SUNDARAM MUTUAL
Sundaram Finance Group

# Annexure A
# Scheme Information Document

# Sundaram Large and Mid Cap Fund

An open ended equity scheme investing in both large cap and mid cap stocks

This product is suitable for investors who are seeking*

- Long term capital growth
- Investment in equity & equity related securities in large and mid cap companies

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Riskometer as on September 30, 2025




*The risk of the scheme is Very High*

Scheme




*The risk of the benchmark is Very High*

Nifty Large Mid Cap 250 TRI

*Continous offer for Units at NAV based prices*

| | |
|---|---|
| Name of Mutual Fund | **Sundaram Mutual Fund** |
| Name of Asset Management Company | **Sundaram Asset Management Company Limited** |
| Name of Trustee Company | **Sundaram Trustee Company Limited** |
| Address | **Sundaram Towers, I & II Floor, 46, Whites Road, Chennai - 600 014. India** |
| Website | **www.sundarammutual.com** |

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

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers or visit www.sundarammutual.com.

**Investors are advised to refer to the Statement of Additional Information (SAI) for details of Sundaram Mutual Fund, Standard Risk Factors, Special Considerations, tax and legal issues and general information on www.sundarammutual.com and www.amfiindia.com**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website www.sundarammutual.com.**

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

This Scheme Information Document is dated September 30, 2025.

Contact No. 1860 425 7237 (India)
+91 40 2345 2215 (NRI)
+91 95000 57237 (WhatsApp Chatbot)
E-mail: customerservices@sundarammutual.com
(NRI): nriservices@sundarammutual.com

## Trustee

**Sundaram Trustee Company Limited**
CIN: U65999TN2003PLC052058
Corporate Office: Sundaram Towers, I & II Floor, 46 Whites Road, Chennai 600 014 India
Phone : 044 28583362 Fax : 044 28583156

## Investment Manager

**Sundaram Asset Management Company Limited**
CIN: U93090TN1996PLC034615
Corporate Office: Sundaram Towers, I & II Floor, 46 Whites Road, Chennai 600 014 India
Phone : 044 28583362 Fax : 044 28583156
**www.sundarammutual.com**

## Sponsor

SUNDARAM FINANCE

**Sundaram Finance Limited**
CIN: L65191TN1954PLC002429
Registered Office: 21, Patullos Road,
Chennai 600 002
India
www.sundaramfinance.in

*If you wish to reach indicated telephone number from outside India, please use +91 or 0091 followed by 44* and the eight number.

### Custodian

Standard Chartered Bank, Mumbai registered with SEBI, vide Registration No IN/CUS/006, has been appointed custodian for the securities in the Scheme. The responsibilities of the custodian include:

- to keep in safe custody all the securities and instruments belonging to the Scheme;
- to ensure smooth inflow/outflow of securities and instruments as and when necessary in the best interest of the investors;
- to ensure that the benefits due on the holdings are received;
- to be responsible for the loss or damage to the securities due to negligence on its part or on the part of its approved agents.

The Trustee reserve the right to appoint any other custodian(s) approved by SEBI.

### Fund Accountant

**Sundaram Mutual Fund (In house)**
Sundaram Towers, I & II Floor, 46 Whites Road, Royapettah, Chennai 600 014
The activities inter-alia include:

i. Record accounting entries to the fund.
ii. Reconcile account balances for the fund.
iii. Establish policies and procedures to assure proper fund accounting.
iv. Maintain proper documentation.
v. Update computer system records.
vi. Perform fund valuations of unit trusts and custodian accounts.
vii. Prepare schedules and tailor-made client reports.
viii. Coordinate preparation of annual accounts and audit unit trusts and custodian accounts.

However, the Fund administration part would continue to be handled by the Operations Department of the Investment Manager.

### Registrar and Transfer Agents

**KFin Technologies Limited**

CIN: L72400TG2017PLC117649
Unit: Sundaram mutual Fund,
Tower- B, Plot No. 31 & 32,
Selenium building, Gachibowli Road, Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad 500032.

Contact No.
1860 425 7237 (India)
+91 40 2345 2215 (NRI)

Email us at:
customerservices@sundarammutual.com

The Trustee reserves the right to appoint any other entity registered with SEBI as the registrar.

# SECTION - I

| Sr. No. | Title | Description |
|---|---|---|
| I | **Name of the scheme** | Sundaram Large and Mid Cap Fund |
| II | **Category of the Scheme** | Large & Mid Cap Fund |
| III | **Scheme type** | An open ended equity scheme investing in both large cap and mid cap stocks. |
| IV | **Scheme code** | SUND/O/E/LMF/06/12/0019 |
| V | **Investment objective** | To seek capital appreciation by investing predominantly in equity and equity related instruments in large and mid cap stocks.<br>No Guarantee: Investors are neither being offered any guaranteed/indicated returns nor any guarantee on repayment of capital by the Scheme. There is also no guarantee of capital or return either by the mutual fund or by the sponsor or Trustees by the Asset management Company. |
| VI | **Liquidity/listing details** | NA |
| VII | **Benchmark (Total Return Index** | **Nifty Large Mid Cap 250 TRI**<br>The Trustee reserves the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis. |
| VIII | **NAV disclosure** | NAV will be updated on the websites of Sundaram asset Management (www.sundarammutual.com) and the association of Mutual Funds of India (www.amfiindia.com) before 11.00 P.M on every business day The schemes are permitted to take exposure to overseas securities. In such cases where the schemes have taken exposure to overseas securities the NAV of the relevant schemes would be declared by 10.00 A.M. on the following business day.<br>In case any of the schemes ceases to hold exposure to any overseas securities, NAV of the relevant schemes for that day would continue to be declared on 10.00 A.M on the following business day. Subsequent to that day, NAV of the relevant scheme shall be declared on 11.00 P.M on the same day. Further, the Investment Manager will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.<br>In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs. |
| IX | **Applicable timelines** | Timeline for<br>• SEBI has clarified that the AMCs are required to obtain PAN and KYC documentation before processing any redemption requests. As per SEBI Circular SEBI/ho/IMD/IMD-I DoF2/P/CIR/2022/161 as on November 25, 2022. The redemption or redemption proceeds shall be dispatched to the unit holders within three working days from the date of redemption. During circumstances such as market closure / breakdown / calamity / strike / violence / bandh, extreme price volatility/SEBI Directives etc, the Trustee can stop/suspend sale/redemption of units.<br>• The IDCW warrant/cheque shall be dispatched to the unit holders within 7 working days of the date of declaration of the IDCW. The Investment Manager shall be liable to pay interest to the unit holders at such rate as may be specified by SeBI for the period of such delay. The prescribed rate at present is 15% per annum. In case of delay, the AMC shall be liable to pay interest @ 15 per cent per annum to the unit holders. It may be noted that the Mutual Fund is not guaranteeing or assuring any IDCW. IDCW payment may also be done by Direct Credit subject to availability of necessary facility at each location. For further details please refer to the Application Form. |
| X | **Plans and Options**<br>Plans/Options and sub options under the Scheme | Plans: Regular Plan and Direct Plan<br>Options: Growth, Income Distribution cum Capital Withdrawal (IDCW): Payout, Re-Investment & Transfer<br>If no option is indicated, the default option will be Growth. If an investor chooses the IDCW Option but fails to indicate a sub option, the default sub-option shall be IDCW Transfer (Default destination Scheme- Sundaram Liquid Fund -Growth Option), when the IDCW payable is ₹ 500 or more and IDCW Reinvestment in the same scheme when IDCW payable is less than ₹ 500 in the respective sub option.<br>Incase of IDCW payout option, where the IDCW payable is Rs.500/- or more, the IDCW will be paid to the Investor registered Bank account in the folio and will be reinvested when the IDCW payable is less than Rs.500/-.<br>If an investor has opted for IDCW payout and is found to be KYC non-compliant or without a valid PAN, the IDCW amount will be automatically swept into the Sundaram Unclaimed Fund. |
| XI | **Load Structure** | ***Entry Load:*** Nil.<br>***Exit Load:*** Nil - If up to 25% of the units invested are redeemed or withdrawn by way of SWP/STP within 365 days from the date of allotment.<br>Any redemptions or withdrawals by way of SWP/STP in excess of the above mentioned limit would be subject to an exit load of 1 % of the applicable NAV will be charged, if the units are redeemed within 365 days from the date of allotment of units.<br>For redemption or withdrawal by way of SWP/STP after 365 days from the date of allotment - Nil.<br>Further, exit load will be waived on Intra-scheme and Inter scheme Switchouts/STP.<br>Generally, the exit load will be calculated on First in First out (FIFO) basis. |

