ASSET MANAGEMENT

NEO ASSET MANAGEMENT PRIVATE LIMITED

DISCLOSURE DOCUMENT

As required under Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

I. Declaration:

a) The Disclosure Document (hereinafter referred as the "**Document**") has been filed with Securities and Exchange Board of India ("**SEBI**") along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 ("**Regulations**").

b) The purpose of the Document is to provide essential information about the PMS in a manner to assist and enable the investors in making informed decision for engaging "Neo Asset Management Private Limited" (hereinafter referred as the "**Portfolio Manager**") as the portfolio manager.

c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the Document for future reference.

d) This disclosure document sets forth concisely the necessary information about Neo Asset Management Private Limited that is required by a prospective investor before investing.

e) The investor should carefully read the entire disclosure document prior to making a decision to avail of the Portfolio Management Services and should retain this Disclosure document for future reference.

f) The investments made in Securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved, and the Portfolio Manager has no liability for any losses resulting from the Client availing of the Portfolio Management Services.

g) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager is as follows:

PRINCIPAL OFFICER	**PORTFOLIO MANAGER**
Name : Ms. Arpee Kishore Jani	Neo Asset Management Private Limited
Phone : +91 98701 15504	**Registered & Correspondence Address**:
E-Mail : pmscompliance@neoassetmanagement.com or arpee.jani@neoassetmanagement.com	903, B-Wing, 9th Floor, Marathon Futurex, Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India.

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II. INDEX

III. Contents:

1. Disclaimer Clause

a) This Disclosure Document and its particulars has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and the same is filed with SEBI.

b) This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

c) Neo Asset Management Private Limited has based this document on the information obtained from sources it believes is reliable including professionals but which it has not independently verified and hence makes no guarantee, representation, or warranty and accepts no responsibility or liability as to its accuracy or completeness. The information contained in this document is based upon publicly available information at the time of publication which is subject to change from time to time.

d) The document is not for public distribution and has been furnished to you solely for your information and may not be redistributed or reproduced to any person.

2. Definitions

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

(a) **Accredited Investors**: shall have the meaning prescribed under the Regulations.

(b) **Agreement:** means the PMS agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

(c) **Alternative Investment Fund:** means any fund established or incorporated in India in the form of a trust or company or a limited liability partnership or a body corporate set up in accordance with SEBI (Alternative Investment Funds) Regulations, 2012, as may be amended from time to time.

(d) **Applicable Laws:** means any applicable Indian statute, law, ordinance, regulation including the Regulations, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.

(e) **Capital Contribution:** means the sum of money or Securities or combination thereof, contributed by the Client simultaneously upon execution of this Agreement or any time thereafter, subject to a minimum amount as prescribed under SEBI regulations or such other higher amount as may be specified by the Portfolio Manager in compliance with Applicable Laws which is set forth in Application cum KYC Form. Provided that the requirement of minimum sum under SEBI Regulations shall not apply to an Accredited Investor

(f) **Chartered Accountant:** means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.

(g) **Client / Investor:** means such person(s) whose money or portfolio is advised or directed or managed by the Portfolio Manager and is specified in Schedule I of the Agreement.

(h) **Custodian:** means one or more custodian appointed by the Portfolio Manager, from time to time, for maintaining custody of funds and/or Securities of the Client.

(i) **Co-investment Management Fee:** means the co-investment management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(j) **Disclosure Document** or **Document:** means this document filed by the Portfolio Manager with SEBI and issued to the Client as required under the Regulations and as may be amended by the Portfolio Manager from time to time.

(k) **Direct onboarding:** means an option provided to clients to be on-boarded directly with the Portfolio Manager without the intermediation of persons engaged in distribution services

(l) **Distributor:** means a Person empaneled by the Portfolio Manager which refers clients to the Portfolio Manager in lieu of commission/charges.

(m) **Eligible Investor:** means individuals, company, body corporate, partnership firm, association of persons, limited liability partnership, trust, hindu undivided family and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS.

(n) **Exit Load:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document except for as applicable to the Accredited Investors.

(o) **Investment Approach**: is a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current investment approach or such investment approach that may be introduced by the Portfolio Manager, from time to time.

(p) **Large Value Accredited Investors**: shall have the meaning prescribed under the Regulations.

(q) **Management Fee:** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(r) **Mutual Fund Schemes:** means schemes, including Exchange Traded Funds (ETFs) of various mutual funds regulated by SEBI.

(s) **Non-Discretionary Portfolio Investment of NDPMS:** means Portfolio Investment Manager Services, which is not discretionary and under which the portfolio Manager, subject to express prior instruction issued by the client / investor from time to time in writing/on or recorded lines /by email for an agreed fee structure and for definite described period, invests in respect of the clients account in any type of security entirely at the client / investors risk and ensure that all benefits accrue to Client Portfolio.

(t) **Performance Fee:** means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(u) **Portfolio or Client Portfolio:** means the total holdings of Securities and goods belonging to the Client in accordance with the Agreement.

(v) **Portfolio Entity:** means companies, enterprises, bodies corporate, or any other entities in the Securities of which the monies from the Client Portfolio are invested by the Portfolio Manager, subject to Applicable Laws.

(w) **Portfolio Investments:** means investments in Securities of one or more Portfolio Entity/ies made by the Portfolio Manager on behalf of the Client under the PMS from time to time.

(x) **Portfolio Manager:** means Neo Asset Management Private Limited, a private limited company incorporated under the provisions of the Companies Act, 2013 and having its registered & correspondence office at 903, B-Wing, 9th Floor, Marathon Futurex, Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India., which pursuant to a contract or arrangement with a Client/Investor, advises or directs or undertakes on behalf of the Client/Investor (whether as a discretionary Portfolio Manager or otherwise including as non-discretionary or advisory or co-investment Portfolio Management services) the management or administration of a portfolio of securities or the funds of the Client/Investor, as the case may be.

(y) **Principal Officer:** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:

(i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the funds of the Client, as the case may be; and
(ii) all other operations of the Portfolio Manager.

(z) **PMS:** means the portfolio management services and/or co-investment portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement, this Document and subject to Applicable Laws.

(aa) **PML Laws:** means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.

(bb) **Regulations:** means the SEBI (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

(cc) **Related Party:** in relation to Portfolio Manager shall mean:

(i) a director, partner or his relative;
(ii) a key managerial personnel or his relative;
(iii) a firm, in which a director, partner, manager or his relative is a partner;
(iv) a private company in which a director, partner or manager or his relative is a member or director;

(v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than 2 (Two) percent of its paid-up share capital;

(vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;

(vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is –

(A) a holding, subsidiary or an Associate company of the Portfolio Manager; OR
(B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary;
(C) an Investing company or the venturer of the Portfolio Manager;

(ix) a related party as defined under applicable accounting standards;

(x) such other person as may be specified by SEBI from time to time:
Provided that,
(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
(b) any person or any entity, holding equity shares:
(i) of twenty percent or more;
(ii) of ten percent or more, with effect from April 1, 2023;
in the listed entity either directly or on a beneficial interest basis, as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceeding financial year; shall be deemed to be a related party.

(dd) Securities: shall mean and include securities listed or traded on a recognized stock exchange, money market instruments, units of mutual funds or other securities as specified by SEBI from time to time or permissible under the Regulations.

(ee) SEBI: shall mean 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.

(ff) Term: means the term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

3. Description

(i) History, Present Business and Background of the Portfolio Manager

The Portfolio Manager is a private limited company incorporated under the Companies Act, 2013 on November 18, 2021 at 903, B-Wing, 9th Floor, Marathon Futurex, Mafatlal Mills Compound, N.M. Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India. It has a portfolio manager license (registration number INP000007641) to offer discretionary portfolio management services, non-discretionary portfolio management services, and advisory services to high net-worth individuals

(HNIs), institutional clients, corporates and other permissible class of investors including Accredited Investors and Large Value Accredited Investors).

The Portfolio Manager also acts as an investment manager to schemes of Neo Credit Alternatives Investment Trust, a Category II Alternative Investment Fund and Neo Alternatives Investment Trust, a Category III Alternative Investment Fund registered with SEBI bearing registration number IN/AIF2/22-23/1042 dated 5 April 2022 and IN/AIF3/21-22/1001 dated 25 February 2022 respectively. The Portfolio Manager can also offer co-investment portfolio management services to the investors of schemes launched under Neo Special Credit Opportunities Fund, Neo Infra Income Opportunities Fund, Neo Income Plus Fund and Neo Radiance Fund – Series 1 and Neo Asset Management P Ltd (IFSC Branch) has a Fund Management Entity License in IFSC registered with IFSCA..

(ii) Promoters and Shareholders of the Portfolio Manager, directors and their background

1. **Ms. Arpee Kishore Jani** –Assistant Vice President and Portfolio Manager

Entity Name	Designation	Tenure and Experience in Year	Area of Work	Nature of Work
Neo Asset Management Private Limited SEBI Registered PMS and AIF	Assistant Vice President	June 2024 to present Presently as a Principal Officer from 02 December 2024	Fixed Income management and execution	Arpee currently serves as an Assistant Vice President (AVP) within the Fixed Income team, bringing over 7 years of experience in the Fixed Income market. In this role, she has played a key role in supporting the investment team with in-depth analysis of high-yield securities, aiming to optimize returns on the fixed income portfolio. Her responsibilities include managing and monitoring the overall Fixed Income portfolio, ensuring effective risk management strategies are in place to minimize exposure while maximizing returns. Arpee has regularly presented Fixed Income portfolio updates to the Investment Committee, providing insights and recommendations for client portfolios. A proactive communicator, Arpee conducts periodic interactions with clients and Fixed Income managers to create tailored portfolios aligned with client risk profiles and investment goals. She also supports the investment managers in ongoing

				portfolio reviews and provides insights for optimizing portfolio performance.
Neo Wealth Management Pvt Ltd SEBI Registered RIA	Senior Manager	April 2022 to June 2024 Approx. 2 years	Fixed Income management and execution for clients	Arpee has also been instrumental in facilitating the opening of client accounts with exchanges and brokers for Fixed Income products. In addition, she works closely with the team to ensure the accurate and timely reporting of management information systems (MIS) and other portfolio data. Arpee has given advisory to many clients to customize client portfolio as per there requirement in order to minimize risk & optimize returns. Successfully built over 100+ client model portfolios tailored to their specific requirements. Conducted thorough reviews of clients' existing holdings and provided expert insights and recommendations, contributing to informed decision-making.
LKP Finance RBI Registered NBFC	Senior Manager	December 2017 to March 2022 Approx. 5 years	Broker Dealer and Trader in Fixed Income products	Worked as a Broker -dealer -trader in Fixed income space, comprising of money market, secondary bond market, CP & CD. Dealing in various Debt market Instrument & Inter-bank Dealings Corporate Bonds, CPs, CDs etc. Analysis of Macro numbers, Fixed Income Market news & other credit events Worked on trading systems such as NDS OMS & CBLO Dealing System and various internal and external software solutions. Keep track of the current market expectations in terms of rate directions, result expectations & sensitive announcements by the key market participants & regulators.

2. **Nitin Jain - Director and Promoter**

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Neo Investment Value Advisors P Limited	Chairman	Promoter of Neo group engaged in financial services and Fintech business activities	Giving strategic directions to the group and managing the stakeholders' relationships	2
Edelweiss Wealth Management Private Limited	CEO	Business leader related to the Wealth Management business	Responsible for driving P&L, leadership development & strategic initiatives across the wealth management business including investment banking, institutional equities & investment management businesses	1
Edelweiss Wealth Management Private Limited - Edelweiss Global Wealth & Asset Management Division	Co-Head	Business leader for asset reconstruction, alternative asset management, mutual fund, investment banking & institutional equities businesses	Responsible for driving P&L, leadership development & strategic initiatives across the wealth & asset management businesses including asset reconstruction, alternative asset management, mutual fund, investment banking & institutional equities businesses	6
Edelweiss Financial Services Limited – Edelweiss Capital (Markets Division)	Head	Lead business and strategists for the capital market division	Responsible for driving P&L, leadership development & strategic initiatives for wealth business at Edelweiss. Led successful acquisition and integration of Anagram Capital, one of India's leading broking platforms	5
Edelweiss Financial Services Limited – Edelweiss PRINCIPAL STRATEGIES GROUP	Head	Leading the proprietary division in capital markets for treasury operations across asset classes	Responsible for driving P&L & strategic initiatives and leading the proprietary trading business at Edelweiss which traded and invested across asset classes, markets and geographies	3

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Edelweiss Capital Services Limited	Head of Analytics - Principal Trading	Business and team leader proprietary trading desk - trading across asset classes, markets and geographies	Responsible for driving P&L and led the analytics team at the Edelweiss proprietary trading desk - trading across asset classes, markets and geographies	2
Cognizant India Private Limited	Senior Business Analyst	Financial services and capital markets	Management consultant in the financial services space	2
Tata Strategic Management Group	Consultant	Financial services and capital markets	Management consultant in the financial services space	0.5

3. **Mr. Suresh Goyal – Director**

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Neo Asset Management Private Limited	Additional Director	Additional Professional Director	Professional Director	1.5
Goyal MG Gases Private Limited	Managing Director	Managing Director and Strategy of the Business	Managing Industrial Gases and other Business of the Company	49
Goyal Gases Private Limited	Director	Director and Strategy of the Business	Non- Operating entity	9
Morgan ARC Private Limited	Director	Director and Strategy of the Business	Non- Operating entity	6
Rugby Renergy Private Limited	Director	Director and Strategy of the Business	Managing Company Power Generation by Windmill Operations	8
Poysha Electric Supply Company Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	24
Poysha Power Generation Private Limited	Director	Director and Strategy of the Business	Managing Company Power Generation by Windmill Operations	26
Morgan Securities & Credits Private Limited	Director	Director and Strategy of the Business	Managing Company business Operations	23

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Virgin Securities & Credits Private Limited	Director	Director and Strategy of the Business	Managing Company business Operations	24
Poysha Power Projects Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	4
Poysha Leasing Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	10
Poysha Communication Systems Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	10
Gas Supply Company Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	33.6
Poysha Oxygen Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	40
Goyal Udyog India Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	48
Hibra Power Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	26
Dhamwari Power Company Private Limited	Director	Director and Strategy of the Business	Non-Operating Entity	26

4. Mr. Hemant Daga – Director

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Neo Asset Management Private Limited	Director and CEO	CEO of Asset Management business and Portfolio management decision	CEO of asset management business. Responsible for managing the Portfolio	1.5
Edelweiss Asset Management Limited	CEO	CEO of Asset Management business managing AIF and Mutual Fund	CEO of asset management business. Responsible for managing AUM of ~30,000 crore in Alternative Funds and ~ 75,000 crore in Mutual	5

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
			Funds, managing a team of ~350 people. Part of the Investment committee of all the funds. Responsible for managing global marquee client relationships and domestic investors	
Edelweiss Financial Services Ltd	Head Treasury	Member of the Management for the Treasury management division	Establishing and scaling the multi strategy, multi asset class Treasury business for Edelweiss with extensive experience in Indian capital markets	12
ICICI Bank Limited	Manager	Experienced trading in FX and Sovereign trading	Global Market Group - FX and Sovereign trading	2

5. Mr. Varun Bajpai – Director

Entity Name	Designation	Area of Work	Nature of Work	Experience (in years)
Neo Investment Value Advisors P Limited	CEO	Member of the Management for overall business responsibility	Technology strategy for digitization of financial services	1.5
Edelweiss Wealth Management Private Limited	President and Head Advisory	Member of the Wealth Management division business. Responsible for managing the Portfolio and business strategy	Investment banking – M&A Advisory, Capital Markets issuances	4
JM Financial Service Ltd	Managing Director and Head International Capital	Management group for financial services and international capital business	Private markets investing, strategy and investment banking	4.5
Macquarie Securities Private Limited	Country Head and CEO	CEO and head of investment banking business also responsible for	Infrastructure investing (principal investments and funds management), infrastructure advisory	6.7

		treasury management		
Deutsche Bank Limited	Vice President	Investment banker in India and Singapore	Investment banking – M&A Advisory, Capital Markets issuances	4

6. Mr. Puneet Jain– Director

Entity Name	Designation	Experience (in years)	Nature of Work
Neo Asset Management Private Limited	Senior Fund Manager	April 2022 – Present	He currently serves as the Senior Fund Manager and was previously serving as the Chief Investment Officer of the asset management division. Has more than 19 years of experience in marquee firms like Edelweiss Alternative Asset Advisors Limited, Goldman Sachs India Private Limited and Kotak Institutional Equities comprising distressed assets, operational turnaround and equity research.
Edelweiss Alternative Asset Advisors Limited	Executive Vice President	June 2016 - March 2022	Senior member of Distressed Assets Resolution Group. Key achievements include: He has invested ~INR 10,000 crores across various debt acquisition/ credit strategies and was featured by Private Debt Investor amongst 8 global professionals as "Titans of Turnarounds" in November 2019. Has done more than 25 debt acquisition/fresh funding deals across different structures with broad spectrum of financial institutions. Involved in marquee debt deals (steel, paper, real estate, glass, AIF senior funding) in Indian distress industry. Led research function to identify sectors and trends to aid investment/resolution. Has also led several strategic level projects and developed business plan for Retail ARC.
Goldman Sachs	Executive Director	September 2010 - May 2016	Lead analyst for India Consumer and real estate sector covering 19 stocks. Deep domain knowledge basis on ground study over the last 15 years, leading to understanding of – potential of a location, right product for that location, execution, management quality and demand potential.

			Developed relationships with various stakeholders in real estate – companies, investors, lenders.
Kotak Institutional Equities	Senior Vice President	October 2004 - August 2010	Lead analyst for real estate sector, part of strategy team. Key achievements include Published research on multiple companies within the sector. Initiated coverage of Indian overseas bonds (convertibles-FCCBs, listed bank debt) in April 2009
ICICI Bank Limited	Manager	May 2003 – September 2004	Evaluated credit worthiness of lending proposals in power, roads, aviation, and telecom sectors Analysed proposals for key risk parameters (business, market, financial) and recommended measures for risk mitigation. Rated more than 80 fresh proposals with combined exposure in excess of INR 10000 crores. Researched the sectors intricately to understand the business dynamics and tracked developments and trends. Key Projects Rated: Mumbai Pune Expressway (BoT Project), Bangalore Airport and GVK Industries. Key Companies Rated: 15+ Power Producers (IPPs), Telecom, 10+ road BoT projects.

1. **Neo Investment Value Advisors Private Limited**

The company is the ultimate holding company of the Group and is engaged in the business of to provide specialized services in investor relations, Investment Counselling including portfolio management, valuation of shares and business. They provide consultancy regarding amalgamation, merger & acquisition any corporate action, business policy, corporate planning, organization development, growth & diversification, organization structure and behaviour, development of human resources.

2. **Neo Wealth Management Private Limited**

The company is in the business of investment advisory, asset management, business & capital market advisory, tax, compliance & regulatory, risk management & insurance, etc.

3. **Goyal MG Gases Private Limited**

The company operates as a manufacturer and distributor of industrial gases. It provides oxygen, dissolved acetylene, nitrogen, argon, dry ice, hydrogen, helium, carbon di-oxide, synthetic air, and specialty gases, worldwide.

(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis (latest audited financial statements may be used for this purpose)

1. Neo Investment Value Advisors Private Limited – Indirect ultimate shareholder in Neo Asset Management Private Limited
2. Neo Wealth Management Private Limited – Directly holding in Neo Asset Management Private Limited.
3. Swara Ventures LLP (LLP) is an investor in the PMS where Nitin Jain and Rashmi Jain are partners of the LLP where Nitin Jain holds directly or indirectly as the beneficial owner in the Group entities

(iv) Details of the services being offered: Discretionary, Non-Discretionary and Advisory

The Portfolio Manager proposes to carry on discretionary portfolio management services and if opportunity arises thereafter, then it also proposes to render non-discretionary portfolio management services, advisory services and co-investment portfolio management services.

