**Portfolio Management Services**

**Disclosure Document**

**Updated as on June 7, 2021**

**Edelweiss Asset Management Limited**
**Portfolio Management Services**
**SEBI Registration Number - INP000004631**
**CIN : U65991MH2007PLC173409**

**Key Information and Disclosure Document for Portfolio Management Services provided by**

**Edelweiss Asset Management Limited**

- **This Disclosure Document (the Document) has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.**

- **The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making an informed decision for engaging a Portfolio Manager.**

- **The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor is advised to carefully read this entire document before making any investment decision and to retain it for future reference.**

- **Investors are encouraged to seek clarifications on this document from the Portfolio Manager.**

- **The Principal Officer designated by the Portfolio Manager is:**

**Name : Ms. Radhika Gupta**

**Registered & Corporate Address:**

**Edelweiss Asset Management Limited**
**Edelweiss House, Off C.S.T Road, Kalina, Mumbai – 400 098**

**Tel : (022) – 4088 5670**

**Email : radhika.gupta@edelweissfin.com**

**Date : June 7, 2021**

## I. INDEX:

## 1 DISCLAIMER CLAUSE:

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020. This Disclosure Document includes disclosures as required under Securities Exchange Board of India (Investment Advisers) Regulations, 2013. This Disclosure Document has been 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. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. While Edelweiss Asset Management Limited ("Edelweiss" or "Company" or "Portfolio Manager") shall endeavor to update on a reasonable basis the information disclosed in this document, the Company does not undertake to update such information to reflect the impact of circumstances or events, including regulatory or compliance changes that arise after the date mentioned on the first/cover page of this Document. Except as otherwise mentioned in this Document all information herein is as on the date mentioned on the first/cover page of this Document. No part of this Disclosure Document may be duplicated in any form and/or redistributed without the prior written consent of Edelweiss.

## 2 DEFINITIONS:

In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

**a)** **"Act"** means the Securities and Exchange Board of India Act, 1992.

**b)** "**Advisory Services**" means advising on the portfolio strategy, 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.

**c)** **"Agreement"** means Discretionary Portfolio Investment Management Agreement and/or Non-Discretionary Portfolio Investment Management Agreement and/or Advisory Agreement, as applicable, executed between the Portfolio Manager and the Client in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India & includes any amendment thereto.

**d)** **"Board"** means the Securities and Exchange Board of India.

**e)** **"Client" or "Investor"** means a Person that enters into an Agreement for availing services offered by Edelweiss.

**f)** **"Custodian(s)"** means an entity registered with the SEBI as a custodian under applicable law and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.

**g)** **"Disclosure Document"** means this disclosure document issued by Edelweiss Asset Management Limited for offering services stated hereunder, prepared in terms of Schedule V of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.

h) **“Discretionary Portfolio Management Services” or “Discretionary PMS”** means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Discretionary Portfolio Investment Management agreement, wherein the Portfolio Manager exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of Securities of the Client.

i) **“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.

j) **“Financial Year”** means the period of 12 (twelve) months starting from April 1 to March 31 the following year.

k) **“Funds”** means the money placed by the Client with the Portfolio Manager and any accretions thereto.

l) **“Investment Approach”** means any of the current investment approaches or such investment approach that may be introduced at any time in the future by the Portfolio Manager.

m) **“Non-discretionary Portfolio Management Services” or “Non-Discretionary PMS”** means portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing or on recorded line or by e-mail, invests in respect of the Client’s account entirely at the Client’s risk.

n) **“NRI”** or **“Non-Resident Indian”** means a individual resident outside India who is a citizen of India.

o) **“Parties”** means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.

p) **“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, partnership firm, limited liability partnership, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.

q) **“Portfolio”** means the total holdings of Securities belonging to any Person.

r) “**Portfolio Management Services**” means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be.

s) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and where applicable, Chapter III of SEBI (Investment Advisers) Regulations, 2013, as amended from time to time.

**t) "SEBI"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.

**u) "Securities"** includes: -

i. "Securities" as defined under the Securities Contracts (Regulation) Act, 1956;
ii. shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures/debenture stocks and other marketable securities of a like nature, fixed return investments, equity linked instruments including derivatives, negotiable instruments, term deposits, money market instruments including commercial paper, certificates of deposit etc., units issued by Mutual Funds, Collective Investment Schemes, Alternative Investment Funds, Mortgage backed or other asset backed securities, derivatives, Security Receipt and any other securities issued by any company/entity/body corporate, Central Government, State Government or any local or statutory authority including Structured Products;
iii. gold related securities; and
iv. Any other instruments or investments as may be permitted by applicable law from time to time.

**INTERPRETATION**

- **Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted in accordance with applicable law or according to their general meaning and usage. The definitions are not exhaustive.**
- All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- All references to "Rs." Refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".

## 3 DESCRIPTION

### 3.1 HISTORY, PRESENT BUSINESS & BACKGROUND OF THE PORTFOLIO MANAGER:

Edelweiss Asset Management Limited (EAML) was incorporated as a Private Limited Company under the Companies Act, 1956 on August 23, 2007 and was converted into Public Limited Company on January 18, 2008.

Edelweiss Asset Management Limited has been appointed as the Asset Management Company of Edelweiss Mutual Fund by the Trustee Company vide Investment Management Agreement (IMA) dated January 30, 2008. EAML also acts as the investment manager for: 1) Edelweiss Multi Strategy Investment Trust, a Category III Alternative Investment Fund having SEBI Registration No. IN/AIF3/12-13/0004; 2) Edelweiss Alpha Fund, a Category III Alternative Investment Fund having SEBI Registration No. IN/AIF3/13-14/0047; and 3) Edelweiss Alternative Investment Opportunities Trust, a Category II Alternative Investment Fund having SEBI Registration No. IN/AIF2/17-18/0502 (collectively known as the "AIFs") and other AIFs set up from time to time.

The Company is also registered with SEBI as a Portfolio Manager vide Certificate of Registration No. INP000004631 dated January 20, 2015. The Company provides Discretionary PMS, Non-Discretionary PMS and Advisory Services. Strategies are customized with different risk levels for Client risk preferences, different equity indices and benchmarks based on individual Client needs and Client specific constraints such as not being able to hold a particular Security or invest in particular sector/industry.

Edelweiss Asset Management Limited is a wholly owned subsidiary of Edelweiss Financial Services Limited. The substantial part of the paid-up capital of Edelweiss Asset Management Limited is held by Edelweiss Financial Services Limited (EFSL), through its subsidiary companies and nominees.

## 3.2 PROMOTERS OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND:

- **Promoter**

Edelweiss Financial Services Limited (EFSL) is one of India's leading diversified financial services groups. It is a public limited company, incorporated under the Companies Act, 1956 and offers a full range of services and transactions expertise, including Portfolio Management Services, merchant banking, insurance, investment advisory services, underwriting of issues etc. It is listed on the BSE and NSE since December 2007.

EFSL commenced its business in 1996 & since then the group has grown from a boutique investment bank into a diversified Indian financial services conglomerates providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies.

The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. The group has sizeable presence in large retail segment through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. As of March 2020, the group serves ~20,00,000 strong client base through 10,000 employees based out of more than 400 offices (including eight international offices) in around 190 cities. Together with a strong network of sub-brokers and authorized persons, Edelweiss group has presence across all major cities in India.

- **Directors**

| Name | Brief Experience |
|---|---|
| Mr. Hemant Daga | Mr. Hemant Daga has more than 14 years of extensive experience in the financial services sector particularly in the areas of multi asset class investment across Indian and Global markets. Mr. Hemant Daga holds the degree of PGDM from IIM – Bangalore and he is qualified Company Secretary. In his past assignments, he was the Chief Executive Officer of the Global Markets business of Edelweiss Financial Services Limited from October 2005 – July 2017. Prior to that he was also associated with ICICI Bank in the Global Markets Division from May 2003 – September 2005. |

| Name | Brief Experience |
|---|---|
| Mr. Suresh Gurumani | Mr. Suresh Gurumani has played a key role in the set up various operations and product launches in Banking, SME, microfinance and retail industry in his remarkable career as a Senior Business Leader spanning over 35 years. He has also served as a CEO and MD of SKS Microfinance from December 2018 to October 2010. In addition to that, he was responsible for leading the only IPO in the Microfinance Sector. |
| Mr. Manjit Singh | Mr. Manjit Singh is an MBA in Finance and Certified Information Systems Auditor with an impeccable career spanning over 40 years in the capital markets and banking industry. Over the course of his illustrious career he has held various key positions where he has been responsible for compliance, internal controls, operational risk and PMLA provisions surrounding the broking, depository participants, portfolio management, wealth management and registrar and transfer agents businesses. More recently he has served as the Head of Company of BgSE Properties & Securities Limited (formerly known as Bangalore Stock Exchange Limited) from November 2011 to September 2019 and as Group Head – Compliance of Karvy Stock Broking Limited from June 2009 to November 2011. Prior to this he was associated with IL&FS Investsmart Limited, BgSE Financials Limited, Ludhiana Stock Exchange Limited and various other Public Sector banks. |
| Mr. Karan Datta | Mr. Karan Datta is an MBA in Finance with an eminent career of over 25 years in the financial services sector across corporate finance, distribution of financial products and asset management, with key positions in Business, Sales, Marketing, Operations and Distribution. Most recently, he has served as Chief Business Officer of Axis Asset Management Company Limited, prior to which he has been associated with Goldman Sachs Asset Management India Pvt. Ltd., Franklin Templeton Asset Management India Pvt. Ltd. And Birla Sunlife Distribution Company Limited. |
| Ms. Radhika Gupta | Ms. Radhika Gupta started her career at McKinsey & Company, New Jersey, U.S.A. as a Business Analyst, from 2005 to 2006. Post this, she was a part of the Global Asset Allocation team at AQR Capital, Greenwich, U.S.A., as Portfolio Manager, where she garnered her investment experience spanning over developed & emerging equities and fixed income securities, from 2006 to 2009. Ms. Gupta was one of the founding members of Forefront Capital Management Pvt. Ltd., a public market alternative asset management firm from 2009 to 2014, prior to its acquisition by Edelweiss in 2014. From 2014 to 2017 she had been heading Edelweiss Multi Strategy Funds Management Pvt. Ltd. a leading alternative asset manager, and a part of Edelweiss's Global Asset Management business. Since February 2017, Ms. Gupta has taken over as the CEO of Edelweiss Asset Management Limited and has been instrumental in the successful run of the investment management business. |

### 3.3. DETAILS OF THE TOP TEN GROUP COMPANIES:

The details of group entities of Edelweiss Asset Management Limited as on 31st March, 2021 reckoned on the basis of their total turnover as per the latest audited financial statements as on 31st March, 2021 are given below.

**Name of Entities**

| | |
|---|---|
| 1 | Edelweiss Commodities Services Limited |
| 2 | ECL Finance Limited |
| 3 | Edelweiss Asset Reconstruction Company Limited |
| 4 | Edelweiss Tokio Life Insurance Company Limited |
| 5 | EC Commodity Limited |
| 6 | Edelweiss Housing Finance Limited |
| 7 | ECap Equities Limited |
| 8 | Edelweiss Retail Finance Limited |
| 9 | Edelweiss Broking Limited |
| 10 | Edelweiss Finvest Private Limited |

The Portfolio Manager may avail services provided by its group entities from time to time in relation to the operations of Portfolio Management Services. Subject to compliance under applicable laws, such services shall be availed on commercial terms and on an arms-length basis and at mutually agreed terms. Appropriate disclosures, wherever mandated, shall be made by the Portfolio Manager.

### 3.4 DETAILS OF SERVICES BEING OFFERED:

The Portfolio Manager offers Discretionary PMS, Non-Discretionary PMS and Advisory Services. For more details, please refer Section 5 below.

The Client has an option to place funds directly (i.e. other than through a distributor/placement agent) with Portfolio Manager for availing any of the Portfolio Management Services.

