets Under Management payable every quarter in arrears (excluding investment in Mutual Funds)

Name of Investment Approach	Investment management and advisory fees
Provident Funds, Treasuries and Special Mandates	Upto 0.50% p.a. of Daily Average Assets Under Management payable every quarter in arrears
Bespoke Accounts	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis
All Cap Portfolio - DPMS	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis
India Ascent Portfolio - DPMS	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis
HDFC AMC "MF Select" Portfolio – Equity	**For existing clients upto May 23, 2023** Upto 0.50% p.a. of Daily Average Assets Under Management payable every quarter in arrears **For new clients effective May 24, 2023** Upto 1.00% p.a. of Daily Average Assets Under Management payable every quarter in arrears
HDFC AMC "MF Select" Portfolio – Debt	Upto 1.00% p.a. of Daily Average Assets Under Management payable every quarter in arrears
HDFC AMC "MF Select" Portfolio – Hybrid	Upto 1.00% p.a. of Daily Average Assets Under Management payable every quarter in arrears
HDFC AMC "MF Select" Portfolio – Multi-Asset	Upto 1.00% p.a. of Daily Average Assets Under Management payable every quarter in arrears

Name of Investment Approach	Investment management and advisory fees
HDFC AMC Liquid Portfolio	Upto 1% p.a. of Daily Average Assets Under Management payable every quarter in arrears
Co-investment Services	The Co-Investment Portfolio Manager may charge referral fees and / or any other compensation to the Co-Investors in relation to their co-investments, as may be mutually agreed, which would be apart from the fees or compensation charged under the AIF. Any transactional expenses in respect of a Co-Investment opportunity incurred by the FOF Scheme I may be shared proportionately between the FOF Scheme I and such Co-Investors in the ratio of their amounts of investments, or in such other manner as the Co-Investment Portfolio Manager may determine.
HDFC SmallCap Multiplier - DPMS	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis
HDFC Core Equity - NDPMS	Upto 2% p.a. of Daily Average Assets Under Management payable every quarter in arrears
HDFC Growth for GOOD Portfolio	Upto 2.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears **OR** Upto 1.5% p.a. of Daily Average Assets Under Management payable every quarter in arrears + 20% of the Net Gains (Realised + Unrealised) in excess of 10% p.a. of the initial Portfolio Value at the beginning of the Year*, calculated & payable on an annual basis

***Gains / performance shall be computed on the basis of high water mark Principle**

Below mentioned are the expenses common across all the investment approaches / Co-investment services

Expense Head	Details
Custodian Fees	Upto 0.05% p.a.
Brokerage	Upto 0.12% (included in the cost of the asset)
Custodian Transaction Cost	Upto 4 bps of Deal Value (Min. Rs.50 /Max. Rs.100) + NSDL/CDSL Charges as per actuals
Audit Fees	As per Actuals
Registrar and transfer agent fee	NIL
Such other expenses which are directly attributable to the Portfolio Management Services in respect of the Client	At Actuals

Goods and Service Tax (GST), Stamp Duty and any other levy, cess, etc., imposed by any government or regulatory body, shall be borne by the Client, besides the costs mentioned above.

The Portfolio Manager may directly debit fees, costs, charges and expenses, to the Client's Portfolio, or raise a valid invoice, when the same is due for payment by Client, as per the terms specified in the Agreement.

Exit Load

As per Master Circular, the following exit load may be charged by the Portfolio Manager;

In the first year of investment	maximum of 3% of the amount redeemed
In the second year of investment	maximum of 2% of the amount redeemed
In the third year of investment	maximum of 1% of the amount redeemed
After a period of three years from the date of investment	no exit load

8. TAXATION

The details of the relevant tax provisions stated herein are as per the Income-tax Act, 1961, (hereinafter referred to as "the Act") as amended by the Finance Act 2025. The information stated herein is based on the Portfolio Manager's understanding of the tax laws in force. An independent Chartered Accountant has vetted the same. The following is provided for general information purposes only. In view of the individual nature of the tax benefits, consequences or interpretation of circulars for distinguishing between capital asset and trading asset, etc., each portfolio client is advised to consult his / her own tax consultant with respect to the implication in the Portfolio Management Scheme.

A Portfolio of client may have:

A] Dividend income;
B] Long-term and short -term capital gains (or losses) on sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
C] Business Income from purchase and sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
D] Any other income from securities (shares, mutual fund units, debentures, rights renunciations etc.).

Each of such income has a separate tax treatment in the hands of the portfolio client and needs to be examined on a case to case basis.

A] TREATMENT OF DISTRIBUTED INCOME BY MUTUAL FUNDS AND DIVIDEND FROM COMPANIES

The levy of tax ("DDT") on distributed income from units by Mutual Funds and dividend on shares was abolished w.e.f. 01 April 2020 and the classical system of dividend taxation under which the Mutual Fund / Company is required to deduct tax at source ("TDS") was adopted, in respect of distributed income from units by Mutual Funds / dividend payments to all its unit holders / shareholders. The distributed income from units by Mutual Fund / dividend income from shares received (other than income on which tax under 115-O and section 115BBDA has been paid) on or after 01 April 2020 is taxable in the hands of unit holders / shareholders.

Unit holders / Shareholders can claim deduction of only interest paid on borrowing utilised for acquiring such units/ shares to the extent of 20% of distributed income by Mutual Funds / dividend income under section 57 of the Act.

Section 80M of the Act provides for deduction against dividend income for domestic company investors. Such companies, on receipt of dividend income from any other domestic company or a foreign company or a business trust, can claim deduction for any amount of distribution of income to its existing shareholders.

B] TREATMENT FOR CAPITAL GAINS FROM INVESTMENT IN MUTUAL FUND UNITS AND SHARES

In terms of Section 2(42A) of the Act, a capital asset will be considered as short term capital asset if it is held by an assessee for a period of not more than twenty four months [twelve

months in case of security listed on a recognized stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond].

Gain arising on transfer of a short-term capital asset is termed as short term capital gain.

(i) Tax on Capital Gains – General - Tax on sale transaction on which Securities Transaction Tax (STT) is paid

- **Long Term Capital Gains (LTCG)**

As per section 112A of the Act, LTCG exceeding Rs. one lakh twenty-five thousand rupees arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 12.5% (plus applicable surcharge and Health and Education cess), provided such transfer is chargeable to STT[1].

Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT[1].

LTCG arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, will also be taxed at a rate of 12.5% (plus applicable surcharge and Health and Education cess). This benefit is available to all assessees.

The LTCG arising from the transfer of such securities shall be calculated without indexation.

In computing LTCG, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to "step up" the COA of securities. Under this mechanism, COA is substituted with the "Fair Market Value (FMV)[2]", where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.
Specifically in case of LTCG arising on sale of shares acquired originally as unlisted shares upto 31 January 2018, COA is substituted with the "indexed COA[3]"(instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA.
This benefit is available in the following cases:
1) equity shares, not listed as on 31 January 2018 but listed on the date of transfer; and

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[1] *For STT rates, please refer section E below*
[2] *FMV is defined as:*
• *The highest price quoted for the share/unit on 31 January 2018 on a "recognized stock exchange" where the capital asset is listed on any* recognized *stock exchange as on 31 January, 2018, or*
• *Net Asset Value of the unit as on 31 January 2018 where unit is not listed on a* recognized *stock exchange as on 31 January, 2018.*

[3] *Indexed cost of acquisition = cost of acquisition * cost inflation index (CII) for FY 2017-18*
CII of year of acquisition of the asset or FY 2001-02 whichever later

2) equity shares listed on the date of transfer but acquired in consideration of shares not listed on 31 January 2018 through tax neutral modes of transfer under section 47 (e.g., amalgamation, demerger)

Section 112A further states that, in the case of Resident Individuals and Hindu Undivided Families, whose total income (as reduced by such long term capital gain) is below the basic exemption limit, then such long term capital gains shall be reduced by the amount of basic exemption limit not exhausted by any other income and only balance long term capital gain will be taxed at 12.5% (plus applicable surcharge and Health and Education cess).

For Capital gains other than equity-oriented funds (other than Specified Mutual Funds):
Capital gains on other than equity-oriented funds (excluding Specified Mutual Funds), same would be taxed at 12.5% without indexation. For non-residents, capital gains on listed securities (other than equity-oriented funds and other than specified mutual fund) would be taxed at 12.5% without indexation and without foreign currency fluctuation.

For Capital gains on Specified Mutual Funds
As per section 50AA of the Act, gains from transfer or redemption or maturity of unit of a Specified Mutual Fund acquired on or after 1 April 2023 or a Market Linked Debenture or unlisted bond or an unlisted debenture, will be taxed as deemed short-term capital gains at applicable rates.