The key features of all the said services are provided as follows:

(a) Discretionary Services:

Under the discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/divested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account 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 except on the ground of fraud, malafide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the Agreement and the Regulations. The minimum size of the Portfolio under the Discretionary Portfolio Management Services should be Rs. 50 lakhs as per the current Regulations. However, the Portfolio Manager reserves the right to prescribe a higher threshold product-wise or in any other manner at its sole discretion.

(b) Non - Discretionary Services:

Under the non-discretionary PMS, the assets of the Client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the Client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager, inter alia, manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client. The minimum size of the

Portfolio under the Non-Discretionary Portfolio Management Services should be Rs. 50 lakhs as per the current Regulations. However, the Portfolio Manager reserves the right to prescribe a higher threshold product-wise or in any other manner at its sole discretion.

Subject to the terms under which such services are being provided, the Portfolio Manager will not have any discretion as to the investments, management and /or divestment of the portfolio of securities or the funds of the Client. The choice as well as the timings of the investment, management or divestment decisions rest solely with the Client. The Portfolio Manager shall solely act on the instructions given by the Client, although the Portfolio Manager may handle funds/securities on behalf of the Client.

An agreement outlining the details of services including the objectives, rights and responsibilities, fees and expenses, etc. shall be entered into with each Client separately. Under the NonDiscretionary Portfolio Management Services offered to the Clients, the Portfolio Manager may, from time to time, launch products that are structured towards meeting specific needs of Clients. These products would be managed in accordance with the product specifications provided by the Portfolio Manager to the Client.

(c) Advisory Services:

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the Portfolio Investment Approach and investment and divestment of individual securities on the Client Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors. The Portfolio Manager shall be solely acting as an advisor to the Client Portfolio and shall not be responsible for the investment/divestment of Securities and/or any administrative activities on the Client Portfolio. 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.

(d) Co-investment portfolio management services

The Portfolio Manager is an Investment Manager of Category II Alternative Investment Fund(s) registered with SEBI bearing registration number INP000007641. The Portfolio Manager will offer Portfolio Management Services to the existing investors of the schemes launched under AIF Category II, for co-investing in unlisted entities alongside such Alternative Investment Funds.

4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:

i. All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or rules or regulations made thereunder.

None.

ii. The nature of the penalty/direction.

None.

iii. Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.

None.

iv. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

None.

v. Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.

Yes,

- Advisory letter dated September 12, 2024 was issued in the name of NEO Asset Management Private Limited (IFSC Branch) due to failing to abide by Regulations 7(4) and 10(1) of the IFSCA (Fund Management) Regulations, 2022 whereby the same was complied with and the Principal Officer was present in the IFSC office on or after the said instruction; and

- An administrative warning letter dated October 11, 2024 was issued in the name of NEO Asset Management Private Limited, in its capacity as a non-discretionary portfolio manager, due to a breach of Regulation 23(2) of the SEBI (Portfolio Managers) Regulations, 2020. Corrective actions have been taken by NEO Asset Management Private Limited in this regard and an action taken report has been filed with SEBI dated October 25, 2024.

vi. 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 SEBI Act or rules or regulations made thereunder.

None.

5. **Services Offered**

(i) **The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.**

A. **PORTFOLIO MANAGEMENT SERVICES**

(c) **Investment Objective**

The investment objective of the Portfolio Manager is to offer PMS to high net-worth individuals (HNIs), institutional clients, corporate and any other permissible class of investors in respect of investment in Indian securities and capital markets. The Portfolio Manager proposes to employ data driven investment strategies to make investments with the objective of delivering superior risk-adjusted returns to the Clients. The Client understands and agrees that the Portfolio Manager may use derivative instruments like stock index futures, futures on individual stocks, options on stock indices and options on individual stocks, interest rate swaps, commodities, forward rate agreements or such other derivative instruments as may be introduced from time to time, as permitted by the Regulations and Applicable Laws.

The portfolios offered through the structure would aim at providing the following solutions to clients over the medium term:

1. Low risk fixed income portfolio
2. Low to medium risk credit and fixed income portfolio
3. Listed and or unlisted equities portfolios aimed at providing long term capital appreciation
4. Commodities and commodities derivatives traded on exchanges
5. Multi asset multi strategy based portfolios and or
6. Any other portfolio that complies with the SEBI Regulations and Applicable Laws.

(d) Type of securities in which Portfolio Manager will invest

The Portfolio Manager may invest Capital Contributions in Securities and any other permissible securities/instruments/products as per the Applicable Laws, in such manner and through such markets as it may deem fit in the interest of the Client. The investment in Securities shall primarily comprise of:

- listed equity and preference shares of Indian companies,
- listed debentures, bonds and secured premium notes, including tax exempt bonds of Indian companies and corporations;
- units and other instruments of mutual funds or ETFs;
- listed InVITs and REITs;
- money market instruments such as government securities, commercial papers, trade bill, treasury bills, certificate of deposit and issuance bill;
- listed options, futures, swaps and such other derivatives as may be permitted from time to time;
- such other securities/instruments as specific by SEBI from time to time.
- AIF and Unlisted investments

Under the non-discretionary PMS, the Capital Contribution of the Client shall be invested in listed and/or unlisted securities (provided that investment in unlisted securities shall not exceed 25% (twenty-five percent) of the assets under management of such Client) and managed in consultation with the Client. In case of Large Value Accredited investors, investment in unlisted securities can be upto 100% of AUM.

B. CO-INVESTMENT PORTFOLIO MANAGEMENT SERVICES

(a) Investment Objective

The main objective under this services is to act and render co-investment portfolio management services to existing investors of Alternative Investment Fund being either managed or sponsored by the Portfolio Manager.

(b) Type of securities in which Portfolio Manager will invest

The Portfolio Manager shall invest in equity, equity linked instruments, debt or such other form as it deemed appropriate where Category I Alternative Investment Funds and Category II

Alternative Investment Funds managed by it as investment manager and/or sponsor, make investment.

(c) Terms of Co-Investment

- The terms of co-investment in an investee company by a co-investor, shall not be more favourable than the terms of investment of the Alternative Investment Fund.
- The terms of exit from the co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the Alternative Investment Fund.
- Early withdrawal of funds by the co-investors with respect to co-investment in investee companies shall be allowed to the extent that the Alternative Investment Fund has also made an exit from respective investment in such investee companies.

NOTE for DPMS and NDPMS:

- *Investment under Portfolio Management Services will be in compliance of SEBI (Portfolio Manager) Regulations, 2020.*
- *The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.*
- *The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary.*
- *Client would have to select stock from model portfolio of respective strategies under NDPMS.*
- *For the purpose of complying with the provision of clause A(3)(vi) of the SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, Neo Asset Management Private Limited as portfolio manager may appoint non-associate broker (s), custodian (s), depository (s) or such other intermediaries as it may think fit.*
- *The Portfolio Manager may move between asset classes i.e. equity and fixed income and cash depending upon market conditions. This is done mainly with an objective of protecting capital when markets are uncertain or have a downward bias.*
- *The use of derivatives will vary from portfolio to portfolio which shall be in accordance with applicable regulations. In the pure equity portfolios, derivatives will be used primarily for hedging and portfolio rebalancing purposes. Hedging will be used with an objective of attempting to preserve capital in uncertain times, while portfolio rebalancing would include investing in derivatives instead of a direct investment in the cash market if the Portfolio Manager feels a certain position can be more effectively created using derivatives.*
- *As per Regulation 24 (5) of the SEBI (Portfolio Managers) Regulations, 2020, portfolio manager may invest in units of Mutual Funds only through direct plans.*
- *Trading in derivative*

SEBI in terms of Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations, 2020 and pursuant to circular no. SEBI/RPM circular no. (2002- 2003) dated February 5, 2003 and circular no. MFD/CIR/21/ 25467/2002 dated December 31, 2020, has permitted all the Portfolio Managers to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, the Portfolio Managers may use various derivative and *hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance the clients 'interest. Accordingly, the Portfolio Manager may use derivatives instruments like Stock Index Futures, Options on Stocks and Stock Indices, or other such derivative instruments as may be introduced from time to time and as permitted by SEBI.*

(ii) Investment Approach of the Portfolio Manager

Please refer to **Annexure I** for more details.

Further, there shall be no specific investment approach as existing investors of alternative investment fund which are managed by the Portfolio Manager who desire to invest in specific unlisted security shall be permitted to invest. Direct Plan: Investors have an option to be on-boarded directly into any of the existing Investment Approaches without an intermediary/distributor/channel partner

(iii) The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines.

The Portfolio Manager will, before investing in the securities of 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 portfolio. There are no restrictions on these as long as these investments do not violate any of the applicable guidelines or notifications and the agreement with the client. The Portfolio Manager would provide periodical reports as mutually agreed with the client on a monthly basis.

In terms of Regulations and SEBI Circular dated August 26, 2022, following restrictions shall apply with respect to investment in associates / related parties:

i. Portfolio Manager shall invest upto maximum of 30% of clients portfolio (As percentage of clients asset under management) in securities of associates / related parties. The following limits shall be followed with respect to investment in associates / related parties:

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

ii. The aforementioned limits shall be applicable only to direct investments by Portfolio Managers in equity and debt/hybrid securities of their own associates/related parties and not to any investments in the Mutual Funds.

iii. Hybrid securities includes units of Real Estate Investment Trusts (REITs), units of Infrastructure Investment Trusts (InvITs), convertible debt securities and other securities of like nature. Hybrid securities

iv. No investment shall be made in unrated securities of related parties or their associates

v. In case of discretionary portfolio management services, the Portfolio Manager shall not make any investment in below investment grade securities.

vi. in case of non discretionary portfolio management services the Portfolio Manager may invest up to 10% of the assets under management of the clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager. The said investment in unlisted unrated debt and hybrid securities shall be within the maximum specified limit of 25% for investment in unlisted securities as specified under the Regulations.

vii. Such investments in associates / related parties shall be only made after obtaining prior consent of the clients.

viii. In the event of passive breach of the specified investment limits, (i.e., occurrence of instances not arising out of omission and/or commission of portfolio manager), a rebalancing of the portfolio shall be completed within a period of 90 days from the date of such breach.

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

6. Risk factors

General Risk:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.

- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on November 24, 2022. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.

- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.

- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.

- The Client Portfolio may be affected by settlement periods and transfer procedures.

- The PMS 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 Portfolio Entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.

- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.

- The group companies of Portfolio Manager may offer services in nature of consultancy, sponsorship etc., which may be in conflict with the activities of portfolio management services.

- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager

Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under:

<u>Risks associated with investments in equity and equity linked securities</u>

- 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.

- 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 value of the Client 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.

- In case of dividend yield portfolios, returns of the Portfolio could depend on the dividend earnings and capital appreciation, if any, from the underlying investments in various dividend yield companies. The dividend earnings of the portfolio may, vary from year to year based on the philosophy and other consideration of each of the high dividend yield companies. Further, it should be noted that the actual distribution of dividends and frequency thereof by the high dividend yield companies in future would depend on the quantum of profits available for distribution by each of such companies. Dividend declaration by such companies will be entirely at the discretion of the shareholders of such companies, based on the recommendations of its board of directors. Past track record of dividend distribution may not be treated as indicative of future dividend declarations. Further, the dividend yield stocks may be relatively less liquid as compared to growth stocks.

- Client 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 liquidity of the Portfolio's investments is inherently restricted by trading volumes in the securities in which it invests.

- While securities that are listed on the stock exchange carry relatively lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.

- The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell/lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

- To the extent that the Portfolio will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the SEBI Regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

Risk factors associated with investments in derivatives

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of 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 Portfolio Manager on behalf of Clients would trade in the derivatives market there are risk factors and issues concerning the use of derivatives that the Client 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.

- 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.

- SEBI Regulations, has permitted all the Portfolio Managers to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf (hereinafter referred to as "**Guidelines**"). Pursuant to such Guidelines, the portfolio managers may invest in derivatives, for the purposes of hedging and portfolio balancing from time to time, as permitted by SEBI, in an attempt to protect the value of the portfolio and enhance the Clients' interest.

- Accordingly, the Portfolio Manager may use derivatives instruments like stock / index futures, options on stocks and stock indices, interest rate swaps, forward rate agreements or other such derivative instruments as may be introduced from time to time, as permitted by SEBI. The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Portfolio Manager and the benefits and risks attached there with.

- Index Futures:

  <u>Benefits</u>

  - Investment in Stock Index Futures can give exposure to the Index without directly buying the individual stocks. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.

  - The Portfolio Manager can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

  - The Stock Index Futures are instruments designed to give exposure to the equity market indices. The pricing of an index future is the function of the underlying index and interest rates.

  - Illustration:

  Spot Index: 16000, 1 month Nifty Future Price on day 1: 16050, Portfolio Manager buys 100 lots, each lot has a nominal value equivalent to 50 units of the underlying index.

Let us say that on the date of settlement, the future price = Closing spot price = 16100. Profits for the Portfolio = (16100-16050)* 50 lots * 100 = Rs.2, 50, 000/- .
Please note that the above example is given for illustration purposes only.

The net impact for the Portfolio will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the Portfolio will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to the one with equity investments. Additional risks could be on account of illiquidity of Index Stocks and hence mispricing of the Futures at the time of purchase.

- Stock Futures:

Benefits

- Investment in stock futures can give exposure to the stock without directly buying the stocks. Appreciation in stocks can be effectively captured through investment in stock futures.
- The portfolio Manager can sell stock futures to hedge against adverse movements effectively without actually selling the stocks in holds.
- The risk and return payoff of the stock futures is similar to that of an index future as mentioned above.
- Buying Options:

Benefits of call option:

- Buying a call option on a stock or index gives the owner the right; but not the obligation, to buy the underlying stock I index at the designated' strike price. Here the downside risks are limited to the premium paid to purchase the option.
- Illustration: For example, if the Portfolio Manager buys a one month call option on Infosys Technologies at a strike of Rs.1500, the current market price being say Rs.1490. The Portfolio Manager will have to pay a premium of say Rs.15 to buy this call. If the stock price goes below Rs.1500 during the tenure of the call, the Portfolio Manager avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Portfolio Manager gives up the premium of Rs.15 that has to be paid in order to protect the Portfolio from this probable downside. If the stock goes above Rs.1500, it can exercise its right and own Infosys Technologies at a cost price of Rs.1500, thereby participating in the upside of the stock for such a transaction, the breakeven price will be the sum of strike price and the premium paid, in this case it would be Rs 1490 + Rs 15 = Rs 1505.

Benefits of buying a put option

- Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.
- Illustration: For example, if the portfolio owns Infosys Technologies and also buys a three month put option on Infosys Technologies at a strike of Rs.1490, the current market price being say Rs.1500. The Portfolio Manager will have to pay a premium of say Rs.15 to buy this put. If the stock price goes below Rs.1500 during the tenure of the put, the Portfolio Manager can still exercise the put and sell the stock at Rs.1500, avoiding therefore any downside on the stock below Rs.1500. The Portfolio Manager gives up the fixed premium of Rs.15 that has to be paid in order to protect the Portfolio from this probable downside. If the

stock goes above Rs.1500, say to Rs.1520, it will not exercise its option. The Portfolio Manager will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs.1520.

- Writing Options

Benefits of writing an option with underlying stock holding (Covered call writing).

- Covered call writing is a strategy where a writer (say the Portfolio Manager) will hold a particular stock, and sell in the market a call option on the stock. Here the buyer of the call option now has the right to buy this stock from the writer (the Portfolio Manager) at a particular price which is fixed by the contract (the strike price). The writer receives a premium for selling a call, but if the call option is exercised, he has to sell the underlying stock at the strike price. This is advantageous if the strike price is the level at which the writer wants to exit his holding / book profits. The writer effectively gains a fixed premium in exchange for the probable opportunity loss that comes from giving up any upside if the stock goes up beyond the strike price.
- Illustration: Let us take for example Infosys Technologies, where the Portfolio holds stock, the current market price being Rs.1500. The Portfolio Manager holds the view that the stock should be sold when it reaches Rs.1650. Currently the one month 3000 calls option can be sold at say Rs.150. Selling this call gives the call owner the right to buy from the portfolio, Infosys at Rs.1650.

Now the Portfolio Manager by buying/ holding the stock and selling the call is effectively agreeing to sell Infosys at Rs.1650 when it crosses this price. So the Portfolio Manager is giving up any possible upside beyond Rs.1650. However, the returns on the Portfolio are higher than what it would have got if it just held the stock and decided to sell it at Rs.1650. This is because the Portfolio Manager by writing the covered call gets an additional Rs.150 per share of Infosys. In case the price is below Rs. 1650 during the tenure of the call, then it will not be exercised and the Portfolio Manager will continue to hold the shares. Even in this case the returns are higher than if the Portfolio had just held the stock waiting to sell it at Rs.1650.

Benefits of writing put options with adequate cash holding:

- Writing put options with adequate cash holdings is a strategy where the writer (say, the Portfolio Manager) will have an amount of cash and will sell put options on a stock. This will give the buyer of this put option the right to sell stock to the writer (the Portfolio Manager) at a pre-designated price (the strike price). This strategy gives the put writer a premium, but if the put is exercised, he has to buy the underlying stock at the designated strike price. In this case the writer will have to accept any downside if the stock goes below the exercise price. The writer effectively gains a fixed premium in exchange for giving up the opportunity to buy the stock at levels below the strike price. This is advantageous if the strike price is the level at which the writer wants to buy the stock.
- Illustration: Let us take, for example, that the Portfolio Manager wants to buy Infosys Technologies at Rs. 1400, the current price being Rs.1500. Currently the three month 1400 puts can be sold at say Rs. 100. Writing this put gives the put owner the right to sell to the portfolio, Infosys at Rs. 1400. Now the Portfolio by holding cash and selling the put is agreeing to buy Infosys at Rs. 1400 when it goes below this price. The Portfolio Manager will take on itself any downside if the price goes below Rs. 1400. But the returns on the Portfolio are higher than what it would have got if it just waited till the price reached this level and bought the stock at Rs. 1400, as per its original view. This is because the Portfolio Manager

by writing the put gets an additional Rs.100 per share of Infosys. In case the price stays above Rs.1400 during the tenure of the put, then it will not be exercised and the Portfolio Manager will continue to hold cash. Even in this case the returns are higher than if the Portfolio had just held cash waiting to buy Infosys at Rs.1400.

- Interest Rate Swaps and Forward Rate Agreements

  <u>Benefits</u>

  - Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Portfolio remains in call market for the liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.
  - Illustration: The following are illustrations how derivatives work:

  Basic Structure of an Interest Rate Swap

Counter Party 1	Floating Interest Rate	→	Counter Party 2
	←	Fixed Interest Rate	

In the above illustration:

- Basic Details: Fixed to floating swap
- Notional Amount: Rs. 10 Crores
- Benchmark: NSE MIBOR
- Deal Tenure: 3 months (say 91 days)
- Documentation: International Securities Dealers Association (ISDA).
- Let us assume the fixed rate decided was 10%.
- At the end of three months, the following exchange will take place:
  - Counter party 1 pays: compounded call rate for three months, say 9.90%
  - Counter party 2 pays fixed rate: 10%

In practice, however, the difference of the two amounts is settled. Counter party 2 will pay: Rs.10 Crores *0.10%* 91/365 = Rs.24,934.50

Thus the trade off for the Portfolio Manager will be the difference in call rate and the fixed rate payment and this can vary with the call rates in the market. Please note that the above example is given for illustration purposes only and the actual returns may vary depending on the terms of swap and market conditions

<u>Risks associated with Arbitrage</u>

- Change in premium of the futures price to the stock price: The futures premium tends to expand in bullish market conditions and contract in bearish market conditions. While spreads have historically ranged between 3 - 6% bps in bullish market conditions, spreads could contract significantly if markets turn sideways to bearish. On the other hand, there is also the potential to lock in to a higher premium if markets remain bullish.