## 4 PENALTIES, PENDING LITIGATIONS OR PROCEEDINGS ETC.:

a. All cases of penalties imposed by the SEBI or the directions issued by the SEBI under the Act or Rules or Regulations made there under against the Portfolio Manager: **None**

b. The nature of penalty / direction against the Portfolio Manager: **None**

c. Penalties imposed for any economic offence and/or for violation of any securities laws against the Portfolio Manager: **None**

d. Any pending material litigation/legal proceedings against the Portfolio Manager /key personnel with separate disclosure regarding pending criminal cases, if any **None**

e. Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency: **None**

f. 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 there under:

| **Sr. No** | **Names of the Party** | ***Nature of Dispute** |
|---|---|---|
| 1 | Edelweiss Financial Services Limited | 1. In the matter of IPO of Electrosteel Steels Limited, Edelweiss Financial Services Limited (EFSL), along with other Merchant Bankers have received an adjudication order dated March 31, 2016 from SEBI imposing penalty of Rs. 1,00,00,000/- on all the Merchant Bankers, which the Merchant Bankers are liable to pay jointly and severally.<br><br>EFSL along with other Merchant Bankers have filed an Appeal before Securities Appellate Tribunal against the Adjudicating order. The Securities Appellate Tribunal vide its order dated November 14, 2019, has reduced the penalty amount from Rs. 1,00,00,000 to Rs. 50,00,000. The penalty of Rs. 50,00,000 imposed on the Merchant Bankers has been paid jointly. EFSL paid Rs. 16,66,667/-.<br><br>2. SEBI passed an adjudication order dated November 28, 2014 in the matter of IPO of CARE Limited imposing penalty of Rs. 1,00,00,000/- on the Merchant Bankers, which the Merchant Bankers were liable to pay jointly and severally. Edelweiss Financial Services Limited along with other Merchant Bankers had filed an Appeal before Securities Appellate Tribunal against the said Adjudicating order. The Securities Appellate Tribunal by a majority order dated September 30, 2016, has set aside the order passed by SEBI as well as the penalty imposed on the merchant bankers. |
| 2 | Edelweiss Broking Limited (Refer note 1) | 1. SEBI – Show Cause Notice in the scrip of S. J. Corporation Ltd. (Refer Note 1)<br>SEBI has issued Show Cause Notice vide letter EAD-1/SRP/JP/31503/2011 dated October 10, 2011 in the matter of buying, selling and dealing in the shares of M/s. S. J. Corporation Ltd by our clients. Edelweiss Broking Limited submitted detailed reply to the aforesaid notice/s giving its clarification/documents in the matter; vide its letter dated 18th November, 2011.<br>SEBI has vide its order in the matter of S J Corporation Ltd dated March 27, 2012 levied penalty on Edelweiss Broking Ltd (EBL) for a sum of Rs 50,000/- for the trades executed |

| Sr. No | Names of the Party | *Nature of Dispute |
|---|---|---|
| | | in the scrip of S J Corporation Ltd in BSE by the clients of a Sub broker on Sub Broker's terminal. EBL has accordingly paid Rs. 50,000/- to SEBI towards the penalty on April 17, 2012. The issue was pertaining to the trades executed by clients in the years 2008 & 2009 through a registered sub-broker of erstwhile Anagram Stock Broking Ltd. Anagram Stock Broking Ltd was acquired by Edelweiss Group in the year 2010. EBL has now put in place additional due diligence mechanism to identify early detection of such instances. EBL is an organization committed to maintaining high standards of compliance and have since the acquisition of the erstwhile Anagram Stock Broking Limited introduced and currently maintaining a rigorous surveillance and compliance framework.<br><br>2. EBL has received Show Cause Notice from SEBI vide its letter dated December 31, 2014 for the observations pointed out by SEBI during the course of Inspection for the period September 2011 to March 2013 pertaining to Client Master.<br>Personal hearing in matter of Adjudication was held on November 14, 2017 and January 18, 2018. EBL had submitted the detailed clarification to SCN vide letter dated January 18, 2018 and additional documents on January 22, 2018 as discussed during the hearing on January 18, 2018. Adjudicating Officer vide its order dated February 28, 2018 disposed off the adjudication proceeding against EBL. |
| 3 | Edelweiss Securities Limited | 1. SEBI has appointed an Adjudication Officer (AO) to inquire into and adjudge u/s 15HA and 15HB of SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudication officer) Rules, 1995 for the alleged violations of provisions under Clauses A (1), A(2) and B(1) of the Code of Conduct for stock Brokers as specified under Schedule II read with Regulation 9 of SEBI(Stock Brokers and Sub brokers) Regulations, 1992 and Regulation 1(1) and 4(2)(m) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities market) Regulations, 2003.<br>Edelweiss Securities Limited (ESL) vide its letter dated April 11, 2016 has replied to SEBI clarifying on the observations raised by SEBI. |

| Sr. No | Names of the Party | *Nature of Dispute |
|---|---|---|
| | | SEBI vide AO order dated January 31, 2017 has disposed the Show Cause Notice. – Case has been disposed off.<br><br>2. ESL has received Administrative warning from SEBI vide letter ref. no. SEBI/HO/MIRSD/MIRSD 2 / OW / DB / SKS / 2016 /28580/1 dated October 17, 2016 regarding certain observations reported in inspection for the period April 2013 to December 2014.<br>ESL vide its letter dated November 16, 2016 has replied to SEBI clarifying the observations raised by SEBI.<br>Further SEBI vide its letter dated June 18, 2018 issued Show Cause Notice with respect to Inspection conducted. We submitted our clarification to Show Cause Notice of SEBI vide our letter dated July 04, 2018. In addition to the above ESL sought Personal hearing in this matter and was attended by Authorised Persons of ESL on July 26, 2018. ESL filed Settlement Application which was consented by SEBI for Rs 35,31,537/- . Thus the matter stands settled. |
| 4 | Edelweiss Custodial Services Ltd | a) SEBI had conducted inspection of DDP operations for the period from April 01, 2017 to March 31, 2018. Post inspection, SEBI issued a letter dated 16-07-2019 providing findings in the Inspection and subsequently issued Administrative Warning letter dated August 07, 2019 in the matter.<br>b) The Company has responded to said SEBI letter and Administrative Warning vide its letter dated 23-07-2019 and 06-09-2019 respectively detailing the comments / explanations on corrective steps taken.<br>c) The Company has since strengthened the processes and systems as well as the compliance mechanism in the requisite areas to avoid the recurrence of such discrepancies. |

**Note 1:** The cases referred to are related to Edelweiss Broking Limited (EBL) [Formerly known as Anagram Stock broking Limited] which is amalgamated with its Holding Company, Edelweiss Financial Advisors Limited, pursuant to the Orders of the Hon'ble High Court of Gujarat at Ahmedabad, under the scheme of arrangement vide its order dated March 30, 2012 under Section 391 and 394 of the Companies Act, 1956. Further Edelweiss Financial Advisors Limited is merged with Edelweiss Broking Limited with effect from February 13, 2015

*The above tabular information on enquiries and adjudication proceedings pertain to the Portfolio Manager's promoter and group companies for the last five years.

## 5.1 TYPES OF SERVICES OFFERED:

### (i) Discretionary Portfolio Management (DPM) Services:

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of Securities and in any market as he deems fit for the benefit of the Client for an agreed fee structure and for a definite period as described in the Agreement. The Securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The Securities traded or held by the Portfolio Manager for different Client Portfolios, even if invested under the same Investment Approach, may differ from Client to Client as a result of investment restrictions notified by the Client to the Portfolio Manager from time to time. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

Portfolio Manager shall invest funds of the Client only in the Securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other Securities as specified by SEBI from time to time, on behalf of their Clients. It will not invest in unlisted securities.

Money market instruments include commercial paper, trade bill, treasury bills, certificate of deposit and usance bills.

Portfolio Manager may invest in units of Mutual Funds (only through direct plan) and no distribution fees shall be charged to the Clients.

However, Portfolio Manager shall invest the Clients' funds neither in the portfolio managed or administered by another portfolio manager nor based on the advice of any other entity.

### (ii) Non-Discretionary Portfolio Management Services:

Under these services, the Clients decide their own investments with the Portfolio Manager facilitating the execution of transactions. The Portfolio Manager will provide Non-Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the Portfolio, buying and selling the Securities with the Client's oral and/or written consent. Additionally, the Portfolio Manager will keep the safe custody of the Securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Agreement, entirely at the Client's risk.

The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time.

Portfolio Manager may invest up to 25% of the assets under management of the Client in unlisted Securities, in addition to the Securities permitted for Discretionary PMS.

Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan) and no distribution fees will be charged to the Client.

However, Portfolio Manager shall invest the Clients' funds neither in the portfolio managed or administered by another portfolio manager nor based on the advice of any other entity.

**(iii) Advisory Services:**

The Portfolio Manager will provide Advisory Services, in terms of Regulations, which shall be in the nature of non-binding investment advisory and shall include the responsibility of advising on the Portfolio strategy, investment and divestment of individual Securities in the Client's Portfolio, for an agreed fee structure and for a period agreed in the Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market.

The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard.

Portfolio Manager may provide advice for investment up to 25% of the assets under management of the Client in unlisted Securities, in addition to the Securities permitted for Discretionary PMS.

**5.2 Minimum Investment Amount:**

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under Regulations, as amended from time to time.

**5.3 Policy for investment in associates/ group Companies of the Portfolio Manager**

Portfolio Manager will, before investing in the Securities of its associate / 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 Client's Portfolio. The investments in associate / group companies at time of investments may be upto 100% of Client's Portfolio. The investments in Securities of the associate / group companies would be within the overall framework of Regulations and in terms of Agreement executed with the Client.

The investment restrictions, if any, imposed by the Client, with respect to a particular company or industry or sector, will be considered. It means the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client will be considered after taking into account factors specific to Client.

**5.4 Transactions with associates/ group Companies**

The Portfolio Manager is a wholly owned subsidiary of Edelweiss Financial Services Limited. EFSL is one of the leading integrated financial services groups. The major activities and offerings of subsidiaries / associates / group companies/ joint venture of EFSL are equity broking, depository participant services, institutional broking & research, insurance broking, custodial services etc. The Portfolio Manager may utilize services of subsidiaries / associates / joint ventures of EFSL relating to and incidental to Portfolio Management Services. Such utilization will be purely on commercial, arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the Regulations.

## 5.5 TYPES OF INVESTMENT APPROACHES

**A. The Discretionary Portfolio Management Investment Approaches being offered are as follows:**

**a) Edelweiss India Dynamic Value Approach**

**Investment Objective :** The Edelweiss Dynamic Value PMS invests in a focused portfolio of large and mid cap Indian equities. The objective of the offering is to outperform the NIFTY 50 Index over a market cycle by holding high growth, high quality stocks that are reasonably valued.

**Benchmark:** Nifty 50 Index TRI

**Allocation of portfolio across types of securities:**

| Asset Class Allocation | Indicative Allocations (%) |
|---|---|
| Equity and Equity related Securities | 50% - 100% |
| Debt & Money Market Instruments | 0% - 50% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:**

The investment universe is first shortlisted by applying filters on market cap, management quality, corporate governance and minimum RoE and RoIC.

The stock selection criteria then pursues the following three fundamental themes:

1. Business Quality: Market Leadership, Secular Growth, High RoIC.
2. Management Quality: Focus, Minority shareholder orientation, Good corporate governance.
3. Valuation: Margin of Safety based on a discounted cash flow analysis.

The portfolio manager intends to invest in cash equity shares and un-deployed funds in liquid schemes/ Overnight Schemes of Mutual Funds.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 3-5 years.

**Risk Factors:** The portfolio shall be subject to overall risks borne out of investments in equity and equity related securities.

[A] Liquidity Risk : Due to the heterogeneity in liquidity in the capital market segment, trades on this segment may not get implemented instantly. The liquidity of the scheme's investments, therefore, is inherently restricted by trading volumes and settlement periods.