| Sr. No. | Title | Description |
|---|---|---|
| XII | **Minimum Application Amount/switch in** | During NFO: NA<br>On going continous<br>**New Investor** – ₹ 100/- for both IDCW and Growth option and any amount thereafter under each Plan/ option.<br>**Systematic Investment Plan:** Daily SIP, Rs.100/- and minimum 3 months Minimum Six installments of ₹ 100/- for Monthly SIP, ₹ 750 for Quarterly SIP, ₹ 1,000 for Weekly SIP and any amount thereafter.<br>**SIP D ates:** Any Day (1st to 31st); Weekly (Any day from Monday to Friday)<br>**Systematic Transfer Plan:** Daily: ₹ 1,000/- (6 Instalments); Weekly: ₹ 1,000/-; (6 Instalments) Monthly: ₹ 100/-(6 Instalments); Quarterly: ₹ 750/-(6 Instalments)<br>**STP Dates:** Investors can choose any date of the month/quarter for availing the STP facility. Any Day STP is applicable only for Daily, monthly and quarterly frequencies; Weekly (Any day from Monday to Friday)<br>**Systematic Withdrawal Plan:** Monthly / Quarterly: ₹ 100/- (6 instalments)<br>**SWP Dates:** Any Day<br>SIP Top-up facility – Half yearly/Annual Minimum 500 and in multiples of Rs. 500/- |
| XIII | **Minimum Additional Purchase Amount** | For additional purchase – Rs.100/- and multiple of Re.1/- thereafter.<br>At the time of additional purchase/switch, where the investor selects a specific sub-option, it will supersede the sub-option made during the initial purchase. |
| XIV | **Minimum Redemption / switch out amount** | The minimum amount for redemption/switch out will be: Regular & Direct Plan: ₹100/- or 1 unit or account balance, whichever is lower.<br>If after processing the redemption request, the available unit balance in the folio is below the minimum required for redemption, the balance unit in the folio will be automatically redeemed.<br>Note – For investments made by designated employees in terms with paragraph 6.10 of SEBI Master Circular for Mutual Funds dated June 27, 2024 requirement for minimum application/ redemption amount will not be applicable. |
| XV | **New Fund Offer Period**<br>This is the period during which a new scheme sells its units to the investors. | NA |
| XVI | **New Fund Offer Price:**<br>This is the price per unit that the investors have to pay to invest during the NFO. | NA |
| XVII | **Segregated portfolio / side pocketing disclosure** | Enabled |
| XVIII | **Swing pricing disclosure** | NA |
| XIX | **Stock lending/ short selling** | The scheme shall engage in securities lending subject a maximum of 20% and 5% for a single counter party. The scheme shall not engage in short selling. |
| XX | **How to Apply and other details** | Please refer to the Statement of Additional Information and Key Information Memorandum, which is a part of the Application Form (available free of cost with the offices of the Investment Manager and can be downloaded from the Website of the Investment Manager (www.sundarammutual.com). |
| XXI | **Investor services** | Prospective investors and existing unit holders are welcome to contact Customer Service/Complaint resolution using the Toll Free 1860 425 7237 (India) +91 40 2345 2215 (NRI).<br>Investors may also contact the Investor Relations Manager.<br>**Baba M J**<br>Investor Relations Manager<br>Sundaram Asset Management Company Limited,<br>No. 46, Whites Road, Sundaram Towers, 1st Floor, Royapettah, Chennai - 600014. |
| XXII | **Specific attribute of the scheme** (such as lock in, duration in case of target maturity scheme/close ended schemes) (as applicable) | NA |

| Sr. No. | Title | Description |
|---|---|---|
| **XXIII** | **Special product/ facility available during the NFO and on ongoing basis** | **1) Systematic Investment Plan (SIP):**<br>Daily SIP<br>Any Day SIP<br>SIP Top-up feature<br>Half Yearly Top-up<br>Yearly Top-up<br>Sundaram Flexi - Systematic Investment Plan ("Sundaram Flexi SIP")<br>A) Modifications to terms of SIP Cancellation:<br>Investors are requested to note that accordance with SEBI Letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/270/1 dated January 03, 2024, the terms and conditions for SIP Cancellation will undergo the following changes:<br>1. In case of Daily, Weekly, and Monthly frequencies, the SIP registration will stand cancelled, in case of 3 consecutive failed debits;<br>2. In case of Quarterly frequency, the SIP registration will stand cancelled, in case of 2 consecutive failed debits.<br>3. SIP cancellation request submitted by an investor, will be effective within 2 working days from the date of such request. Any SIP installment falling within 21 calendar days from the date of such cancellation request, will be processed as per applicable NAV.<br>**(2) Prosperity SIP**<br>**(3) Systematic Withdrawal Plan (SWP)**<br>**(4) Systematic Transfer Plan (STP)**<br>**(5) IDCW Transfer Facility (DSO)**<br>**(6) Pledge**<br>Loan Against Mutual Fund Units (LAMF)<br>**(7) Online Transaction**<br>**(8) Purchase/Redemption through NSE and BSE Exchange Platform**<br>**(9) KFINKART Facility** |
| **XXIV** | **Weblink** | Total Expense Ratio: https://www.sundarammutual.com/TER<br>Daily Total Expense Ratio: https://www.sundarammutual.com/TER<br>Factsheet: https://www.sundarammutual.com/downloads/ |

## Due Diligence by Sundaram Asset Management Company Limited

It is confirmed that:

(i) The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

(v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Scheme Information Documents and other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

(viii) The Trustees have ensured that the (Sundaram Large and Mid Cap Fund) approved by them is a new product offered by (Sundaram Mutual Fund) and is not a minor modification of any existing scheme/fund/product (This clause is not applicable to Fixed Maturity Plans and Close Ended Schemes except for those close ended schemes which have the option of conversion into open ended schemes on maturity and also to Interval Schemes.)