- At times where the spread between the futures and the stock price does not result in a yield that exceed the expected yields from a low risk fixed income mutual funds, the capital will be invested in the low risk fixed income mutual fund until spreads widen.
- Impact costs: A successful arbitrage strategy requires the execution of the buy and sale of the stock and futures at prices that ensures that the premium is locked in to. However the impact cost of buying in one market and selling in the other will result in this premium getting compressed. While trades would be done keeping in mind this impact costs, impact costs could have an adverse impact on returns in times of high market volatility.
- Ad-hoc or additional margins: The returns on the overall portfolio are a function of the proportion of initial capital that is invested in equity and the proportion that is kept aside for margin calculations, However, the stock exchange may at any point in time impose additional/ ad-hoc margins that would require a higher proportion of the portfolio being kept aside for margins. This can potentially dampen the returns on the portfolio.
- Taxation: As per proviso (d) to Section 43(5), a transaction in respect of trading in derivatives shall not be considered as Speculative Transaction provided the transaction is carried out electronically on screen based systems through a stock broker or sub-broker or intermediary registered with SEBI or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note in which the PAN and UIN of the investor are mentioned, if applicable.
- Generally, all gains or losses arising on the sale of the futures contract are treated as non-speculative business gains/losses. For investors that can classify both the stock and futures gains or losses under a single income head for taxation purposes (e.g. trading gains for an investment company), the gains on one leg can be set of against the losses on the other leg. We would advise investors to seek taxation advice from their independent financial advisors/accountants before investments are made.

Risks associated with investments in Mutual Fund Securities

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

- As with any securities investment, the Net Asset Value (NAV) of the Units issued under the Schemes can go up or down, depending on the factors and forces affecting the capital markets.

- Past performance of the Sponsors, Asset Management Company (AMC)/Fund does not indicate the future performance of the Schemes of the Fund.

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

- The Portfolio Manager shall not responsible, if the AMC/ Fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/Scheme Information Document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monitory and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

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

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

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

The Portfolio Manager does not offer any guaranteed or assured returns to the investors.

Tenure of Investment

An investment in the Portfolio Company is expected to have tenure between 36 months to 84 months from the date of the investment.

Benchmark

- Nifty 50 TRI for Equity and Equity related securities
- Nifty Multi-Asset – Equity Debt Arbitrage REITs / InvITSs (50:20:20:10) Index
- Nifty Medium to Long Duration Debt Index
- Crisil Hybrid 50+50 Moderate Index
- S&P BSE 500 TRI
- Nifty Multi Asset Index 1
- Nifty Multi Asset Index 2

Custodian

The following Custodians are appointed as a custodian for safekeeping of Client securities:

- ICICI Bank Limited, Registration No. 5 having registered office at Landmark, Race course Circle, VADODARA, GUJARAT, 390007 and

- Orbis Financial Corporation Limited Registration No. IN/CUS/020 having registered office at 4A, Ocus Technopolis, Sector-54, Golf Club Road, GURGAON, HARYANA, 122002

Risks associated with investments in fixed income securities/products

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 affects 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.

- **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). Due to 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.

- **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.

- **Rating Risk:** Different types of debt securities in which the Client invests, may carry different levels and types of risk. Accordingly, the risk may increase or decrease depending upon its investment pattern, for instance corporate bonds carry a higher amount of risk than government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively riskier than bonds, which are AAA rated.

- **Price Volatility Risk:** Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher rated or more widely followed Securities.

Investment and Liquidity Risks: There may be no active secondary market for investments of the kind the Portfolio Manager may make for the Client Portfolio. Such investments may be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant approvals. However, there can be no guarantee that such realizations shall be achieved, and the Portfolio's investments may remain illiquid.

Since the Portfolio may only make a limited number of investments, poor performance by one or a few of the investments could severely adversely affect the total returns of the PMS.

Identification of Appropriate Investments: The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

Management and Operational risks

Reliance on the Portfolio Manager

- The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Entities and the structuring of investments. Furthermore, the team members of the Portfolio Manager may change from time to time. The Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.

- The investment decisions made by the Portfolio Manager may not always be profitable.

- Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, Investment Approach, investment strategy and asset allocation.

Exit Load: Client may have to pay a high Exit Load to withdraw the funds/Portfolio (as stipulated in the Agreement with the Client). In addition, they may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations except for in the case of Accredited Investors.

Non-diversification risks: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.

No Guarantee: Investments in Securities are subject to market risks and the Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved. Further, the value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as delisting of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

Ongoing risk profiling risk: The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Portfolio Manager may terminate the Agreement with the Client.

India-related Risks

Political, economic and social risks: Political instability or changes in the government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Portfolio Entity's business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

Many countries have experienced outbreaks of infectious illnesses in recent decades, including severe acute respiratory syndrome and the COVID-19. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The ongoing spread of the COVID-19 has, had, and will continue to have a material adverse impact on portfolio entities, local economies and also the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. Additionally, the Portfolio Manager's operations could be disrupted if any of its member or any of its key personnel contracts the COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect the Portfolio Manager's ability to source, manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

- **Legal and Tax risks:**

Tax risks: Clients/ Investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Client Portfolio are subject to change, and tax liabilities could be incurred by the Clients/ Investors as a result of such change. The government of India, state governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. The tax consequences of an investment in the Portfolio Entities are complex, and the full tax impact of an investment in the Portfolio Entities will depend on circumstances particular to each Client/ Investor. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes. Alternative tax positions adopted by the income tax authorities could also give rise to incremental tax liabilities in addition to the tax amounts already paid by the Client/Investors. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability.

Bankruptcy of Portfolio Entity: Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a Portfolio Entity that experience financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Portfolio Investment to other creditors. If the PMS/Client holds equity securities in any Portfolio Entity that becomes insolvent or bankrupt, the risk of subordination of the PMS's/Client's claim increases.

Change in Regulation: Any change in the Regulation and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Risk pertaining to Investments

Investment in Securities/Instruments

- The Client Portfolio may comprise of investment in unlisted securities, fixed income securities, debt securities/products and in case of such securities, the Portfolio Manager's ability to protect the investment or seek returns or liquidity may be limited.

- In case of in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio, the same could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Entities. If an in-specie distribution is received by the Client from the Portfolio Manager, the Client may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.

- Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Entity for such period as may be prescribed under the Applicable Law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal or there may not be enough market liquidity in the security to effect a sale and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.

- The Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.

The Portfolio Manager may also invest in portfolio entity/ies which are investment vehicles like mutual funds/trusts. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Provided investments in mutual funds shall be through direct plans only

Specific Risk factors pertaining to co-investment portfolio management services

a. Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, investment approach, investment strategy and asset allocation.

b. *Exit Constraints:* Client may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

c. *Non-diversification risks:* This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.

d. *No Guarantee:* Investments in Securities are subject to market risks and the Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved.

e. *Ongoing risk profiling risk:* The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Portfolio Manager may terminate the Agreement with the Client.

f. **Risks associated with investments in private companies**

Investments will be made primarily in equity and equity linked capital of privately held companies. Generally, very little public information exists about these companies, and the Client will be required to rely on the ability of the Portfolio Manager to obtain adequate information to evaluate the potential returns from investing in these companies. If all material information about these companies is not procured, the Portfolio Manager may not make a fully informed investment decision, and the Client may lose money on such investments. Also, privately held companies frequently have less diverse product lines and a smaller market presence than larger competitors. Thus, they are generally more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could affect the Client's investment returns.

In addition, the success depends, in large part, upon the abilities of the key management personnel of the portfolio entities, who are responsible for the day-to-day operations of the portfolio entities. Competition for qualified personnel is intense at any stage of a company's development. The loss of one or more key managers can hinder or delay a company's implementation of its business plan and harm its financial condition. The portfolio entities may not be able to attract and retain qualified managers and personnel. Any inability to do so may negatively affect the Client's investment returns.

Epidemics and Other Health Risks

A pandemic, epidemic or other public health crisis could adversely impact Portfolio Manager and its portfolio companies. In December 2019, an initial outbreak of the 2019-nCoV (COVID-19) was reported in Hubei, China. Since then, a large and growing number of cases have subsequently been confirmed around the world, including India. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The World Health Organization has declared the COVID-19 outbreak a global pandemic.

The ongoing spread of the COVID-19 has had, and may continue to have, a material adverse impact on portfolio companies, local economies in the affected jurisdictions and also on the global economy, as cross-border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. In addition to these developments having adverse consequences for the portfolio companies and other issuers in or through which the Client invests and the value of the Client's investments therein, the operations of the Portfolio Manager have been, and could continue to be, adversely impacted, including through quarantine measures, business closures and suspensions, travel restrictions and health issues impacting key personnel or service providers of Portfolio Manager. Any of the foregoing events could materially and adversely affect the Portfolio Manager's ability to source, manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

The outbreak of COVID-19 has contributed to, and could continue to contribute to, volatility in financial markets. It has also had a material and negative impact on certain economic fundamentals and consumer confidence, and on many companies. No assurance can be given as to the long-term effect of these events on the value of the Client's investments. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or other outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of the Portfolio Manager.

7. Client Representation:

(i) The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a certificate of registration to function as a portfolio manager only on November 24, 2022 and therefore has no record of representing any persons/entities in the capacity of a portfolio manager.

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

A. Enterprises owned or significantly influenced by key management personnel where control exists irrespective whether transactions have occurred or not

1. Holding Company	:	Neo Investment Value Advisors Private Limited
		Neo Wealth Management Pvt Ltd
Subsidiary Companies	:	Neo Market Services Pvt Ltd
Subsidiary of Ultimate Holding Company	:	Neo Insurance Broking Private Limited Neo Interactive Services Pvt Ltd Neo Wealth Partners Private Limited (formerly known as Transwealth Financial Services Private Limited)

neo ASSET MANAGEMENT

Disclosure of Related Party Transactions on standalone basis for the year ended March 31, 2024. As per Indian Accounting Standard on related party disclosures (Ind AS 24), the names of the related parties of the Company are as follows:

Amount in INR Lacs

Nature of Transactions	**Name of Related Party**	**Holding Company / Controlling Entity**	**Fellow Subsidiary**	**Relative of Director**	**Grand Total**	**Holding Company / Controlling Entity**	**Fellow Subsidiary**	**Relative of Director**	**Grand Total**
		FY 23-24				**FY 22-23**			
i) Short Term Loans and Advances Given	Neo Market Services Pvt Ltd	-	8,735.00	-	**8,735.00**	-	3,980.00	-	**3,980.00**
	Neo Wealth Management Pvt Ltd	3,280.00	-	-	**3,280.00**	200.00	-	-	-
		-	-	-					
iii)Repayment of Short Term Loans and Advances Given	Neo Market Services Pvt Ltd	-	11,816.00	-	**11,816.00**	-	1,880.00	-	**1,880.00**
	Neo Wealth Management Pvt Ltd	1,700.00	-	-	**1,700.00**	4,250.00	-	-	**4,250.00**
		-	-	-					
iii)Repayment of Short Term Loans and Advances Taken	Neo Wealth Management Pvt Ltd	-	-	-	-	200.00	-	-	**200.00**
		-	-	-					
iv) Interest Received on ICD	Neo Market Services Pvt Ltd	-	302.40	-	**302.40**	-	738.92	-	**738.92**

	Neo Wealth Management Pvt Ltd	129.06	-	-	**129.06**	173.52	-	-	**173.52**
		-	-	-					
v) Interest Paid on ICD	Neo Wealth Management Pvt Ltd	-	-	-	-	0.52	-	-	**0.52**
		-	-	-					
vi) Business Support Service	Neo Wealth Management Pvt Ltd	78.06	-	-	**78.06**	168.73	-	-	**168.73**
	Neo Investment Value Advisors	-	5.00	-	**5.00**	-	-	-	-
		-	-	-					
vii) Business Support Income	Neo Insurance Broking Pvt Ltd	-	1.45	-	**1.45**	-	-	-	-
	Neo Wealth Partners Private Limited (formerly known as Transwealth Financial Services Private Limited)	-	104.05	-	**104.05**	-	-	-	-
	Neo Investment Value Advisors	-	349.65	-	**349.65**	-	-	-	-
	Neo Market Services Pvt Ltd		23.11	-	**23.11**				
		-	-	-					
viii) Referral expense	Neo Wealth Partners Private Limited (formerly known as Transwealth Financial Services Private Limited)	-	1,013.57	-	**1,013.57**	-	-	-	-
	Neo Wealth Management Pvt Ltd (Expense)	345.34	-	-	**345.34**	175.75	-	-	**175.75**
		-	-	-					

ix) Referral income	Neo Market Services Pvt Ltd	-	275.14	-	**275.14**	-	17.30	-	**17.30**
	Neo Wealth Management Pvt Ltd (Income)	40.57	-	-	-	-	-	-	-
		-	-	-					
Outstanding		-	-	-					
i) Short Term Loans & Advances	Neo Wealth Management Pvt Ltd	1,580.00	-	-	**1,580.00**	-	-	-	-
	Neo Market Services Pvt Ltd	-	1,419.00	-	**1,419.00**	-	4,500.00	-	**4,500.00**
		-	-	-					
ii) Other payables - Cost allocation of common expenses	Neo Wealth Management Pvt Ltd	3.11	-	-	**3.11**	184.00	-	-	**184.00**
		-	-	-					
iii) Other receivables - Cost allocation of common expenses	Neo Wealth Management Pvt Ltd	36.12	-	-	**36.12**	-	-	-	-
	Neo Investment Value Advisors	-	387.18	-	**387.18**	-	-	-	-
	Neo Wealth Partners Private Limited (formerly known as Transwealth Financial Services Private Limited)	-	148.78	-	**148.78**	-	-	-	-
	Neo Insurance Broking Pvt Ltd	-	1.57	-	**1.57**	-	-	-	-
		-	-	-					
iv) Interest Receivable	Neo Market Services Pvt Ltd	-	54.43	-	**54.43**	-	149.86	-	**149.86**
	Neo Wealth Management Pvt Ltd	23.23	-	-	**23.23**	-	-	-	-

		-	-	-					
v) Referral fees	Neo Wealth Management Pvt Ltd	191.84	-	-	**191.84**	49.79	-	-	**49.79**
	Neo Wealth Partners Private Limited (formerly known as Transwealth Financial Services Private Limited)	-	481.84	-	**481.84**	-	-	-	-
		-	-	-					
vi) Referral Income	Neo Market Services Pvt Ltd	-	43.51	-	**43.51**	-	-	-	-

Other Related Party

Enterprises owned or significantly influenced by Key Management Personnel:

1. Swara Ventures LLP (LLP) is an investor in the PMS where Nitin Jain and Rashmi Jain are partners of the LLP where Nitin Jain holds directly or indirectly as the beneficial owner in the Group entities

2. Bridgemonte Advisors Private Limited is the client of the PMS where Mr. Visva Srikant Ayinavolu and Leela Rani Ayinavolu (Spouse of Mr. Visva Srikant Ayinavolu) is the majority Shareholder and the Director of Transwelath Financial Services Private Limited. He is also the Director of Neo Wealth Management Pvt Ltd holding company of Neo Asset Management Private Limited

3. Neo Wealth Partners Private Limited is the Subsidiary of Neo Wealth Management Pvt Ltd and ultimately held by Neo Investment Value Advisors P Ltd acting as the distributor to the products of the Company having Mr. Nitin Jain, Mr. Visva Srikant Ayinavolu, Mr. Subhajit Bhattacharjee, and Mr. Sudir Upadhayay as the Directors of the Company

4. Neo Wealth Management Pvt Ltd is the holding company of the Company which is a Stock Broking entity and has agreed to pay pure cost reimbursement charges to the Company for the expenses incurred by the Company for reporting, monitoring, digitisation etc. towards client reporting efficiencies

5. Morde Foods Pvt Ltd is holding over 22% preference shares in the Company which is a manufacturing company of chocolate and other related activities.

6. S M Damani Developers LLP is holding over 11% preference shares in the Company which is a development and other related activities.

Key Management Personnel (KMP) of the Company

1. Nitin Jain – Director
2. Hemant Daga – Director
3. Varun Bajpai– Director
4. Suresh Goyal –Director
5. Puneet Jain – Director
6. Arpee Jani –Assistant Vice President and Portfolio Manager

Key Management Personnel (KMP) of the Ultimate Parent Company

1. Nitin Jain – Director
2. Puneet Jain – Director
3. Dipty Jain – Director
4. Rashmi Jain – Director
5. Saakshi Chopra – Non Executive Director

Key Management Personnel ('KMP') of the Parent Company

1. Nitin Jain – Director
2. Varun Bajpai– Director
3. Anupam Agal – Director
4. Anshul Garg – Director
5. Vishal Vithlani – Director

Relatives or associates of the Key Management Personnel

1. Rashmi Jain – Spouse of Mr. Nitin Jain
2. Aditya Jain - Son of Mr. Nitin Jain and Rashmi Jain
3. Abhiraj Jain - Son of Mr. Nitin Jain and Rashmi Jain
4. Ruchika Daga – Spouse of Mr. Hemant Daga
5. Aarti Ramakrishnan – Spouse of Mr. Varun Bajpai
6. Vedika Bajpai – Daughter of Mr. Varun Bajpai and Aarti Ramakrishnan
7. Aditi Bajpai - – Daughter of Mr. Varun Bajpai and Aarti Ramakrishnan
8. Vineet Bajpai – Brother of Mr. Varun Bajpai
9. Parul Goel – Spouse of Mr. Puneet Jain
10. Vidit Jain – Son of Mr. Puneet Jain and Parul Goel
11. Vitin Jain - Son of Mr. Puneet Jain and Parul Goel
12. Poonam Agal – Spouse of Mr. Anupam Agal
13. Jeet Agal – Son of Mr. Anupam Agal and Poonam Agal
14. Kamya Agal – Daughter of Mr. Anupam Agal and Poonam Agal
15. Ruchika Pasricha – Vice President of Neo Wealth Management P Ltd
16. Nirav Shah- Spouse of Arpee Jani
17. Kishore Jani & Bhavna Jani- Parents of Arpee Jani

8. The Financial Performance of Portfolio Manager (based on audited financial statements)

Since the Portfolio Manager is a newly incorporated entity date of incorporation: November 18, 2021 hance it has an audited financial statement with limited activities as on 31 March 2024. Details thereof are tabulated as under:

Financial Performance of the Portfolio Manager as per audited financial statements

Amount in INR Lacs

Particulars	Year ended 31-Mar-2024	Year ended 31-Mar-2023
Total Income	4 478.58	1,287.94
Profit / Loss for the year (PAT)	36.04	(383.55)
Paid-up Capital	4.35	4.35
Reserves and Surplus	8,092.73	6,869.79
Networth	**3,449.39***	**5,167.31***

* *After adjusting pre-paid expenses*

9. Performance of the Portfolio Manager

The Portfolio Manager has no previous experience/track record in the field of portfolio management services. However, the relevant Performance for Financial Year March 2024 is tabulated as under:

DPMS ***(Amount in INR Crores)***

Name of investment approach	Performance	Year 1: (January 2023 to March 31, 2023)	Year 2: (01-April 2023- 31- March 2024)	Year 3: (01-April 2024 to 31-March 2025
	Investment approach vs Benchmark			
Neo Yield Enhancer	Investment approach	-	2.4%*	11.06%
	Nifty Medium to Long duration debt Index	-	-	8.78%
Neo Equity Advantage Product	Investment approach	-	2.68%*	10.16%
	Nifty 50 TRI	-	4.43%*	6.65%

Neo Equity Dedicated Product	Investment approach	0.78%	37.36%	10.03%
	Nifty 50 TRI	2.45%	30.08%	6.65%
Neo Multi Asset Structure Investment Product - Aggressive Portfolio	Investment approach	-	5.60%	7.77%
	Nifty Multi Asset-Equity: Debt: Arbitrage: REITs/InvITs(50:20:20 :10) Index	-	13.17%	7.52%
Neo Multi Asset Structure Investment Product - Moderately Aggressive Portfolio	Investment approach	-	3.53%	9.68%
	Nifty Multi Asset-Equity: Debt: Arbitrage: REITs/InvITs(50:20:20 :10) Index	-	1.63%	7.52%
Neo Multi Asset Structure Investment Product - Moderately Conservative Portfolio	Investment approach	-	4.14%	10.59%
	Nifty Multi Asset-Equity: Debt: Arbitrage: REITs/InvITs(50:20:20 :10) Index	-	11.54%	7.52%
Neo Multi Asset Structure Investment Product - Moderately Portfolio	Investment approach	-	9.18%	10.24%
	Nifty Multi Asset-Equity: Debt: Arbitrage: REITs/InvITs(50:20:20 :10) Index	-	11.41%	7.52%

NDPMS **(Amount in INR Crores)**

Sr. No.	Investment Category Non-Discretionary Services	Year 1: 31st March 2023 (January 2023 to March 31, 2023)	Year 2: (as on 31st March 2024) (01st April 2024 to 31st March 2025)	Current: 31st March 2025 (01 April 2024 to 31st March 2025)
1	Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager	4.94 %	21.4 %	6.19%
2	No. of Clients	3	48	81
3	Asset Under Management	77.81	566.89	622.76

Advisory (Amount in INR Crores)

Sr. No.	Investment Category Advisory Services	Year 1: 31st March 2023 (January 2023 to March 31, 2023)	Year 2: (as on 31st March 2024) (01st April 2024 to 31st March 2025)	Current: 31st March 2025 (01 April 2024 to 31st March 2025)
1	No. of Clients	0	2	3
2	Asset Under Management	0	26.4	15.61

CATEGORIES OF CLIENTS SERVICED FOR LAST 3 YEARS: (Rs. In Cr)

Period	No. of clients	Funds Managed in INR Crs	Discretionary / Non – Discretionary / Advisory
As on 31-March 2023	1	1.01	Discretionary
	3	77.81	Non-Discretionary
	0	0	Advisory
As on 31-March 2024	42	629.21	Discretionary
	48	566.89	Non-Discretionary
	2	26.4	Advisory
As on 31-March 2025	128	1149.76	Discretionary
	81	622.76	Non-Discretionary
	3	15.61	Advisory

10. Audit Observations for preceding three years

The Portfolio Manager was established in November 2022 and the Portfolio Manager has not been subject to any Audit till date except for certain observations in the offsite data for preceding three years. Accordingly, the same is not applicable.