Specified Mutual Fund means:
(a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or
(b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures:

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

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

- **Short Term Capital Gains**

In case the capital gain arising on transfer of the listed shares or units mentioned above or a unit of a business trust is a short-term capital gain, Section 111A provides that income-tax will be charged on such transaction at the rate of 20% (plus applicable surcharge and Health and Education cess).

Further, short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or

payable in foreign currency, where STT is not chargeable, will also be taxed at a rate of 20% (plus applicable surcharge and Health and Education cess). This benefit is available to all assessees.

Section 111A further states that, in the case of Resident Individuals and Hindu Undivided Families, whose total income *(as reduced by such short-term capital gain)* is below the basic exemption limit, then such short-term capital gains shall be reduced by the amount of basic exemption limit not exhausted by any other income and only balance short term capital gain will be taxed at 20% (plus applicable surcharge and Health and Education cess).

Capital gains other than equity-oriented funds (other than Specified Mutual Funds): same would be taxed at applicable rates.

For Capital gains on Specified Mutual Funds:

As per section 50AA of the Act, gains from transfer or redemption or maturity of unit of a Specified Mutual Fund acquired on or after 1 April 2023 or a Market Linked Debenture, or unlisted bond or an unlisted debenture will be taxed as deemed short-term capital gains at applicable rates.

Specified Mutual Fund means:
(a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or
(b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures:

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

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

Capital Gains Tax for Foreign Portfolio Investors (FPIs)[4]

- LTCG, arising on sale of debt securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds

[4] SEBI had notified SEBI (Foreign Portfolio Investors) Regulations, 2014 on 7 January 2014 whereby existing Foreign Institutional Investor (FII), Sub-Accounts and Qualified Foreign Investors merged into a new investor class termed as Foreign Portfolio Investors (FPIs). For the purpose of section 115AD of the Act, FPIs are recognized as FII.

referred to in section 115AB) and unlisted shares of a company, held for a period of more than twenty four months, are taxable at the rate of 12.5% (plus applicable surcharge and Health and Education cess) under Section 115AD of the Act. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

- LTCG (over and above Rs. 1.25 lakh) arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 12.5% (plus applicable surcharge and Health and Education cess) under section 112A. The relief mentioned in point B (i) shall be available to FPIs.
- Short-term capital gain from the sale of securities, subject to STT would be liable to tax at 20% (plus applicable surcharge and Health and Education cess) under section 111A.

  Short-term capital gains arising on sale of securities, which are not subject to STT, are taxable at 30% (plus applicable surcharge and Health and Education cess) under section 115AD of the Act.

Capital Gains Tax for Offshore Funds

- LTCG arising from transfer of the units of Mutual Fund purchased by the Offshore Funds (Overseas Financial Organizations) in foreign currency would be taxed at the rate of 12.5% (plus applicable surcharge and Health and Education cess) under section 115AB of the Act. Such gains would be calculated without considering benefit of indexation on COA.

- Short-term capital gains arising from transfer of the units by the Offshore Funds are taxable as part of total income at applicable rates.

Capital Gains Tax for Non-Resident Indians (NRIs)

- NRIs are permitted to opt to be governed either by the general provisions of the Act or the special provisions of the Act contained in Chapter XII-A

- If NRIs are governed by the special provisions of the Act, then under section 115E of the Act,

  (a) The income from investment is taxable @ 20% (plus applicable surcharge and Health and Education cess).

  (b) The LTCG on specified assets is taxable at 12.5% (plus applicable surcharge and Health and Education cess).
- As per Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

  "Foreign exchange asset" means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange.
  "Specified asset" particularly include the following assets:

  a) shares in an Indian company;
  b) debentures issued by an Indian company which is not a private company as defined in the Companies Act, 1956 (1 of 1956);;

c) deposits with an Indian company which is not a private company as defined in the Companies Act, 1956 (1 of 1956);;
d) any security of the Central Government as defined in section 2(2) of the Public Debt Act, 1944 (18 of 1944) ;
e) such other assets as the Central Government may specify in this behalf by notification in the Official Gazette.

- As per Section 115G of the Act, where the total income of a NRI consists only of investment income / LTCG or both and tax thereon has been deducted at source in accordance with the provisions of the Act, the NRI is not required to file a return of income.

- If the NRIs are governed under the general provisions of the Act, then:

  - LTCG on sale of listed shares in a company, units of equity oriented fund and units of business trust and subject to condition on payment of STT is taxable at 12.5% (plus applicable surcharge and Health and Education cess) under section 112A. The relief mentioned in point B(i) shall be available to NRIs.

  - LTCG arising on the transfer of capital asset, being unlisted securities or shares of a company not being a company in which the public are substantially interested will be chargeable to tax at 12.5% (plus applicable surcharge and Health and Education cess) under section 112 of the Act without indexation and without foreign currency fluctuation benefit.

  - LTCG arising on transfer of any other securities will be chargeable to tax at 12.5% (plus applicable surcharge and Health and Education cess) under section 112 of the Act.

  - Short-term capital gains, arising from the sale of securities subject to STT, would be liable to tax at 20% (plus applicable surcharge and Health and Education cess) under section 111A of the Act.

  - Short-term capital gains arising from transfer of other securities by the NRI is taxable as part of total income at applicable rates.

Capital Gains Tax for Other Investors.

- LTCG on sale of listed shares in a company, units of equity oriented fund and units of business trust and subject to conditions relating to payment of STT is taxable at 12.5% (plus applicable surcharge and Health and Education cess) under section 112A of the Act. The relief mentioned in point B (i) will be available to the investors.

- For non-resident investors, LTCG on transfer of unlisted securities or shares of a company not being a company in which public are substantially interested will be taxable at 12.5% (plus applicable surcharge and Health and Education cess) under section 112 of the Act.

- LTCG on transfer of listed securities (other than unit) and zero coupon bond is chargeable to tax at 12.5% without indexation (plus applicable surcharge and Health and Education cess).

- LTCG arising from transfer of any other securities would be taxed at the rate of 12.5% (plus applicable surcharge and Health and Education cess).

- Short-term capital gain from the sale of securities, subject to STT, would be liable to tax at 20% (plus applicable surcharge and Health and Education cess) under section 111A of the Act.
- Short-term capital gains arising on sale of Securities, which are not subject to STT, are taxed as part of total income at applicable rate of income-tax (plus applicable surcharge and Health and Education cess).

- In case of resident individuals and Hindu Undivided Families, where taxable income (as reduced by short/long-term capital gains) is below the basic exemption limit, only the excess of the aggregate income over the maximum amount not chargeable to tax, will be subject to income-tax. This benefit is not available to the NRIs with respect to income on which benefit is availed under special provisions of Chapter XII-A.

- Deductions under Chapter VI-A of the Act cannot be claimed against the short-term capital gains and long-term capital gains, covered under section 111A or section 112 or section 112A of the Act.

- Where redemption is made of units of mutual fund during the minority of a child, income will be clubbed in the hands of one parent, who is liable to include it. When the child attains age of majority, tax liability for such income will be on the child.

- Section 50CA of the Act provides that where consideration received or accrued on transfer of shares other than quoted shares is less than FMV, then such FMV shall be considered as full value of consideration for computation of capital gains.

- Proviso to section 50CA provides that the provisions of this section will not apply to prescribed transactions, undertaken by certain class of persons. The CBDT inserted Rule 11UAD by amending Income-tax Rules, 1962 vide Notification No. G.S.R. 423(E) [NO.42 /2020/F. NO.370149/143/2019-TPL], dated 30-6-2020 to prescribe transactions where the provisions of section 50CA shall not apply.

- The following amounts would be deductible, from the full value of consideration, to arrive at the amount of capital gains:
  - COA of units / shares and
  - Expenditure incurred wholly and exclusively in connection with the transfer of units / shares.

- As per section 55, w.r.t. the COA of an asset acquired before 01/04/2001, the assessee has an option of either taking the actual cost or FMV of said asset as on 01/04/2001. However, indexation benefit is not available w.e.f. 23 July 2024.

Tax neutrality on merger of different plans in a schemes of Mutual Fund and merger of different schemes of Mutual Fund

The consolidation/ merger of different plans in a mutual fund scheme of a fund, under the SEBI (Mutual Fund) Regulations, 1996, shall be tax neutral to the investors. Thus, such consolidation/ merger will not result in transfer and will not be liable to capital gains.

The cost of acquisition of the units of the consolidated plan of the scheme shall be the cost of units in the consolidating plan of the scheme and the period of holding of the units of the consolidated plan of the scheme shall include the period for which the units were held in the consolidating plan of the scheme.