Date: September 30, 2025
Place: Chennai

**R Ajith Kumar**
Secretary & Compliance Officer

## A. How will the Scheme Allocate its Assets?

**Indicative allocations (% of total assets)**

| Scheme/Instrument | % of Total Assets | Risk profile |
|---|---|---|
| Equity and equity-related instruments of large cap companies | 35-65% | High |
| Equity and equity-related instruments of mid cap companies | 35-65% | High |
| Other Equities | 0-30% | High |
| Fixed Income, Money Market instruments and Cash & Cash Equivalents | Upto 30% | Low to Medium |
| Investment in REITs & InvITs | 0-10% | Medium to High |

Overseas Securities (including ETFs) 0-30% of the net assets

- Exposure to derivatives will be limited to 50% of the net asset value of the Scheme at the time of transaction.
- Fixed Income & Money Market instruments include investment in Repo in Corporate Bonds upto 10%.
- The scheme shall engage in securities lending subject a maximum of 20% and 5% for a single counter party..

Pending deployment in terms of the investment objective, funds may be invested in short-term deposits with scheduled commercial banks in accordance with applicable SEBI guidelines.

In accordance with SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010, the cumulative gross exposure in equity, equity (including investment in overseas), derivatives and debt shall not exceed 100% of the net assets. Same security wise hedge position will not be considered in computing gross exposure.

Exposure to derivatives is calculated as the notional value as a percentage of net assets of the Scheme. The exposure in derivatives will be on Gross basis, i.e. taking into account long and short positions separately. The Scheme will maintain cash or securities to cover exposure to derivatives.

Investments in overseas securities may be taken subject to the applicable guidelines/policies of SEBI and RBI.

In accordance with the SEBI circular dated 26th September 2017 and master circular dated 10th July 2018.

- Maximum investment limit upto US$ 7 billion per scheme.
- Overseas investments will be subject to a maximum of US$ 300 million per mutual Fund.
- Unlisted overseas securities will not exceed 10% of the net assets.

*Changes in Investment Pattern:* Subject to SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view the market conditions, market opportunities, applicable Regulations and political & economic factors.

It must be clearly understood that the percentage stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of Unit Holders. Such changes in investment pattern will be for a short-term and for defensive consideration only.

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

| Sl. no | Type of Instrument | % of exposure | Circular references* |
|---|---|---|---|
| 1 | Securities Lending | Upto 20% | Clause 12.11 of the SEBI Master Circular |
| 2 | Derivatives | Upto 50% | Clause 12.25 of the SEBI Master Circular |
| 3 | Equity Derivatives for non- hedging purposes | | Clause 12.25 of the SEBI Master Circular |
| 4 | Debt Instruments with SO / CE rating | Upto 10% | Clause 12.3 of the SEBI Master Circular |
| 5 | Overseas Securities | Upto 30% | Clause 12.19 of the SEBI Master Circular |
| 6 | Securitized Debt | | |
| 7 | Debt Instruments with special features (AT1 and AT2 Bonds) | Upto 10% | Clause 12.2 of the SEBI Master Circular |
| 8 | Tri-party repos (including Reverse repo in T-bills and G-sec) | | |
| 9 | Other / own mutual funds | Upto 5% of the NAV | Clause 4 of the Seventh Schedule of SEBI (Mutual Funds)Regulations, 1996 |
| 10 | Repo/ reverse repo transactions in corporate debt securities | Upto 10% | Clause 12.11 of the SEBI Master Circular |
| 11 | Credit Default Swap transactions | Nil | Clause 12.11 of the SEBI Master Circular |
| 12 | Short Selling | Nil | Regulation 45 (2) of SEBI (Mutual Funds) Regulations, 1996 |
| 13 | Short Term Deposit | Upto 15% | Clause 12.16 of the SEBI Master Circular |
| 14 | ReITS and InVITS | Upto 10% | Clause 13 in the Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996 |
| 15 | Foreign Securitized debt | | |
| 16 | Unrated debt and money market instruments | Upto 5% of the net assets | Clause 12.1 of the SEBI Master Circular |
| 17 | Writing of call options under covered call strategy | Upto 15% | Clause 12.25.8 of the SEBI Master Circular |

*Indicative table to mention express prohibition/ enablement for investment. In case SID is silent with regards to to investment in particular security/investment, the same shall not be reflected.*

*Portfolio rebalancing/Changes in Investment Pattern:* Subject to SEBI Regulations, the asset allocation pattern may change from time to time for a short term and for defensive considerations, keeping in view the market conditions/ applicable regulations/political & economic factors, the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. Rebalancing across sectors and stocks shall be a dynamic exercise as this is crucial to performance.

The Fund Manager of the Scheme shall examine factors such as the overall macro-economic conditions, valuation levels, sector-specific factors, company-specific factors and trends in liquidity, to name a few, and reduce the equity exposure, if warranted, to lower levels and raise the fixed income component of the portfolio as a tactical call.

The Fund Manager shall seek to raise the equity exposure if the environment is conducive. This process of rebalancing may take place in a dynamic manner on a regular basis. Cash calls (with deployment in appropriate money-market and fixed-income securities), derivatives, changes in the degree of overweight and underweight to sectors and changes in allocation levels to stocks with varying attributes be used to balance the portfolio.

If the macro-economic conditions and market levels warrant, the fund manager may on an exceptional basis, reduce the equity exposure and raise the fixed-income component of the portfolio beyond the asset allocation boundary indicated in the table for normal circumstances. Such an allocation in exceptional circumstances shall be adopted with the approval of the Investment Committee

Committee of Sundaram Asset Management.

In the event of deviations, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not rebalanced within 30 days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee of the Investment Manager, shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

## B. Where Will The Scheme Invest?

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

**Exposure to Equity Derivatives**

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

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

b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

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

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

b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

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

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

a. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

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

**iv. Position limit for the Mutual Fund for stock based derivative contracts:** The combined futures and options position limit shall be 20% of the applicable Market Wide

Position Limit (MWPL).