[B] Concentration Risk : The portfolio may have higher concentration towards a stock or sector, at any given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio.

[C] Interest Rate Risk : The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds which will be subject to interest rate risk arising out of changes in key interest rates in the economy.

**b) Edelweiss Smart Asset Allocation Approach**

**Investment Objective:** Edelweiss Smart Asset Allocation Solutions PMS aims to generate consistent absolute returns with moderate risk through disciplined and dynamic allocation in multiple asset classes such as equities, debt, gold, ETFs and index funds based on the investor's risk profile and the prevailing market cycle.

**Benchmark:** CRISIL Liquid Fund Index

**Allocation of portfolio across types of securities:**

| Asset Class Allocation | Indicative Allocations (%) |
|---|---|
| Equity and Equity related Securities | 0% - 100% |
| Debt & Money Market Instruments | 0% - 100% |
| Units of Mutual Funds | 0% - 100% |
| Units of Gold ETFs | 0% - 30% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:** This is a multi-asset class strategy that aims to generate positive absolute returns by investing in equities, debt, gold and units of Mutual Fund by dynamically selecting asset classes. The strategy follows a dual framework of static allocation based on the investor's risk profile and dynamic allocation based on the attractiveness of each asset class. Asset allocation helps in diversifying risk because different asset classes exhibit different risk-return profile and bear low correlation to each other. Prefer domestic equities when their relative or historical valuations are attractive and favor large caps versus midcaps depending on micro factors. Within fixed income, prefer income funds in a falling interest rate scenario and accrual funds when yield to maturities are attractive. Liquid Mutual Funds remain a residual asset class and gold is favored during periods of high volatility or inflation.

The portfolio manager intends to invest in Mutual Funds, ETFs, Cash Equities, Bank Fixed Deposits, Listed Derivatives. Un-deployed funds may be invested in liquid / Overnight Schemes of Mutual Funds.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 3-5 years.

**Risk Factors:** Investments in equity, debt and gold carry various risks including but not limited to inability to sell securities, trading volumes and settlement periods, market risk, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Key risks are highlighted below:

(A) Liquidity risks: The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities.

(B) Interest Rate Risk: Changes in interest rates affect the prices of bonds as well as equity. If interest rates rise the prices of bonds fall and vice versa. A well-diversified portfolio may help to mitigate this risk.

(C) Volatility risks: There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification

(D) Credit risks: The risk of default on a debt that may arise from a borrower failing to make required payments. The risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial.

**c) Edelweiss Event Arbitrage Portfolio Approach**

**Investment Objective**: Edelweiss Event Arbitrage PMS aims to generate absolute returns from specific equity related corporate events e.g. open offer, buyback, merger-demerger, IPO, delisting etc. and thus, provide diversification to its investors beyond traditional long only strategies. The strategy aims to identify profitable corporate events and exploit the alpha in individual trades. Such opportunities are traditionally the result of asymmetric information and non-aligned investment objectives across various investor classes.

**Benchmark:** CRISIL Liquid Fund Index

**Allocation of portfolio across types of securities:**

| Asset Class Allocation | Indicative Allocations (%) |
|---|---|
| Equity and Equity related Securities | 0% - 100% |
| Debt & Money Market Instruments | 0% - 100% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:**
The portfolio manager shall adopt several investment strategies to benefit from specific corporate events including but not limited to the following:

(A) Open Offers : To earn a meaningful return from open offers by purchasing shares in the open market when the offer is announced and tendering them to the purchaser at a premium on a later date.

(B) Buybacks: To participate in tender and / or open market buybacks by buying the share in the open market and tendering it to the promoter at the buyback price. The company repurchases outstanding shares from outstanding shareholders.

(C) Merger: To purchase the undervalued target company and hold it till the merger. Merger Transactions are typically based on the swap ratio. Either the target company or the listed parent are not fairly priced, creating an arbitrage opportunity.

(D) Delisting: To participate in the delisting process at an early stage on but after the public announcement and tender the shares in the delisting process or sell them in the open market. Delisting occur when companies decide to delist their stock from stock exchanges in a move to privatize or simply move to the over-the-counter (OTC) markets.

(E) Demerger: To participate in the demerger process that involves the separation of a large company into two or more smaller companies.

(F) IPO: To participate in an IPO in the book building process and subsequently sell in the open market. IPO falls under equity style transactions where an unlisted company is offering to sell its shares at a fixed price to prospective investors for the first time.

The Portfolio Manager intends to invest in cash equities may and invest any un-deployed funds in liquid/ overnight schemes of Mutual Funds.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 18-24 Months.

**Risk Factors:**

The portfolio shall be subject to overall risks borne out of investments in equity and equity related securities. At event-specific level, the following risks may emerge:

(A) Open offers are exposed to the risk of oversubscription that may lead the portfolio manager disposing remaining shares in the open market leading to possible losses due to fall in prices

(B) Mergers may suffer delays in obtaining regulatory approvals affecting their yields

(C) Delisting are exposed to acceptance risk if the bid price is higher than the accepted final price

The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds which will be subject to interest rate risk arising out of changes in key interest rates in the economy.

d) **Edelweiss Focus Small Cap Portfolio Approach**

**Investment Objective:** Focused Smallcap Portfolio focuses on the companies in small-midcap space which have high earnings growth, with emphasis on good earnings quality available at reasonable valuation. The key tenet of the fund is 'Share prices are slaves of earnings growth'. Predominant features of the portfolio companies are as below:

- Leadership in the segment,
- High ROCE/ROE,
- Superior earnings growth,
- Low financial leverage and,
- Sufficient liquidity.

Stock selection and industry allocation will remain independent of benchmark weights. The portfolio will be a diversified portfolio of up to 25 quality companies.

**Benchmark:** Nifty 250 SmallCap Index

**Allocation of portfolio across types of securities:**

| **Asset Class Allocation** | **Indicative Allocations (%)** |
|---|---|
| Equity and Equity related Securities | 50% - 100% |
| Debt & Money Market Instruments | 0% - 50% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:** Focused Smallcap Portfolio concentrates on companies in small-mid cap space which exhibit the following characteristics:

(A) Growth or market leadership.
(B) Quality of earnings and balance sheet risk is given higher importance than the growth of earnings.

These two factors allow the fund manager to identify businesses which are run by capable management teams which can create wealth for minority shareholder's over a long term. Investment Strategy is divided into the following three buckets based on the nature of the business and investment horizon.

(A) Strategic: Companies which fall under 'Strategic bucket' are companies which are less cyclical and have long runway for growth. These typically are businesses which fund manager intend to hold for a longer time frame.

(B) Tactical: Companies that fall under 'Tactical bucket' are companies which are cyclical or companies which are witnessing a turnaround. The aim here is to identify companies which are expected to deliver strong earnings growth due to revival in the underlying business cycle or change in management strategy. Time horizon typically is medium term given the cyclical nature of the business.

(C) Options: Companies that fall under 'Options Bucket' are businesses which typically are into sun-rise sectors. These are industries which are in their early stages and are expected to evolve over a period. Since industry dynamics are not well defined, risk in such investments is typically higher compared to other two buckets, however the expected returns are also disproportionate. This bucket will typically form a small part of the overall portfolio.

Portfolio approach is both bottom-up and top-down. Bottom up stock selection is important but bucketing stocks and allocating money in right buckets with the right proportion is equally important. This should allow portfolio manager to generate long term capital appreciation with better risk-reward characteristics.

The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid/overnight schemes of Mutual Funds.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 3-5 Years.

**Risk Factors:**

- The portfolio shall be subject to overall risks borne out of investments in equity and equity related securities.
- Due to the heterogeneity in liquidity in the capital market segment, trades on this segment may not get implemented instantly. The liquidity of the scheme's investments, therefore, is inherently restricted by trading volumes and settlement periods.
- The portfolio may have higher concentration towards a stock or sector, at any given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio.
- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds which will be subject to interest rate risk arising out of changes in key interest rates in the economy.

**e) Customized Family Office Approach**

**Investment Objective:** This is a multi-asset class strategy that aims to generate positive absolute returns by investing in equities, fixed income and other asset classes based on the Clients' customized risk profile.

**Benchmark:** CRISIL Liquid Fund Index

**Allocation of portfolio across types of securities:**

| Asset Class Allocation | Indicative Allocations (%) |
|---|---|
| Equity and Equity related Securities | 0% - 100% |
| Debt & Money Market Instruments | 0% - 100% |
| Units of Mutual Funds | 0% - 100% |
| Units of Gold ETFs | 0% - 30% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:** The portfolio manager would invest in equity and equity related Securities; fixed income instruments (including but not limited to commercial papers, certificate of deposits, Bonds, non-convertible debentures, convertibles, Market Linked debentures, Warrants, Structured Products); Commodities; Exchange Traded Securities (including but not limited to REITs, INVITs, Gold Bonds etc.); unlisted Securities; Mutual Funds, Alternative Investment Funds and such other Securities as allowed under the extant regulation. In addition, the strategy may also selectively use derivatives for hedging purposes. Further, the Strategy shall aim to achieve its objective by following a prudent asset allocation and deployment strategy, which will be driven by a mix of quantitative factors and qualitative factors. The Strategy will also be customized based on the investors risk profile.

**Recommended Investment Horizon:** The recommended time horizon is 3-5 years

**Risk Factors:** Investments in equity, debt and gold carry various risks including but not limited to inability to sell securities, trading volumes and settlement periods, market risk, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Key risks are highlighted below:

(A) Liquidity risks: The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities.

(B) Interest Rate Risk: Changes in interest rates affect the prices of bonds as well as equity. If interest rates rise the prices of bonds fall and vice versa. A well-diversified portfolio may help to mitigate this risk.

(C) Volatility risks: There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification

(D) Credit risks: The risk of default on a debt that may arise from a borrower failing to make required payments. The risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial.

**f) Edelweiss Structured Solutions Approach (ESS Strategy)**

This is a strategy that invests in structured products, fixed income instruments, debentures, market linked debentures and other Securities to achieve capital appreciation over the investment period. It aims to outperform the CRISIL Liquid Fund Index.

**Investment Objective:** The objective of the strategy is to generate long term capital growth and / or absolute returns from investment to achieve capital appreciation over the investment period.

**Benchmark:** CRISIL Liquid Fund Index

**Allocation of portfolio across types of securities:**

| **Asset Class Allocation** | **Indicative Allocations (%)** |
|---|---|
| Market Linked Debentures | 90% - 100% |
| Liquid/Overnight Fund | 0% - 10% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.
**Investment Strategy:** The strategy entails investment in a combination of fixed income securities, MLDs, equity/equity linked instruments, etc. The investment philosophy is to buy and hold a large part of the investment close to maturity as that enables to deliver predictable returns and reduce risks.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 3-5 Years.

**Risk Factors:** Below are risk factors specific to structured product. Please add if there are any other generic risk factors pertaining to PMS

▪Interest Rate Risk: Rise and fall in the interest rates influence the valuation of the investment, thus may result in mark to market loss during the tenor of the investment

▪Liquidity Risk: MLDs are issued for a fixed tenor with no interim exit options for the investor built in. While the MLDs are listed, there is no assurance that liquidity will be available on the same if there are no active buyers and sellers.

▪Repayment Risk: Principal amount, and any other amounts that maybe due in respect of the debentures is subject to the credit risk of the Issuer. In the event that bankruptcy or similar proceedings, the investor may stand to lose the entire invested Principal, or the due amount may not be made or may be substantially reduced or delayed

Risks pertaining to investments in ESS Approach:

Potential investors should consider carefully all the risk factors before authorizing the Portfolio Manager to make investment decision on their behalf. Unless the context requires otherwise, the risk factors described below apply to the issuer only. If any one of the following stated risks actually occurs, the issuer’s business, financial conditions and results of operations could suffer and, therefore, the value of the issuer’s debentures could decline.