The consolidation/ merger of mutual fund schemes of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund, under the SEBI (Mutual Fund) Regulations, 1996, shall be tax neutral to the investors. Thus, such consolidation/ merger will not result in transfer and will not be liable to capital gains.

The cost of acquisition of the units of the consolidated scheme shall be the cost of units in the consolidating scheme and the period of holding of the units of the consolidated scheme shall include the period for which the units were held in the consolidating scheme.

Segregated Portfolios:

SEBI has, vide master circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund schemes. As per the SEBI master circular, all the existing unit holders in the affected scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio. On segregation, the unit holders come to hold same number of units in two schemes –the main scheme and segregated scheme.

The Finance Act, 2020 amended relevant section to provide that the period of holding of the units in the segregated portfolio is to include the earlier period of holding of the units in the main scheme. Further, for computing the "cost of acquisition" of the units in the segregated portfolio, the "cost of acquisition" of the units in the main scheme will be pro-rated in the ratio of the NAV of the assets transferred to the segregated portfolio. The "cost of acquisition" of the units in the main scheme will simultaneously be reduced by the "cost of acquisition" of the units in segregated portfolio.

Capital Loss:

- Losses under the head "Capital Gains" cannot be set-off against income under any other head. Further, within the head "Capital Gains", losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of a long-term capital asset or a short-term capital asset.

- Unabsorbed long-term capital loss can be carried forward (provided that the return of income is filed on or before applicable due date) and set off against the long-term capital gains arising in subsequent eight assessment years.

- Unabsorbed short-term capital loss can be carried forward (provided that the return of income is filed on or before applicable due date) and set off against the income under the head Capital Gains in subsequent eight assessment years.

Certain Circumstances under which the Loss is to be ignored

- If any person purchases mutual fund units (original units) within a period of 3 months prior to date of allotment of bonus units on such original units, and subsequently within nine months, the original units are sold at a loss, then such loss shall be ignored for the purposes of computing income chargeable to tax. However, such loss would be regarded as COA for the bonus units (Section 94(8)).

Exemptions / Deductions Allowable

Under Section 10(34A)

- Under section 115QA, the distributed income on buyback of shares (listed as well as unlisted) shall be taxed in the hands of shareholders as deemed dividend. No deduction of cost base shall be allowed against such income and the loss arising on buy-back will be eligible for carry forward / set off as capital loss. TDS will be withheld on such income @ 10% for resident shareholders and for non-resident shareholders as per applicable tax rates.

Under Section 54EE:

- According to Section 54EE of the Act, exemption is available if long term capital gains on transfer of a capital asset is invested wholly or partly, within a period of six months after the date of such transfer, in long-term specified assets being units issued before 1 April 2019, of such fund as notified by the Central Government, as follows:

- If the cost of long-term specified asset is more than the capital gains, then the entire capital gains shall not be charged to tax
- If the cost of long-term specified asset is less than the capital gains, then the capital gains proportionate to the investment made shall not be charged to tax

The investment made in long term specified asset is restricted to Rs.50 Lakhs when invested during the financial year in which the asset is transferred and subsequent year.

- Subsequently, if the long term specified assets are transferred within three years from the date of its acquisition, the amount originally exempted shall be chargeable to tax as long-term capital gains.

C] TREATMENT OF BUSINESS INCOME ARISING FROM SALE AND PURCHASE OF SHARES AND MUTUAL FUND UNITS.

- Business income from sale and purchase of shares and units arising is taxable as part of total income at applicable rate of income-tax (plus applicable surcharge and Health and Education cess)

- In such cases, STT would be an allowable expenditure.

If any part of the business of a company (other than company whose principal business is of banking or granting loans and advances and that of trading in shares) consists of purchase and sale of shares of other companies, then such company shall be deemed to be carrying on a speculation business to the extent to which the business consists of the purchase and sale of such shares. Any loss, in respect of a speculation business, shall not be set-off except against profits and gains of another speculation business. Unabsorbed speculative loss can be carried forward (provided that the return of income is filed on or before applicable due date) and set off against the speculative gains arising in subsequent four assessment years.

- Section 115BAA and section 115BAB have been effective from financial year commencing 1 April 2019:

- Section 115BAA
  As per section 115BAA, a domestic company can opt for paying tax at a lower rate of 22% (plus applicable surcharge & health and education cess) subject to prescribed conditions especially such that certain deductions and exemptions need to be foregone. Further, the provisions of Minimum Alternate Tax will not apply to such companies. The option has to be exercised before the due date of filing the income-tax return. Once the option is exercised, it cannot be withdrawn subsequently.

- Section 115BAB
  As per section 115BAB new domestic manufacturing companies, which have been set up and registered on or after 1 October 2019 and commenced manufacturing on or before 31 March 2024, can opt for a lower tax rate of 15% (plus applicable surcharge & health and education cess) subject to prescribed conditions especially such that certain deductions and exemptions need to be foregone. The option has to be exercised before the due date of filing the income-tax return. Once the option is exercised, it cannot be withdrawn subsequently.

Transactions in Respect of Trading in Derivatives

- Clause (d) of proviso to clause (5) of section 43 of the Act provides that eligible transactions in respect of trading in derivatives carried out in a recognized stock exchange would not be considered speculative transactions if the recognized stock exchange fulfilled such conditions as prescribed and notified by the Central Government for that purpose.

- Central Board of Direct Taxes has issued a Notification no. 2/2006 dated 25th January, 2006 notifying, inter-alia, NSE, BSE, Notification no. 46/2009 dated 22nd May, 2009 notifying MCX Stock Exchange, Notification no. 12/2011 dated 25th February, 2011 notifying United Stock Exchange of India Limited, Notification no. 91/2017 dated 30th October 2017 notifying Indian Commodity Exchange Limited, Notification no. 35/2018 dated 31st July 2018 notifying India International Exchange (IFSC) Limited, Gandhinagar, Gujarat and Notification no. 36/2018 dated 31st July 2018 notifying NSE IFSC Limited, Gandhinagar, Gujarat as recognized stock exchanges for the purpose of sub-clause (d) of proviso to clause (5) of section 43 of the Act with effect from 25th January, 2006, 22nd May, 2009, 25th February, 2011, 30th October 2017, 31st July 2018 and 31st July 2018 respectively.

  Thus, a transaction in respect of trading in derivatives carried out on the trading platform of NSE & BSE with effect from 25th January, 2006, MCX Stock Exchange with effect from 22nd May, 2009, United Stock Exchange of India Limited with effect from 25th February, 2011, Indian Commodity Exchange Limited with effect from 30th October 2017, International Exchange (IFSC) Limited, Gandhinagar, Gujarat with effect from 31st July 2018 and NSE IFSC Limited, Gandhinagar, Gujarat with effect from 31st July 2018 shall not be deemed to be speculative transaction till such time the recognition granted to the Exchange is not withdrawn.

- With a view to improve market integrity and provide better alignment of cash and derivatives segment, the Securities and Exchange Board of India has vide circular dated 11th April 2018 made physical settlement of stock derivatives mandatory in a phased/calibrated manner.

- Pursuant to the above circular, the Central Board of Direct Taxes issued a clarification and the NSE has issued a circular no. 2/2018 dated 30th August, 2018 wherein STT will be applicable at the rate of 0.10 per cent on physical settlement of stock derivatives (both futures and

options). The same is effective from 26 July 2018 and will be payable by both the purchaser and the seller of the securities.

D] ANY OTHER INCOME FROM SECURITIES

Other Income from Securities for FPIs

Income of FPIs (other than dividend on which tax is paid under section. 115-O) received in respect of securities (other than units referred in Section 115AB) listed on a recognized stock exchange in India in accordance with the provisions of the Securities Contracts (Regulations) Act, 1956 is taxed @ 20% (plus applicable surcharge and Health and Education cess). The exception is interest under section 194LD[5] which will be taxable at 5% (plus applicable surcharge and Health and Education cess).

Other Income from Securities for Offshore Funds

Income received in respect of units purchased by Offshore Funds in foreign currency is taxable at the rate 10% (plus applicable surcharge and Health and Education cess) under Section 115AB of the Act.

Other Income from Securities for NRIs

Income received from investment, by non-resident Indian, in respect of securities is taxable at the rate 20% (plus applicable surcharge and Health and Education cess) under Section 115E of the Act.