**v. Position limit for the Scheme:**

The position limits for the Scheme and disclosure requirements are as follows:

a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Fund shall not exceed the higher of 1% of free float market capitalization (in terms of number of shares). Or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

b. This position limit shall be applicable on the combined position in all derivative contracts on a underlying stock at a Stock Exchange.

c. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

**As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.**

**Exposure Limits:**

With respect to investments made in derivative instruments, the Schemes shall comply with the following exposure limits in line with SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010:

1. The cumulative gross exposure through equity, debt and derivative positions will not exceed 100% of the net assets of the respective Scheme. However, the following shall not be considered while calculating the gross exposure:
   a. Security-wise hedged position and
   b. Exposure in cash or cash equivalents with residual maturity of less than 91 days
2. The total exposure related to option premium must not exceed 20% of the net assets of the Scheme.
3. The Mutual Fund shall not write options or purchase instruments with embedded written options.
4. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
   a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
   c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
   d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
5. The Mutual Fund may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
7. Definition of Exposure in case of Derivative Positions:

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

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

**Exposure to Fixed Income Derivatives**

- Fixed Income Securities of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts (securitised debt).
- Debt and Money Market securities and such other securities as may be permitted by SEBI and RBI Regulation from time to time.
- Money market instruments including but not limited to, treasury bills, commercial paper of public sector undertakings and private sector corporate entities, repo arrangements, TREPS, CBLOs (Collateralised Borrowing and Lending Obligation), certificates of deposit of scheduled commercial banks and development financial institutions, treasury bills, promissory notes of Central Government, government securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI/RBI Regulation.
- Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables.
- The securities mentioned above and such other securities the Scheme is permitted to invest in could be listed, unlisted, privately placed, secured, unsecured securities and strips rated or unrated and bearing fixed-rate or floating coupon rate.
- The non-convertible part of convertible securities.
- Units of Mutual funds as may be permitted by Regulation.
- Any other like instruments as may be permitted by RBI / SEBI / such other Regulatory Authority from time to time. The securities may be acquired through Initial Public Offerings (IPO s), secondary market operations, private placement, rights offers or negotiated deals. The Scheme may also enter into repo and reverse repo obligations in all securities held by it as per the guidelines and Regulation applicable to such transactions.
- The Scheme shall invest in the instruments rated as investment grade or above by a recognised rating agency. In case, the instruments are not rated, specific approval of the Board of Directors of the Investment Manager or a committee constituted by the Board of Directors of the Investment Manager and the Board of Directors of Trustee Company or a Committee approved by the Trustee Company shall be obtained.
- A portion of the fund could be invested in liquid investments to meet the redemption requirement.
- The Scheme intends to use fixed-income derivatives as permitted by RBI/SEBI for hedging interest rate risk. The actual percentage of investments in various floating and fixed interest rate securities and the position of derivatives will be decided on day to day basis depending upon the prevailing views on Interest rate.
- Pending deployment of funds in terms of investment objectives of the Scheme, the funds may be invested in short term deposits with scheduled Commercial Banks in accordance SEBI Regulations.
- Overseas securities as permitted by SEBI from time to time.

## C. What are the Investment Strategies?

The focus of this Scheme is to normally provide investors a reasonably diversified portfolio of stocks essentially meant to give higher returns in the medium to long term. A portion of the Scheme's assets would be invested in relatively liquid large capitalisation stocks. Investments may also be made in Initial Public Offerings, Medium and Small Capitalisation stocks and unlisted securities. The fund may also from time to time invest in unrated and non publicly offered illiquid securities. The fund has a policy of internal valuation of all debt investments and such investments will be made subject to necessary approvals.

The fund shall follow a combination of Top-down and Bottom-up approach to investing in equity and equity related investments. Investments will be pursued in select macro themes, which cut across various industries and sub sectors (e.g. Restructuring, Infrastructure spending, Skilled labour, etc.). Within such a framework, the emphasis will be on investing in companies with quality management unique business strength, sustainable medium/ long term growth and reasonable valuations.

The Investment Manager has a skilled research set up that works to identify investment opportunities through continuous research on sectors and companies. The analysis focuses on the past performance and future prospects of the company and the business, financial health, competitive edge, managerial quality and practices, minority shareholder fairness, transparency,. Companies that adequately satisfy the prescribed criteria are included in the portfolio. The weights of individual companies will be based on their upside potential to downside risk.

The Investment Manager will keep in mind the Investment Objective of the Scheme and the applicable Regulations/Equity-Linked Savings Scheme Guidelines.

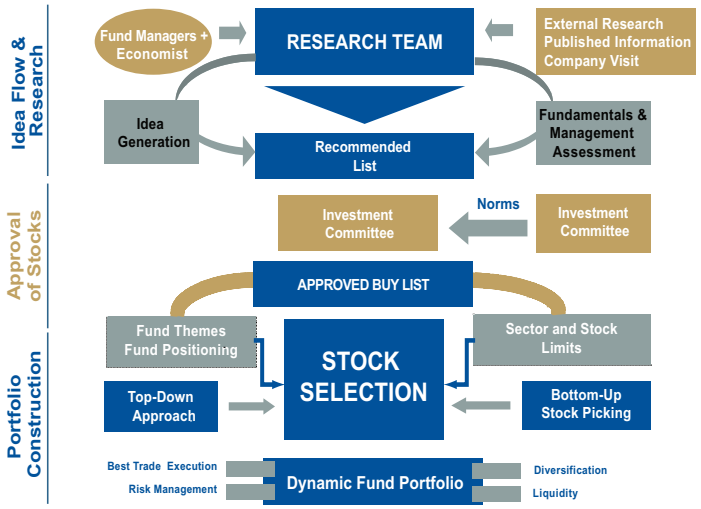
**Risk Profile**

The risk of concentration in the portfolio shall be mitigated by having internal fund management guidelines that provide for single-stock – subject to the SEBI prescribed limit of 10% - and sector exposure limits. The adherence shall be monitored by the Risk Management team that reports to the Managing Director of Sundaram Asset Management. Deviation if any, from the limit will have to approved by the Managing Director subject to rustication by the fund manager and will also, if required, be brought to the notice of the Risk Management Committee/Audit Committee at the board level.

As the portfolio shall include a sizeable allocation to large-cap stocks, the liquidity aspect will be taken care. Even for the mid- and small-cap exposures, the fund manager takes into account liquidity in the stock before deciding on the exposure level. Portfolio liquidity is monitored on a regular basis by the Risk Management team and fund managers are also kept posted through internal reports.

The focus of the fund manager is on ensuring that stocks selected for the portfolio and the allocation to each sector/stock does not lead to excessive volatility that is not in line with the positioning of the Scheme. The volatility of portfolio relative to peers, benchmark and broad market is monitored. The endeavour is to deliver returns that are commensurate with risks over the long term.

**Summary of Investment Process**




**Research & Analysis:** Research is meant to look at opportunities differently from the market and competition. The Investment Manager has a research set up that works to identify Investment opportunities through continuous research on sectors and companies that are relevant to the theme and investment objectives of the Scheme. The analysis focuses on the performance and future prospects of the company and the business, financial health, competitive edge, managerial quality and practices, minority shareholder fairness, transparency. In order to get a good understanding of the Company being researched and its business management contact either by way of visit, or any other form of communication is made to assess the potential of the Company. Companies that adequately satisfy the prescribed criteria are included in the portfolio. The weight of individual companies will be based on their upside potential relative to downside risk and will be decided by the Fund Manager.