11. Nature of expenses

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

i. Management fee:

The management fee relates to the portfolio management services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed as agreed in the Agreement.

ii. Advisory fees:

The advisory fees relates to the advisory services offered by the Portfolio Manager to the client. The fee may be a fixed charge or a percentage of the quantum of the funds being advised as agreed in the Agreement.

iii. Performance fee:

The performance fee relates to the share of profits charged by the Portfolio Manager, subject to hurdle rate and high water mark principle as per the details provided in the Agreement.

iv. Exit Load:

The Portfolio Manager may charge early withdrawal fee as a percentage of the value of the Portfolio /withdrawn Portfolio as per the terms and conditions of a particular Product as agreed in the Agreement except for as applicable to Accredited Investors

v. Other fees and expenses:

The Portfolio Manager may incur the following expenses which shall be charged/reimbursed by the Client:

(a) Transaction expenses including, but not limited to, statutory fees, documentation charges, statutory levies, stamp duty, registration charges, commissions, charges for transactions in Securities, custodial fees, fees for fund accounting, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
(b) Brokerage shall be charged at actuals;
(c) Distribution Fee / Referral Fee
(d) Legal and statutory expenses including litigation expenses, if any, in relation to the Portfolio;
(e) Statutory taxes and levies, if any, payable in connection with the Portfolio;
(f) Valuation expenses, valuer fees, audit fees, levies and charges;
(g) Software/Audit charges

(h) All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above, whether agreed upon in the Agreement or not, arising out of or in the course of managing or operating the Portfolio.

vi. Co-investment management fee:

The Co-investment Management Fee relates to the co-investment portfolio management services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed as agreed in the Agreement.

vii. Reimbursement cost:

The Company is eligible to receive pure reimbursement cost from its associate or subsidiaries in relation to the expenses incurred for and on the request of its subsidiaries for client efficiency and reporting purposes.

Provided the Portfolio Manager shall not charge any up-front fees to the Client whether directly or indirectly. However, up-front fees may be chargeable under co-investment portfolio management services.

Notwithstanding the above, the Portfolio Manager may charge up-front costs and expenses so attributable to the Client in terms of the Agreement.

12. Taxation

The general information stated below is based on the general understanding of Direct Tax Laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Investor only vis-à-vis the investments made through the Portfolio Management Services of the Portfolio Manager. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments relying on the CBDT Circular[1]. In case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes. Implications of any judicial decisions/ double tax avoidance treaties / Multilateral Instruments signed by the Government of India with some countries, The General Anti-Avoidance Rule (GAAR), etc. are not explained herein. The Investor should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment, or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Investor is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

[1] CBDT Circular no. 4/2007, dated 15.06.2007 and CBDT guidelines dated 13.12.2005 [F. No. 149/287/2005-TPL]

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the units.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "**IT Act**"), the Income-tax Rules, 1962 (the "**IT Rules**") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Finance Act, 2025.

The Tax Rates for different Entities for the Financial Year 2025-26 (Assessment Year 2026-27) are as follows:

The tax rates as per the FA 2025 (excluding surcharge and cess) for different assessee are as under

Assessee	% of Income Tax
Individuals, Hindu Undivided Family ('HUF'), Association of Persons ('AOP'), Body of Individuals ('BOI')	Applicable slab rates
Domestic Company having turnover / gross receipt not exceeding INR 400 Crores in FY 2023-24	25%
Partnership Firm [including Limited Liability Partnership ('LLP')] and Domestic Company having turnover / gross receipt exceeding INR 400 Crores in FY 2023-24	30%
Foreign Company	40%

Note 1: Domestic companies under section 115BAA of the ITA have the option to pay tax at the rate of 22%, subject to certain prescribed conditions. Similarly, Domestic manufacturing companies under section 115BAB of the ITA have an option to pay tax at the rate of 15%, subject to certain conditions. The option under section 115BAA or 115BAB of the Act needs to be exercised by way of filing Form 10IC before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. Companies exercising the aforesaid options have been excluded from the applicability of Minimum Alternate Tax ('MAT').
Note 2: Slab rates: The slab rates for individuals / HUF / AOP / BOI are as follows:

Total Income	Tax rates
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year.

Total Income	Tax rates
Up to INR 3,00,000	Nil
From INR 3,00,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year.

Total Income	Tax rates
Up to INR 5,00,000	Nil
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

The Central Government vide the Finance (No. 2) Act, 2019 and section 87A, has provided for a rebate on tax of an amount equal to 100% of such income-tax or an amount of INR 12,500 (whichever is less) on total income of resident individual assessee whose total income does not exceed INR 5,00,000. FA 23 inserted a proviso to section 87A to provide a rebate in respect of income computed under section 115BAC of the ITA where the total income does not exceed INR 7,00,000. Further, marginal relief is also provided to the extent the income tax payable on total income exceeds the total income above INR 7,00,000.

An option for individual and HUF taxpayers to apply for lower slab rates provided under section 115BAC of the ITA. However, the benefit of the lower slab rates will be available subject to the taxpayers forgoing certain exemptions, deductions and set-off of brought forward losses. FA 2025 has revised the slab rates applicable under section 115BAC as follows:

Total Income	Tax rates
Up to INR 3,00,000	Nil
From INR 3,00,001 to INR 7,00,000	5%
From INR 7,00,001 to INR 10,00,000	10%
From INR 10,00,001 to INR 12,00,000	15%
From INR 12,00,001 to INR 15,00,000	20%
Above INR 15,00,000	30%

FA 2025 brought significant changes to the rebate under Section 87A of the ITA, specifically for individuals opting for the new tax regime. As per FA 2025 resident individuals whose total income does not exceed INR 12,00,000, would get rebate under section 87A of the ITAT of 100% of the tax payable or INR 60,000, whichever is lower. Further, marginal relief on the rebate is still applicable for those whose income marginally exceeds INR 12,00,000 under the new tax regime, ensuring that the increase in tax liability is not more than the increase in income. The rebate is not applicable to income taxed at special rates (like certain capital gains).

The rates of surcharge as per FA 2025 are tabulated as follows:

Status of the investor Total Income		Individuals/ HUFs/ AOPs/ BOIs	Firms/ LLPs	Domestic companies	Foreign Companies
a.	Exceeds INR 50 lakhs but does not exceed INR 1 crore	10%	NIL	NIL	NIL
b.	Exceeds INR 1 crore but does not exceed INR 2 crores	15%	12%	7%	2%
c.	Exceeds INR 2 crores but does not exceed INR 5 crores	25%	12%	7%	2%

Status of the investor Total Income		Individuals/ HUFs/ AOPs/ BOIs	Firms/ LLPs	Domestic companies	Foreign Companies
d.	Exceeds INR 5 crores but does not exceed INR 10 crores	37%	12%	7%	2%
e.	Exceeds INR 10 crores	37%	12%	12%	5%

Where the income of the individual or HUF or association of persons [except in case of an association of persons consisting of only companies as its members], or body of individuals, whether incorporated or not, or every artificial juridical person is chargeable to tax under sub-section (1A) of section 115BAC of the Act, the surcharge at the rate of 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees shall not be applicable. In such a case, the surcharge shall be restricted to 15%.

Additionally, as per FA 2025 for Individuals/HUFs/BOIs/ AOPs (except in case of AOPs consisting of only companies as its members) opting to be taxed as per the new taxation regime under Section 115BAC(1A) of the ITA the surcharge has capped surcharge at the rate of 25%.

Where the domestic company opts to be taxed at a concessional tax rate as per 115BAA of the ITA, the rate of surcharge shall be 10%, irrespective of the amount of income.

Prospective investors should consult their professional advisors concerning any income or other tax consequences, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Units.

The information contained herein is of a general nature. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for any decisions.

For the purpose of this section, the terms "beneficiaries", "investors" and "contributors" have been used interchangeably, unless otherwise specified. The tax rates mentioned below relate to Financial Year 2025-26 (Assessment Year 2026-27) and are exclusive of surcharge and health and education cess, unless specified otherwise.

Residential status of the Fund

The basis of charge of Indian income-tax depends upon:

a. the residential status of the taxpayer during a tax year; and
b. the nature of the income earned and the place where such income is accruing or arising.

The Indian tax year runs from April 01 until March 31.

A person who is an Indian tax resident is liable to taxation in India on worldwide income, subject to certain tax exemptions, which are accorded under the provisions of the ITA.

The Fund would be regarded as a "resident" for the purposes of ITA.

Senior Citizen: Senior Citizen is a resident individual who is at least 60 years of age at the any time during the previous year but less than 80 years, the exemption limit is Rs.3,00,000.

Super Senior Citizen: Super Senior Citizen is a resident individual who is at least 80 years of age at the any time during the previous year, the exemption limit is Rs.5,00,000.

The Finance Act, 2020 inserted a new section 115BAC in the IT Act. As per the said section, the Individual and HUF will have an option to pay tax on its total income at the reduced tax rates. The income would, however, must be computed without claiming prescribed deductions or exemptions.

However, where the total income includes any income chargeable under section 111A and section 112 of the IT Act, the rate of surcharge on the amount of income tax computed on that part of income shall not exceed 15%.

Where the income of the individual or HUF or association of persons [except in case of an association of persons consisting of only companies as its members], or body of individuals, whether incorporated or not, or every artificial juridical person is chargeable to tax under sub-section (1A) of section 115BAC of the Act, the surcharge at the rate of 37% on the income or aggregate of income of such person (excluding the income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees shall not be applicable. In such case, surcharge shall be restricted to 25%.

Residential status and taxability in India of Investor

Taxability of resident investors: Any income earned from the Fund will be taxed in India. Further, the taxability of various streams of income is discussed in para below.

Taxability of non-resident investors: The provisions of the ITA would apply to the extent they are more beneficial than the provisions of the DTAA between India and the country of residence of the non-resident investor (subject to GAAR and MLI provisions discussed below). However, no assurance can be provided that the DTAA benefits will be available to the non-resident investor or the terms of the DTAA will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of DTAA or where the non-resident investor is from a country with which India has no DTAA, would be as per the provisions of the ITA.

In order to claim DTAA benefits, the non-resident investor has to obtain the TRC as issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated August 1, 2013, has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

CBDT vide notification no. 03/2022 dated 16th July 2022 has now mandated that certain forms, including Form 10F, to be furnished electronically and e-verified on the Indian Income tax portal ('Portal') in a prescribed manner. The notification has come into force with immediate effect from 16 July 2022.

Residential Status for non-corporate investors: A non-corporate entity will be said to be resident of India if the control and management of its affairs are wholly or partly situated in India, whereas in the case of an individual the residency test is based on the number of days such individual is present in India. Further, as per the Finance Act, 2020, with effect from 1 April 2020, an Individual being an Indian citizen, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.

As per section 2(29A) of the ITA, "liable to tax", in relation to a person and with reference to a country, means that there is an income-tax liability on such person under the law of that country for the time being in force and shall include a person who has subsequently been exempted from such liability under the law of that country.

Residential Status for corporate investors: As per the provisions of the ITA, amended by the Finance Act, 2016 with effect from 1 April 2016, a company would be considered a resident of India if (i) it is an Indian company; or (ii) its "place of effective management" ('POEM'), in that year, is in India. Further, it is provided that for this purpose, the POEM would be the place where the key management and commercial decisions that are necessary for the conduct of the business of the entity as a whole are, in substance made. Therefore, a foreign company could be considered a tax resident of India if its POEM is determined to be in India.

The CBDT had vide its Circular dated January 24, 2017, issued guiding principles for determination of POEM of a Company ("POEM Guidelines"). The POEM Guidelines lay emphasis on POEM concept being 'substance over form' and further provides that the place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts of INR 500 million or less than INR 500 million during the financial year.

Streams of income of the Fund

- The Fund would primarily invest in derivatives including commodity derivatives, equity and equity linked securities, debt securities/ instruments, any other permissible securities in line with the investment objective of the Fund.

- The investors of the Fund would primarily earn income through the Fund from the following streams:

  (i) Business income from transaction in derivatives;
  (ii) Interest income;
  (iii) Dividend income;
  (iv) Income from mutual funds;
  (v) Gains on transfer of listed shares (other than specified buy-back);
  (vi) Gains on specified buy-back of shares;
  (vii) Gains on transfer of units of the Fund.

<u>**Taxation in hands of investors**</u>

I. Taxation of resident investors

The tax implications in the hands of resident investors on different income streams are discussed below:

Dividend income

As per the amendments made by the Finance Act, 2020, the Indian company declaring dividend would not be required to pay any dividend distribution tax on dividend distributed/ paid/ declared to its shareholders. The dividend income would be taxable in the hands of the shareholders under the ITA at applicable rates. Further, the shareholder can claim a deduction of interest expenditure incurred for the purpose of earning such dividend income and such deduction would be restricted to 20% of the gross dividend income.

The Indian company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) where such payment exceeds INR 10,000.

Further, as per section 80M of the ITA inserted by Finance Act, 2020, any Indian company which receives dividend from another Indian company or foreign company or business trust and the dividend is distributed by the first mentioned Indian company to its shareholders before the specified due date (i.e. one month prior to the date of filing tax return under section 139 of the ITA), then the first mentioned Indian company can claim a deduction of the dividend received by it from the other Indian company or foreign company or business trust.

Such dividends would be taxed directly in the hands of the shareholders under section 56 of the ITA under the head 'Income from Other Sources' ("Other Income"). at the tax rates applicable to them. Further, no deduction shall be allowed for expenses against such dividend income, other than deduction of interest expenditure under section 57 of the ITA which shall be capped at 20% of the dividend.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rate of 35.88% in the hands of resident beneficiaries.

As per section 115A of the ITA, dividend income shall be taxable at the rate of 20% in the hands of non-resident investors (including foreign company). Accordingly, dividend shall be taxable the rate of 23.92% and 21.84% in the hands of non-resident non-corporate beneficiaries and foreign companies respectively.

Interest Income

Any income in the nature of interest income would be subject to tax at the rate of 42.744% /39% in the hands of individual, HUF and BOI investors (including non-resident investors). In case of resident corporate, firm and LLP investors rate of tax shall be as rates specified in the ITA. The interest income would be taxable at the rate of 38.22% in the hands of foreign companies. Further, the rate of taxability to non-resident investors and foreign companies shall be subject to DTAA, if any.

With effect from FY 2023-24, the Finance Act, 2023 has inserted section 115BAC(1A) under the ITA which provides lower slab rates subject to the taxpayers forgoing certain exemptions, deductions and set-off of brought forward losses and such revised slab rates shall be considered to be the default slab rates. The highest slab rate of tax under both the regime i.e., old tax regime and new tax regime is 30% which has been considered in this tax chapter.

The rates provided under section 115BAC(1A) would be considered as default rates for succeeding assessment years unless an option is exercised under section 115BAC(6) of the ITA for availing tax rates under the old regime. The option to shift out of the regime under section 115BAC(1A) of the ITA can be exercised only once by a taxpayer earning income from business/profession. However, a person having income from business or profession who has exercised the said option of shifting out of the new regime shall be able to exercise the option of opting back to the new regime only once and thereafter, that person shall not be eligible to opt out of new regime. However, a person not having income from business or profession shall be able to exercise this option every year.

Gains arising on transfer of securities of companies

Gains arising from the transfer of securities held in the companies may be treated either as "capital gains" or as "business income" for tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade). Traditionally, the issue of characterisation of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the tax authorities.

Types of Capital Gain Tax: The tax that is charged on the gains earned from the selling of capital assets is known as capital gains tax. The capital assets are generally categorized into two categories i.e. short-term capital asset and long- term capital asset.

The capital gains would be computed as under:

Particulars	**Amount (in Rs.)**
Full Value of Consideration	XXX
(Less): Expenses incurred in connection with transfer	(XXX)
(Less): Cost of Acquisition (Refer Note)	(XXX)
(Less) : Cost of Improvement	(XXX)
Capital Gains/ Losses	XXX/(XXX)

Note 1: The cost of acquisition of bonus shares would be deemed to be NIL. Note 2: STT paid will not be allowed as deduction while computing income from capital gains.

Gains arising from the transfer of securities held in the companies may be treated either as "capital gains" or as "business income" for tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade). Traditionally, the issue of characterisation of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the tax authorities.

If the gains are characterised as capital gains:

As per section 45 of the ITA, any profits or gains arising from the transfer of capital assets are chargeable to income tax under the head 'capital gains'. Section 48 of the ITA provides that income chargeable as capital gains would be computed as the difference between the full value of the consideration received or accrued on the transfer of the capital asset and the cost of acquisition of such asset plus expenditure incurred wholly and exclusively in connection with such transfer.

Under the ITA capital gains will be taxable in the hands of the investors depending on the nature of securities and the period of holding. The Finance Act 2024 (No. 2) rationalized the capital gain tax provisions with respect to classification of short-term and long-term, tax rates etc. The classification of capital gains into short-term and long-term categories has been streamlined into two holding periods i.e., 12/24 months, replacing the previous 12/24/36 months criteria. Further, with the rationalization of the tax rate on long-term capital gain rate to 12.5%, the benefit of indexation is removed. Similarly, short-term capital gain tax has been changed to 20% in specific cases and applicable tax rates in other cases. Thus, indexation benefit would not be available on long-term capital gains arising on transfer of assets except where it is specified. The said amendments were applicable with effect from July 23, 2024.

The capital gains would be classified as long-term or short-term, depending upon the period of holding of the assets and the same is tabulated below.