E] SURCHARGE

Applicable Rates of Surcharge

- For the purpose of income tax in case of Individuals, HUF, Artificial Juridical Person, AOP or BOI:

Nature of Income	Up to Rs. 50 lakhs	More than Rs. 50 lakhs but upto Rs. 1 crore	More than Rs. 1 crore but less than Rs. 2 crore	More than Rs. 2 crore but up to Rs. 5 crore	More than Rs. 5 crore
Short-term capital gain under section 111A	NIL	10%	15%	15%	15%
Long-term capital gain under section 112 and 112A	NIL	10%	15%	15%	15%
Short term or Long term capital gains	NIL	10%	15%	15%	15%

[5] Section 194LD deals with interest income payable to FPIs on rupee denominated bonds of an Indian Company or government security

Nature of Income	Up to Rs. 50 lakhs	More than Rs. 50 lakhs but upto Rs. 1 crore	More than Rs. 1 crore but less than Rs. 2 crore	More than Rs. 2 crore but up to Rs. 5 crore	More than Rs. 5 crore
under section 115AD(1)(b)					
Any other Income	NIL	10%	15%	25%	37%

Provided further that where the taxpayer has opted for taxation under the new tax regime, the surcharge rate not to exceed 25%.

- For the purpose of TDS in case of Individuals, HUF, Artificial Juridical Person, AOP or BOI:

Nature of Income	Up to Rs. 50 lakhs	More than Rs. 50 lakhs but upto Rs. 1 crore	More than Rs. 1 crore but less than Rs. 2 crore	More than Rs. 2 crore but up to Rs. 5 crore	More than Rs. 5 crore
Short-term capital gain under section 111A	NIL	10%	15%	15%	15%
Long-term capital gain under section 112 and 112A	NIL	10%	15%	15%	15%
Dividend *	NIL	10%	15%	25%	37%
Income from mutual fund units	NIL	10%	15%	25%	37%
Any other Income	NIL	10%	15%	25%	37%

Note : Section 196D(2) provides that income-tax is not required to be deducted (withheld) at source from any income by way of capital gains, arising from the transfer of shares and units referred to in section 115AD, payable to FPIs

**The FA 2020 caps the surcharge on "dividend". It appears for this purpose that dividend would mean dividend from equity shares and may not cover dividend from mutual fund schemes/income distributed by mutual funds. This is because the Income-tax Act in several places refers to dividend from equity shares as "dividend" and dividend from mutual fund as "income distributed by mutual fund". Income distribution by mutual fund is technically not regarded as dividend. Based on such approach, "mutual fund dividend" is subject to super-rich surcharge.*

Provided further that where the taxpayer has opted for taxation under the new tax regime, the surcharge rate not to exceed 25%.

- **For Firms and LLPs**
  12% where total income exceeds Rs. 1 crore.

- **For Companies**

Company	Total income upto Rs. 1 crore	Total income exceeds Rs. 1 crore but not Rs. 10 crore	Total income exceeds Rs. 10 crore
Domestic Company	NIL	7%	12%
Domestic Company opting for section 115BAA and 115BAB (on income including capital gains under sections 111A, 112 and 112A)	10%		
Foreign company	NIL	2%	5%

F] LIABILITY TO DEDUCT TAX AT SOURCE

Tax to be withheld from payment of income from mutual fund units to residents

- Section 194K provides for withholding tax of 10% on any income (excluding the income in the nature of capital gains) exceeding INR 10,000 in aggregate for the financial year in respect of units of mutual fund in case of residents.

Tax to be withheld from payment of dividend on share to residents

- Section 194 which provides for withholding tax of 10% on dividend income in case of residents. Tax will be deducted at source on payment of dividend to a shareholder, being an individual, for an amount exceeding INR 10,000.

Tax to be withheld from payments to non-residents

- Any person responsible for paying to a non-resident non-corporate person, any income in connection with PMS activity, chargeable to tax under the Act, is required to deduct (withhold) income-tax thereon under section 195, at prescribed rates, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.
- However, special provisions are enacted in the respect of income from units of Mutual Fund, Offshore Funds and FPIs as under:

  TDS on Income in respect of units of non-residents under section 196A

  As per the provisions of section 196A short term/ long term capital gain tax will be deducted at the time of redemption of units in case of NRI investors only. The withholding tax would be lower of 20% (plus applicable surcharge and cess) or the rate provided under the relevant tax treaty, subject to eligibility and compliance with applicable conditions.

  For the purpose of withholding tax obligations, taxes will be withheld as per the provisions of the Income-tax Act, 1961 (without applying tax treaty rates). The NRI's can claim the benefit of tax treaty while filing the return of income.

TDS on Capital Gains for an Offshore Fund under section 196B

Where any income, in respect of units purchased in foreign currency, as referred to in section 115AB is payable to an Offshore Fund, income-tax would be deducted at source (withheld) by the payer at the rate of 10% (plus applicable surcharge and Health and Education cess). For income by way of long-term capital gains arising from the transfer of the units of a Mutual Fund, is payable to an Offshore Fund, income-tax would be deducted at source (withheld) by the payer at the rate of 12.5% (plus applicable surcharge and Health and Education cess).

TDS on Income of FPIs under section 196D

- The person responsible for paying any income in respect of securities referred to in section 115AD(1)(a) to FPIs (not being interest income under section 194LD) is required to deduct income-tax at source (withheld) at the rate of 20% (plus applicable surcharge and Health and Education cess).

- As per the proviso to section 196D(1) of the Act, with effect from 1 April 2021, relevant tax treaty benefit will be granted at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate.

- Section 196D(2) provides that income-tax is not required to be deducted (withheld) at source from any income by way of capital gains, arising from the transfer of shares and units referred to in section 115AD, payable to FPIs.

As per provisions of Section 206AA of the Act, if Permanent Account Number is not provided, the tax shall be deducted at higher of the following rates: i) rates specified in relevant provisions of the Act; or ii) rate or rates in force; or iii) rate of 20%. However, the provisions of section 206AA of the Act shall not apply in case of a non-resident investor (entitled to receive redemption proceeds from the Mutual Fund on which tax is deductible under Chapter XVII of the Act), if the requirements as stated in Rule 37BC of the Income-tax Rules, 1962, are met (like Tax Residency Certificate (TRC), Tax Identification Number, etc.).

Tax on income from Real Estate Infrastructure Trusts ('REITs') and Infrastructure Investment Trusts ('InvITs')

The Act provides for special tax regime for REITs and InvITs (hereinafter referred to as 'Business Trust' collectively). The special regime was introduced in order to address the challenges of financing and investment in infrastructure and the real estate sector.

The Business Trust usually invests in special purpose vehicles ('SPV') through a combination of equity and debt. The provisions of Act provide a pass-through status to a Business Trust in respect of following income received by it:

– Interest income
– Dividend income
– Rental income

As per Section 115UA(1) of the Act, notwithstanding anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.

As per the provisions of section 10(23FD) of the Act, any income referred to in section 115UA(1) of the Act and distributed by the business trust shall not be included in the total income of the unit-holders except for the following income :

a. Interest referred to in section 10(23FC);
b. Specified dividend i.e. dividend income received in cases where SPV has exercised the option under section 115BAA of the Act; and
c. Rent income referred to in section 10(23FCA).

Any other distribution received by the unitholder from a Business Trust is not taxable in the hands of such unitholders but would be taxed at the Business Trust level.

Taxability of rent income

The rent income received by business trust being REITs is taxable at applicable rates in the hands of the unit holders.

Taxability of dividend income

In case of a dividend income, if SPV has opted for lower tax regime under section 115BAA then the same would be taxed at applicable rates in the hands of unitholders. In case, the SPV has not opted for lower tax regime under section 115BAA then, the dividend would be exempt.

Taxability of interest income

The interest would be taxed at applicable rates in the hands of resident unitholders and at 5% in the hands of non-residents unit holders (subject to beneficial provision under DTAA).

Withholding tax

Resident unit holders

As per section 194LBA of the Act, withholding of tax is required for resident unit holders for rent, dividend and interest income at 10%

Non-resident unit holders

As per section 194LBA of the Act, withholding of tax is required on interest at 5%, at 10% on dividend income and at rates in force for rent income.

Provided that if the SPV has not opted for new tax regime u/s 115BAA of the Act, then, there will be no withholding on dividend income.

Distribution as repayment of loan

W.e.f. AY 2024-25 i.e. FY 2023-24, distribution as repayment of loan will be taxed in the hands of unit holder as income from other sources under section 56(2)(xii) of the Act. However, only a portion of distribution as repayment of debt i.e. a 'specified sum' will be taxable. The specified sum is arrived at after taking out the cost of acquisition from the distributed amount.

Explanations to clause (ii) of section 48 (mode of computation of capital gains) provides that the cost of acquisition of units shall be reduced by any sum received by unitholder which

i). is not in the nature of interest or dividend;
ii). is not chargeable to tax u/s 56(2)(xii) and
iii). is not chargeable to tax in the hands of business trust at Maximum Marginal Rate.