**Approval of Securities:** On completion of the research the analyst will put up the Research Report for approval by the Investment Committee. The Investment Committee comprises of the CEO / Managing Director, CIO – Equity, Head of Risk, COO and Head of Compliance. On approval by the Investment Committee, the stock will be included in the investment universe.

**Portfolio Construction & Selection of Stock for Investment / Sale:** The Fund Manager will construct the portfolio with stocks in the investment universe within the guidelines set in the Scheme Information Document. The Fund Manager will be the sole deciding authority in relation to stock selection, allocation of weight, sale & purchase of stocks and other issues that are related to portfolio construction. The reasons for purchase / sale are recorded in the system/Deal Tickets.

**Monitoring:** The Investment Committee reviews the performance of the Scheme on a monthly basis. Apart from performance various other subjects are also discussed covering Risk (volatility, liquidity, top holdings, concentration risk etc., in the portfolios), Fund Manager / Economist views on the economy and markets and validation of the same and it's reflection in the sector weights and portfolio positioning etc. The Research team also constantly monitors the sectors and companies assigned to them and updates the Fund Management team on an ongoing basis changes if any occurring to the companies in the portfolio and the sectors. The Research team also actively monitors for new investment opportunities.

An independent risk management team is in place to oversee and monitor portfolio risk on a day-to-day basis. Internal risk control guidelines are in place and the portfolio contours are tracked on a daily basis to ensure adherence. Any deviation is brought to the notice of the Managing Director and the fund manager for corrective action. Follow up actions are made to ensure that the deviation is corrected within the time period prescribed in internal risk control guidelines. Adherence to limits from SEBI regulations as well as stipulations in the Scheme Information Document is monitored by the Compliance team. The Risk Management team reports to the CEO / MD.

**Risk Process / Guidelines:** Risk Management is an independent function and the Risk team reports directly to the MD. Broadly the function is divided into two – Regulatory and Internal. Regulatory risk consists of ensuring adherence to all the rules prescribed by the SEBI as well as the limits prescribed in the Offer documents. Internal risk monitoring consists of a host of other parameters that the risk team monitors on a continuous basis like internal limits (i.e. soft limits established to red flag potential breach in SEBI prescribed limits), adherence to fund style, operational and preparation of reports etc., The primary mechanism that the Risk team employs to monitor is through Bloomberg. All the rules (regulatory and internal) are uploaded into Bloomberg which thereafter monitors its adherence on a continuous basis. All trades are routed through Bloomberg systems and hence no deviation can occur without an alert being triggered by the Bloomberg system. Any breach in limits consequent to inputting of a trade is flagged off with various levels of concern and needs specific approvals in order to proceed.

*Portfolio turnover*

Portfolio turnover is defined as the lower of the aggregate value of purchases or sales, as a percentage of the average corpus of the Scheme during a specified period of time. This will exclude purchases and sales of money market securities.

The portfolio turnover in the Scheme will be a function of the inflows in the form of subscriptions into the Scheme and outflows in the form of redemption as well as the market opportunities available to the fund manager. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s). There may be trading opportunities that present themselves from time to time, where in the opinion of the fund manager, there is an opportunity to enhance the total returns of the portfolio. The fund manager will endeavour to balance the increased cost on account of higher portfolio turnover, if any, with benefits likely to be derived from such an approach.

## D. How will the Scheme Benchmark its Performance?

**Nifty Large Mid Cap 250 TRI**

The Trustee reserves the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.

## E. Who Manages the Scheme?

The details of Fund Manager of Sundaram Large and Mid Cap Fund are as follows:

| Name, Age & Tenure^ | Educational Qualifications | Experience (last 10 years) | Other Fund(s) Managed |
|---|---|---|---|
| **S.Bharath,**<br>43, 20.10 Months | B.Com, MBA,<br>FRM, ICWA | Sundaram Asset Management Co.<br>Apr 2018 to till date<br>Head Investment Research & Senior Fund Manager,<br>Jan 2016 to Apr 2018 SPM Fund Manager,<br>Jul 2012 – Dec 2015<br>Fund Manager,<br>Aug 2004 – Jul 2012<br>Research Analyst,<br>May 2002 - Jul 2004<br>Navia Markets Research Analyst | **Funds Managed:**<br>Sundaram Large cap *,<br>Sundaram Midcap*,<br>Sundaram Large and Midcap*,<br>Sundaram Flexi Cap*,<br>Sundaram Focused Fund*,<br>Sundaram Services*,<br>Sundaram Business Cycle *,<br>Sundaram Aggressive Hybrid *(Equity Portion),<br>Sundaram Balanced Advantage Fund * (Equity Portion),<br>Sundaram Conservative Hybrid Fund *(Equity Portion) |
| **Ashish Aggarwal,**<br>44 , 2.8 Years | BE, PGPM | Jan 2022 to Present<br>Sundaram Asset Management - Fund Manager - Equity<br>2015 to Oct 2019 - Principal MF,:<br>Sr Analyst,<br>Oct 2014 to August 2015 - Antique Stock Broking-<br>AVP- Institutional Research-IT Services ,<br>Nov 2009 to Oct 2014<br>Tata Securities<br>AVP- Institutional Research-IT Services, Telecom | **Funds Managed:**<br>Sundaram Large and Midcap*,<br>Sundaram Dividend Yield *,<br>Sundaram infrastructure Advantage Fund *,<br>Sundaram Financial Services Opportunities *,<br>Sundaram Nifty 100 Equal Weight Fund*,<br>Sundaram Arbitrage (Equity Portion)*,<br>Sundaram Conservative Hybrid Fund *(Equity Portion) |

Mr. Pathanjali Srinivasan is the dedicated fund manager for investments in overseas securities.

^ Cut-off date considered for calculation of tenure is September 30, 2025.

The Trustee reserves the right to change the fund manager.