Type of instrument	Period of holding	Characterization
Listed Securities (Other Than Units), Units of Equity Oriented Mutual Fund, Listed Units of Business Trust, Zero-Coupon Bond, Listed Bonds/Debentures, Listed Units of Debt Oriented Fund	More than 12 months	Long Term Capital Asset
	12 months or less	Short Term Capital Asset
Other Assets	More than 24 months	Long term capital asset
	24 months or less	Short term capital asset
Specified Mutual Fund, Market Linked Debentures, Unlisted Bonds & Debentures	Any holding period	Deemed Short-term capital asset

Capital gains should be taxed in the hands of the Investors as per the ITA as under:

Nature of Income	Tax Rate (%) for Resident Investors			Non-resident Investors / Foreign Company
	Corporates	Individuals / HUF / AOP / BOI	Others (Firms, LLPs)	
STCG on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund, and on which Securities Transaction Tax ("STT") has been paid. (iv) Units of Business Trust (v) Listed bonds and debentures	23.30%	23.92%	23.30%	23.92% / 21.84%*
Other STCG (Including Deemed STCG on transfer of unlisted bonds and debentures)	34.94%	42.74% / 35.88%[2]	34.94%	42.74% / 38.22%*
LTCG on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual	14.56%	14.95%	14.56%	14.95% / 13.65%*

[2] For AOPs consisting of only companies as its members, surcharge rate is proposed to be capped to 15%.

Nature of Income	Tax Rate (%) for Resident Investors			Non-resident Investors / Foreign Company
	Corporates	Individuals / HUF / AOP / BOI	Others (Firms, LLPs)	
fund, and on which STT has been paid[3] (iv) Units of Business Trust (v) Listed Bonds and Debentures (vi) LTCG on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid				
LTCG on transfer of units of the Fund	14.56%	14.95%	14.56%	14.95% / 13.65%*

**For Foreign Company considering surcharge at the rate of 5%.*

Taxability of income from mutual funds and unlisted bonds & debentures

a. Income from transfer / redemption / maturity of Market Linked Debentures or units of a Specified Mutual Fund or unlisted bonds and debentures:

Finance Act 2023 has introduced section 50AA of the ITA to provide that the income arising on transfer / redemption / maturity of units of a Specified Mutual Fund (acquired on or after 1 April 2023) or Market Linked Debentures ("MLDs"). Further, by Finance Act (No. 2) 2024 the section has been amended to cover unlisted bonds or unlisted debentures under the ambit of section 50AA. As per section 50AA, where the capital asset is a specified mutual fund acquired on or after 1 April 2023 or is a market linked debenture or unlisted bonds or unlisted debentures transferred or redeemed or matured on or after July 23, 2024 shall be deemed to be the capital gains arising from the transfer of a short-term capital asset (irrespective of the period of holding) and such gains shall be chargeable to tax at the applicable rates.

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

Further, Specified Mutual Fund means a Mutual Fund by whatever name called, where not more than thirty-five percent of its total proceeds is invested in the equity shares of domestic companies.

Further, w.e.f. April 01, 2026, "Specified Mutual Fund" shall mean,—

(a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent of its total proceeds in debt and money market instruments; or

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[3] The exemption from tax on long-term capital gains arising on transfer of listed equity shares (STT paid on acquisition and transfer) or units of equity oriented mutual fund (STT paid of transfer) has been withdrawn w.e.f. 1 April 2018. The LTCG above INR 0.125 million on such transfers shall be taxable at 10% (12.50% w.e.f. July 23, 2024) (plus surcharge and health and education cess). Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains. Further The CBDT has issued a notification providing the negative list for the purpose of section 112A of the ITA i.e., modes of acquisition exempted from the condition to pay STT on acquisition.

(b) a fund which invests sixty-five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a):

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

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

b. Capital Gains (on securities other than MLDs, Specified Mutual Fund, unlisted bonds and unlisted debentures):

As per section 45 of the ITA, any profits or gains arising from the transfer of capital assets are chargeable to tax under the head "Capital Gains". Section 48 of the ITA provides that income chargeable as capital gains is computed by reducing the cost of acquisition / indexed cost of acquisition (as applicable) of such asset plus expenditure in relation to such transfer from the full value of consideration received or accrued from the transfer.

As per section 50CA of the ITA, if there is a transfer of unquoted shares of a company at a value less than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The Rule 11UA of the Rules has provided computation of Fair Market Value ("FMV") for the purpose of section 50CA of the ITA.

Proceeds on Buy-back of shares by the company

Pursuant to the amendment introduced by Finance Act (No. 2), 2024 the buyback tax payable by the company under the provisions of section 115QA has been abolished with effect from October 1, 2024, and the same shall be taxed in the hands on the shareholders.

Such buyback proceeds, taxable as dividend shall be taxable as per applicable rates as prescribed under ITA, on the basis of legal status. Further, no expenditure incurred with respect to such buyback proceeds shall be allowable as a deduction. Furthermore, for computation under the head capital gains on buyback of shares the sale consideration shall be deemed to be Nil resulting into a capital loss to the extent of the cost incurred to acquire those shares. Such capital loss shall be available for set-off by the Fund against the capital gains at the Fund level, subject to set-off provisions.

Capital Gains Tax implications on conversion of debentures into shares

The Investor may invest in debt securities / debentures of Indian portfolio companies which may convert into shares of the company at a later date. Conversion of such debt securities / debentures of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of the beneficiaries on conversion of convertible debentures of a company into shares. At the time of transfer of the converted shares, the cost of acquisition of a convertible debenture would be deemed to be the cost of acquisition of such shares. Further, the holding period of the shares would commence from the date of allotment of debentures.

Capital Gains Tax implications on conversion of preference shares into equity shares

The Investor may invest in convertible preference shares of Indian portfolio companies which may convert into equity shares of the company at a later date. Conversion of such convertible preference shares of a company into equity shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of the beneficiaries on conversion of preference share of a company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a preference share would be deemed to be the cost of acquisition of such equity shares. Further, the holding period of the equity shares would commence from the date of allotment of preference share.

Transfer and Redemption of listed NCDs

The characterization of gains/income earned on sale/redemption of debentures generally depends on characteristics of the debentures i.e. whether the same are held as capital assets or stock in trade, and whether the same are being transferred to a third party or are being redeemed by the issuing company.

If debentures are transferred to a third party prior to their maturity, and if the same have been held as capital assets, income arising from such transfer could be treated as capital gains. If debentures are transferred to a third party prior to their maturity, and if the same have been held as stock in trade, income arising from such transfer could be treated as business income.

Where the debentures are redeemed and if the same have been held as capital assets, the difference between the redemption price and the subscription price, could be treated as interest income and taxed under the head "income from other sources". Where the debentures are held as stock in trade, the interest income could be taxed under the head "business income"

Capital gains should be taxed as per the ITA as under:

Period of holding	Nature of Income	Tax rate *(Refer Note 1)*
12 months or less	Short-term capital gains on transfer of listed debentures	For an NRI at MMR (benefit of slab rates can be availed)
More than 12 months	Long-term capital gains on transfer of listed debentures	12.5%

Note 1: These tax rates are to be increased by surcharge as applicable and health and education cess at 4% on tax. Further, the tax rates for non-residents could be reduced based on rates applicable under the tax treaty.

Interest income earned from listed NCDs

In case of NRIs, though Section 115E provides for a beneficial rate of 20% (plus applicable surcharge and cess) on certain income, in case of interest income from specified assets (which include debentures issued by public limited companies), there is a controversy around applying the beneficial rate since the specified asset would have to be acquired /subscribed / purchased in foreign currency. However, in this case, the investment in the specified asset, i.e. debentures issued by Companies would be in Indian currency only. Accordingly, the applicable MMR has been considered on a conservative basis in case of non-resident individuals.

Deemed income on Investment in shares / securities of unlisted companies in India

The Investor may acquire shares / securities of a company for a consideration which is lower than the Fair Market Value ("FMV") or without consideration. As per the provisions of the ITA, where any assessee receives any property, being shares (directly or on conversion of securities into shares) or securities, from any persons, other than relatives, without any consideration or for a consideration which is lower than the FMV by more than Rs. 50,000 (Indian Rupees Fifty Thousand), the shortfall in consideration is taxable in the hands of the acquirer as Other Income. Determination of FMV of shares has been prescribed under Rule 11UA of IT Rules.

The rules for determining the FMV of shares have been prescribed under the Income-tax Rules, 1962, ("IT Rules"). As per the amended Rule 11UA of IT Rules, the FMV of unlisted equity shares would be as per the following formulae:

(A+B+C+D-L) x PV/PE, where

A: Book value of all the assets (except those mentioned at B, C and D below) as reduced by income tax paid (net of refund) and unamortised deferred expenditure
B: Fair market value of jewellery and artistic work based on the valuation report of a registered valuer
C: Fair market value of shares or securities as determined in the manner provided in this rule D: Stamp duty valuation in respect of any immovable property
L: Book value of liabilities, excluding paid up equity share capital, amount set apart for undeclared dividend, reserves and surplus, provision for tax, provisions for unascertained liabilities and contingent liabilities
PV: Paid up value of equity shares
PE: Total amount of paid up equity share capital as shown in the balance sheet.

It is important to note that the book value has to be determined as per the 'balance sheet', which term has been defined under Rule 11U to mean the audited accounts of the company as drawn upto the 'valuation date'.

Accordingly, in case it is held that Other Income is earned by the Investor, such Other Income would be chargeable to tax at rates as peer table above (plus applicable surcharge and cess). Further, the cost of the acquisition of the shares acquired would be deemed to be the FMV of the shares as determined above.

As per section 56(2)(x) of the ITA, where any person receives any property, including shares and securities from any person for a consideration which is lower than the FMV by more INR 0.05 million, then difference between the FMV and consideration shall be taxable in the hands of acquirer as 'Income from other sources' ("**Other Income**"). The rules for determining the FMV of shares and securities have been prescribed under the IT Rules. Accordingly, such Other Income would be chargeable to tax at the rate of 42.744/39% in the hands of resident and non-resident non-corporate beneficiaries. In the case of a foreign company, the rate of tax shall be 43.68%.

Minimum Alternate Tax

The ITA provides for levy of MAT on corporates and AMT on non-corporates. If MAT or AMT is held to be applicable to the Unitholders on the income receivable by such Unitholders from their investment in the Fund, such investor shall be liable to pay tax at the rate of 15% or 18.5% respectively of the book profits/adjusted total income, as the case may be, on the book profits, if such tax amount calculated is higher than the tax amount calculated under the normal provisions of the Act, as the case may be, on a net taxable income basis. The MAT provisions are not applicable to a non-resident being a foreign company if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a Permanent Establishment in India; or (b) the assessee is a resident of a country with which India does not have a DTAA and is not required to seek registration under the Indian corporate law.

Further, MAT provisions will not be applicable to companies opting for this concessional tax regime under section 115BAA and section 115BAB of the ITA

Further, the MAT paid will be available as credit to the Unitholders for a period of 15 years subject to certain conditions.

Note 1: As per the Finance Act, 2025 a reduced tax rate of 25% is applicable in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2022-23 (Assessment Year 2023-24).

Note 2: The Taxation Laws (Amendment) Act, 2019 has introduced section 115BAA which provides that the income of a domestic company (from FY 2019-20 onwards) shall be computed at a rate of 22% (plus surcharge at a fixed rate of 10% and cess at the rate of 4%) at the option of the domestic company if the following conditions are satisfied:

- Deductions provided under certain specified sections are not claimed.
- Loss carried forward from previous years on account of the aforesaid specified deductions are not claimed
- Depreciation under section 32 of the ITA, other than additional depreciation allowance under section 32(1)(iia) of the ITA has been claimed

The option to select the 22% (plus applicable surcharge at a fixed rate of 10% and cess at the rate of 4%) tax rate should be exercised before the due date to file the income-tax return of FY 2019-20 and once elected, shall apply to subsequent years as well.

Note 3: The Taxation Laws (Amendment) Act, 2019 has introduced section 115BAB which provides that income of a domestic manufacturing company (from FY 2019-20 onwards) shall be computed at a rate of 15% (plus surcharge at a fixed rate of 10% and cess at the rate of 4%) at the option of the domestic manufacturing company subject to fulfillment of conditions laid down under the provisions of ITA.

The Finance Act, 2020 has inserted a new section 115BAC in the ITA. As per the said section, Individuals and HUFs will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

With effect from FY 2023-24, the Finance Act, 2023 has inserted section 115BAC(1A) under the ITA which provides lower slab rates subject to the taxpayers forgoing certain exemptions, deductions and set-off of brought forward losses and such revised slab rates shall be considered to be the default slab rates. The highest slab rate of tax under both the regime i.e., old tax regime and new tax regime is 30% which has been considered in this tax chapter.

The rates provided under section 115BAC(1A) would be considered as default rates for succeeding assessment years unless an option is exercised under section 115BAC(6) of the ITA for availing tax rates under the old regime. The option to shift out of the regime under section 115BAC(1A) of the ITA can be exercised only once by a taxpayer earning income from business/profession. However, a person having income from business or profession who has exercised the said option of shifting out of the new regime shall be able to exercise the option of opting back to the new regime only once and thereafter, that person shall not be eligible to opt out of new regime. However, a person not having income from business or profession shall be able to exercise this option every year.

If income is categorised as business income

A determination of whether the securities are held as capital assets or as stock-in-trade is a mixed question of law and fact and would depend on the facts and circumstances of each particular case, and also upon whether the activities of the Fund could be regarded as amounting to the carrying on of a business or profession.

Some of the following principles have been laid down by various judicial precedents for characterisation of income from sale of securities as 'business income' or 'capital gains.' These may be used as broad guidelines for determining the character of income.

Any single factor in isolation cannot be conclusive in determining the exact nature of the transaction of investment in securities. All factors and principles need to be construed harmoniously. The following principle guidelines characterise the income from the sale of securities as business income or capital gains:

Key parameters for classification	Capital gains	Business Income
Motive at the time of purchase of securities	Long-term appreciation, earning dividend / interest income	Resale at profit
Frequency of Transactions	Low	High
Period of holding	Long-term holding	Frequent churning
Treatment of securities in books of accounts	Investment	Stock-in-trade / inventory
Source of funds	Own funds	Borrowed funds
Objects Clause	Investment activity	Business activity

To sum up, to arrive at the exact nature of the transaction, all the factors and principles stated above need to be considered in totality. Mere dependence on one test will not give a complete picture of the exact nature of the transaction of investment and no accurate conclusions can be arrived at in that case.
Considering that the investments made by the Fund in derivatives would largely satisfy the parameters given under 'business income', the income earned from trading in derivatives by the Fund is likely to be characterised as business income.

Accordingly, any gains arising from transactions in derivatives including commodity derivatives such as futures and options should be regarded as 'business income' and such income net of eligible expenses shall be subject to tax in the hands of the Fund at the MMR, i.e. 42.744%, irrespective of whether the Fund is regarded as a determinate trust or an indeterminate trust.

Amongst other expenses, Commodity Transaction Tax ('CTT') paid on transaction in commodity derivatives can be claimed as deduction while computing business income.

II. Taxation of non-resident investors

Section 115A to 115AD prescribes tax rates for various types of investment income of different Non-Resident Entities. However, if the non-resident is covered by a particular DTAA, he may apply the rates prescribed under that DTAA, if beneficial, without considering any surcharge and education cess.

A non-resident investor would be subject to taxation in India only if;

- it is regarded a tax resident of India; or

- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management ("**POEM**") is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from April 1, 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

The CBDT had vide its circular dated January 24, 2017 issued guiding principles for determination of POEM of a company ("**POEM Guidelines**"). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated February 23, 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than Rs 500 million during the Financial Year.

Tax Treaty Benefits

As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ("**Tax Treaty**") between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor or the terms of the Tax Treaty would not be subject to amendment in the future.

Tax Residency Certificate ("TRC")

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

1) Status (individual, company, firm, etc.) of the assessee;
2) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
3) Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
4) Period for which the residential status, as mentioned in the TRC, is applicable; and
5) Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed below:

Dividend Income:

Before April 1, 2020, Indian companies were required to pay Dividend Distribution Tax at an effective rate of 20.56 percent on dividends declared and distributed by them. Consequently, the dividend was exempt in the hands of the shareholder—residents as well as non-residents. From a compliance perspective, the government was able to collect dividend tax from one source i.e. companies and even for companies it was not a compliance burden at all.

However, Indian Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1, 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. For non-resident shareholders—foreign shareholders, portfolio and institutional investors and even individuals (including NRIs)—the said dividend would be taxable in India either at the rates prescribed under the Indian tax laws or relevant tax treaties, whichever is beneficial to the taxpayer.

As per the current law, a tax rate of 20 percent (plus applicable surcharge and cess) is provided under the Indian local laws for dividends paid to non-residents or foreign companies. However, the tax treaties provide for lower rates, depending on the shareholding percentage and country of the investor.
The Indian Companies declaring dividend would be required to deduct tax at rates in force (in case of payment to non-resident).

Further, it is inserted that the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act if such income is offered to tax under the head 'income from Other sources' against such dividend income upto 20% of the dividend income.

Section 80M was introduced by the Finance Act, 2020. As per Section 80M, in case any Indian company receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rates mentioned above.

Interest Income

Interest income would be subject to tax at the rate of 35% (plus applicable surcharge and cess) for beneficiaries who are non-resident companies. For beneficiaries being non-resident firms / company, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). For other non-resident beneficiaries, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). The above rates would be subject to availability of Tax Treaty benefits, if any.

Non-resident Indian ("**NRI**") Investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 20% (plus applicable surcharge and cess) on gross basis.

As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to Foreign Portfolio Investor ("**FPI**") would be subject to tax at the rate of 5% (plus applicable surcharge and cess) if following conditions are satisfied:

1) Such interest is payable on or after 1 June 2013 and 1 July 2023; and
2) Rate of interest does not exceed the rate notified by Central Government

If the above concessional tax rate is not available, then then the interest income would be subject to tax rate at the rate of 20% (plus applicable surcharge and cess) for FPI investors.**Other Provisions**

Carry-forward of losses and other provisions (applicable to both Equity products irrespective of the residential status):

Business loss incurred during a financial year can be set off against any other head of income except salary. The unabsorbed business loss can be carried forward for eight assessment years.

Loss incurred in respect of speculation business during a financial year shall be set off only against profits and gains of speculation business. The unabsorbed losses from speculation business can be carried forward for four assessment years.

As per section 43(5) of the ITA, speculative transaction means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips.

However, for this purpose, an eligible transaction[4] in respect of trading in commodity derivatives carried out in a recognised stock exchange, which is chargeable to Commodity Transaction Tax (CTT) shall not

[4] 'Eligible transaction' means any transaction:
(*A*) carried out electronically on screen-based systems through member or an intermediary, registered under the bye-laws, rules and regulations of the recognised stock exchange for trading in commodity derivative in accordance with the provisions of the Forward Contracts (Regulation) Act, 1952 (74 of 1952) and the rules, regulations or bye-laws made or directions issued under that Act on a recognised stock exchange; and

(*B*) which is supported by a time stamped contract note issued by such member or intermediary to every client indicating in the contract note, the unique client identity number allotted under the Act, rules, regulations or bye-laws referred to in sub-clause (*A*), unique trade number and permanent account number allotted under this Act be deemed to be a speculative transaction. Further, where the trading is in agricultural commodity derivatives, the above requirement of chargeability of CTT shall not apply.

Accordingly, any loss incurred from such transactions (i.e. trading in commodity derivatives) will be eligible to be set off against normal business income as the same is not regarded as speculative in nature.

Securities Transaction Tax ("STT"):

Delivery based purchases and sales of equity shares traded on recognised Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of the purchase or sale. Further, STT at the rate of 0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller at the rate of 0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.

General Anti-avoidance Rule ("GAAR")

Under the ITA, the GAAR provisions are effective from 1 April 2017. The Indian Revenue authorities may invoke GAAR if arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four tainted elements as follows:

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

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

- Disregarding or combining or re-characterising any step of, part of or whole of the arrangement;
- Disregarding any party to the arrangement or treating two or more parties to the arrangement as one and the same;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or situs of a transaction or an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure;
- Re-characterising equity into debt, capital into revenue, etc.
- Reallocating or re-characterising any expenditure, deduction or relief;
- Reallocating any accrual, or receipt, of a capital or revenue nature;
- Deeming persons who are connected to each other parties as one and the same person for the purposes of determining tax treatment of any amount.

The above terms should be read in the context of the definitions provided under the ITA. Any resident or non-resident may approach the Board for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The GAAR provisions shall be applied in accordance with such guidelines and subject to such conditions and manner as may be prescribed.