Unless specified or quantified in the relevant risk factors, the issuer is not in a position to quantify the financial or other implications of any risk mentioned herein below that are specific to this strategy:

1. **Payment of Interest:**
   Investors should note that no periodic interest payments or other distributions may be made during the term of the debentures.

2. **Early Termination for Extraordinary Reasons, Illegality and Force Majeure**
   If the issuer determines that, for reasons beyond its control, the performance of its obligations under the debentures has become illegal or impractical in whole or in part for any reason, or the issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the debentures for any reason, the issuer may at its discretion and without obligation terminate early the debentures. If the issuer terminates early the debentures, the issuer will, if and to the extent permitted by applicable law, pay the holder of each such debenture an amount determined by the calculation agent.

3. **Interest Rate risk:**
   As the issuer shall be engaged in lending and financing activities, its business and income will largely be dependent on interest income from its operations. Interest rates are highly sensitive to many factors, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors beyond the control of issuer. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility. There can be no assurance that significant interest rate movements will not have an effect on the results of its operations.

4. **Changes in the composition of the underlying:**
   The value of the underlying on any day will reflect the value of its constituents on such day. Changes in the composition of the underlying and factors (including those described herein) which either affect or may affect the value of the constituents will affect the value of the underlying and therefore may affect the return on an investment in the debentures.

5. **Creditworthiness of the issuer**
   The value of the debentures is expected to be affected, in part, by Portfolio Manager’s general appraisal of the issuer's creditworthiness. Any reduction in the creditworthiness of the issuer could result in a reduction in the value of the debentures. If a bankruptcy proceeding is commenced in respect to the issuer, the return to a debenture holder may be limited and any recovery will likely be substantially delayed.

6. **Credit Risk**
   Any lending and investment activity by the issuer is exposed to credit risk arising from repayment default by borrowers and other counterparties. The issuer is expected to have a systematic credit evaluation process to monitor the performance of its asset portfolio on a regular and continual basis to detect any material development and to take timely appropriate remedial actions. The issuer is also expected to undertake periodic reviews of its entire asset portfolio with a view to determine the portfolio valuation, identify potential areas of action and devise appropriate strategies thereon. Despite these efforts, there can be no assurance that repayment default will not occur and, in such circumstances, may have an effect on its results of operations.

7. **Conditions in the Indian Equity market may affect the coupon on the debentures.**

   The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies.
   The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the Securities of Indian companies. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted Securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of the equity shares could be adversely affected, thereby affecting the indices.

8. **Potential Conflicts of Interest:**

   The issuer may appoint an affiliate as its calculation agent for the purposes of calculating amounts payable or deliverable to holders under these debentures. Under certain circumstances, the agent as an affiliate and its responsibilities as calculation agent for the debentures could give rise to conflicts of interest. The calculation agent is required to carry out its duties in good faith and using its reasonable judgement. However, because the issuer may control the affiliate, potential conflicts of interest could arise. The issuer also may enter into an arrangement with an affiliate to hedge market risks associated with its obligations under the debentures. Such an affiliate would expect to make a profit in connection with this arrangement. The issuer may not seek competitive bids for such arrangements from unaffiliated parties.

**g) Edelweiss Focused Small Cap Portfolio – Series II (Formerly known as Rubik Equity Portfolio)**

**Investment Objective:** The strategy mainly focuses on companies that offer long-term business growth through sustainable competitive advantage, promoter integrity and capabilities, strong cash Flows and profitability.

**Benchmark:** NIFTY 250 Smallcap Index

**Allocation of portfolio across types of securities:**

| Asset Class Allocation | Indicative Allocations (%) |
|---|---|
| Equity and Equity related Securities | 50% - 100% |
| Debt & Money Market Instruments | 0% - 50% |

**Minimum Account Size:** Rs.50 lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject to applicable SEBI Regulations that may come into force from time to time.

**Investment Strategy:** Investment philosophy of the strategy is to buy and hold a Portfolio of high growth companies acquired at moderate valuations delivering superior returns over the medium to long term.

The Portfolio Manager will endeavour to identify and select stocks through a value approach. The strategy is not expected to have any specific sector bias and shall be sector and industry agnostic.

**The following factors may be considered for making investment decisions:**

- businesses with sound fundamentals which have good growth prospects, and;
- Companies that are mispriced; and
- Companies where there is a possible alignment between the interest of promoters with those of minority shareholders.

Over and above the proprietary model, the Portfolio Manager will do a qualitative assessment to build a multi-cap and sector-agnostic Portfolio. The Portfolio Manager seeks to invest in large, mid and small cap companies listed on the major Indian stock exchanges via equities. The strategy does not intend to engage in any complex trading strategies and does not intend to employ leverage.

**Types of Securities:**
The portfolio manager intends to invest in cash equity shares and un-deployed funds in liquid/ overnight schemes of Mutual Funds.

**Recommended Investment Horizon:** The recommended investment horizon for this strategy is 3-5 Years

**Risk Factors:**

- The portfolio shall be subject to overall risks borne out of investments in equity and equity related securities.
- Due to the heterogeneity in liquidity in the capital market segment, trades on this segment may not get implemented instantly. The liquidity of the scheme’s investments, therefore, is inherently restricted by trading volumes and settlement periods.
- The portfolio may have higher concentration towards a stock or sector, at any given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio.
- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds which will be subject to interest rate risk arising out of changes in key interest rates in the economy.

**B. The Non-Discretionary Portfolio Management Investment Strategies being offered are as follows:**

**a) Customized Family Office Approach**

This is a customized absolute return strategy that aims to generate absolute returns by investing in equities and mutual funds and outperform CRISIL Liquid Fund Index depending upon the Clients risk and return objectives.

**Pls refer page no. 21 for further details, as the same Strategy is also available under Discretionary PMS.**

The PMS Investment Strategies stated in this Disclosure Document are available to unsolicited NRI/PIO/FPI (Foreign Portfolio Investors) clients. The Principal Officer may, in his/her sole discretion, permit, as an exception, provision of PMS services as stated in this Disclosure Document to an unsolicited NRI/PIO/FPI clients on completion of certain KYC related additional formalities.

## 6 RISK FACTORS

**Produced below are the standard risk factors applicable in respect of DPMS Services, NDPMS Services and Advisory Services as context and nature of such service(s) permit or require:**

- The name of any of the Investment Approach does not, in any manner, indicate the future prospects or returns. The Investment Approaches do not guarantee any assured return.
- At times, due to the forces and factors affecting the capital market or as per the view of the Portfolio Manager, the Investment Approach may not be able to invest in Securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible Securities amounting to substantial reduction in the earning capability of the Client.
- The Portfolio Manager would not be liable for any loss caused to the Client pursuant to Portfolio Management Services. The Portfolio Manager will however ensure that reasonable care and skill is employed while tendering advice or making investments on behalf of the Client.
- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the Investment Approach will be achieved.
- Past performance of the Portfolio Manager does not indicate its future performance.
- An investment option may not necessarily provide a basis of comparison with other investments carried out in past. There is no assurance that past performances in earlier product will be repeated. Risk arising from the investment objective, investment strategy, asset allocation and quant model risk, Market risk, political and geopolitical risk and risk arising from changing business dynamics, which may affect Portfolio returns.
- The Portfolio Management Service is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single investee companies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.
- Investors may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends. The returns of investments in Securities would depend on the happening / non-happening of specified events and the returns may or may not accrue to an investor accordingly.
- The Portfolio Manager and its affiliates are involved in a variety of advisory, management and investment-related / financial services activities and intend to continue to do so in the future. The Portfolio Manager and any of its affiliate/group entities may, from time to time, act as asset managers or investment managers or advisers to entities, companies or funds apart from the portfolio management activities under the PMS. It is therefore possible that

the Portfolio Manager and its affiliates may in the course of their business have potential conflicts of interest inter-se different activities.

- The Portfolio Manager has included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.
- While utmost care has been exercised, Edelweiss, its sponsors or any of its officers, employees, personnel, and directors make no representation as to the accuracy, completeness or reliability of the content and hereby disclaim any liability with regard to the same. Recipients of this material should exercise due care and read the disclosure document (including if necessary, obtaining the advice of tax / legal / accounting / financial / other professionals) prior to taking of any decision, acting or omitting to act. The document is solely for the information and understanding of intended recipients only. Further, the recipient shall not copy / circulate contents of this document, in part or in whole, or in any other manner whatsoever without prior and explicit approval of Edelweiss.
- The tax implications provided in this document are for general purposes only and is based on advice that the Portfolio Manager has received regarding the tax laws and practice that is currently in force in India and the Client should be aware that the relevant fiscal rules and their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Portfolio will endure indefinitely. In view of the individual nature of tax consequences, each Client is advised to consult his/her own professional tax advisor.
- To implement a decision of the Client regarding investments (other than under DPMS Services), the Portfolio Manager would have to employ the services of persons and bodies who are not the Portfolio Manager’s employees and rely on them. While the Portfolio Manager, would exercise all care and take all precautions while employing such persons, it should be understood that the Portfolio Manager would not be liable for any act or omission on the part of such persons engaged by the Portfolio Manager for the purpose of making an investment or disposing off an investment and that the Portfolio Manager would not be liable for any loss caused by any act or omission on the part of such person.
- The Portfolio Manager will not be liable for any financial loss arising from the Portfolio Manager not being able to sell the shares on behalf of the Client in case the original shares are lost or stolen whilst shares were in transit.
- The Portfolio Manager will also not be liable for any bona fide act of omission or commission or delay in carrying out the instructions of the Client.
- The Portfolio Manager may not be able to lend out Securities which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability

of the approved intermediary to return the Securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

**Risks associated with investments in Equity and equity related instruments:**

Some of the common risks associated with investments in equity and equity linked Securities are mentioned below. These risks include but are not restricted to:

- Equity and Equity related Securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- The value of the Portfolio will fluctuate as the daily prices of the individual Securities in which they invest fluctuate and may be worth more or less than its original cost, at a given point in time.
- In respect of investments in equity and equity-related instruments, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related Securities.
- The value of the Portfolio may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual Securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- The Portfolio manager may invest in stocks, which may or may not be undervalued with the anticipation of increase in price. However, the stocks may languish and may not attain the anticipated price.
- The Portfolio is subject to investment style risk; the product may have a contrarian style of investment, the Portfolio performance may not be in line with the general market in scenarios of strong upward or downward cycles. Further, the prices of Securities under the relevant Investment Approach may not behave as expected by Portfolio Manager, this may affect the returns adversely.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related Securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- The Portfolio may have higher concentration towards a particular stock or sector, at a given point in time.
- Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the Portfolio.

**Risks associated with investments in Fixed Income Securities:**

Some of the common risks associated with investments in fixed income and money market securities are mentioned below. These risks include but are not restricted to:

- **Interest Rate Risk**: As with all debt Securities, changes in interest rates will affect the valuation of the Portfolios, as the prices of Securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term Securities generally fluctuate more in response to interest rate changes than do shorter-term Securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market Securities and thereby to possibly large movements in the valuation of Portfolios.

- **Liquidity or Marketability Risk**: This refers to the ease at which a Security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Money market Securities, 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. This refers to the ease with which a Security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Any investment in fixed income carries high degree of risk due to their illiquidity. Additionally, there may be no active secondary market for investments of the kind the Portfolio Manager may make for the Client's Portfolio. Such investments may be of a medium-to-long term nature. However, there can be no guarantee that such realizations shall be achieved and the Portfolio's investments may remain illiquid. Delays or other problems in settlement of transactions could result in temporary periods when the assets are un-invested and no return is earned thereon.

- **Credit Risk**: Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income Security (i.e. risk that the issuer will be unable to make timely principal and interest payments on the Security). Because of this risk debentures are sold at a yield spread above those offered on treasury Securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income Security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default. The fund manager will endeavor to manage credit risk through in-house credit analysis. The Portfolio Manager may also use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Client Portfolios.