## F. How is the scheme different from existing schemes of the mutual fund?

**List of other existing Equity schemes-**

Sundaram Aggressive Hybrid Fund

Sundaram Arbitrage Fund

Sundaram Balanced Advantage Fund

Sundaram Equity Savings Fund

Sundaram Global Brand Theme - Equity Active FoF

Sundaram Large and Mid Cap Fund

Sundaram Large Cap Fund

Sundaram Mid Cap Fund

Sundaram Multi Cap Fund

Sundaram Nifty 100 Equal Weight Fund

Sundaram Small Cap Fund

Sundaram Financial Services Opportunities Fund

Sundaram Infrastructure Advantage Fund

Sundaram Consumption Fund

Sundaram Services Fund

Sundaram ELSS Tax Saver Fund

Sundaram Dividend Yield Fund

Sundaram Focused Fund

Sundaram Flexi Cap Fund

Sundaram Multi Asset Allocation Fund

Sundaram Business Cycle Fund

Sundaram Multi-Factor Fund

Sundaram Value Fund

Sundaram Long Term Micro Cap Tax Advantage Fund Series III

Sundaram Long Term Micro Cap Tax Advantage Fund Series IV

Sundaram Long Term Micro Cap Tax Advantage Fund Series V

Sundaram Long Term Micro Cap Tax Advantage Fund Series VI

Sundaram Long Term Tax Advantage Fund Series II

Sundaram Long Term Tax Advantage Fund Series III

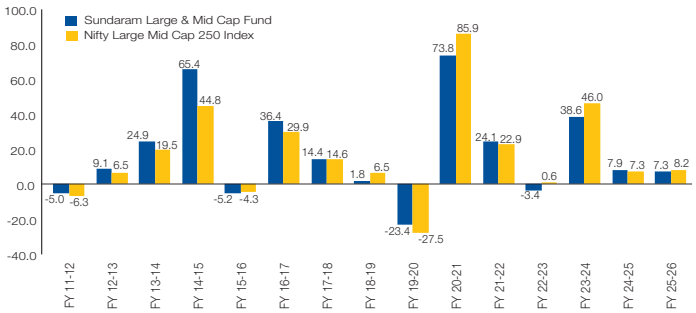
Sundaram Long Term Tax Advantage Fund Series IV

The detailed comparative table will be available in the given link: https://www.sundarammutual.com/sid-kim-disclosures

## G. How has the scheme performed

| Compounded Annualised Returns | Scheme Returns % | Benchmark Returns% |
|---|---|---|
| Returns for the last one year | -5.0 | -4.9 |
| Returns for the last three years | 15.8 | 18.5 |
| Returns for the last five years | 20.4 | 23.1 |
| Returns since inception | 14.2 | 13.9 |

***Past performance may or may not be sustained in the future.*** Returns are in %. Returns computed on compounded annualised basis based on the NAV of Regular Plan - Growth option. Relevant benchmarks highlighted in italics. NAV & performance as on September 30, 2025.




*For information on comparable schemes, their performance, fund size and number of folios, please refer the table provided in Highlights & Scheme Summary.*

## H. Additional scheme related disclosures

i. Scheme's portfolio holdings: Top 10 holdings by issuer and fund allocation will be available in given link: https://www.sundarammutual.com/sid-kim-disclosures

ii. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme in case of debt and equity ETFs/index funds through a functional website link that contains detailed description – NA

iii. Portfolio Disclosure– The detailed portfolio and related disclosures (Fortnightly / Monthly/ Half Yearly) for the scheme please refer our website: https://www.sundarammutual.com/monthly-fortnightly-adhoc-portfolios

**iv. Portfolio Turnover Ratio (As on September 30, 2025): 40.54%**

- Aggregate of equity securities and debt instruments held by the Scheme at issuer level/sectors are as of the date indicated.
- Top 10 holdings disclosure do not include cash & cash equivalents, fixed deposits and/or exposure in derivative instruments, if a
- Others under sector disclosure include cash & cash equivalents.
- For complete details and latest monthly portfolio, investors are requested to visit https://www.sundarammutual.com/monthly-fortnightly-adhoc-portfolios

**v. Aggregate investment in the Scheme by: (Details are as on September 30, 2025)**

| Sr. No. | Category of Persons | Net Value | | Market Value ( in ₹) |
|---|---|---|---|---|
| | Concerned scheme's Fund Manager(s) | Units | NAV per unit | |
| 1 | Ashish Aggarwal | 22445.588 | 179.5599 | 2115109.565 |
| 2 | Bharath Subramanian | 4023.242 | 95.1438 | 382786.5322 |

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

**vi. Investments of AMC in the Scheme**

The AMC shall not invest in any of the schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document and that the AMC shall not be entitled to charge any fees on such investment.
Please refer link for details regarding investments of AMC in the Scheme: https://www.sundarammutual.com/skin-game

## A. Computation of NAV

The Net Asset Value (NAV) is the most widely accepted yardstick for measuring the performance of any Scheme of a Mutual Fund. NAV calculations shall be based upon the following formula:

(Market value of the Scheme's investments + other current assets + deposits – all liabilities except unit capital, reserves and Profit & Loss Account / Number of units outstanding of the Scheme)

Valuation will be according to the valuation norms, as specified in Schedule VIII of the Regulation and will be subject to such rules or Regulation that SEBI may prescribe. Please refer the valuation policy on our website https://www.sundarammutual.com/Report/ODVLP
NAV of the Scheme – Plan/Option wise - will be calculated and disclosed up to four decimals.
For details of Valuation of Overseas Securities, please refer Statement of Additional Information.

## Methodology of calculating the sale and repurchase price of units

**Sale Price:** Applicable NAV subject to Stamp Duty

**Repurchase Price:** The exit fee is usually a percentage of the Net Asset Value (NAV) of the mutual fund held by investors. Once the AMC deducts the exit load from the total Net Asset Value, the remaining amount gets credited to the investor's account.

Suppose, an investor has invested ₹10,000 in mutual fund schemes in January 2017. The NAV of the scheme is ₹ 100 and the exit fee for redeeming before one year is 1%. In March 2017, the investor opt for an additional investment of 50 units at Rs 105 in the same fund. He redeems all his investments in the fund in November 2017, when the NAV is ₹ 110 in scenario 1 and Rs 115 in scenario 2 (February 2018)? His exit load is as follows:

100 Units bought in January 2017 @ Rs 100 = Rs 10,000

50 units bought in March 2017 @ Rs 105 = Rs 5,250

***Scenario 1 (Full Redemption before completion of 1 year)***

Exit charges on redemption in November 2017.

Exit Load: 1% of [(100 units x ₹ 110) + (50 units x ₹ 110)] = Rs 165.

The amount credited the investor ₹ 16,500 (₹ 110*150 units) – ₹ 165 = ₹ 16,335 (Total Amount – Exit fee)

In scenario 1 exit load is applicable on 150 units purchased in January and March 2017 as the holding period is less than 1 year

***Scenario 2 (Full Redemption after completion of 1 year)***

Investor redeems 50 units
Exit charges on redemption in February 2018.
***Exit Load:*** 1% of (50 units x Rs. 115) = Rs 57.5
The amount credited the investor: Rs.17,250 (Rs. 115*150 units) – Rs.57.5= Rs.17,192.5 (Total Amount-Exit fee)

In scenario 2 exit load is not applicable on 100 units purchased in January 2017 as the holding period is more than year.

**Ilustration for Understanding**

Initial purchase on April 1, 2023- 10,000 units

Additional purchase on April 15, 2023- 5,000 units

The scheme has exit load if redeemed before 1 year.