Capital gains on sale of units of business trust

For resident unit holders, units on which STT is paid, short-term capital gains would be taxed at 20% u/s 111A of the Act (plus surcharge and cess) and long-term capital gains (exceeding Rs. 1.25 lakhs) at 12.5% u/s 112A of the Act (plus surcharge and cess). On units not subject to STT (not covered by section 112A), long-term capital gains will be taxed at 12.5% (plus applicable surcharge and Health and Education cess) and short-term capital gains will be taxed at applicable rates.

For non-resident unit holders the rates would be subject to applicable tax treaties

G] RATES APPLICABLE FOR SECURITIES TRANSACTIONS TAX

Sl. No	Taxable securities transaction	Value	Rate	Payable by
1	Purchase of an equity share in a company or a unit of a business trust[6] where— (*a*) the transaction of such purchase is entered into in a recognized stock exchange; and (*b*) the contract for the purchase of such share is settled by the actual delivery or transfer of such share.	Purchase price	0.1 percent	Purchaser
2	Sale of an equity share in a company or a unit of a business trust where— (*a*) the transaction of such sale is entered into in recognized stock exchange; and (*b*) the contract for the sale of such share is settled by the actual delivery or transfer of such share.	Sale price	0.1 percent	Seller
2A	Sale of a unit of an equity oriented fund, where— (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such unit is settled by the actual delivery or transfer of such unit.	Sale price	0.001 percent	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, where— (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	Sale price	0.025 percent	Seller
4	(*a*) Sale of an option in securities	Option Premium	0.1 percent	Seller

[6] Business Trust is defined as a trust registered as an Infrastructure Investment Trust or a Real Estate Investment Trust, the units of which are required to be listed on a recognized stock exchange, in accordance with regulations made under SEBI Act, 1992 and notified by the Central Government in this behalf.

Sl. No	Taxable securities transaction	Value	Rate	Payable by
	(*b*) Sale of an option in securities, where option is exercised	Difference between the strike price and the settlement price	0.125 percent	Purchaser
	(*c*) Sale of a futures in securities	Price at which futures are traded	0.02 per cent	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	Sale price	0.001 pe rcent	Seller
6	Sale of unlisted equity shares under an offer for sale	Sale price	0.2 percent	Seller
7	Sale of unlisted units of a business trust under an offer for sale	Sale price	0.2 percent	Seller

STAMP DUTY IMPLICATIONS:

The Finance Act, 2019 has amended the Indian Stamp Act, 1899 to introduce the levy and collection of stamp duty on the issue and transfer of financial instruments at one place through stock exchanges, clearing corporation and depositories.

State Governments will discontinue to charge/collect stamp duty on securities once amendments are effective. Stock exchange/clearing corporation/depository will transfer the stamp duty to respective state governments.

Based on the present language, there will be incidence of stamp duty on:
a) The unit holder, for transactions in the units of the fund; and
b) The fund, for transactions by the fund.

Practically, levy of stamp duty will be subject to detailed rules to be notified. Rate of stamp duty is:

A. <u>For securities other than debentures:-</u>

Transaction/ Instruments	Rates in %
Issuance of securities other than debentures	0.005
Transfer of securities other than debentures on delivery basis	0.015
Transfer of securities other than debentures on non-delivery basis	0.003
Derivatives: Futures (Equity and commodity)	0.002
Derivatives: Options (Equity and commodity)	0.003
Derivatives: Currency and Interest rates derivatives	0.0001
Other derivatives	0.002

Government securities	0
Repo on corporate bonds	0.00001

B. For debentures:-

Transaction/ Instruments	**Rates in %**
Issuance of debentures	0.005
Transfer and reissue debentures	0.0001

Note: Rates mentioned in tables covering securities other than debentures and for debentures are effective from July 1, 2020.

General Anti Avoidance Rules (GAAR)

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

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

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

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

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

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

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (LOB) in a tax treaty, GAAR should not be invoked.

- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

FATCA Guidelines

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

(a) the name, address, taxpayer identification number and date and place of birth;
(b) where an entity has one or more controlling persons that are reportable persons:
    (i) the name and address of the entity, TIN assigned to the entity by the country of its residence; and
    (ii) the name, address, date of birth, place of birth of each such controlling person and TIN assigned to such controlling person by the country of his residence.
(c) account number (or functional equivalent in the absence of an account number);
(d) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
(e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

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

9. ACCOUNTING POLICIES

Following accounting policies are followed for the portfolio investments of the Client:

A. Client Accounting

1) The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under Regulations. Proper books of accounts, records, and documents shall be maintained to explain transactions and disclose the financial position of the Client's Portfolio at any time.

2) The books of account of the Client shall be maintained on an historical cost basis.

3) Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a Financial Year are recorded and reflected in the financial statements for that year.

4) All expenses will be accounted on accrued or payment basis, whichever is earlier.

5) The cost of investments acquired or purchased shall include brokerage, stamp charges and any charges customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities transaction tax, demat charges and Custodian fees on purchase / sale transaction would be accounted as expense on receipt of bills.

6) Tax deducted at source (TDS) shall be considered as withdrawal of portfolio and debited accordingly.

7) In case, the securities have been received from the client towards initial capital contribution / additional corpus, the closing market value of the said securities prevailing on the previous day of activation of account / inward of securities (as may be applicable), is considered as capital contribution. At the time of withdrawal of securities as part of either partial redemption or full redemption, the Security out shall be recorded at the price prevailing on the date of security out. Security in and out on the same date is netted off.

B. Recognition of portfolio investments and accrual of income

8) In determining the holding cost of investments and the gains or loss on sale of investments, the "first in first out" (FIFO) method will be followed.

Bonus / split / rights entitlements / merger / demerger / spin-off are recognized as investments on the ex-bonus / ex - split / ex-rights /ex-merger / ex-demerger / ex-spin off date respectively. The cost of bonus shares is considered to be Nil. The allocation of shares after a corporate action (like split, spin-off, merger, demerger) follows the predefined ratio specified in the corporate action details, ensuring proportional distribution. The Cost of these shares is determined based on the proportionate cost, calculated using the FIFO (First-In, First-Out) method subject to the cost apportionment, if any, provided by the investee company.

9) Unrealized gains / losses are the differences, between the current market value / NAV and the historical cost of the Securities. For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.

10) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further, mutual fund dividend shall be accounted on receipt basis.

11) Bonus shares / units to which the security / scrip in the portfolio becomes entitled will be recognized only when the original share / scrip on which bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.

12) Similarly, right entitlements will be recognized only when the original shares / security on which the right entitlement accrues is traded on the stock exchange on the ex-right basis and the Fund Manager intends to apply for such rights entitlement.

13) In respect of all interest-bearing Securities, income shall be accrued on a day-to-day basis as it is earned.

14) Where investment transactions take place outside the stock exchange, for example, acquisitions through private placement or purchases or sales through private treaty, the transactions shall be recorded, in the event of a purchase, as of the date on which the Portfolio Manager on behalf of the client obtains an enforceable obligation to pay the price or, in the event of a sale, when the Portfolio Manager on behalf of the client obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

C. Valuation of portfolio investments

15) Investments in listed equity and debt shall be valued at the closing price on the principal stock exchange i.e. National Stock Exchange of India Ltd. (NSE). When on a particular valuation day, a security has not been traded on the principal stock exchange, the value at which it is traded on another stock exchange may be used. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.

16) Investments in units of a mutual fund are valued at NAV of the relevant scheme on the valuation date. Provided investments in mutual funds shall be through direct plans only.

17) Debt Securities and money market Securities shall be valued as per the prices given by third party valuation agencies or in accordance with guidelines prescribed by Association of Portfolio Managers in India (APMI) from time to time.

18) Unlisted equities are valued at prices provided by independent valuer appointed by the Portfolio Manager. In case of shares acquired on account of merger / demerger, the unlisted shares will be valued at the differential price between the pre merger closing price and the opening price post merger of the listed entity adjusted for illiquidity discount, if any.

19) In case of any other Securities, the same are valued as per the standard valuation norms applicable to the mutual funds.

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

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or change in the market practice followed for valuation of similar Securities. However, such changes would be in conformity with the Regulations.