- **Credit Rating Risk**: Different types of Securities in which the Portfolio Manager would invest as given in the product note carry different levels and types of risk. Accordingly, the Securities' risk may increase or decrease depending upon their investment patterns. E.g. corporate bonds carry a higher amount of risk than Government Securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated.
- **Reinvestment Risk**: Investments in fixed income Securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

- **Pre-payment Risk**: Certain fixed income Securities give an issuer the right to call back its Securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Portfolio Manager to reinvest the proceeds of such investments in Securities offering lower yields, resulting in lower interest income for the fund.

The above are some of the common risks associated with investments in fixed and money market Securities including derivatives. There can be no assurance that a Portfolio's investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

**Risk Factors associated with investments in Derivatives:**

- The Portfolio Manager intends to use exchange traded derivatives as a hedging tool & does not intend to take any naked positions. Nevertheless, trading in derivatives market has risks and issues concerning the use of derivatives that investor should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Even a small price movement in the underlying Security could have a large impact on their value. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of such strategies to be persuaded by the Portfolio Manager involve uncertainty and decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager shall be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in Securities and other traditional investments.
- As and when the product trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. 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 or interest rate movements correctly. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying Security could have a large impact on their value.
- Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.
- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.
- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.

- Investments in index futures face the same risk as the investments in a Portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- Risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.

**Risk Factors associated with investments in units of Mutual Fund schemes:**

- Mutual funds invest across equity, money market & debt instruments. The risk factors affecting such instruments are mainly as follows- Market risk, Inflation risk, Interest rate risk, Currency risk, Credit risk, Regulatory/legal risk.
- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds or in money market instruments. Though the Portfolio of liquid funds is expected to comprise of short-term deposits, government Securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible.
- Liquid fund returns are not guaranteed and it entirely depends on market movements.
- In case of investments in Mutual Fund units, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

**Risk of Quantitative Investing:**

- Asset allocation based on quantitative analysis may perform differently from the market as a whole due to the factors used in the analysis and the weight placed on each factor and markets behaves differently from the factor's historical trends.
- If the strategy of the Portfolio is to always remain diversified across all asset class, it may tend to underperform the best performing asset class at any given point of time.
- If Portfolio seeks to allocate assets dynamically, based on certain market factors, there could be times when the allocation calls may go wrong. In other words, Portfolio may go overweight on an asset class, which subsequently may underperform or vice versa. However, the severity of impact will be lower due to its built-in feature of asset allocation.
- If Portfolio proposes to invest in ETFs / Mutual Fund schemes, there will be a double layer of charges, one from the underlying ETFs / Mutual Fund schemes and the other at the Portfolio level and all the risks related to the underlying ETFs and mutual fund schemes are by default the risk associated with the Portfolio.

**Risks pertaining to the index linked Securities:**

- Performance of the reference index will have a direct bearing on the performance of the strategy.
- In the event the reference index is dissolved or withdrawn by the index provider, such as, India Index Services Ltd. (IISL) (for NSE- Nifty), BSE for S&P BSE Sensex etc., in case of Securities such as debenture, the debenture Trustees upon request by the issuer may modify the terms of issue of debentures, so as to track a different and suitable index and appropriate intimation will be sent to the debenture holders.
- Tracking errors are inherent in any equity index linked Security and such errors may cause the equity index-linked Security to generate returns which are not in line with the performance of the

reference index or one or more Securities covered and/or included in the reference index. Such variations, referred to as tracking error, are expected to be around 2% per annum, but may vary substantially due to several factors.

- Any delay experienced in the purchase or sale of Securities due to liquidity of the market, settlement and realization of sales proceeds and the registration of any Security transfer and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.
- The reference index reflects the prices of securities at close of business hours.
- The index provider undertakes a periodic review of the scripts that comprise the reference index and may either drop or include new securities.

**Risks pertaining to investment in Gold Exchange Traded Funds (Gold ETFs):**

The risk associated with the Gold Exchange traded Funds will be as provided in the risk disclosure document of various schemes. Some of the specific risk factors pertaining to investments in Gold ETFs as part of the strategy include, but are not limited to the following:

- Market Risk: The value of the units of the Gold ETF relates directly to the value of the gold held by the relevant Gold ETF and fluctuations in the price of gold could adversely affect investment value of the units of the Gold ETF. The factors that may affect the price of gold, inter-alia, include economic and political developments, changes in interest rates and perceived trends in bullion prices, exchange rates, inflation trends, market movements, etc.

- Currency Risk: The formula for determining net asset value of the units of the relevant Gold ETF is based on the imported (landed) value of gold. The landed value of gold is computed by multiplying international market price by US dollar value. The value of gold or net asset value of the relevant Gold ETF, therefore will depend upon the conversion value of US dollar into Indian rupee and attracts all the risks attached to such conversion.

- Counterparty Risk: There is no exchange for physical gold in India. The relevant Gold ETF Scheme ("**Scheme**") may have to buy or sell gold from the open market, which may lead to counter party risks for the Scheme for trading and settlement.

- Asset Class Risk: The returns from physical gold in which the relevant Scheme invests may underperform returns from the Securities or other asset classes.

- Physical gold held by Gold ETFs: There is a risk that part or all of the Scheme's gold could be lost, damaged or stolen. Access to the Scheme's gold could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the Scheme and consequently on investment in units.

- Liquidity Risk: A Gold ETF has to sell gold only to bullion bankers/traders who are authorized to buy gold. Though, there are adequate number of players (commercial or bullion bankers) to whom the Scheme can sell gold, the Scheme may have to resort to distress sale of gold if there is no or low demand for gold to meet its cash needs of redemption or expenses.

- Regulatory Risk: Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/ discount to NAV of the relevant Gold ETF. Any changes in the regulations relating to import and export of gold or gold jewellery (including customs duty, sales tax and any such other statutory levies) may affect the ability of the Scheme to buy/sell gold against the purchase and redemption requests received.

- Passive Investments: An ETF Scheme may not be actively managed. The performance of the Scheme may be affected by a general price decline in the gold prices. The Scheme invests in the physical gold regardless of their investment merit. The relevant strategy may not attempt to take defensive positions in declining markets.

- Indirect taxation: For the valuation of gold by the Scheme, indirect taxes like customs duty, VAT, etc. would also be considered. Hence, any change in the rates of indirect taxation would affect the valuation of the Scheme.

- Operational Risks: Gold ETFs are relatively new products and their value could decrease if unanticipated operational or trading problems arise. Any Gold ETF is therefore subject to operational risks. In addition, investors should be aware that there is no assurance that gold will maintain its long-term value in terms of purchasing power.

- Redemption Risk: The Scheme would ordinarily repurchase units in creation unit size. Unit holding less than creation unit size can only be sold through the secondary market on the stock exchange. Further, the price received upon the redemption of units of the Scheme may be less than the value of the gold represented by them.

- The units of Gold ETFs are issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual funds depends up on the confirmations to be received from depository (ies) on which the mutual fund has no control. Accordingly, the Portfolio Manager shall not have any control on the above said transactions either.

**<u>Other Risks</u>**

(i) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment in a particular Investment Approach. In such situation the Clients may suffer opportunity loss.

(ii) Clients will not be permitted to withdraw the funds/Portfolio (unless in accordance with the terms agreed with the Client). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

(iii) Changes in Applicable Law may impact the performance of the Portfolio.

## 7 CLIENT REPRESENTATION

(i) **CATEGORIES OF CLIENTS SERVICED FOR LAST 3 YEARS:**

| Category of clients | | No. of clients | | | Funds managed (Rs. cr) | | | Discretionary / Non - Discretionary |
|---|---|---|---|---|---|---|---|---|
| | | As on 31/3/21 | As on 31/3/20 | As on 31/03/19 | As on 31/3/21 | As on 31/3/20 | As on 31/03/19 | |
| 1 | Associates / Group Companies | NA | | | | | | Discretionary |
| | | NA | | | | | | Non - Discretionary |
| | | 1 | 3 | NA | 41.28 | 1948.55 | NA | Advisory |
| 2. | Others | 1698 | 2084 | 2364 | 1682.06 | 1327.70 | 1,345.86 | Discretionary |
| | | 9 | 1 | 2 | 318.92 | 2.85 | 3.72 | Non - Discretionary |
| | | 1 | 2 | 9 | 0.19 | 0.44 | 10.63 | Advisory |
| Total | | 1708 | 2090 | 2375 | 2042.44 | 3279.54 | 1360.21 | |

(ii) **Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India on the basis of the audited financial statement as at March 31, 2021 is as stated under Capital Account transaction during the year:**

| Nature of Transaction | Related Party Name | 2020-21 |
|---|---|---|
| | | |
| Referral and other fees, Commission Brokerage and Marketing promotion Expenses paid to | Edelweiss Broking Limited | 3,04,10,705 |
| | Edelweiss Securities Limited | 58,18,176 |
| | Edelweiss Global Wealth Management Limited | 96,89,474 |
| | Edelweiss Financial Services Limited | 2,28,397 |
| | | |
| Cost reimbursements paid to | Edelweiss Financial Services Limited | 96,14,746 |

| | | |
|---|---|---|
| | Edelweiss Rural and Corporate Services Limited | 4,33,90,493 |
| | Edelweiss Global Wealth Management Limited | 3,89,405 |
| | Edelweiss Retail Finance Limited | 89,764 |
| | Edelweiss Custodial Services Limited | 51,98,856 |
| | Edelweiss Securities Limited | 3,99,541 |
| | ECap Equities Limited | 6,49,992 |
| | Edelweiss Broking Limited | 6,20,010 |
| | ECL Finance Limited | 1,45,337 |
| | | |
| Cost reimbursements received from | Edelweiss Alternative Asset Advisors Limited | 11,47,319 |
| | Edelweiss Asset Reconstruction Company Limited | 15,43,369 |
| | Edelweiss Finvest Private Limited | - |
| | Edelweiss Housing Finance Limited | 3,653 |
| | Edelweiss Gallagher Insurance Brokers Limited | 1,97,053 |
| | Edelweiss Finance and Investments Limited | 1,56,019 |
| | | |
| Advisory fees received from | ECap Equities Limited | 90,37,750 |
| | Edelweiss Alternative Asset Advisors Pte. Limited | 6,53,399 |
| | | |
| Directors sitting fees | Suresh Gurumani | 2,00,000 |
| | Manjit Singh | 2,00,000 |
| | Karan Datta | 1,00,000 |
| | | |
| Remuneration paid to *(Refer Note 2 below)* | Key Management Personnel | 1,92,86,684 |
| | | |
| **Balances with related parties** | | |
| **Nature of Transaction** | **Related Party Name** | 2020-21 |
| | | |
| Trade payables to | Edelweiss Investment Advisors Limited | 38,185 |

| | | |
|---|---|---|
| | Edelweiss Broking Limited | 21,81,915 |
| | Edelweiss Rural and Corporate Services Limited | 40,36,910 |
| | ECap Equities Limited | 49,252 |
| | Edelweiss Securities Limited | 3,99,454 |
| | Edelweiss Financial Services Limited | 4,41,905 |
| | ECL Finance Limited | 1,08,348 |
| | Edelweiss Alternative Asset Advisors Limited | 1,97,197 |
| | Edelweiss Global Wealth Management Limited | 96,289 |
| | Edelweiss Custodial Services Limited | 14,19,615 |
| | Edelweiss Finance and Investments Limited | 29,107 |
| | ESL Securities Limited | 14,39,963 |
| | Edelweiss Trusteeship Company Limited | 1,34,197 |
| | Edelweiss Multi Strategy Fund Advisors LLP | 26,977 |
| | | |
| Advances recoverable in cash or in kind or for value to be received | ECap Equities Limited | 18 |
| | Edelweiss Comtrade Limited | 3,505 |
| | Edelweiss Rural and Corporate Services Limited | 1,31,512 |
| | ECL Finance Limited | 6,150 |
| | Edelweiss Custodial Services Limited | 51,198 |
| | Edelweiss Securities Limited | 46,577 |
| | Edelweiss Global Wealth Management Limited | 3,03,497 |
| | Edelweiss Gallagher Insurance Brokers Limited | 1,97,053 |
| | | |
| Trade receivables | Edelweiss Alternative Asset Advisors Limited | 2,767 |
| | Edelweiss Multi Strategy Fund Advisors LLP | 8,558 |
| | Edelweiss Broking Limited | 6,759 |

| | | |
|---|---|---|
| | Edelweiss Securities Limited | 2,350 |
| | ESL Securities Limited | 66,385 |
| | Edelweiss Alternative Asset Advisors Pte. Limited | 4,38,451 |
| | | |
| Margin Placed with | Edelweiss Broking Limited | 1,14,93,165 |
| | | |
| Other payables - ESOP | Edelweiss Financial Services Limited | 65,87,062 |