Maximum redemption permitted without exit load for each purchase transaction: 25% of the units purchased

**Load applicability under various scenarios**

Exit load is applied for each purchase transaction separately and no clubbing of transactions will be allowed for computing the maximum load free exit allowed for the respective scheme. Since FIFO method for processing the redemption request is applicable, load free exit for the purchases made subsequent to the initial purchase will be available only after the investor redeems all units purchased by him in the initial purchase. Accordingly, if the investor redeems the below units on or before May 28, 2024, exit load will be applicable as follows:

| Number of units redeemed (including previous redemptions, if any) | Load payable on exit | Remarks |
|---|---|---|
| Upto 2500 units | Nil | No exit load is applicable, if the number of units redeemed are up to the limit of 25% of initial purchase made on April 1, 2023 |
| 3000 units | Exit load of 1% will be charged on the NAV for redeeming 500 units | Exit load will be applicable for redemption made over and above the limit of 25% of the initial purchase made on April 1, 2023. Since the Scheme follows FIFO method for redemption, investor will have to redeem the entire units purchased on April 1, 2023 before claiming load free redemption of 500 units from the Additional units purchased on April 15, 2023. |
| 10000 units | Exit load of 1% will be charged on the NAV for redeeming 7500 units | |
| 15000 units | Exit load of 1% will be charged on the NAV for | 2500 units from the initial purchase made on April 1, 2023 and 1250 units from additional purchase made on April 15, 2023 will be redeemed without exit load. Exit load will be applicable for the redemption redeeming 11250 units of the balance 11250 units. |

Investments in overseas securities and exchange-traded funds will be valued at the closing price at which they were traded at the end of the valuation day.

## B. New Fund Offer (NFO) Expenses

This section does not apply as the scheme covered in this document is available on an on-going basis for subscription and redemption.

## C. Annual Scheme Recurring Expenses

1. The total annual recurring expenses of the Scheme, excluding deferred revenue expenditure written off, issue or redemption expenses, but including the investment management and advisory fee that can be charged to the scheme shall be within the limits specified in Regulation 52 of SEBI (Mutual Funds) Regulations. Expenses incurred in excess of the permitted limits shall be borne by the Investment Manager or the Trustee or the Sponsor.

   The expenses chargeable to the scheme shall include investment management & advisory fee, Trustee fee, custodian fee, Registrar and Transfer Agent fee, Audit fee, Marketing and Selling expenses and other expenses (including listing fee) as listed in the table below:

| Expense Head | Reference to SEBI (Mutual Fund) Regulations, 1996 | % of daily Net Assets |
|---|---|---|
| Investment Management and Advisory Fees | 52(2) | Upto 2.25% |
| Trustee fee & expenses | 52(4)(b)(iv) | [As per Regulation 52(6)(c)] |
| Audit fees & expenses | 52(4)(b)(v) | |
| Custodian fees & expenses | 52(4)(b)(vi) | |
| RTA Fees & expenses | 52(4)(b)(iii) | |
| Marketing & Selling expense incl. agent commission | 52(4)(b)(i) | |
| Cost related to investor communications | 52(4)(b)(vii) | |
| Cost of fund transfer from location to location | 52(4)(b)(viii) | |
| Cost of providing account statements and dividend redemption cheques and warrants | 52(4)(b)(ix) | |
| Costs of statutory Advertisements | 52(4)(b)(xii) | |
| Cost towards investor education & awareness (at least 2 bps) | SEBI Master Circular 10.1.16. | |
| Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp. | 52(6A)(a) | |
| Goods and Service tax on expenses other than investment management and advisory fees | SEBI Master Circular | |
| Goods and Service tax on brokerage and transaction cost | SEBI Master Circular | |
| Other Expenses | 52(4)(b)(xiii) | |
| Maximum total expense ratio (TER) permissible | 52(6)(c) | Upto 2.25% |
| Additional expenses | 52 (6A)(c) | Upto 0.05% |
| Additional expenses for gross new inflows from specified cities * | 52 (6A) (b) | Upto 0.30% |
| [Note: B30 (Specified cities) incentive shall be kept as abeyance till further notice.] | | |

* Applicable to retail investor "retail investor means inflows of amount 2 lakhs per transaction by individual investor".

The current expense ratios will be updated on a daily basis in the website viz. www.sundarammutual.com/Ter and in case of any proposed changes via notice at least three working days prior to the effective date of change will be sent to investor and available under the link: https://www.sundarammutual.com/Ter.

The maximum total expense ratio (TER) permissible under Regulation 52 (4) and (6) (c) that can be charged to the scheme as a percentage of daily net assets shall be as follows:

| | |
|---|---|
| First Rs 500 crore: | 2.25% |
| Next Rs 250 crore: | 2.00% |
| Next Rs 1,250 crore: | 1.75% |
| Next Rs 3,000 crore: | 1.60% |
| Next Rs 5,000 crore: | 1.50% |
| Next Rs 40,000 crore: | Total expense ratio reduction of 0.05% for every increase of ₹ 5,000 crores or part thereof. |
| On balance of assets: | 1.05% |

In addition to the above, following expenses can be charged to the Scheme:

a) Up to 5 basis points (bps) under Regulation 52(6A)(c),

b) Up to 30 bps for gross new inflows from retail investors from B30 cities, and

c) Goods and Services Tax (GST) on investment management and advisory fees.

Commission expenses will not be charged in Direct Plan and no commission shall be paid from Direct Plan.

As per Regulation 52(6A)(b), an additional expense upto 0.30% (30 basis points) on the daily net assets shall be charged to the scheme if new inflows into the scheme from beyond top 30 cities as specified by SEBI, from time to time, are at least:

i) 30% of the gross new inflows in the scheme (or)

ii) 15% of the average assets under management (year to date) of the scheme, whichever is higher.

In case the inflows from such cities is less than the higher of (i) or (ii) above, expenses shall be charged to the scheme on a proportionate basis as prescribed in the SEBI circular dated September 13, 2012.

The amount so charged shall be utilised for distribution expenses incurred for bringing inflows from such cities. However, the amount incurred as expense on account of inflows from such cities shall be credited back to the Scheme(s) in case the said inflows are redeemed within a period of one year from the date of investment.

Additional TER can be charged based on inflows only from retail investors from B30 cities. Inflows of amount upto ₹2 lakhs per transaction by individual investors shall be considered as inflows from "retail investor".

Top 30 cities shall mean top 30 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography - Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

Note: The above percentage is based on the prevailing expenses ratio. Any change in the above mentioned distribution expenses/ commission will be replaced while filing the final SID.

SEBI vide Circular dated October 22, 2018 made the following changes with regard to Total Expense Ratio and the substance of the circular is as under:

**I. Transparency in TER**

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route. All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan.

No pass back, either directly or indirectly, shall be given by MFs/ AMCs/ Distributors to the investors.

Training sessions and programmes conducted for distributors should continue and should not be misused for providing any reward or non-cash incentive to the distributors.