Further, GAAR provisions are, amongst others, not applicable to the following cases:

- income accruing or arising from transfer of investments made before 1 April 2017
- the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of rupees three crore

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

- GAAR provisions will not interplay with the right of the taxpayer to select or choose the method of implementing a transaction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 million cannot be read in respect of a single taxpayer only.

Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ("MLI")

The Organisation of Economic Co-operation and Development ("OECD") released the MLI. The MLI, amongst others, includes a "principal purpose test", wherein DTAA benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLI.

On 25 June, 2019, India has deposited the Instrument of Ratification to OECD, Paris along with its Final Position in terms of Covered Tax Agreements (CTAs), Reservations, Options and Notifications under the MLI, as a result of which MLI will enter into force for India on 1st day of October, 2019 and its provisions will have effect on India's DTAAs from FY 2020-21 onwards.

In order to prevent the granting of tax treaty benefits in inappropriate circumstances and to align it with the Multilateral Convention to implement Treaty related measures to prevent Base Erosion and Profit Shifting, the Finance Act, 2020 has amended Section 90(1) to provide that the Central Government shall enter into agreement(s) for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

Once MLI evolves in future, one would need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries.

Foreign Account Tax Compliance Act ("FATCA")

The Indian Government signed an Intergovernmental Agreement ("**IGA**") with the United States of America (USA) on 9th July 2015 to implement the Foreign Account Tax Compliance Act (FATCA) in India. According to the IGA read with the FATCA regulations, foreign financial institutions (FFI(s)) in India are required to report tax information about the USA account holders to the Indian Government which will, in turn, relay that information to the USA Internal Revenue Service (IRS) and vice versa.

The Organisation of Economic Cooperation and Development on 21 July 2014 released the Standard for Automatic Exchange of Financial Account Information in tax matters, including the commentary on the Common Reporting Standard ("**CRS**"). The CRS seeks to establish an automatic exchange of tax information as the new global standard. Such an exchange involves the systematic and periodic transmission of taxpayer's information from the country which is the source of the payment to the taxpayer's country of residence.

Similar to the provisions of FATCA and the various IGAs between the US Treasury and partner governments around the world, the CRS imposes obligations on FFIs across financial services to review and collect information in an effort to identify an account holder's country of residence and then in turn, to provide specified account information to the home country's tax administration.

In view of India's commitment to implement the CRS and also the IGA with the USA, and with a view to provide information to other countries, necessary legislative changes were made by amending section 285BA of the ITA. Further, Rule 114F to 114H of the Rules and Form 61B were inserted to provide a legal basis for the Reporting Financial Institutions ("RFI") for maintaining and reporting information about the Reportable Accounts. Under the said Rules, RFIs are required to report all "Reportable Accounts" on an annual basis to income-tax authorities.

Accordingly, in order to comply with the FATCA related compliances, an annual statement is required to be provided online in Form 61B for every calendar year by May 31. The RFI is expected to maintain and report the following information with respect to each reportable account:

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

Further, the Indian FATCA and CRS regulations also provide for specific guidelines for conducting due diligence of reportable accounts, viz., the USA reportable accounts and other reportable accounts.

Further, if a person who is required to furnish the statement under section 285BA provides inaccurate information in the statement, and where –

(a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA of the ITA or is deliberate on the part of that person; or

(b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or

(c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA of the ITA,

then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

Further, the Finance Act, 2023 has inserted a new sub-section (2) in section 271FAA of the Act which provides that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed RFI and such inaccuracy is due to false or inaccurate information submitted by the account holder, the prescribed income-tax authority shall direct that the reporting financial institutions shall in addition to the penalty of fifty thousand rupees (as mentioned above), pay a sum of five thousand rupees for every inaccurate reportable account and the RFI shall be entitled to recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

Provision related to Indirect Transfer (relevant to overseas investors)

The ITA provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India. One of the limbs which provide for such circumstances include income accruing or arising directly or indirectly "through" the transfer of a capital asset situated in India. The expression "through" is clarified to mean "by means of", "in consequence of" or "by reason of".

Further, it is clarified that any share or interest in a company or entity registered / incorporated outside India shall be deemed to have been situated in India if the share or interest derives, "directly or indirectly", its value substantially from the assets located in India. Also, the term "property" is clarified to include any rights in or in relation to an Indian company, including rights of management or control or such other rights. The ambit of 'transfer' in such cases is widened to include disposition of share or interest of company registered / incorporated outside India where it relates to such "property".

Accordingly, transfers at offshore level which could include transfer of interests held by the investors in an offshore fund/entity could be taxable in India if such transfer results into indirect transfer of a capital asset situated in India (i.e., securities/units held by the offshore fund/entity) subject to availability of the benefits under an existing Tax Treaty.

The ITA provides that a share or interest in a company or entity registered / incorporated outside India shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India if the value of such assets:

- exceeds INR 10 crores (Indian Rupees Ten crores); and
- represents at least 50% (fifty percent) of the value of all the assets owned by the company or entity.

Further, the ITA has clarified that the taxation of gains arising on transfer of a share or interest deriving, directly or indirectly, its value substantially from assets located in India will be on proportional basis.

Accordingly, transfers at offshore level which could include the transfer of interests held by investors could be taxable in India on the basis of indirect transfer provisions. Upstreaming of funds by a foreign company by way of a buy-back of shares or the capital reduction of a foreign company could also be subject to overseas transfer provisions subject to fulfilment of the above conditions. The above transfers, if taxable, would be subject to the availability of benefits under the Tax Treaty.

The rate at which the aforesaid offshore indirect transfers would be taxable could be either as provided in the ITA or under the respective Tax Treaty, as may be applicable. If any indirect transfer is taxable then withholding provisions would also get triggered.

Goods and Service Tax (GST)

From July 1 2017 onwards, India had introduced GST. Post the introduction of GST, may indirect tax levies (including service tax) was subsumed in the GST tax laws and is applicable on services provided by the Portfolio Manager to the PMS. GST rate on such services is currently applicable at 18%. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards the portfolio management fee, custodian fee payable by the PMS to the Portfolio Manager and other intermediary respectively.

Withholding at a higher rate

Section 206AA of the ITA

The income-tax provisions provide that where any person who is a recipient of any income or sum or amount (which is subject to withholding tax) does not have a Permanent Account Number (**"PAN"**), then tax is required to be deducted by the payer at the higher of the following:

- Rates specified in the relevant provisions of the ITA; or
- Rates in force; or
- 20%.

Relaxation from deduction of tax at higher rate under section 206AA of the ITA:

As per Rule 37BC of the Income-tax Rules, 1962 ('ITR'), In the case of a non-resident, not being a company, or a foreign company (hereafter referred to as 'deductee') and not having permanent account number the provisions of section 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payments on transfer of any capital asset, if the deductee furnishes the details and the documents specified in sub-rule (2) to the deductor.

(2) The deductee referred to in sub-rule (1), shall in respect of payments specified therein, furnish the following details and documents to the deductor, namely:
(i) name, e-mail id, contact number;
(ii) address in the country or specified territory outside India of which the deductee is a resident;
(iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
(iv) Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

The provisions of section 206AA of the ITA shall not apply in respect of payments made to a person being a non-resident, not being a company, or a foreign company if the provisions of section 139A of the ITA do not apply to such person on account of rule 114AAB of the ITR.

Withholding tax on purchase of goods

The Finance Act, 2021 has introduced a new provision - section 194Q in the ITA. The section provides that any person (i.e. buyer) who is responsible for paying any sum to any resident (i.e. seller) for the purchase of any goods of the value or aggregate of such value exceeding INR 5 million in any previous year, shall deduct an amount equal to 0.1%. of such sum exceeding INR 5 million, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier.

Further, the term 'buyer' has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 100 million during the financial year immediately preceding the financial year in which the purchase of goods is carried out.

However, the provisions of section 194Q of the ITA shall not apply to transactions on which:

(a) tax is deductible under any of the provision of the ITA; and
(b) tax is collectible under the provisions of section 206C of the ITA other than transaction to which section 206C(1H) of the ITA applies.

Having said the above, the CBDT vide circular dated 30 June 2021 F. No. 370142/26/2021-TPL, stated that the provisions contained in section 194Q of the Act shall not apply to transaction in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges and recognized clearing corporation located in International Financial Service Centre.

Collection of tax at source

Section 206C(1H) of the ITA mandates a seller to collect tax at source at the rate of 0.1% of the consideration value of the goods sold exceeding value of INR 5 million.

The term 'seller' has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 100 million during the financial year immediately preceding the financial year in which sale of goods is carried out. If the buyer does not provide PAN or Aadhaar number to the seller, then as given under the provisions of section 206CC of the ITA, the tax rate would be 1% or twice the rate specified in the relevant provisions of the ITA. In a situation where the buyer is liable to undertake withholding obligations and has undertaken the said obligation, the seller will not be liable to collect tax at source.

Having said the above, the CBDT vide its Circular dated 29 September 2020 F. No.370133/22/2020-TPL, stated that the provisions of 206C(IH) shall not apply to transactions in securities and commodities which are traded through recognized stock exchanges.

The Finance Act, 2021, has introduced a new section i.e. section 206CCA of the ITA, which has become effective from 1 July 2021. Vide this section, tax is required to be collected at the higher of (i) twice the rate specified in the relevant provisions of the ITA; or (ii) at 5% (five per cent) by a person at the time of receipt of any sum or amount from a specified person.

In this context, the term 'specified person' means a person who has not filed the tax return for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be collected, for which time limit of filing the return of income has expired and the aggregate of the tax deducted at source and tax collected at source is INR 0.05 million or more in the said previous year.

The Finance Act 2023, amended the above provisions and capped the TCS rate to 20% with effect from 1 July 2023 in following cases:

- Where PAN is not furnished to the collector of TCS under section 206CC of the ITA.
- In case of specified non-filers of income-tax returns under section 206CCA of the ITA.

If both the above-mentioned provisions are applicable (i.e., sections 206CC and 206CCA of the ITA), tax will be collected at the higher of the rates specified in both the sections.

Income Stripping, Bonus stripping and dividend stripping

As per Section 94(1) of the ITA, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable, whether it would or would not have been chargeable to income tax apart from the provisions of Section 94(1) of the ITA, would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per Section 94(2) of the ITA, where any person had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

Further, vide the Finance Act 2022, the provisions of 'bonus stripping' and 'dividend stripping' have been inter alia made applicable to units, being beneficial interest of an investor in an Alternative Investment Fund, defined in clause (b) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992, and shall include shares or partnership interests.
As per the provisions of Section 94(7) of ITA relating to 'dividend stripping', (a) where a person buys or acquires any securities or unit within a period of three months prior to the record date (refer note 1); (b) such person sells or transfers (i) such securities within a period of three months after such date; or (ii) such unit within a period of nine months after such date; (c) the dividend or income on such securities or unit received or receivable by such person is exempt; then, the loss, if any, arising to him on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of dividend or income received

or receivable on such securities or unit, shall be ignored for the purposes of computing his income chargeable to tax.

As per provisions of Section 94(8) of ITA relating to 'bonus stripping', (a) where any person buys or acquires any units within a period of three months prior to the record date; (b) such person is allotted additional units without any payment on the basis of holding of such units on such date;
(c) such person sells or transfers all or any of the units referred to in clause (a) within a period of nine months after such date, while continuing to hold all or any of the additional units referred to in clause (b), then, the loss, if any, arising to him on account of such purchase and sale of all or any of such units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this ITA, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units referred to in clause (b) as are held by him on the date of such sale or transfer.

Notes –

a) **"record date"** means such date as may be fixed by –
   - (i) a company;
   - (ii) a Mutual fund or the Administrator of the specified undertaking or the specified company as referred to in the Explanation to clause (35) of Section 10; or
   - (iii) a business trust defined in clause (13A) of section 2; or
   - (iv) an Alternative Investment Fund defined in clause (b) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992),

For the purposes of entitlement of the holder of the securities or units, as the case may be, to receive dividend, income, or additional securities or units without any consideration, as the case may be

Securities Transaction Tax ("STT")

The Fund will be liable to pay STT on the transactions entered on a recognised stock exchange in India at the following rates:

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Sale of an option in securities	NA	0.1%*
Sale of an option in securities, where option is exercised	0.125%	N.A.
Sale of futures in securities	N.A.	0.02%*

No STT is applicable on sale or purchase of units of the Fund.

* The Finance Act (No. 2) 2024 amended the rate of STT (i) relating to sale of an option in securities, 0.0625 % shall be substituted with 0.1 %; and (ii) for sale of a futures in securities, 0.0125 % shall be substituted with 0.02 % effective from October 1, 2024.

Commodities Transaction Tax ("CTT")

Transactions/ Particulars	Payable by Purchaser	Payable by Seller
Sale of commodity derivative	N.A.	0.01%

Transactions/ Particulars	Payable by Purchaser	Payable by Seller
Sale of commodity derivatives based on prices or indices of prices of commodity derivatives	N.A.	0.01%
Sale of option on commodity derivative	N.A.	0.05%
Sale of option in goods	N.A.	0.05%
Sale of option on commodity derivative, where option is exercised	0.0001%	N.A.
Sale of option in goods, where option is exercised resulting in actual delivery of goods	0.0001%	N.A.
Non-delivery-based sale of option on commodity derivative	0.125%	N.A.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on residential status, the facts and circumstances of each case. The Client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his income or loss and the expenses incurred by him as a result of his investment as offered by the Portfolio Manager.

13. Accounting policies

Following key accounting policies shall be followed:

- All investments will be carried/recorded on a cost basis. Transactions for purchase or sale of investments would be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the individual client account for that year. The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note or levied by any Statute except STT. STT payable on purchase/sale of investments would be recognized as expense in profit and loss account.In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
- The cost of investments acquired or purchased would include brokerage, exchange transaction charges, securities transaction tax, stamp charges and any charge customarily included in the broker's contract note.
- Accounting norms prevalent in the portfolio management services industry and as may be prescribed/applicable from time to time.
- Unrealized gains/ losses are the differences between the current market values/NAV and the historical cost of the securities inclusive of fees/charges.
- Transactions for purchase or sale of investments will be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains in enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold
- Books of accounts would be separately maintained in the name of the Client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection

therewith, as provided under SEBI (Portfolio Managers) Regulations, 2020. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles.

- For every Client Portfolio, The Portfolio Manager shall keep and maintain proper books of accounts, records and documents, for he Client on Mercantile system of accounting, so as to explain its transaction and to disclose at any time the financial position of the Client's Portfolio and Financial Statements and in particular give true and fair view of the state of affairs.
- Portfolio Managers are required to consider all clients' portfolios managed (i.e. clients of both discretionary and non-discretionary portfolio management services) for the purpose of audit of firm-level performance data
- SEBI has specify standardized Terms of Reference('ToR') for aforesaid audit of firm-level performance data. Accordingly, the standard ToR shall include requirement for Portfolio Managers to consider clients' portfolios under all services for the purpose of audit of firm-level performance data. Performance of advisory clients may be excluded only if performance of such clients, either individually or cumulatively, is not reported or published in any marketing material or website
- Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case-to-case basis.

Valuation Guidelines

The following Valuation Guidelines will be applied for the portfolio investments of clients:

1. Traded Shares

   If on a valuation date share is traded, then closing price of principal stock exchange shall be considered. In case the prices are not available from Principal Stock exchange, then any other stock exchange shall be considered. These shall include the Equity shares including Indian Depository Receipts) and other instruments, as the case may be.

2. Not traded on Valuation date

   In case a share is not traded on a valuation date, latest closing price of either principal / secondary or any other stock exchange would be used, provided such date is not more than 30 days prior to the valuation date. This process to be reviewed by the Valuation Committee every 30 days

3. Unlisted Shares

   Unlisted shares would be valued at market value basis the external valuation as per SEBI guidelines.

4. Warrants

i) In case of the warrants been traded separately they would be valued as an equity share and valued accordingly.
ii) In case of the non-traded warrants, the warrants will be valued at the value of the share which would be obtained on exercise less the amount payable on exercise of the warrant.
iii) On exercise of warrant , the warrants would be transferred to the normal equity and valued accordingly.

5. Rights

If the rights are traded separately then the traded price is the valuation price. If rights are not traded separately then the rights would be valued as follows. Rights would be valued as per the following formula:

Vr = n* (Pex - Pof), where Vr = Value of rights
n = no. of rights offered Pex = Ex - rights price Pof = Rights Offer price
If the rights are on non traded shares or unlisted shares then the rights would be valued at zero market price.

6. Valuation of Suspended/Non traded Share / Corporate Actions

In case a security is suspended/non-traded/ awaiting Corporate Actions, then the Valuation of such security shall be done on the basis of good faith relying upon prevailing practices elsewhere. The Valuation Committee shall take note of such methodology and accordingly value the security.

7. Valuation of Mutual Funds

- Investments in Mutual Funds shall be valued at the latest available NAV of the respective scheme.
- Investment in Exchange listed (ETF) shall be valued at the closing price on the relevant exchange. If on a valuation date Exchange Traded Funds (ETF) is not traded either on the primary or secondary stock exchange, ETF shall be valued at the latest available NAVs of the ETF Scheme.

8. Futures and Options

The instruments shall be valued as per the last traded prices available from the relevant stock exchange. In case not available, then the settlement price as disclosed by the exchange or as computed by applying internal models shall be used.

9. Structured Offerings

- Structured Offerings have an inbuilt contingency incorporated wherein on the occurrence of the contingent condition; no coupon payment may be paid out on the security. However, on the Trigger Date, a Coupon is Frozen.
- On receipt of the Crystallisation letter from the issuer, the security shall be valued considering the coupon. Till this time the security is valued at the cost of acquisition. However, no interest accruals shall be made in the valuation of the instrument

10. Zero Coupon Bonds

Zero coupon bonds would be valued at market value basis the external valuation as per SEBI guidelines.

11. Pass Through Certificates

    Pass through Certificates would be valued at the cost price plus accrual on a quarterly basis at the Yield to Maturity rate.

12. Government Securities

    Central and State Government securities shall be valued at the aggregated prices as available from CRISIL/ICRA. Any other Valuation requirements while the guidelines have been framed keeping into account the current practices and instruments, in case new instruments and/or new practices develop, the valuation of such instruments shall be done on the principles as laid down by the Valuation Committee, if any.

13. Unlisted Debt Securities

    Unlisted debt securities/investments are valued at at market value basis the external valuation as per SEBI guidelines

14. Investors services

The Portfolio Manager seeks to provide the Clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Client servicing essentially involves:

(a) Reporting portfolio actions and client statement of accounts at pre-defined frequency;
(b) Attending to and addressing any client query with least lead time;
(c) Ensuring portfolio reviews at predefined frequency.

(i) Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:

Name	Mr. Hussain Chunawala
Designation	PMS Operation officer
Address	Unit 903, B Wing, 9th Floor, Marathon Futurex, Mafatlal Mill compound, NM Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India
Telephone No.	+91 9870788711
Email id	hussain.chunawala@neo-group.in

(ii) Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle Client complaints. The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the Client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action** – As soon as any grievance comes to the knowledge of the aforesaid personnel, it would be identified and resolved. This will lower the detrimental effects of the grievance.
2. **Acknowledging grievance** – The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts** – The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance** – The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision making** – After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.
6. **Review** – After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Ankit Saraf and subject to the Regulations. The Compliance Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Ankit Saraf
Address	Unit 903, B Wing, 9th Floor, Marathon Futurex, Mafatlal Mill compound, NM Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India
Telephone No.	+91 9870152063
Email id	pmscompliance@neoassetmanagement.com

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The Portfolio Manager and the Client shall jointly appoint a sole arbitrator mutually acceptable to them. In the event of failure to agree upon a sole arbitrator for a period of 15 (fifteen) days of receipt of notice, the arbitration shall be before 3 (three) arbitrators, where the Portfolio Manager and the Client shall appoint an arbitrator each for themselves and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The courts of Mumbai shall have the exclusive jurisdiction to adjudicate upon the claims of the parties.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which the complaint will be either routed to the Portfolio Manager or to SEBI (as applicable), which may then forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at http://scores.gov. in having registration No. PFM00617.