10. INVESTOR SERVICES

A] The portfolio manager will furnish to the client, reports at least once every quarter and as and when required by the client. Such report shall contain the following details, namely:

(a) the composition and the value of the portfolio, description of security, number of securities, value of each security held in the portfolio, cash balance and aggregate value of the portfolio as on the date of report;

(b) transactions undertaken during the period of report including date of transaction and details of purchases and sales;

(c) beneficial interest received during that period in respect of interest, dividend, bonus shares, rights shares and debentures;

(d) expenses incurred in managing the portfolio of the client;

(e) details of risk foreseen by the portfolio manager and the risk relating to the securities recommended by the portfolio manager for investment or disinvestment.

The report will also be made available on the website of the portfolio manager with restricted access to each client.

Further, in terms of Clause 4.4.2 of Master Circular dated July 16, 2025, Investor Charter has been made available on the website - Investor Charter - PMS.pdf. The Charter is a brief document in an easy to understand language. It details different services provided to the investors along with estimated timelines, like account opening, agreement with the portfolio manager, periodic statements to the investors, investor grievance redressal mechanism, responsibilities of investors etc. at one single place for ease of reference.

B] **Direct Onboarding:**

The Portfolio Manager provides a direct onboarding option to clients (other than co-investment services clients) who wish to avail our services, without intermediation of persons engaged in distribution services.

At the time of onboarding of clients directly, no charges except stamp duty and statutory charges shall be levied. The fees and expenses as per the agreement would be charged as agreed once the portfolio is active.

To know more about direct onboarding, write to us at [pms@hdfcfund.com / NDPMS@HDFCfund.com]

C] **Grievance Redressal & Dispute Settlement Mechanism:**

The Client may contact the office of Portfolio Manager for any queries / clarifications / complaints. The Portfolio Manager shall ensure proper and timely handling of queries / complaints from its clients and take appropriate action and adequate steps for redressal of grievances of the Clients within twenty-one calendar days of the date of the receipt of the complaint. In case of any disputes, differences, claims and questions whatsoever arising from

the agreement between the Client and the Portfolio Manager and / or their respective representatives or any clause or thing contained in the Portfolio Management Agreement or otherwise in any way relating to or arising from the Portfolio Management services, the parties shall first endeavor to settle such differences, disputes, claims or questions by consultation and discussion in good faith.

1) The Client's may address their queries and complaints to be attended by:

Name	Mr. Vishtaspa Sethna - Corporate Client Services Team
Address	4th Floor, HDFC House, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Phone No.	022 - 6658 0120
Email	pms@hdfcfund.com

2) In the event the complaints or queries are not answered or redressed within a reasonable time period, the Client may approach:

Escalation 1:

Name	Ms. Asha Vyas - Corporate Client Services Team
Address	4th Floor, HDFC House, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Phone No.	022 - 22 66316148
Email	Ashav@hdfcfund.com

Escalation 2:

Name	Mr. Sameer Seksaria - Head – Corporate Client Services
Address	4th Floor, HDFC House, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Phone No.	+91 22 66316333
Email	sameers@hdfcfund.com

3) If not satisfied with the response of HDFC AMC, Client can lodge the grievances with SEBI at https://scores.sebi.gov.in/ or Client may also write to SEBI at:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C – 4A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051.
Telephone No. – +91 22-2644 9000 / 4045 9000
Toll Free Helpline at 1800 22 7575
Email: sebi@sebi.gov.in

4) Client is entitled to submit any claims, differences or disputes that remain unresolved pursuant to the aforesaid steps to a dispute resolution mechanism that includes the following:

Such remaining disputes can be resolved through arbitration in English under the Arbitration and Conciliation Act, 1996 (as amended or re-enacted from time to time) or other civil remedies in accordance with applicable law Courts in Mumbai shall have exclusive jurisdiction.

Alternatively, the Client may also initiate the dispute resolution process through the mechanism notified by SEBI vide its Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (as amended from time to time) for online dispute resolution. The process on Online Dispute Resolution Mechanism is available at https://www.hdfcfund.com/information/grievances-redressal-mechanism

11. DETAILS OF DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER

Portfolio will be constructed after considering various factors such as risk appetite, sectoral restrictions and negative sector/securities lists from investors subject to the prudential investment limits specified by SEBI from time to time.

Portfolio Manager will endeavor to build a diversified portfolio of securities. To maintain reasonable diversification, the Portfolio Manager will determine the minimum number of sectors to invest in for various investment approaches offered and also the maximum active exposure sector wise. Investments in equity and equity linked instruments of companies are made across market capitalizations i.e. large cap, mid cap and small cap.

Thus, the Portfolio manager shall endeavor to mitigate the concentration risk by targeting diversification of client portfolio's taking into account the emerging market conditions and portfolio appropriateness as per client's investment requirements subject to the applicable regulatory norms specified from time to time.

Further, in case of investments in securities of associates/ related parties of Portfolio Manager, prudential norms will be as prescribed by SEBI and investor, whichever is lower. Currently the said limits prescribed by SEBI are as mentioned below –

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

Note – i. The aforesaid limits are not applicable to any investments in the Mutual Funds
ii. Hybrid securities includes units in REITs/ InvITs, convertible debt securities and other securities of like nature

Non-Discretionary Portfolio accounts will be managed as per the client's mandate and / or statutory regulations.

Any investments in debt and hybrid securities by the Portfolio Manager, whether under discretionary or non-discretionary portfolio management services, shall be as per the extant regulations. Currently, as per the extant regulations:

- Under discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated and below investment grade securities.

- Under non-discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated below investment grade listed securities. However, Portfolio Manager may invest up to 10% of the assets under management of such clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager. The said investment in unlisted unrated debt and hybrid securities shall be within the maximum specified limit of 25% for investment in unlisted securities as per the

PMS Regulations. The portfolio manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities.

- The provisions regarding investments in securities of associates/ related parties of Portfolio Manager with respect to limits, obtaining prior Client consent, credit rating, etc, shall not be applicable to co-investment services clients, clients availing only advisory services and client categories who in turn manage funds under government mandates and/or governed under specific Acts of state and/or parliament.

PART-II- DYNAMIC SECTION

12. CLIENT REPRESENTATION

(i)

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary / Non-Discretionary (If available)
Associates / group companies (Last 3 years)			
• As at March 31, 2025	-	-	-
• As at March 31, 2024	-	-	-
• As at March 31, 2023	-	-	-
Others (last 3 years)			
• As at March 31, 2025	124	3,910.04	Discretionary / Non-Discretionary
• As at March 31, 2024	97	2,424.75	Discretionary / Non-Discretionary
• As at March 31, 2023	87	1,825.17	Discretionary / Non-Discretionary
Total			
• As at March 31, 2025	124	3,910.04	Discretionary / Non-Discretionary
• As at March 31, 2024	97	2,424.75	Discretionary / Non-Discretionary
• As at March 31, 2023	87	1,825.17	Discretionary / Non-Discretionary

(ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

Please refer to **Annexure 1** (as per the last audited financial statements as on March 31, 2025)

13. FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER

(Based on standalone audited financial statements that have been prepared and presented on going concern basis and in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time).

Particulars	For the year ended 31.03.2025 (₹ in crore)	For the year ended 31.03.2024 (₹ in crore)	For the year ended 31.03.2023 (₹ in crore)
Profit before Tax	3,286.44	2,478.19	1,870.61
Tax Expense including Current Tax and Deferred Tax	825.39	532.31	446.69
Profit after Tax	2,461.05	1,945.88	1,423.92
Other Comprehensive Income	(2.85)	(1.59)	0.42
Total Comprehensive Income	2,458.20	1,944.29	1,424.34
Balance brought forward from previous year	5,979.94	5,060.30	4,531.82
Profit available for appropriation	8,438.14	7,004.59	5,956.16
Final Equity Dividend Paid		(1,024.65)	(895.86)
Interim Equity Dividend Paid	(1,495.05)		
Transfer from Share Option Outstanding Account to Retained Earnings (towards options lapsed after vesting)	0.11		
Balance carried to Balance Sheet	6,943.20	5,979.94	5,060.30

14. PERFORMANCE OF PORTFOLIO MANAGER

Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary portfolio manager disclosure of performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

Disclosure of Performance of the Portfolio Manager for the last 3 years (Regulation 22(4)(e) of SEBI (Portfolio Managers) Regulations, 2020)