**LIST OF STOCKBROKERS WHOSE SERVICES ARE UTILIZED FOR PMS ACTIVITIES**

List of approved stock brokers -

a. Kim Eng Securities India Pvt. Ltd

b. Systematix Shares & Stocks (I) Ltd.

c. Anand Rathi Shares & Stock Brokers Ltd

d. Edelweiss Broking Ltd

e. Equirus Securities (P) Limited

f. Motilal Oswal Financial Services Limited

g. Spark Capital Advisors (India) Pvt Ltd

h. IIFL Institutional Equities

i. Batlivala & Karani Securities India Pvt. Ltd.

j. Emkay Global Financial Services Ltd

k. PhillipCapital (I) Pvt. Ltd.

l. Kotak Securities Limited

m. Edelweiss Securities Limited

n. ICICI Securities Limited

o. Ambit Capital Pvt Ltd

The Company may avail securities broking services from other the SEBI registered stock-brokers empaneled by the Company from time to time.

8 **FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER:**

**Summarized Financial Statements – Balance Sheet**

| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Financial assets** | | | |
| (a) Cash and cash equivalents | 8,72,94,338 | 2,45,65,775 | 55,39,98,658 |
| (b) Bank balances other than cash and cash equivalents | - | - | 22,39,444 |
| (c) Trade receivables | 16,15,29,573 | 12,03,37,899 | 5,62,95,483 |
| (d) Loans | - | 10,29,181 | 4,49,151 |
| (e) Investments | 74,71,08,268 | 42,99,83,275 | 37,49,25,610 |
| (f) Other financial assets | 2,44,18,507 | 4,89,56,341 | 2,98,37,989 |
| | **1,02,03,50,686** | **62,48,72,471** | **1,01,77,46,335** |
| | | | |
| **Non-financial assets** | | | |
| (a) Current tax assets (net) | 3,24,97,955 | 18,65,06,349 | 14,48,49,239 |
| (b) Deferred tax assets (net) | - | - | - |
| (c) Property, Plant and Equipment | 1,24,81,640 | 2,63,74,632 | 2,62,55,279 |
| (d) Capital work-in-progress | - | - | 57,41,405 |
| (e) Right to use assets | 4,81,83,730 | 10,50,45,622 | - |
| (f) Other Intangible assets | 72,90,89,685 | 72,34,94,563 | 71,46,46,186 |
| (g) Other non-financial assets | 12,93,83,399 | 18,20,80,566 | 39,59,21,435 |
| | **95,16,36,409** | **1,22,35,01,732** | **1,28,74,13,544** |
| | | | |
| **TOTAL ASSETS** | **1,97,19,87,095** | **1,84,83,74,203** | **2,30,51,59,879** |
| | | | |
| **LIABILITIES** | | | |

| | | | |
|---|---|---|---|
| **Financial liabilities** | | | |
| (a) Payables | | | |
| (I) Trade payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 8,50,98,810 | 11,85,76,157 | 8,82,45,002 |
| (b) Borrowings (other than debt securities) | - | - | 5,56,45,522 |
| (c) Lease liabilities | 5,46,30,766 | 12,41,05,697 | - |
| (d) Other financial liabilities | 16,79,52,940 | 10,85,921 | 58,31,21,783 |
| | **30,76,82,516** | **24,37,67,775** | **72,70,12,307** |
| | | | |
| **Non-financial liabilities** | | | |
| (a) Provisions | 77,36,501 | 1,12,59,556 | 33,73,487 |
| (b) Other non-financial liabilities | 4,45,80,341 | 3,13,14,356 | 1,35,83,137 |
| | **5,23,16,842** | **4,25,73,912** | **1,69,56,624** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 73,34,32,930 | 73,34,32,930 | 73,34,32,930 |
| (b) Other equity | 87,85,54,807 | 82,85,99,586 | 82,77,58,018 |
| | 1,61,19,87,737 | 1,56,20,32,516 | 1,56,11,90,948 |
| | | | |
| **TOTAL LIABILITIES AND EQUITY** | **1,97,19,87,095** | **1,84,83,74,203** | **2,30,51,59,879** |

Summarized Financial Statements – Profit and Loss Account

| | For the year ended | For the year ended | For the year ended |
|---|---|---|---|
| | **March 31, 2021** | **March 31, 2020** | **March 31, 2019** |
| | | | |
| **Revenue from operations** | | | |
| Interest income | 2,99,87,948 | 1,53,10,148 | 78,64,626 |
| Fee and commission income | 1,08,49,15,143 | 1,24,35,46,950 | 1,14,46,81,232 |
| Net gain on fair value changes | 6,46,55,176 | - | 5,67,19,364 |
| | | | |
| **Total Revenue from operations** | **1,17,95,58,267** | **1,25,88,57,098** | **1,20,92,65,222** |
| | | | |
| **Other income** | **2,45,35,876** | **53,94,142** | **6,37,687** |
| | | | |
| **Total Revenue** | **1,20,40,94,143** | **1,26,42,51,240** | **1,20,99,02,909** |
| | | | |
| **Expenses** | | | |
| Finance costs | 68,99,835 | 1,70,05,994 | 3,75,08,275 |
| Net loss on fair value changes | - | 4,49,23,434 | - |
| Employee benefits expense | 61,17,59,975 | 46,14,39,830 | 43,83,61,129 |
| Depreciation, amortisation and impairment | 3,00,08,954 | 5,50,46,243 | 1,45,30,009 |
| Other expenses | 50,76,20,158 | 67,31,79,178 | 69,27,57,637 |
| | | | |
| **Total expenses** | **1,15,62,88,922** | **1,25,15,94,679** | **1,18,31,57,050** |
| | | | |
| **Profit before tax** | **4,78,05,221** | **1,26,56,561** | **2,67,45,859** |
| | | | |
| **Tax expenses:** | | | |
| Current tax | - | - | - |

| | | | |
|---|---|---|---|
| MAT credit reversal | - | (5,82,233) | - |
| | | | |
| **Profit after tax** | **4,78,05,221** | **1,20,74,328** | **2,67,45,859** |
| | | | |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement gain / (loss) on defined benefit plans (OCI) | 21,50,000 | (13,50,000) | (11,10,000) |
| | | | |
| Other Comprehensive Income | 21,50,000 | (13,50,000) | (11,10,000) |
| | | | |
| **Total Comprehensive Income** | **4,99,55,221** | **1,07,24,328** | **2,56,35,859** |

## 9. PERFORMANCE OF THE PORTFOLIO MANAGER:

(a) 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 Strategy** | **Performance* (Strategy vs. Benchmark)** | **(April 1st 2020 till March 31st, 2021)** | **(April 1st 2019 till March 31st, 2020)** | **(April 1st 2018 till March 31st, 2019)** |
|---|---|---|---|---|
| Edelweiss India Dynamic Value Strategy | Strategy | 52.84% | -11.7% | 1.2% |
| | NIFTY 50 Index | 72.54% | -26.0% | 14.9% |
| Edelweiss Smart Asset Allocation Strategy (Discretionary) | Strategy | 46.37% | -7.8% | 5.45% |
| | CRISIL Liquid Fund Index | 4.07% | 6.4% | 7.7% |
| Edelweiss Event Arbitrage Portfolio | Strategy | 18.7% | -11.3% | -0.3% |
| | CRISIL Liquid Fund Index | 4.07% | 6.4% | 7.7% |
| Edelweiss Structured Solutions Strategy (Discretionary) | Strategy | 28.68% | 2.4% | -2.05% |
| | CRISIL Liquid Fund Index | 4.07% | 6.4% | 7.7% |
| Edelweiss Focused Small Cap Portfolio | Strategy | 101.53% | -29.9% | -16.8% |

| | | | | |
|---|---|---|---|---|
| | Nifty Small Cap 250 | 117.16% | -40.8% | -13.8% |
| Rubik Equity Portfolio (Edelweiss Focused Small Cap Portfolio – Series II w.e.f. July 9, 2020) | Strategy | 99.29% | -37.7% | -7.5% |
| | Nifty Small Cap 250 | 117.16% | -40.8% | -13.8% |
| Customized Family Office Approach (Non Discretionary) | Strategy | NA | NA | -53.93% |
| | CRISIL Liquid Fund Index | NA | 6.4% | 7.7% |
| Edelweiss Smart Asset Allocation PMS (Non Discretionary) | Strategy | 30.43% | -0.1% | 3.61% |
| | CRISIL Liquid Fund Index | 4.07% | 6.4% | 7.7% |

* **Portfolio Performance is net of all costs and fees.**
****Date of Inception for the Approach is January 9, 2018.**

## 10. AUDIT OBSERVATIONS

There have been no audit observations in the preceding 3 years.

## 11. NATURE OF COSTS AND EXPENSES:

The following are indicative types of costs and expenses incurred by the Portfolio Manager for and on behalf of Clients availing the Portfolio Management Services and would be recovered by the Portfolio Manager from respective Clients.

a. **Investment management and advisory fees**: The fee may be a fixed charge or a percentage of the quantum of funds managed or may be linked to the Portfolio returns achieved or a combination of any of these. Profit/performance shall be computed on the basis of highwater mark principle over the life of the investment for charging of performance/profit sharing fees.

   **High Water Mark Principle:** High water mark shall be the highest value that the Portfolio/account has reached. Value of the Portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly.

   The Portfolio Manager shall charge performance based fee only on increase in Portfolio value in excess of the previously achieved high water mark.

b. **Brokerage and transaction costs**: The investments under the Portfolio Management would be usually done through registered members of stock exchange who charge brokerage. In addition to the brokerage, transaction cost, stamp duty, transaction costs, turnover tax, Securities Transaction Tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker. Any entry or exit loads (if any) and all asset management fees applicable on units of Mutual Funds will also be borne by the Clients.

c. **Operating Expenses:** In addition to the above, the Client shall be liable to pay all operating expenses in relation to its Portfolio. The operating expenses shall include but are not limited to the below. All such operating expenses charged to the Client shall be within the limits prescribed under applicable laws.

i. **Custodian/Depository fee**: The charges relating to opening and operation of dematerialized stock accounts, custody and transfer charges for shares, bonds, and units, dematerialization, rematerialization and other charges in connection with the operation and management of Clients' depository accounts.

ii. **Registrar and transfer agent fee**: Charges payable to registrars and transfer agents in connection with effecting transfer of Securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.

iii. **Audit Fees**: Fees paid to auditors appointed by the Portfolio Manager with respect to the periodic audit of the Client's accounts maintained by the Portfolio Manager.

iv. **Fund accounting charges**: The charges vary depending on the average investments and Investment Approaches.

v. **Primary clearing member (PCM) charges (for accounts trading derivatives)**: The charges vary depending on the investments and Investment Strategies.

vi. **Any other miscellaneous expenses including all applicable taxes and duties:** Miscellaneous expenses include but are not limited to documentation costs, administrative expenses including stamp duty incurred by Edelweiss Asset Management Limited to manage the Clients' Portfolio for which supporting statements shall be provided to the Client (if requested by the Client). All expenses will be as per the Agreement as entered into with the Client.