SEBI has introduced an online platform "SCORES" (i.e. SEBI Complaints Redress System) where Clients can lodge complaints against the registered intermediaries. Investors can register / lodge complaints online on the SCORES (SEBI Complaints Redress System) portal http://scores.gov.in/ by clicking on "complaint registration" (https://scores.gov.in/scores/complaintRegister.html).

Dispute Settlement Mechanism: 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 and subject to the provisions of The Arbitration and Conciliation Act 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit. The Arbitration proceedings shall be conducted in English.

The Agreement with the Client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the Agreement with a Client or the performance of the Agreement by the either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra.

Initiation and the dispute resolution process

- **Step 1:** Any client shall first take up his/her/their grievance with Company on the email id pmscompliance@neoassetmanagement.com
- **Step 2:** If the grievance is not redressed satisfactorily, the client may escalate it through the escalation matrix of Neo or in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein.
- Step 3: After exhausting all available options for resolution of the grievance, if the client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through https://smartodr.in/login
- **Step 4:** Alternatively, the client can initiate dispute resolution through the ODR Portal if the grievance lodged with the Company was not satisfactorily resolved or at any stage of the subsequent escalations mentioned here in above.
- Disputes between Clients (including institutional/corporate clients) and Portfolio Managers can be resolved in accordance with the ODR mechanism or by harnessing online conciliation and/or online arbitration as specified in the Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated 20 December, 2023 as updated from time to time.

15. Details of investments in the securities of Associates/Related Parties of the Portfolio Manager

In accordance with Regulation 22 (4) (da) of the Regulations, the details of investments made in securities of Associates and Related Parties of the Portfolio Manager are provided as follows:

(*INR in crores*)

Sr. No.	Investment Approach, if any	Name of the associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1	-	Neo Special Credit Opportunities Fund	0.89	1.03	7.76%

Note: The above disclosure does not include details of clients under co-investment portfolio management services and advisory services.

The Portfolio Manager shall ensure that in case of any material changes in the information provided in this section, the same is updated in this Document and uploaded on the website of the Portfolio Manager within 7 days.

16. Details of the diversification policy of the Portfolio Manager

This policy has been laid down to ensure the risk is spread across different asset classes, issuers and time horizon within the framework laid down in the specific investment approach.

The Portfolio Manager follows a rule-based approach to investments. In this approach, Securities are eliminated by analyzing past data and selected based on rules / bottom-up research approach. This results in a well diversified portfolio with braod based caps for weightages on individual stocks as well as sector including taking into consideration the risk profiling conducted of the clients.

The Portfolio Manager shall periodically review the portfolios to maintain appropriate portfolio mix depending upon investment goals, market conditions, risk tolerance and liquidity requirement to ensure diversification and meet long term goals. However, the Clients need to understand that too much diversification require large capital investment and may also lead to losses. Further, portfolio churning for achieving diversification may not be effective on a long term basis in achievement of investment goals. Accordingly, diversification shall be undertaken while balancing risk and return to achieve desired results in achieving investment goals.

17. General

Prevention of Money Laundering

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other Applicable Law in force and the investor is duly entitled to invest the said funds.

To ensure appropriate identification of the Client(s) under its Know Your Client ("**KYC**") policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client, holding the funds/securities in his name, is legally authorised/entitled to invest the said funds/securities through the services of the Portfolio Manager, for the benefit of the beneficiaries.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KYC Registration Agency ("**KRA**") compliant except the information required under any new KYC requirement. The Clients who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

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

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

neo ASSET MANAGEMENT

18. CLIENT INFORMATION

- The Portfolio Manager shall presume that the identity of the Client and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

- Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.
- Notwithstanding anything contained in this Document, the provisions of the Regulations and the guidelines there under shall be applicable.
- Investors are advised to read the Document carefully before entering into an agreement with the Portfolio Manager.

- The contents of this disclosure document had been certified by Chartered Accountant.

For and on behalf of Neo Asset Management Private Limited

Arpee Kishore Jani **Principal Officer**	:	Arpee Jani
Puneet Jain **DIN: 09716672** **Director**	:	Puneet Jain
Place **Date**		**Mumbai** **16 May 2025**

FORMAT I
(Account Opening Form)

Information about the Client

1. General information about the client

(a) Name, primary mailing address, secondary (back up) mailing address, identity information such as photograph, Permanent Account Number (PAN), driving license, etc.

Name:	[___]
primary mailing address:	[___]
secondary (back up) mailing address:	[___]
Identity information such as photograph:	
Permanent Account Number (PAN):	[___]
Driving license:	[Copy attached]

(b) Occupation:

____

(c) Introduced by (name and full address):
Name:

____

Address:

____

____

(d) Annual income for the last 3 financial years and the networth as on the last date of the respective years (*optional*):

____

____

2. Investment profile of the client

(a) Investment experience regarding securities.

[____].

(b) **Indicative percentage of total investment portfolio proposed to be invested with the portfolio manager (*optional*).**

[____].

(c) **Overall investment goals such as capital appreciation or capital appreciation and regular income or regular income.**

[____].

(d) **Risk tolerance i.e. low, medium or high.**

[____].

(e) **Time period for which investments are proposed to be made with the portfolio manager.** *(This has to be same as the term of the agreement)*

[____].

(f) **Provisions for systematic withdrawal on a monthly, quarterly, annual basis, etc.**

[____].

3. **Investment approach opted by the client**

[____].

4. **Details of portfolio construction for the client**

(a) **Equity: Nature of equities in which investments are desired, may be indicated.**

[____].

(b) **Balanced: Percentage of debt/equity.**

[____].

(c) **Debt: Government Bonds, corporate debt, etc.**

[____].

(d) **Mutual funds**

[____].

(e) **Others.**

[____].

Date: ____________________
Place: ____________________

____
Signature of the client

Annexure I

Investment Approaches under Neo Club (PMS)

1. **Neo Equity Dedicated Product – Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Equity Dedicated Product**
Strategy	Equity
Investment Objectives	The Investment objective of the portfolio is to generate long term capital appreciation from a portfolio of equity by selecting stocks from larger universe.
Description of types of securities	Listed Equity and Unlisted Equity & Overnight/Liquid Mutual Funds
Basis of selection of such types of securities as part of the investment approach	Allocation is done by actively selecting stocks with Multi-cap framework based on fundamental parameters.
Allocation of portfolio across types of securities*	0-100% Equity allocation & 0-100% Cash and Cash equivalent (Mutual Fund).
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty 50 TRI We are selecting stock on basis of multi cap approach where portfolio will majorly have combination of Large and Midcap stocks. NSE200 is combination of both Large and Midcap stocks which is a broader index and better representations than other indices like NSE 100 (large cap oriented) or NSE 500 (Midcap oriented). Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	Long Term Capital Appreciation (5 Years +)

Risks associated with the investment approach	The investments strategy is based on fundamental parameters with Multi-cap framework and continues to have concentration and systematic risks.
Other salient features, if any	NIL

2. **Neo Multi Asset Structure Investment Product - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Multi Asset Structure Investment Product**
Strategy	Multi Asset
Investment Objectives	The Investment objective of the portfolio is to generate long term capital appreciation from a portfolio of different asset classes.
Description of types of securities	Listed and Unlisted Equity, REITs, InvITs, Gold ETF, Debt, MF, Bonds, AIF**.
Basis of selection of such types of securities as part of the investment approach	Allocation is done by actively investing in different asset class from defined securities universe.
Allocation of portfolio across types of securities*	The allocation of portfolios will be based on the portfolio selected by the clients as per the risk parameters provided below.
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1
Indicative tenure or investment horizon	Long Term Capital Appreciation (5 Years +)
Risks associated with the investment approach	The investments strategy is based on the securities selected from defined universe and continues to have Concentration and systematic risks.
Other salient features, if any	

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

*** In case of Investment in AIF, total minimum investment will be 1.00₹ Crore or as per SEBI (Alternative Investment Funds) Regulations, 2012 except in the case of Accredited Investoprs as prescribed under SEBI Guidelines.*

The allocation of portfolio under Neo Multi Asset Structure Investment Product will be done on the following risk parameters of clients:

a. **Neo Multi Asset Structure Investment Strategy - Moderately Conservative Portfolio**

Particulars	About the Investment Approach
Name/Approach	**Neo Multi Asset Structure Investment Strategy - Moderately Conservative Portfolio**
Strategy	Multi Asset
Allocation of portfolio across types of securities*	Debt 0-100% Equity 0-20% REIT INVITS Other Investment (Like Gold) 0-30, Cash and Cash Equivalent 0-20%*. Unlisted Maximum 25% of Model Portfolio investment.
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

b. **Neo Multi Asset Structure Investment Strategy– Moderately Aggressive Portfolio**

Particulars	About the Investment Approach
Name/Approach	**Neo Multi Asset Structure Investment Strategy– Moderately Aggressive Portfolio**
Allocation of portfolio across types of securities*	Debt 0 -100% Equity 30-65% Other Investment (Like Gold) 0-30%, Cash and Cash Equivalent 0-20%*. Unlisted Maximum 25% of Model Portfolio investment.
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

c. **Neo Multi Asset Structure Investment Strategy – Moderately Portfolio**

Particulars	About the Investment Approach
Name/Approach	**Neo Multi Asset Structure Investment Strategy – Moderately Portfolio**
Allocation of portfolio across types of securities*	Debt 0-100% Equity 0-50% Other Investment(Like Gold) 0-50%, Cash and Cash Equivalent 0-20%*. Unlisted Maximum 25% of Model Portfolio investment.
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

d. **Neo Multi Asset Structure Investment Strategy –Aggressive Portfolio**

Particulars	About the Investment Approach
Name/Approach	**Neo Multi Asset Structure Investment Strategy –Aggressive Portfolio**
Allocation of portfolio across types of securities*	Debt 0-100% Equity 0-100% Other Investment(Like Gold) 0-100%, Cash and Cash Equivalent 0-20%*. Unlisted Maximum 25% of Model Portfolio investment.
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

3. Neo Equity Advantage Product - Portfolio Manager (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	**Neo Equity Advantage Product - Portfolio Manager (Arpee Kishore Jani)**
Strategy	Hybrid
Investment Objectives	The Investment objective of the portfolio is to generate long term capital appreciation from a portfolio of equity by selecting stocks from large universe. Portfolio may use derivatives instruments for the purpose of hedging which may be introduced from time to time as permitted by SEBI.
Description of types of securities	Equity and equity related instruments including derivative instruments, Bonds & liquid mutual funds.
Basis of selection of such types of securities as part of the investment approach	Allocation is done by actively selecting stocks with Multi-cap framework based on fundamental parameters.
Allocation of portfolio across types of securities*	80-100% Equity and equity related allocation & 0-20% Cash and Cash equivalent (including Bonds, Mutual Fund) and derivative instrument to the extent of 100% of portfolio value including for the purpose of hedging and portfolio re-balancing.
Appropriate benchmark to compare performance and basis for choice of benchmark	
Indicative tenure or investment horizon	Investment horizon of 3 Years and above.
Risks associated with the investment approach	The investment strategy is based on fundamental parameters with Multi-cap framework and continues to have concentration and systematic risks. With respect to risk relating to investment in derivative instrument, please refer to risk factors mentioned in disclosure document.
Other salient features, if any	NIL

4. **Neo Asset Management Yield Enhancer - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Asset Management Yield Enhancer**
Strategy	Debt
Investment Objectives	The Customized Discretionary portfolios are tailor-made to meet clients specific objectives. The portfolios have client-specific investment objectives and risk control metrics. The portfolio under this approach can be classified as Customised Discretionary Portfolio.
Description of types of securities	Listed and Unlisted REITs, InvITs, Gold ETF, Debt, MF, Bonds, AIF**, Structured Debt, Plain Debt, PTC, MLD, CP, CD, Treasury Bills, Municipal Bond, Government Securities, SDL, FD Sovereign Gold Bonds, ETF, Unlisted and/or Unrated Debt Securities, Others.
Basis of selection of such types of securities as part of the investment approach	Allocation is done by actively investing in different asset class from defined securities universe.
Allocation of portfolio across types of securities*	Debt 0-100% Equity 0-20% REIT INVITS Other Investment (Like Gold) 0-30, Cash and Cash Equivalent 0-20%*. Unlisted Maximum 25% of Model Portfolio investment.
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Medium to Long Duration Debt Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	
Risks associated with the investment approach	The investments strategy is based on the securities selected from defined universe and continues to have Concentration and systematic risks.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only* *indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

5. Neo Navigator- Conservative - Portfolio Manager (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator- Conservative**
Strategy	Debt
Investment Objectives	The investment objective of a conservative strategy is to conserve capital while improving yields as compared to the market's short-term deposit rates while maintaining liquidity.
Description of types of securities	Direct Bonds, Debt MFs, Index / ETFs, Hybrid MFs, Equity Savings, Arbitrage, Absolute Return Funds, AIFs
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-30% in equity or hybrid or related instruments 0%-100% in debt or debt oriented instruments 0%-30% in Alternatives Dynamic in Cash equivalents
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Medium to Long Duration Debt Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	3- 5 years
Risks associated with the investment approach	The investments strategy is based on the securities selected from defined universe and continues to have Concentration and systematic risks.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

6. **Neo Navigator- Moderate Conservative - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator- Moderate Conservative**
Strategy	Debt
Investment Objectives	The investment objective of a moderate conservative strategy is to conserve capital while improving yields as compared to the running arbitrage returns. The degree of risk is normally reduced through diversification, asset allocation, and periodic revisions to rebalance any over/underweight situations that develop.
Description of types of securities	Direct Bonds, Debt MFs, Index / ETFs, Hybrid MFs, Equity Savings, Arbitrage, Absolute Return Funds, Alternative funds
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-40% in equity-related instruments 0%-100% in debt or debt related instruments 0%-40% in Alternatives Dynamic in Cash equivalents
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Medium to Long Duration Debt Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	3-5 Years
Risks associated with the investment approach	The investment strategy is based on tactical asset allocation into mostly Fixed Income securities that may bear interest rate risk, liquidity risk, and credit risk. Further, allocation into other permissible asset classes may carry risk related to security or broader market, which may lead to significant loss in the value of investments. Allocation in alternative strategies may yield higher returns with an added strategy related risks.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only* *indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

7. **Neo Navigator- Balanced - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator- Balanced**
Strategy	Multi Asset
Investment Objectives	The investment objective of a balanced strategy is to generate market returns while reducing risks through allocation in a combination of equity, debt, and hybrid investment options. Despite the relatively balanced nature of this portfolio allocation, an investor in this category should be willing to assume the risk of principal loss in pursuit of higher total return.
Description of types of securities	Direct Equity, Equity MF, Equity AIFs, Direct Bonds, Debt MFs, Index / ETFs, Hybrid MFs, Equity Savings, Arbitrage, Absolute Return Funds, Alternative funds
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-60% in equity-related instruments 0%-100% in debt or debt related instruments 0%-60% in Alternatives Dynamic in Cash equivalents
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1 Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	3-5 Years
Risks associated with the investment approach	The investment strategy is based on tactical asset allocation into both Fixed Income securities that may bear interest rate risk, liquidity risk, and credit risk and securities of other asset classes such as Equities, Bullion, Hybrid instruments etc. The selected instruments are subject to market risks including loss of principal.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

8. **Neo Navigator- Moderate Aggressive - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator- Moderate Aggressive**
Strategy	Multi Asset
Investment Objectives	The investment objective of a moderately aggressive strategy is to generate long-term capital appreciation while managing risks through allocation in a combination of equity, debt, and hybrid investment options. To accumulate wealth over time through price appreciation, rather than current income. An investor in this category should be willing to accept the risk of price volatility in seeking to achieve growth
Description of types of securities	Direct Equity, Equity MF, Equity AIFs, Direct Bonds, Debt MFs, Index / ETFs, Hybrid MFs, Equity Savings, Arbitrage, Absolute Return Funds, Alternative funds
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-80% in equity-related instruments 0%-50% in debt or debt related instruments 0%-80% in Alternatives Dynamic in Cash equivalents
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1 Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	4-5 Years
Risks associated with the investment approach	The investment strategy is based on tactical asset allocation mostly into securities of asset classes such as Equities, Bullion, Hybrid instruments etc and partially into Fixed Income securities that may bear interest rate risk, liquidity risk and credit risk. The selected instruments are

	subject to all market risks including loss of principal.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

9. **Neo Navigator- Aggressive - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator- Aggressive**
Strategy	Multi Asset
Investment Objectives	The investment objective of an aggressive strategy is to maximize risk-adjusted returns yielding long-term capital appreciation while managing risks through allocation in a combination of equity, debt, and hybrid investment options. An investor in this category should be willing to take more substantial risks (including loss of principal on individual transactions) in seeking to achieve above-average returns in the overall portfolio. An investor in this category may experience a wide variance in results from one year to the next in pursuit of longer-term goals.
Description of types of securities	Direct Equity, Equity MF, Equity AIFs, Direct Bonds, Debt MFs, Index / ETFs, Hybrid MFs, Equity Savings, Arbitrage, Absolute Return Funds, Alternative funds
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-100% in equity-related instruments 0%-50% in debt or debt related instruments 0%-100% in Alternatives Dynamic in Cash equivalents

Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1 Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	4-5 Years
Risks associated with the investment approach	The investment strategy is based on tactical asset allocation mostly into securities of asset classes such as Equities, Bullion, Hybrid instruments etc and partially into Fixed Income securities that may bear interest rate risk, liquidity risk and credit risk. The selected instruments are subject to all market risks including loss of principal.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

10. **Neo Navigator - Dynamic Equity ETF Strategy - Portfolio Manager (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	**Neo Navigator - Dynamic Equity ETF Strategy**
Strategy	Equity
Investment Objectives	The objective of the strategy is minimal rebalancing of constituents to minimize Fund Manager risk
Description of types of securities	Direct Equity, Direct Bonds, Index / ETFs, Arbitrage, Absolute Return Funds, Alternative funds
Basis of selection of such types of securities as part of the investment approach	The allocation of portfolio will be based on risk profile of the client as stated in IPS.
Allocation of portfolio across types of securities*	0%-100% ETFs/Index Exposure 0%-50% Alternatives 0%-40% Direct Equity 0%-40% Direct Debt Dynamic in Cash equivalents

Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty 50 TRI Such other benchmark as prescribed and published by the APMI or other benchmarking agency
Indicative tenure or investment horizon	3-5 Years
Risks associated with the investment approach	The investment strategy is based on tactical asset allocation mostly into securities of asset classes such as Equities, Bullion, Hybrid instruments etc and partially into Fixed Income securities that may bear interest rate risk, liquidity risk and credit risk. The selected instruments are subject to all market risks including loss of principal.
Other salient features, if any	NIL

**Change in allocation of portfolio: Subject to regulation, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Investors. Such changes in the investment pattern will be for short term and defensive considerations.*

11. Neo Core Income Accrual Strategy (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	Neo Core Income Accrual Strategy
Strategy	Debt
Investment Objectives	A portfolio comprising primarily of fixed income securities and limited/transient exposure to fixed income alternatives like REITS/INVITS. Portfolio will be designed to deliver income for Investors who seek regular/predictable cash flows.
Description of types of securities	Mutal Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative
Allocation of portfolio across types of securities*	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Gold is NIL / Cash & Equivalents 0-10%

Appropriate benchmark to compare performance and basis for choice of benchmark	CRISIL Composite Bond Fund Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	2 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
Other salient features, if any	NIL

12. **Neo Core Dynamic Income Strategy (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	Neo Core Dynamic Income Strategy
Strategy	Debt
Investment Objectives	A portfolio comprising primarily of fixed income securities and limited/transient exposure to fixed income alternatives like REITS/INVITS. Portfolio will be designed to deliver income for Investors who seek regular/predictable cash flows.
Description of types of securities	Mutal Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Money market instruments, Reit shares, Invit shares
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative
Allocation of portfolio across types of securities*	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Gold is NIL / Cash & Equivalents 0-10%
Appropriate benchmark to compare performance and basis for choice of benchmark	CRISIL Composite Bond Fund Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency.

	Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach
Indicative tenure or investment horizon	2 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk
Other salient features, if any	NIL

13. **Neo Core Multi Asset Conservative Strategy (Arpee Kishore Jani)**

Particulars	About the Investment Approach
Name/Approach	Neo Core Multi Asset Conservative Strategy
Strategy	Multi asset
Investment Objectives	**Conservative** will be a conservative portfolio with an objective of generating healthy inflation adjusted returns. Asset allocation would be conservative.
Description of types of securities	Mutal Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , money market instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 21%-39% / Fixed Income 17%-35%/ Fixed Income Alternates (REIT & InvITs) 10%-29% / Gold 5%-19%/Long Short Funds Nil-20%/ Hybrid Fund Nil -14%/ Cash & Equivalents 0%-18%

Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Multi Asset Index 1 Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	3 years; Exit Load -- 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NIL

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

14. Neo Multi-Asset Moderate Strategy (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	Neo Multi-Asset Moderate Strategy
Strategy	Multi Asset
Investment Objectives	**Balanced** will be a balanced portfolio with an objective of generating healthy returns after adjusting for inflation. Asset allocation would be moderate mix in growth assets and defensive assets.
Description of types of securities	Mutal Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis

	(portfolio guidelines to permit participation in direct stocks)
Allocation of portfolio across types of securities*	Equity 35%-65% / Fixed Income 5%-35%/ Fixed Income Alternates (REIT & InvITs) 5%-25% / Gold 5%-25%/ Long Short Funds Nil-20%/ Hybrid Fund Nil -5%/ Long Short Funds Nil-20%/ Cash & Equivalents 0%-22.5%
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Multi Asset Index 1 Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NIL

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

15. Neo Multi Asset Aggressive Strategy (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	Neo Multi Asset Aggressive Strategy
Strategy	Multi asset
Investment Objectives	**Aggressive** will be an aggressive portfolio with an objective of generating long term capital appreciation
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market

	instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 45%-85% / Fixed Income 5%-30%/ Fixed Income Alternates (REIT & InvITs) 0%-19.5% / Gold 5%-35%/ Cash & Equivalents 0%-35%
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Multi Asset Index 2 Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NIL

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

16. Neo Core Multi Asset Capital Compounder Strategy (Arpee Kishore Jani)

Particulars	About the Investment Approach
Name/Approach	Neo Core Multi Asset Capital Compounder Strategy
Strategy	Multi asset
Investment Objectives	**Aggressive** will be an aggressive portfolio with an objective of generating long term capital appreciation
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 56%-100% / Fixed Income 0%-34%/ Fixed Income Alternates Nil-20%, Gold Nil-30%/ Long Short Funds Nil-20%/ Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty Multi Asset Index 2 Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NIL

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

17. Neo Core Multicap Equity Strategy (Arpee Kishore Jani)

Particulars	About the Strategy
Name/Approach	Neo Core Multicap Equity Strategy
Strategy	Equity
Investment Objectives	**100% equity** will be an aggressive all-equity portfolio with an objective of growing capital aggressively
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-20%, Gold 0%-30%/ Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	APMI Prescribed Benchmarks: S&P BSE 500 (Primary Benchmark) Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

18. **Neo Core Mid & Small Cap Equity Strategy (Arpee Kishore Jani)**

Particulars	About the Strategy
Name/Approach	Neo Core Mid & Small Cap Equity Strategy
Strategy	Equity
Investment Objectives	**100% equity** will be an aggressive all-equity portfolio with an objective of growing capital aggressively
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-20%, Gold 0%-30%/ Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	S&P BSE 500 Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

19. Neo Core Large Cap Equity Strategy (Arpee Kishore Jani)

Particulars	About the Strategy
Name/Approach	Neo Core Large Cap Equity Strategy
Strategy	Equity
Investment Objectives	**100% equity** will be an aggressive all-equity portfolio with an objective of growing capital aggressively
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-30%, Gold 0%-30%/ Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	APMI Prescribed Benchmarks: Nifty 50(Primary Benchmark) NIFTY 100 (Secondary Benchmark) *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

20. Neo Core Multi Factor Equity Strategy (Arpee Kishore Jani)

Particulars	About the Strategy
Name/Approach	Neo Core Multi Factor Equity Strategy
Strategy	Equity
Investment Objectives	**100% equity** will be an aggressive all-equity portfolio with an objective of growing capital aggressively
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-30%, Gold 0%-30%/ Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty 50 TRI Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

21. Neo Core Hybrid Balanced Strategy (Arpee Kishore Jani)

Particulars	About the Strategy
Name/Approach	Neo Core Hybrid Balanced Strategy
Strategy	Hybrid
Investment Objectives	**Balanced** will be a balanced portfolio with an objective of generating healthy returns after adjusting for inflation. Asset allocation would be moderate mix in growth assets and defensive assets.
Description of types of securities	Mutal Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 35%-70% / Fixed Income 35%-70%/Cash & Equivalents 0%-30%
Appropriate benchmark to compare performance and basis for choice of benchmark	Nifty 50 Hybrid Composite Debt 50:50 Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	3 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

22. Neo Core Hybrid Aggressive Strategy (Arpee Kishore Jani)

Particulars	About the Strategy
Name/Approach	Neo Core Hybrid Aggressive Strategy
Strategy	Hybrid
Investment Objectives	**Aggressive** will be an aggressive portfolio with an objective of generating long term capital appreciation
Description of types of securities	Mutual Fund, ETF, Index Funds, Bonds, Alternate Investment Fund, Structured Products, Market Linked Debentures, Stocks, , Money market instruments, Reit shares, Invit shares, Gold Index Funds, Gold ETF, Sovereign Gold Bonds
Basis of selection of such types of securities as part of the investment approach	Strategic Asset Allocation View of the Fund Manager on each of the asset classes Security selection process framework that includes both qualitative & quantitative Direct stock selection will be guided by research through fundamental and/or quantitative analysis *(portfolio guidelines to permit participation in direct stocks)*
Allocation of portfolio across types of securities*	Equity 48%-87% / Fixed Income 10%-55%/ Cash & Equivalents 0%-35%
Appropriate benchmark to compare performance and basis for choice of benchmark	Crisil Hybrid 50+50 Moderate Index Such other benchmark as prescribed and published by the APMI or other benchmarking agency. *Rationale: The selected benchmark closely resembles the indicative asset allocations proposed for the investment approach*
Indicative tenure or investment horizon	5 years; Exit Load – 1% of the Assets redeemed if the redemption is carried out within the first year from the date of the investment. Subsequently, the exit load shall be NIL
Risks associated with the investment approach	Bonds – Interest rate risks, credit risk, liquidity risk, re-investment risk REITS/INVITS – leverage risk, liquidity risk & market risk EQUITY – general market risk(volatility in prices), security risk GOLD – general market risk(volatility), liquidity risk
Other salient features, if any	NA

* Change in allocation of portfolio: Subject to Applicable Laws, the asset allocation pattern indicated above may change from time to time however within stated boundaries in the Portfolio Guidelines, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors.

Performance Benchmarking and Reporting of Performance:

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
Debt	Neo Core Income Accrual Strategy	100% FI	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Gold is NIL / Cash & Equivalents 0-10%	CRISIL Composite Bond Fund Index
Debt	Neo Core Dynamic Income Strategy	100% FI	Equity is NIL / Fixed Income is 90%-100% / Fixed Income Alternates (REIT & InvITs) NIL / Gold is NIL / Cash & Equivalents 0-10%	CRISIL Composite Bond Fund Index
Multi-Asset	Neo Core Multi Asset Conservative Strategy	30% EQ, 26% FI, 20% REIT/InvIT, 10% GOLD/Eq Savings Fund 4%/ Long Short Fund 10%	Equity 21%-39% / Fixed Income 17%-35%/ Fixed Income Alternates (REIT & InvITs) 10%-29% / Gold 5%-19%/Long Short Funds Nil-20%/ Hybrid Fund Nil -14%/ Cash & Equivalents 0%-18%	NSE Multi Asset Index 1
Multi-Asset	Neo Multi-Asset Moderate Strategy	50% EQ, 20% FI, 10% REIT/InvIT, 10% Gold, Long Short Fund 10%	Equity 35%-65% / Fixed Income 5%-35%/ Fixed Income Alternates (REIT & InvITs) 5%-25% / Gold 5%-25%/ Long Short Funds Nil-20%/ Hybrid Fund Nil -5%/ Long Short Funds Nil-20%/ Cash & Equivalents 0%-22.5%	Nifty Multi Asset Index 2
Multi-Asset	Neo Multi Asset Aggressive Strategy	65% EQ, 10% FI, 5% REIT/InvIT, 10% Gold, & Long Short Fund 10%	Equity 45%-85% / Fixed Income 5%-30%/ Fixed Income Alternates (REIT & InvITs) 0%-19.5% / Gold 5%-35%/ Cash & Equivalents 0%-35%	Nifty Multi Asset Index 2
Multi-Asset	Neo Core Multi Asset Capital Compounder Strategy	80% EQ, 10% FI, & 10% Gold	Equity 56%-100% / Fixed Income 0%-34%/ Fixed Income Alternates Nil-20%, Gold Nil-30%/ Long Short Funds Nil-20%/ Cash & Equivalents 0%-30%	Nifty Multi Asset Index 2
Equity	Neo Core Multicap Equity Strategy	100% EQ	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-20%, Gold 0%-30%/ Cash & Equivalents 0%-30%	S&P BSE 500 TRI
Equity	Neo Core Mid & Small Cap Equity Strategy	100% EQ	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-20%, Gold 0%-	S&P BSE 500 TRI

Strategy	Investment Approach	Strategic Asset Allocation/Risk Composition	Min- Max Range	Benchmark # 1 – APMI
			30%/ Cash & Equivalents 0%-30%	
Equity	Neo Core Large Cap Equity Strategy	100% EQ	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-30%, Gold 0%-30%/ Cash & Equivalents 0%-30%	Nifty 50 TRI
Equity	Neo Core Multi Factor Equity Strategy	100% EQ	Equity 70%-100% / Fixed Income 0%-30%/ Fixed Income Alternates Nil-30%, Gold 0%-30%/ Cash & Equivalents 0%-30%	Nifty 50 TRI
Hybrid	Neo Core Hybrid Balanced Strategy	50% EQ, 50% FI	Equity 35%-70% / Fixed Income 35%-70%/Cash & Equivalents 0%-30%	Crisil Hybrid 50+50 Moderate Index
Hybrid	Neo Core Hybrid Aggressive Strategy	65% EQ, 35% FI	Equity 48%-87% / Fixed Income 10%-55%/ Cash & Equivalents 0%-35%	Crisil Hybrid 50+50 Moderate Index

Indicative tenure or investment horizon

Typically investments will have a medium to long term time horizon of 3-7 years.

Risks associated with the investment approach
Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

Company risk: The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet and numbers will help the Portfolio Manager in mitigating these sector or company risks.

Valuation risk: Portfolio Manager will assess the Portfolio Entities from varied valuation number, Portfolio Manager is definitely wary of overpaying and will consider various parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

Concentration Risk: Endeavor to have adequately diversified portfolio of 30-40 stocks across market capitalization. Single stock exposure may be limited to 10% and sector exposure would be limited to 30% and would also depend on the risk profiling of the clients.

Market Risk - The Scheme's NAV will react to the interest rate movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates, inflation and other monetary factors and also movement in prices of underlining investments.

Liquidity or Marketability Risk - This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme.

Equity and Equity linked securities
Investments in equity and equity related securities involve a degree of risk and investors should not invest in the Investment approach unless they can afford to take the risk of losing their investment. Equity securities and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the portfolio may be restricted by trading volumes and Settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the portfolio to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. Similarly, the inability to sell securities held in the Investment approach's portfolio may result, at times, in potential losses to the Investment approach, should there be a subsequent decline in the value of securities held in the Investment approach's portfolio.

Equity risk - is the financial risk involved in holding equity in a particular investment. Equity risk often refers to equity in companies through the purchase of stocks, and does not commonly refer to the risk in paying into real estate or building equity in properties. Small cap and midcap companies have higher opportunities of growth but these come with higher amount of risk as well. Therefore, these are suitable only for those investors who have higher risk appetite.

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

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

Model portfolio Risk - Model Portfolio is a concept where the fund manager constructs a portfolio with a certain number of scripts and allocation for each. The same is replicated in terms of scripts and allocation for all future clients.

Liquidity Risk - Even though MidCap and Small cap companies offer a greater growth potential, they have low liquidity which may have an adverse impact on their prices in the short term.

High Volatility Risk - A lot of these smaller companies can be highly volatile. This may have periods where the investor may see drawdowns.

Stock Lending and Borrowing Mechanism - The Portfolio Manager may, participate in securities lending as may be permitted by SEBI from time to time. The Portfolio Manager may not be able to sell securities which are lent out leading 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, or inadequacy of 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

Derivative instruments

We will not be invested in derivative products, unless authorized by clients in writing. We may sign up families as clients who have a listed business in which we make investments on behalf of other clients.

Other salient features, if any. [*Not applicable*]

Fee structure

Investors may note that the fees/ expenses that may be charged to Clients mentioned below are indicative only. The same will vary depending upon the exact nature of the services and the Products selected by the client as per their discretion.

(I)	**Portfolio Management fee****	**Fees**
	Upfront / Entry Fee	Nil
	1) Fees based on Assets under Management (AUM):-	
	2) Regular Plan	Up to 2.5 % (Plus applicable GST)
	3) Direct Plan	Up to 2.5 % (Plus applicable GST)
	4) Exit Loads	Upto 3% if redeemed before 1 year Upto 2% if redeemed after 1 year and before 2 years Upto 1% if redeemed after 2 years and before 3 year Afte a period of 3 years no exit load after 3 years The portfolio manager has an option to consider a waiver as per its discretion The same is not applicable to the Accredited Investors

	Performance Fees	Hurdle upto 20% Carry without catchup upto 75% (Plus applicable GST)
(II)	Custodian Fee**	At Actuals upto 5 bps
(III)	Brokerage and transaction costs	Maximum of 0.50% of Contract value capped at 0.50% Actuals
(IV)	Fund Accounting Charges**	At Actuals upto 5 bps
(V)	Demat charges**	0
(vi)	Charges levied by NSDL & CDSL	On actuals
(vii)	Exit Load	Nil
(viii)	Registrar and Transfer Fees	At Actuals
**Basis of Charge – Indicative (any one or a combination of the below)		
1	On Average Daily Assets Under Management	
2	On Capital Invested	
3	On Capital Committed	
4	On Average Daily Equity portion of the Portfolio	
5	On Average Daily Assets Under Custody	

Note:

a. *Average daily portfolio value means the value of the portfolio of each client determined in accordance with the relevant provisions of the agreement executed with the client and includes both realized and unrealized gains/losses.*

b. *The Portfolio Manager may also be entitled to recover transaction fee, brokerage charges, demat fees, and/or disbursement made in respect of the investments (and/or disbursements) and/or any incidentals in the form of stamp duties, registration charges, professional fees, legal fees, consultancy charges, service charges, etc. and such other expenses, duties, charges incurred on behalf of the Client on account of the Service provided tohim/her/it.*

Nature of expenses:

Portfolio Management & Advisory Fees for all the Portfolio Management Products

Portfolio Management Fee charged may be a Fixed Fee or a return-based fee (Performance Fee) or a combination of both will be based on Assets under Management (AUM). Fixed fees charged to clients will range be as per the table above charged on a per annum basis. The Portfolio Manager also intends to charge Performance Fees which will kick in after a Hurdle Rate of Return not exceeding 20% (twenty percent) per annum if achieved basis the risk profile and the mutual agreement with the Client.

The Portfolio Manager intends to claim not exceeding 75% (seventy five forty percent) of the upside generated over and above the Hurdle Rate of Return agreed with the Client. All specifics of Portfolio

Management Fee for an Investment Approach would be agreed with each Client and set out in more detail in the Fee Schedule of the DPMS or the NDPMS Agreement

Custodian Fees: The Portfolio Manager has appointed a custodian for its Portfolio Management Services. Currently, Orbis Financial Corporation Limited bearing registration number Registration No. IN/CUS/020 & ICICI Bank Limited bearing Registration No. 5are appointed as custodians. The fees may be decided between the Client and the Portfolio Manager.

Brokerage & Transaction Cost:
The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 0.25 to 2% of contract value based on the arrangement. In addition to the brokerage, transaction cost like turnover charges, 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 Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients expected to be in the range of 10 BPS.

Goods and Service Tax:
Actuals as applicable from time to time.

Fund accounting charges:
Up to 5 bps

Depository Charges:
Actuals as applicable from time to time.

Registrar and transfer agent Charges:
This is fee payable to the Registrar and Transfer Agent for giving effect to transfers of Securities and may interalia include stamp duty costs, courier, post and notary charge and is expected to be in the range of 1- 2 BPS

Entry Load /Exit Load
As may be mutually agreed to between the Client and the Portfolio Manager and as per the prescribed guidelines under the PMS regulations and rules thereof except for as applicable to Accredited Investors

Certification and professional charges:
Charges payable for out sourced professional services like accounting, auditing, taxation and legal services, etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

Incidental expenses:
Charges in connection with day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.

Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

neo ASSET MANAGEMENT

FORM C

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

Name	Neo Asset Management Private Limited
Address	Unit 903, B Wing, 9th Floor, Marathon, Futurex, Mafatlal Mill compound, NM Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India
Phone Number	+91 98701 15504
Fax Number	--
Mobile Number	+91 98701 15504
Email	arpee.jani@neoassetmanagement.com / pmscompliance@neoassetmanagement.com

We confirm that:

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

(ii) 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 through the Portfolio Manager/;

(iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, as on 03 December 2024 . The details of the Chartered Accountants are as follows:

Name of the Firm	: N N Sharma & Associates
Registration Number	: 154634W
Proprietor	: Navin Sharma
Membership Number	: 124068
Address:	323, Goyal Trade Centre, Sona Theatre Bldg, Shantivan, Near National Park, Borivali E, Mumbai-66
Telephone Number	: +91-22-46038548

(*enclosed is a copy of the Chartered Accountants' certificate 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 and on behalf of Neo Asset Management Private Limited

Arpee Jani

Date: 16 May 2025

Place: Mumbai

Signature of the Principal Officer:
Ms. Arpee Kishore Jani
Address: 903, B-Wing, 9th Floor, Marathon Futurex, Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel, Mumbai – 400013, Maharashtra, India

To
The Board of Directors,
Neo Asset Management Private Limited
B-903 Marathon Futurex | NM Joshi Marg
Lower Parel | Mumbai 400013

1) You have requested to us to provide a certificate on the Disclosure document for Portfolio Management services ("the Disclosure Document") of Neo Asset Management Private Limited ("the Company"). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India ("the SEBI").

2) The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("the SEBI Regulation") and the Guidelines issued by SEBI dated February 13, 2020 is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.

3) In respect of the information given in the Disclosure document, we state that:
    1) The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
    2) The Promoters and director’s qualification, experience, ownership details are as declared by them and have been accepted without further verification.
    3) We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
    4) Deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.
       Yes, Deficiency as per Disclosure Document clause 4(v)

We have relied on the representation made by the management regarding the Assets under management of Neo Asset Management Private Limited as on 31st March 2024 & 31st March 2025, filed with SEBI as the entity has registered PMS License.

N N Sharma & Associates

Chartered Accountants

323, Goyal Trade Centre, Shantivan, Borivali East, Mumbai-400066

Mobile: 9324527100, Email: navinnsharma@outlook.com

4) Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document dated 16th May, 2025 are true and fair in accordance with the disclosure requirements laid down in Regulation 22 read with Schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith.

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

For **N N Sharma & Associates**
Chartered Accountants

N N SHARMA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Navin Sharma

Navin Sharma
Proprietor
Membership No. [124068]
Firm Registration No: [154634W]

Place: Mumbai
Dated: 16/05/2025
Ref No: FY 25 26/02
UDIN: 25124068BNQJXV2734