Name of the Investment Approach	**Performance[&] (Approach vs Benchmark)**	**FY 2024-2025**	**FY 2023-2024**	**FY 2022-2023**
Bespoke Accounts	Approach	5.52%	20.38%	4.95%
	NIFTY 50 (Total Return Index)	6.65%	30.08%	0.59%
	BSE SENSEX (Total Return Index^ (Adopted w.e.f. November 28, 2024)	6.39%	-	-
Debt Mandate[$]	Approach	-	-	5.47%
	NIFTY Medium to Long Duration Debt Index	-	-	3.45%
Provident Funds, Treasuries and Special Mandates	Approach	10.44%	14.71%	4.42%
	NIFTY 10 Yr Benchmark G-Sec	9.86%	8.92%	3.28%
Diversified Portfolio – Equity	Approach	14.92%	49.91%	15.88%
	BSE 500 (Total Return Index)	5.96%	40.16%	-0.91%
Diversified Portfolio – Hybrid	Approach	9.88%	13.55%	5.22%
	NIFTY 50 Hybrid Composite Debt 50:50 Index	7.85%	18.87%	2.39%
Enhanced Portfolio 1	Approach	4.52%	32.56%	4.68%
	BSE 500 (Total Return Index)	5.96%	40.16%	-0.91%

Name of the Investment Approach	Performance& (Approach vs Benchmark)	FY 2024-2025	FY 2023-2024	FY 2022-2023
All Cap Portfolio – DPMS	Approach	12.72%	31.22%	3.08%
	BSE 500 (Total Return Index)	5.96%	40.16%	3.56%
	NIFTY 50 (Total Return Index)^ (Adopted w.e.f. November 28, 2024)	6.65%	-	-
HDFC AMC "MF Select" Portfolio – Equity – Discretionary	Approach	13.62%	46.42 %	10.73%
	NIFTY 50 (Total Return Index)	6.65%	30.08%	0.59%
India Ascent Portfolio - DPMS	Approach	11.52%	14.23%*	-
	BSE 500 (Total Return Index)	5.96%	26.76%	-
	NIFTY 50 (Total Return Index)^ (Adopted w.e.f. November 28, 2024)	6.65%	-	-
HDFC AMC "MF Select" Portfolio – Debt*	Approach	7.56%	-	-
	Nifty Medium to Long Duration Debt Index	8.60%	-	-
HDFC AMC "MF Select" Portfolio – Hybrid	Approach	7.30%	10.94%*	-
	Nifty 50 Hybrid Composite Debt 50:50 Index	7.85%	12.82%	-
HDFC AMC "MF Select" Portfolio – Multi-Asset#	Approach	-	-	-
	Nifty Multi Asset – Equity: Debt: Arbitrage: REITs/InvITs (50:20:20:10) Index	-	-	-

Name of the Investment Approach	Performance[&] (Approach vs Benchmark)	FY 2024-2025	FY 2023-2024	FY 2022-2023
HDFC AMC Liquid Portfolio*	Approach	5.31%	-	-
	Crisil Composite Bond Index	6.85%	-	-
HDFC AMC "MF Select" Portfolio – Equity – Non-Discretionary	Approach	4.14%	15.34%*	-
	NIFTY 50 (Total Return Index)	6.65%	13.70%	-
HDFC SmallCap Multiplier - DPMS[#]	Approach	-	-	-
	BSE 500 (Total Return Index)	-	-	-
	BSE SmallCap 250 (Total Return Index)^	-	-	-
HDFC Core Equity – NDPMS[#]	Approach	-	-	-
	BSE 500 (Total Return Index)	-	-	-
	Nifty 50 (Total Return Index)^	-	-	-
HDFC Growth for GOOD Portfolio[#]	Approach	-	-	-
	BSE 500 (Total Returns Index)	-	-	-

*As the investment approach has been adopted for less than a year, the returns are actual returns and not annualized. [#] No investors are on-boarded under the investment approach. [$] No investors in the approach at the end of the year. ^Secondary Benchmark

Portfolio Performance is net of all costs and fees.
Time weighted - Daily valuation method is used for performance calculation of approach.
Past performance may or may not be sustained in future.
[&]Note - The Portfolio Manager reserves the right to change the Benchmark of the portfolio at its discretion. The composition of the Portfolio may or may not be the same as that with the composition of the Benchmark.
–The above performance information is not verified by SEBI.

Co-investment Portfolio Management Services - Performance of the Co-investment Portfolio Manager shall be calculated and disclosed in the manner agreed between the Co-investment Portfolio Manager and the Client.

15. AUDIT OBSERVATIONS

There are no audit observations by the Statutory Auditor of HDFC Asset Management Company Limited pertaining to PMS for the preceding three financial years.

16. DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER

Investment Approach, If any	Name of the Associate / Related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at December 31, 2025	Value of investment as on last day of the previous calendar quarter (INR in crores) as at December 31, 2025	Percentage of total AUM as on last day of the previous calendar quarter as at December 31, 2025
All Cap Portfolio - DPMS	HDFC Bank Ltd	3.85	4.60	8.85%
Bespoke Accounts	HDFC Bank Ltd	0.13	0.39	0.35%
Bespoke Accounts	Tata Consultancy Services Limited	0.11	0.13	0.12%
Enhanced Portfolio 1	HDFC Bank Ltd	0.05	0.11	1.40%
Diversified Portfolio - Equity	HDFC Bank Ltd	6.76	11.26	1.90%
Diversified Portfolio - Equity	Tata Consultancy Services Limited	0.23	0.23	0.04%
Diversified Portfolio - Equity	HDB Financial Services Limited	0.19	0.19	0.03%
Diversified Portfolio - Hybrid	HDFC Bank Ltd	0.02	2.50	6.55%
Provident Funds, Treasuries and Special Mandates	HDFC Bank Ltd	74.74	79.18	5.56%
Provident Funds,	The Tata Power Company	16.80	16.28	1.14%

Investment Approach, If any	Name of the Associate / Related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at December 31, 2025	Value of investment as on last day of the previous calendar quarter (INR in crores) as at December 31, 2025	Percentage of total AUM as on last day of the previous calendar quarter as at December 31, 2025
Treasuries and Special Mandates	Limited			
Provident Funds, Treasuries and Special Mandates	HDB Financial Services Limited	60.25	61.81	4.34%
India Ascent Portfolio - DPMS	The Tata Power Company Limited	0.11	0.11	3.32%
India Ascent Portfolio - DPMS	Piramal Pharma Ltd	0.11	0.10	2.93%
Grand Total		163.36	176.88	

For and on behalf of the Board of Directors of
HDFC Asset Management Company Limited

Mr. Deepak Parekh
Director

Mr. Navneet Munot
Managing Director and Chief Executive Officer

Place: Mumbai
Dated: January 15, 2026

Annexure 1

Related Party Transactions

As per the Indian Accounting Standard on 'Related Party Disclosures' (Ind AS 24), the related parties of the Company with whom there have been transactions during the current / previous year, are as follows:

Sr. No	Relationship	Name of the Parties
1	Holding Company	HDFC Bank Limited from July 01, 2023 (Housing Development Finance Corporation Limited upto June 30, 2023) $
2	Subsidiary Company	HDFC AMC International (IFSC) Limited
3	Fellow Subsidiaries	HDFC Trustee Company Limited HDFC Life Insurance Company Limited HDFC ERGO General Insurance Company Limited HDFC Securities Limited (from July 01, 2023)
4	Investor with a significant influence	Abrdn Investment Management Limited (formerly known as Standard Life Investments Limited) (upto June 20, 2023) $
5	Other Related Parties	HDFC Bank Limited (Associate of Holding Company - upto June 30, 2023) $ HDFC Securities Limited (Subsidiary of HDFC Bank Limited - upto June 30, 2023) HDFC Asset Management Company Limited Employees' Group Gratuity Assurance Scheme (post-employment benefit plan of the Company)
6	Key Management Personnel (KMP)	Deepak S Parekh Navneet Munot Keki Mistry (upto June 26, 2023) Dhruv Kaji Jairaj Purandare Sanjay Bhandarkar Parag Shah Renu S Karnad Roshni Nadar Malhotra V Srinivasa Rangan (from January 12, 2024)
7	Key Management Personnel of Holding Company (except covered in Sr No. 6)	V Srinivasa Rangan (upto June 30, 2023 and from November 23, 2023) Keki Mistry (from July 01, 2023) Kaizad Maneck Bharucha (from July 01, 2023) Bhavesh Zaveri (from July 01, 2023)
8	Close Family Members of	Smita Deepak Parekh

	Company's Key Management Personnel and Holding Company's Key Management Personnel	Aditya Deepak Parekh Harsha Shantilal Parekh Siddharth Deepak Parekh
		Arnaaz Keki Mistry Bharat Karnad Ashok Sud V Jayam (upto June 30, 2023 and from November 23, 2023) S Anuradha (upto June 30, 2023 and from November 23, 2023) Abinaya Rangan (upto June 30, 2023 and from November 23, 2023) Niharika B Zaveri (from July 01, 2023) Mahesh Babu Ramamurthy (from July 01, 2023) Devesh Bhanwala (from January 25, 2024)