Kindly note that Portfolio Manager does not charge any upfront fees, directly or indirectly, to its Clients.

Any modification in the existing terms, shall be intimated to the Clients by written communication.

**FOR EDELWEISS INDIA DYNAMIC VALUE PMS**

| | |
|---|---|
| Upfront Fees (including GST) | NIL |
| Option I | Fixed Management Fee: 1.5% per annum (p.a.) of the daily average assets under management in the portfolio |
| Option II | Profit Share Fee (charged on High Water Mark basis):<br>• For returns up to 10% per annum (p.a.) before tax - Nil<br>• For returns above 10% per annum (p.a.) before tax - 15% |
| Custody Fee | **<u>For Resident and Non – Resident Investors</u>**<br>3 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Transaction Charges | **<u>For Resident Investors</u>**<br>Sale of securities through stock exchange or off-market deal: 4 bps of the transaction value subject to minimum 25 bps/ instruction + NSDL/CDSL charges at actuals |

| | |
|---|---|
| | Transactions in mutual funds at Rs. 200 per transaction<br><br>**<u>For Non Resident Investors</u>**<br>Purchase and sale of securities at Rs. 100 per transaction |
| Fund Accounting Fees | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Brokerage | Brokerage shall be charged at actuals. |
| Account Opening & Closing | Nil |
| Account Maintenance | **<u>For Non Resident Investors</u>**<br>Rs. 1000 per annum (p.a.) |
| Professional Fees for NRI Clients | Nil |
| Exit Load | Withdrawal before completion of 1 year, an exit load @ 2% will be charged.<br>Withdrawal after completion of 1 year but before completion of 2 years, an exit load @ 1% will be charged.<br>Withdrawal after completion of 2 years, no exit load will be charged.<br>Exit load period will continue from date of respective Capital Inflow. |

**FOR EDELWEISS SMART ASSET ALLOCATION PMS**

| | |
|---|---|
| Upfront Fees (including GST) | NIL |
| Option I | Fixed Management Fee: 1% per annum (p.a.) of the daily average assets under management in the portfolio |
| Option II | Not applicable |
| Custody Fee | **<u>For Resident and Non – Resident Investors</u>**<br>3 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Transaction Charges | **<u>For Resident Investors</u>**<br>Sale of securities through stock exchange or off-market deal: 4 bps of the transaction value subject to minimum 25 bps/ instruction + NSDL/CDSL charges at actuals<br><br>Transactions in mutual funds at Rs. 200 per transaction<br><br>**<u>For Non Resident Investors</u>**<br>Purchase and sale of securities at Rs. 100 per transaction |
| Fund Accounting Fees | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Brokerage | Brokerage shall be charged at actuals. |
| Account Opening & Closing | Nil |

| | |
|---|---|
| Account Maintenance Charges | **For Non Resident Investors**<br>Rs. 1000 per annum (p.a.) |
| Professional Fees for NRI Clients | Nil |
| Exit Load | Withdrawal before completion of 1 year, an exit load @ 2% will be charged.<br>Withdrawal after completion of 1 year but before completion of 2 years, an exit load @ 1% will be charged.<br>Withdrawal after completion of 2 years but before completion of 3 years, an exit load @ 0.5% will be charged.<br>Withdrawal after completion of 3 years, no exit load will be charged.<br>Exit load period will continue from date of respective Capital Inflow. |

**FOR EDELWEISS EVENT ARBITRAGE PMS**

| | |
|---|---|
| Upfront Fees (including GST) | NIL |
| Option I | Fixed Management Fee: 1.5% per annum (p.a.) of the daily average assets under management in the portfolio |
| Option II | Profit Share Fee (charged on High Water Mark basis):<br>• For returns up to 10% per annum (p.a.) before tax - Nil<br>• For returns above 10% per annum (p.a.) before tax - 15% |
| Custody Fee | **For Resident and Non – Resident Investors**<br>3 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Transaction Charges | **For Resident Investors**<br>• Sale of securities through stock exchange or off-market deal: 4 bps of the transaction value subject to minimum 25 bps/ instruction + NSDL/CDSL charges at actuals<br>• For IPO applications, flat Rs. 200 per transaction<br>• For participating in Rights issue/ Buyback/Open offers, flat Rs. 100 per transaction + NSDL/CDSL charges at actuals<br>• Transactions in mutual funds at Rs. 200 per transaction<br><br>**For Non Resident Investors**<br>Purchase and sale of securities at Rs. 100 per transaction |
| Fund Accounting Fees | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Brokerage | Brokerage shall be charged at actuals. |
| Account Opening & Closing | Nil |
| Account Maintenance | **For Non Resident Investors**<br>Rs. 1000 per annum (p.a.) |

| | |
|---|---|
| Professional Fees for NRI Clients | Nil |
| Exit Load | Withdrawal before completion of 1.5 years, an exit load @ 2% will be charged.<br>Withdrawal after completion of 1.5 years, no exit load will be charged.<br>Exit load period will continue from date of respective Capital Inflow. |

**FOR EDELWEISS FOCUSED SMALLCAP PORTFOLIO**

| | |
|---|---|
| Upfront Fees (including GST) | NIL |
| Option I | Fixed Management Fee: 2.5% per annum (p.a.) of the daily average assets under management in the portfolio |
| Option II | (i) Fixed Management Fee: 1.5% per annum (p.a.) of the daily average assets under management in the portfolio<br>(ii) Profit Share Fee (charged on High Water Mark basis):<br>• For returns up to 15% per annum (p.a.) before tax – Nil<br>• For returns above 15% per annum (p.a.) before tax - 20% |
| Custody Fee | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Transaction Charges | Nil |
| Fund Accounting Fees | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Brokerage | Brokerage shall be charged at actuals. |
| Account Opening & Closing | Nil |
| Account Maintenance | Nil |
| Professional Fees for NRI Clients | Nil |
| Exit Load | Withdrawal before completion of 1 year, an exit load @ 2% will be charged.<br>Withdrawal after completion of 1 year but before completion of 2 years, an exit load @ 1% will be charged.<br>Withdrawal after completion of 2 years but before completion of 3 years, an exit load @ 0.75% will be charged.<br>Withdrawal after completion of 3 years, no exit load will be charged.<br>Exit load period will continue from date of respective Capital Inflow. |

**FOR EDELWEISS FOCUS SMALL CAP PORTFOLIO – SERIES II**

| | |
|---|---|
| Upfront Fees (including GST) | NIL |
| Option I | Fixed Management Fee: 2.5% per annum (p.a.) of the daily average assets under management in the portfolio |
| Option II | (iii) Fixed Management Fee: 1.5% per annum (p.a.) of the daily average assets under management in the portfolio<br>(iv) Profit Share Fee (charged on High Water Mark basis):<br>• For returns up to 12% per annum (p.a.) before tax – Nil<br>• For returns above 12% per annum (p.a.) before tax - 15% |
| Custody Fee | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Transaction Charges | Nil |
| Fund Accounting Fees | 4 bps per annum (p.a.) of the daily average assets under management in the portfolio |
| Brokerage | Brokerage shall be charged at actuals. |
| Account Opening & Closing | Nil |
| Account Maintenance | Nil |
| Professional Fees for NRI Clients | Nil |
| Exit Load | Withdrawal before completion of 1 year, an exit load @ 3% will be charged.<br>Withdrawal after completion of 1 year but before completion of 2 years, an exit load @ 2% will be charged.<br>Withdrawal after completion of 2 years but before completion of 3 years, an exit load @ 1% will be charged.<br>Withdrawal after completion of 3 years, no exit load will be charged.<br>Exit load period will continue from date of respective Capital Inflow. |

## 12. TAX IMPLICATIONS FOR THE DIFFERENT CATEGORIES OF INVESTORS

The following information is based on the law in force in India at the date hereof. This information is neither a complete disclosure of every material fact of the Income-tax Act, 1961 (Act) nor does constitute tax or legal advice. This information is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. Investors / Clients should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of the individual nature of the tax consequences, each investor / Client is advised to consult his/ her/its own professional tax advisor. The information/ data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy and should not be construed as investment advice.

Edelweiss
Ideas create, values protect

**Income Tax**

The tax rates applicable to different categories of tax payers are as follows:

A. Individual, Hindu Undivided Family, Association of Persons or Body of Individuals — Tax Rate (as below) + surcharge + cess

| Total Income | Tax Rates |
|---|---|
| Up to Rs. 250,000 *(a) (b) | NIL |
| Rs. 250,001 to Rs. 500,000 (c) | 5% |
| Rs. 500,001 to Rs. 1,000,000 | 20% |
| Rs. 1,000,001 and above | 30% |

*(a) In the case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs 300,000.*
*(b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs. 500,000.*
*(c) A rebate upto Rs.12,500 for resident individual having total Income upto Rs. 500,000*

**Special tax rate for Individual and HUF**

The Finance Act, 2020 has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Financial Year 2020-21 and onwards:

| Total Income (Rs) | Tax Rate |
|---|---|
| Up to 2,50,000 | Nil |
| From 2,50,001 to 5,00,000 | 5% |
| From 5,00,001 to 7,50,000 | 10% |
| From 7,50,001 to 10,00,000 | 15% |
| From 10,00,001 to 12,50,000 | 20% |
| From 12,50,001 to 15,00,000 | 25% |
| Above 15,00,000 | 30% |

B. Partnership Firms & Indian Companies — 30% *+ surcharge + cess
C. Non-resident Indians — 30% + surcharge + cess
D. Foreign companies — 40% + surcharge + cess
E. Categories mentioned below:

| Category | Rate of Surcharge** and Cess Applicable |
|---|---|
| Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Portfolio Investors where the net taxable income exceeds Rs 50,00,000 is up to Rs. 1,00,00,000 for the relevant year | Surcharge at the rate of 10 % is leviable on Tax amount.<br><br>Total amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |
| Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Portfolio Investors where the net taxable income is in excess of Rs. 1,00,00,000 but does not exceed Rs 2,00,00,000 for the relevant year | Surcharge at the rate of 15 % is leviable on Tax amount.<br><br>The amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |

| | |
|---|---|
| Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Portfolio Investors where the net taxable income is in excess of Rs. 2,00,00,000 but does not exceed Rs 5,00,00,000 for the relevant year | Surcharge at the rate of 25 % is leviable on Tax amount.<br><br>The amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |
| Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Portfolio Investors where the net taxable income is in excess of Rs. 5,00,00,000 for the relevant year | Surcharge at the rate of 37 % is leviable on Tax amount.<br><br>The amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |
| Companies where the net taxable income does not exceed Rs. 1,00,00,000 | No surcharge to be levied. Total amount of tax to increase by way of health and education cess at the rate of 4%. |
| Companies where the net taxable income is in excess of Rs. 1,00,00,000 but less than Rs. 10,00,00,000 | Surcharge at the rate of 7% is leviable on Tax amount (2% in case of Foreign Company). The amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |
| Companies where the net taxable income exceeds Rs. 10,00,00,000 | Surcharge at the rate of 12% is leviable on Tax amount (5% in case of Foreign Company). The amount of tax to increase by way of health and education cess at the rate of 4% calculated on total amount of tax plus surcharge. |

*Domestic companies to be taxed at 25% for AY 2021-22 where its turnover or gross receipts during FY 2018-19 does not exceed Rs.400 crores. The Companies may also be liable (wherever applicable) to be taxed at concessional corporate tax rate of 25.17% or less than 25% owing to the recent amendments brought about in the Act.

** surcharge shall be subject to marginal relief

**Capital Gains Tax**

*A. Long Term Capital Gains Tax*

<u>For Individuals, HUF, Partnerships Firm and Domestic Companies</u>

As per the Act, the period of holding for short term capital asset in respect of units of equity oriented mutual fund schemes or listed Security is less than or equal to 12 months and in case of other Securities, it is less than or equal to 36 months. A capital asset other than a short term capital asset is considered as long term capital asset. As per Act, in case of shares of unlisted company, the period of holding is 24 months or more for classifying unlisted shares as Long Term Capital Asset.

As per the Act, any long-term capital gains exceeding Rs. 1 lakh arising from the sale of equity shares or units of an equity-oriented fund where such transaction of sale is held on recognized stock exchange and STT has been paid on acquisition and transfer of such capital asset at the time on acquisition and transfer of such capital asset shall be chargeable to tax at the rate of 10% (plus applicable surcharge and cess)

As per Chapter VII of the Finance (No. 2) Act, 2004, STT shall be payable at the rate of 0.1% on both the purchase and sale of equity shares and at the rate of 0.001% on sale of a unit of an equity oriented fund to the Mutual Fund. STT would be payable at the rate of 0.025% on sale of equity shares, units of equity oriented fund (non-delivery based). STT in case of derivatives would be 0.017% of option premium in case of sale of option (payable by seller), 0.125% of settlement price in case of sale of an option where option is exercised (payable by purchaser) and 0.01% of the price in case of sale of futures (payable by seller).

Long-term capital gains in respect of other Mutual Fund units will be chargeable under Section 112 of the Act, at concessional rate of tax, at 20% (plus applicable surcharge, cess) after extending benefit of indexation.

*B. Short Term Capital Gains Tax*

<u>For Individuals, HUF, Partnerships Firm and Indian Companies</u>

Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of equity shares or units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be at 15% (plus applicable surcharge and an cess).

**Provisions regarding Dividend income and Bonus stripping**

According to the provisions of Section 94(7) of the Act, losses arising from the sale/transfer of Securities/units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 3 months in case of Securities and within 9 months in case of units after such date, is disallowed to the extent of income on such units claimed as tax exempt.

According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

**Tax Deduction at Source on Capital Gain**

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents. However, the provisions of section 195 of the Act may apply to non-residents (other than Foreign Portfolio Investors and long-term capital gains exempt under section 10(38) of the Act).

**Tax Deduction at Source on Dividend**

Finance Act, 2020 has made an amendment to the Act and has abolished distribution tax on dividend or income distributed by domestic Companies, mutual funds etc. Accordingly, the same will now be liable to TDS as under and fully taxable in the hands of the investors:

- TDS of 10% on dividend declared and distributed to a resident shareholder by Indian Company. However, if the said shareholder is an individual, then no TDS will be done if the aggregate of dividend distributed or paid or likely to be distributed or paid to him / her during the financial year under consideration does not exceed five thousand rupees and the said payment / distribution is made by any mode other than cash.

- TDS of 10% on income distributed to resident unit holders in respect of units of a mutual fund, units from the administrator of specified undertaking or units of specified company. However, TDS is not applicable if such an amount paid or credited does not exceed five thousand rupees.

- From A.Y. 2021-22 (FY 2020-21) onwards, any income distributed by mutual fund to resident unit holders, will be subject to TDS under section 194K of Income Tax Act,1961 @ 10.0%.

- However, with effect from May 14, 2020 Dividend received from Mutual funds and on company's shares under Section 194 and 194K of the Income Tax Act, 1961 will be subject to TDS @ 7.50%. till further notification.
  The investors will be eligible to claim credit of the said TDS.

**Tax Deduction at Source on Interest other than Securities**

TDS is deducted on interest income at the rate of 10% for interest income if in excess of Rs. 40,000 from Bank and Rs.5,000 from others in case of resident investors.

**Tax Deduction at Source on Interest from Securities**

TDS is deducted on interest income from securities at the rate of 10% in case of resident investors.

In case of debentures issued by a company in which public are substantially interested (which includes a listed Company as well) to resident individual and HUF, TDS is to be withheld at the rate of 10% where interest income is above Rs. 5,000. Accordingly, no TDS is to be withheld in the case of debentures issued by the aforesaid Company to a resident individual and HUF if the interest on such debentures does not exceed Rs. 5,000 and such an interest is given by an account payee cheque.

**Other relevant provisions under the Act**

**General Anti-avoidance Rule (“GAAR”)**

The Act contains GAAR provisions which are currently applicable from April 1, 2017. GAAR provisions empower the Revenue authorities to consider a transaction as an impermissible avoidance arrangement. An impermissible avoidance arrangement has been defined to mean an arrangement whose main purpose is to obtain a tax benefit and which is, inter-alia, lacking in commercial substance. Tax treaty relief may be denied by the Revenue authorities if GAAR provisions are invoked in the case of a taxpayer. There is limited commentary available with regard to how the GAAR provisions should be interpreted or how these provisions may be applied in practice. Material adverse consequences could result for the Fund and / or its investors should GAAR provisions be applied.

**13. ACCOUNTING POLICIES/VALUATIONS:**

Edelweiss will follow an accounting and reporting system that is consistent with the Global Investment Performance Standards (GIPS) methodology. The important accounting policies are:

a) **Client Accounts:** All Client accounts will be maintained separately on an accrual basis based on market values. Accounting will be trade date based (not settlement data based).

b) **Income Accrual:** Dividend income shall be recognized on the ex-dividend date. Interest income shall be accrued on due dates. Profit or loss on the sale of investments shall be recognized on trade dates. 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. 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.

c) **Recognition:** 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. 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 obtains an enforceable obligation to pay the price or, in the event of a sale, when the Portfolio Manager obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

d) **Cost of investments:** The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge 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.

e) **Portfolio Management Fees:** Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the Client and defined in the Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Agreement with each Client. The fixed management fee will be as agreed in the Agreement terms and conditions. The performance fees as agreed with the Client in the Agreement will be based on returns over a hurdle rate as agreed in the Agreement, with a high watermark. Performance fees will be charged on performance over the hurdle rate, management fee and any costs of trading. They will be charged quarterly or annually.

f) **Brokerage:** The Client understands that Edelweiss Asset Management Limited shall conduct all Securities transactions with its registered brokers or any registered broker at a brokerage/commission in line with market practices. Each Client shall keep Edelweiss Asset Management Limited indemnified of such charges.

g) **Other Expenses:** In addition to the above, the Client shall be liable to pay all operating expenses in relation to its Portfolio. All such operating expenses charged to the Client shall be within the limits prescribed under applicable laws. All applicable taxes shall be charged separately.

h) **Valuation of Investments:** The Portfolio Manager shall value traded Securities on the basis of closing market rates on the NSE on the relevant valuation date. If Security is not listed on the NSE, latest available quote within a period of thirty days prior to the valuation date on any other major stock exchange (e.g. the BSE) where the Security is listed will be considered. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. If no such quote is available, the Security may be considered non-traded. Government Securities shall be valued at the prices released by an agency recommended by the AMFI. Unlisted, non-traded and all other Securities where a valued cannot be ascertained shall be valued as determined in good faith by the Portfolio Manager. **Securities held under ESS will be valued at market value.**

i) **Aggregation of trades:** In the event of aggregation of purchases or sales for economy of scale *inter se*, the Portfolio Manager shall do allocation on *pro rata* basis at weighted average price of the day's transaction. The Portfolio Manager will not keep open position in respect of allocation of sales or purchases in a day.

**Holding cost:** In determining the holding cost of investments and the gains or loss on sale of investments, the "first in first out" method will be followed.

## 14. INVESTOR SERVICES:

(a) Name, address and telephone number of the Investor Relations Officer who shall attend to investor queries and complaints.

Name: Mr. Aditya Gharat
Add: Edelweiss House, Off C.S.T. Road, Kalina, Santacruz (E), Mumbai 400 098
Correspondence address:
Edelweiss House, Off C.S.T. Road, Kalina, Santacruz (E), Mumbai 400 098
Tele: 022- 4040 7572
E-mail: Aditya.Gharat@edelweissfin.com

Grievances, if any, that may arise pursuant to the Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time.

The Portfolio Manager will endeavor to resolve investor grievance at the earliest. All grievances can be sent to the Portfolio Manager on the designated email id: Investorgrievance.Pms@edelweissfin.com. Accordingly, the nature of the grievance, the type of account, and the name and contact information of the Client will be recorded.

The respective Investor Relations Officer will endeavor to respond within five working days of receipt of the grievances through an email.

If within the fifth working day as mentioned above the grievance has not been resolved or a response has not been received from the Portfolio Manager, the issue can be escalated by sending an email to investorrelations.pms@edelweissfin.com.

If the Investor remains dissatisfied with the remedies offered or the stand taken by Mr. Aditya Gharat or the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms: -

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with the provision of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modification or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit. Arbitration shall be held in English. The arbitration award shall be treated as final and shall be binding on the Parties. This arbitration clause is subject to the jurisdiction of courts in Mumbai only.

Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. However, the cost of appointing the presiding arbitrator will be borne equally by both the Parties. Investor shall have the recourse to visit the SEBI SCORES portal for lodging their complaints, if any in case they are not satisfied with the response of the Portfolio Manager.

15. **GENERAL:**

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement ("Discretionary Portfolio Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory Agreement") between themselves.

The PMS Investment Approaches stated in this Disclosure Document are not available to unsolicited NRI/PIO/FPI (Foreign Portfolio Investors) clients. With effect from the date of this Disclosure Document the Principal Officer may, in his/her sole discretion, permit, as an exception, provision of PMS services as stated in this Disclosure Document to an unsolicited NRI client on completion of certain KYC related additional formalities.

**For**
**Edelweiss Asset Management Limited**

| Sr. No. | Name of Director | Signature |
|---|---|---|
| **1.** | **Mr. Hemant Daga** | **Sd/-** |
| **2.** | **Ms. Radhika Gupta** | **Sd/-** |

**Date: June 15, 2021**
**Place: Mumbai**

**FORM C**

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

**Edelweiss Asset Management Limited**
**Edelweiss House, Off C.S.T. Road, Kalina,**
**Santacruz (E), Mumbai 400 098**
Telephone Number: (022) – 4088 5670

We confirm that:

1) The Disclosure Document (the document) forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;

2) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us **/** investment in the Portfolio Management;

3) The document has been duly certified by M/s. NGS & Co. LLP, Chartered Accountants, having its office at B-46, Pravasi Ind. Estate, V.N. Road, Goregaon (East), Mumbai – 400 063, having firm Registration Number 119850W vide certificate issued June 15, 2021 to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

**For Edelweiss Asset Management Limited**

**Sd/-**
**Radhika Gupta**
**Principal Officer**
Address: Edelweiss House, Off C.S.T. Road, Kalina, Santacruz (E), Mumbai 400 098

**Date: June 15, 2021**
**Place: Mumbai**

NGS & CO. LLP
CHARTERED ACCOUNTANTS
MUMBAI • INDORE • CHITTORGARH

**CERTIFICATE**

We have been requested by **Edelweiss Asset Management Limited** (the Company) having registered office at Edelweiss House, Off. CST Road, Kalina, Mumbai - 400098 and having SEBI Registration No. INP000004631, to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22(5), Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have verified Disclosure Document and the details with the respective documents by the Management of the Company and have relied on various representations made to us by the Management wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and information provided in the Disclosure Document dated June 07, 2021 are true, fair, and adequate as required under Regulation 22 (5) and Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have relied on the representation given by the management about the penalties or litigation against the Portfolio Manager mentioned in the disclosure document. We are unable to comment on the same.

This certificate has been issued solely for complying with the requirements of SEBI (Portfolio Managers) Regulations, 2020 for the sole purpose of certifying the contents of the Disclosure Document for Portfolio Management Scheme and should not be used or referred to for any other purpose without our prior written consent.

**For NGS & Co. LLP**
**Chartered Accountants**
**Firm Registration No.: 119850W**

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

**R. P. Soni**
**Partner**
**Membership No.: 104796**

UDIN: 21104796AAABST6266

Place: Mumbai
Date: June 15, 2021

B - 46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.
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