$ see note 1 - Company overview of the published audited financial statements

The nature and volume of transactions of the Company during the current / previous year with the above related parties were as follows:

(a) Details of transactions

` (in Crore)

Particulars	Holding Company		Subsidiary Company		Fellow Subsidiaries		Investor with a Significant Influence		Other Related Parties	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
EXPENSE										
Lease Rent	12.11	11.99	-	-	-	-	-	-	-	-
Bank Charges	0.00	0.00	-	-	-	-	-	-	-	0.00
Fees and Commission	2.14	0.51	-	-	0.31	0.22	-	-	-	0.10
Administration & Other Expenses	2.37	2.37	-	-	-	-	-	-	-	-
Insurance Premium	-	-	-	-	4.75	3.97	-	-	-	-
Trademark Licence Fees	13.17	7.56	-	-	-	-	-	-	-	-
Custodian Charges	0.06	0.02	-	-	-	-	-	-	-	0.01
OTHER TRANSACTIONS										
Equity Dividend	785.26	538.46	-	-	-	-	-	104.54	-	-
Investments made	-	-	-	31.00	-	-	-	-	-	-
Contribution towards	-	-	-	-	-	-	-	-	5.91	3.44

Gratuity Fund										
Insurance Claim received on behalf of employees	-	-	-	-	-	0.38	-	-	-	-
Reimbursement of Expenses incurred by the Company	-	-	-	0.80	-	-	-	-	-	-
Recovery of Trademark Licence Fees paid by the Company to Holding Company	-	-	0.00	-	-	-	-	-	-	-
Capital contribution on account of grant of ESOPs	-	-	0.03	-	-	-	-	-	-	-
ASSET										
Bank Balances	12.45	10.89	-	-	-	-	-	-	-	-
Advance for Expenses	-	-	-	-	2.72	3.04	-	-	-	-
Account Receivable	-	-	0.00	-	-	-	-	-	-	-
Prepaid Commission	1.37	1.38	-	-	2.48	2.75	-	-	-	-
Prepaid Insurance Premium	-	-	-	-	0.04	0.03	-	-	-	-
Security Deposit	0.47	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	34.03	34.00	-	-	-	-	-	-
LIABILITY										
Account Payable	3.13	2.71	-	-	0.02	0.01	-	-	-	-

Note:

The Company provides the necessary operating and secretarial services, etc. to HDFC Trustee Company Limited to meet the operating and compliance requirements of the company in line with SEBI (Mutual Funds) Regulations, 1996. The Company does not charge any amount in line with practice followed by the mutual fund industry.

(b) Details of remuneration to Company's KMPs

` (in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(A) Managing Director & Chief Executive Officer		
Short term employee benefits #	9.00	11.98
Post employment benefits	0.37	0.31
Other long term benefits	0.12	0.09
Share based payment	1.13	11.37
Other benefits	0.07	0.07
Total (A)	**10.69**	**23.82**
(B) Other Directors		
Directors Sitting Fees	1.42	1.58
Commission to Non Executive Directors *	2.10	1.81
Other benefits	-	0.02
Total (B)	**3.52**	**3.41**
Total Remuneration (A+B)	**14.21**	**27.23**

During the FY 20-21, an amount of Rs. 12.46 Crore was paid to the incoming Managing Director & Chief Executive Officer as one time payment and the same was being amortised as per the terms of the contract. Out of the same, Nil (Previous Year Rs. 3.66 Crore) forms part of Short term employee benefits above.
* Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Company and will be paid post adoption of annual accounts by the shareholders.

(c) Details of dividend paid to Company's KMPs

` (in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Dividend on Equity Shares	2.90	2.70

(d) Details of dividend paid to close family members of Company's KMPs, Holding Company's KMPs and close family members of Holding Company's KMPs

` (in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Dividend on Equity Shares	0.73	0.02

Addendum no. 01/2026-27

Addendum to the Disclosure Document dated January 15, 2026 for Portfolio Management Services ("PMS") provided by HDFC Asset Management Company Limited ("HDFC AMC")

Details of investments in the securities of related parties or associates of the Portfolio Manager

The details of investments in securities of related parties or associates of the Portfolio Manager given in Parameter 16 of the Disclosure Document stands updated as under:

Investments in the securities of associates/related parties of Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the Associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at March 31, 2026	Value of investment as on last day of the previous calendar quarter (INR in crores) as at March 31, 2026	Percentage of total AUM as on last day of the previous calendar quarter as at March 31, 2026
1.	Enhanced Portfolio 1	HDFC Bank Limited	0.05	0.07	1.23%
2.	Diversified Portfolio - Equity	HDFC Bank Limited	7.80	9.30	1.80%
3.	Diversified Portfolio - Equity	Tata Consultancy Services Limited	4.28	4.18	0.81%
4.	Diversified Portfolio - Hybrid	HDFC Bank Limited	0.02	1.84	5.07%
5.	Bespoke Accounts	HDFC Bank Limited	0.13	0.28	0.30%
6.	Bespoke Accounts	Tata Consultancy Services Limited	0.11	0.10	0.10%
7.	All Cap Portfolio - DPMS	HDFC Bank Limited	4.01	3.57	8.29%
8.	All Cap Portfolio - DPMS	Thermax Limited	1.45	1.58	3.67%
9.	India Ascent Portfolio - DPMS	Tata Power Company Limited	0.12	0.11	3.62%
10.	India Ascent Portfolio - DPMS	Piramal Pharma Limited	0.12	0.08	2.61%

Sr. No.	Investment Approach, if any	Name of the Associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at March 31, 2026	Value of investment as on last day of the previous calendar quarter (INR in crores) as at March 31, 2026	Percentage of total AUM as on last day of the previous calendar quarter as at March 31, 2026
Grand Total			**18.10**	**21.12**	

All other contents of the Disclosure Document remain unchanged.

This addendum shall form an integral part of the **Disclosure Document** dated January 15, 2026 as amended from time to time**.**

For **HDFC Asset Management Company Limited**
(Portfolio Management Services)

Sd/-

Authorised Signatory

Place: Mumbai
Date: April 30, 2026

SEBI PMS Registration No. – PM / INP000000506 dated February 29, 2024

Addendum no. 02/2026-27

Addendum to the Disclosure Document dated January 15, 2026 for Portfolio Management Services ("PMS") provided by HDFC Asset Management Company Limited ("HDFC AMC")

Details of investments in the securities of related parties or associates of the Portfolio Manager

The details of investments in securities of related parties or associates of the Portfolio Manager given in Parameter 16 of the Disclosure Document stands updated as under:

Investments in the securities of associates/related parties of the Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the Associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at June 30, 2026	Value of investment as on last day of the previous calendar quarter (INR in crores) as at June 30, 2026	Percentage of total AUM as on last day of the previous calendar quarter as at June 30, 2026
1.	Enhanced Portfolio 1	HDFC Bank Limited	0.05	0.07	1.24%
2.	Diversified Portfolio - Equity	Tata Consultancy Services Limited	5.11	4.30	0.75%
3.	Diversified Portfolio - Equity	KPIT Technologies Limited	0.72	0.66	0.12%
4.	Diversified Portfolio - Equity	HDFC Bank Limited	7.80	10.31	1.80%
5.	Diversified Portfolio - Hybrid	HDFC Bank Limited	0.02	2.04	5.35%
6.	Bespoke Accounts	Tata Consultancy Services Limited	0.11	0.08	0.08%
7.	Bespoke Accounts	HDFC Bank Limited	0.13	0.32	0.31%
8.	All Cap Portfolio - DPMS	Thermax Limited	0.99	1.68	3.28%
9.	All Cap Portfolio - DPMS	HDFC Bank Limited	4.20	4.16	8.09%
10.	India Ascent Portfolio - DPMS	Tata Power Company Limited	0.21	0.20	3.52%

Sr. No.	Investment Approach, if any	Name of the Associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores) as at June 30, 2026	Value of investment as on last day of the previous calendar quarter (INR in crores) as at June 30, 2026	Percentage of total AUM as on last day of the previous calendar quarter as at June 30, 2026
11.	India Ascent Portfolio - DPMS	Piramal Pharma Limited	0.20	0.18	3.10%
Grand Total			**19.54**	**24.02**	

All other contents of the Disclosure Document remain unchanged.

This addendum shall form an integral part of the **Disclosure Document** dated January 15, 2026 as amended from time to time**.**

For **HDFC Asset Management Company Limited**
(Portfolio Management Services)

Sd/-

Authorised Signatory

Place: Mumbai
Date: July 31, 2026

SEBI PMS Registration No. – PM / INP000000506 dated February 29, 2024