**II. Additional TER of 30 bps for penetration in B-30 cities**

Additional TER can be charged based on inflows only from retail investors from B30 cities. Inflows of amount upto Rs 2,00,000/- per transaction, by individual investors shall be considered as inflows from "retail investor. The additional commission for B 30 cities shall be paid as trail only.

B30 incentive shall be kept in abeyance till further notice.

The Investment Manager will comply with the above circular.

| Value of Rs.10000 on 12% annual returns in 1 year, considering 1% Expense Ratio | |
|---|---|
| Amount Invested | 10,000.00 |
| NAV at the time of investment | 10 |
| No. of units | 1,000.00 |
| Assume gross appreciation of | 12% |
| Gross NAV | 11.2 |
| Expenses (assuming 1% expense Ratio on average of opening & closing NAV) | 0.11 |
| Actual NAV at the end of 1 year post expenses (assuming expense Ratio as above) | 11.09 |
| Value of Investment at the end of 1 year | |
| (Before expenses) | 11,200.00 |
| Percentage Return | 12% |
| Value of Investment at the end of 1 year (after expenses) | 11,094.00 |
| Percentage Return | 10.94% |

Note: Please note that the above is an approximate illustration of the impact of expense ratio on the returns, where the Gross NAV has been simply reduced to the extent of the expenses. In reality, the actual impact would vary depending on the path of returns over the period of consideration. Expenses will be charged on daily net assets.

2. Brokerage and transaction costs which are incurred for execution of trades and included in the cost of investment shall be charged to the Scheme(s) in addition to the total expense limits prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations. These expenses shall not exceed 0.12% of the value of trades in case of cash market transactions and 0.05% of the value of trades in case of derivatives transactions. Payment towards brokerage and transaction cost in excess of 0.12% and 0.05% for cash market transactions and derivatives transactions respectively shall be charged to the scheme within the maximum limits prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any expenditure (including brokerage and transaction cost, if any) in excess of the prescribed maximum limit shall be borne by the Investment Manager or by the Trustee or Sponsor.
3. The Investment Manager shall set apart at least 0.02% (2 basis points) on the daily net assets of the scheme(s) within the maximum limit of total expense ratio prescribed under Regulation 52 of SEBI (Mutual Funds) Regulations for initiatives towards investor education and awareness taken by Sundaram Mutual fund.
4. GST:
   - Pursuant to SEBI circular no CIR/IMD/DF/24/2012 dated November 19, 2012, GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the expenses limit prescribed under Regulation 52 of SEBI (Mutual Funds) Regulations.
   - GST on investment management and advisory fee shall be charged to the scheme in addition to the maximum limit of total expense ratio as prescribed in Regulation 52 of SEBI (Mutual Funds) Regulations.
   - GST for services other than investment management and advisory shall be charged to the scheme within the maximum limit of total expense ratio as prescribed in Regulation 52 of SEBI (Mutual Funds) Regulations.

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

## D. Load Structure

*Entry Load:* Nil.

However the upfront commission to distributor (ARN holder) will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor. The distributor (ARN holder) will disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing Scheme of various mutual funds from amongst which the Scheme is being recommended to the investor.

*Exit Load:* Nil - If up to 25% of the units invested are redeemed or withdrawn by way of SWP/STP within 365 days from the date of allotment.

Any redemptions or withdrawals by way of SWP/STP in excess of the above mentioned limit would be subject to an exit load of 1 %, if the units are redeemed within 365 days from the date of allotment of units

Further, exit load will be waived on Intra-scheme and Inter scheme Switch-outs/STP.

For the current applicable structure, please refer to the website of www.sundarammutual.com and Load structure is indicated as a percentage of NAV.

In accordance with SEBI Regulation, of the exit load / contingent deferred sales charge that is charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account to pay commissions to the distributor and for meeting other marketing and selling expenses. Any amount in excess of 1% of the

redemption value charged to the unit holder as exit load / contingent deferred sales charge shall be credited to the respective Scheme immediately.

Pursuant to SEBI Circular CIR/IMD/DF/21/2012 dated September 13, 2012 read with notification No. LAD-NRO/GN/2012-13/17/21502 dated September 26, 2012 GST on exit load, if any, shall be paid out of the exit load proceeds and exit load net of GST, if any, shall be credited to the scheme with effect from October 01, 2012. Investors are requested to note that exit load is inclusive of GST at applicable rates as prescribed by Ministry of Finance from time to time.

**Applicability**

(a) Units issued on reinvestment of IDCW shall not be subject to exit load.

(b) Prescribed exit load will be applicable for every instalment under Systematic Withdrawal Plan. The period indicated for exit load shall be reckoned from the date of allotment.

(c) No Entry Load will be charged with respect to applications for purchase/additional purchase/switch-in and applications for registration of SIP/STP, accepted by the Mutual Fund.

The Board of Trustee reserves the right to prescribe or modify the exit load structure with prospective effect, subject to a maximum as prescribed under SEBI Regulation.

Details of the modifications will be communicated in the following manner:

- Addendum detailing the changes will be attached or incorporated to the SID and Key Information Memorandum. The addendum will become an integral part of this Scheme information document.
- The change in exit load structure will be notified by a suitable display at the Corporate Office of the Sundaram Asset Management and at the Investor Service Centres of the registrar.
- A public notice shall be given in one English daily newspaper having nation-wide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

The introduction/modification of exit load will be stamped on the acknowledgement slip issued to the investors on submission of an application form and will also be disclosed in the account statement issued after the introduction of such exit load.

Investors are requested to ascertain the applicable exit load structure prior to investing.

# SECTION - II

# I. Introduction

## A. Definitions/interpretation

The detailed definitions/ interpretations refer to the link on website of the mutual fund viz. https://www.sundarammutual.com/sid-kim-disclosures

## B. Risk factors

### Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.
- Past performance of the Sponsor/Investment Manager/Mutual Fund does not guarantee future performance of the Scheme.
- The names of each Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs 1 lakh made towards setting up the Fund.
- The Scheme is not a guaranteed or assured return Scheme.

### Scheme-Specific Risks

- Non diversification & Lack of liquidity.
- Segregated portfolio may be created, in case of a credit event at
- issuer level i.e. downgrade in credit rating by a SeBI registered Credit
- Rating Agency (CRA) which involves Liquidity Risk & Credit Risk etc.
- Change in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to Investors. Taxfree status for long-term capital gains and dividend will depend on the fund investing more than 65% in equity to qualify in accordance with provisions of the Income-Tax Act. If and to the extent, the portfolio includes overseas stocks, investors will be exposed to country risk, currency risk, geo-political risk, legal restrictions and regulation changes in geography other than India, to name a few.

### General Risk Factors

- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- The main types of risks to which the Scheme is exposed are risk of capital loss, market risk, currency risk, liquidity risk, credit risk, counter party default risk, to name a few.°
- As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets.
- The NAV may be affected by factors such as market conditions, level of interest rates, market-related factors, trading volumes, settlement periods, transfer procedures, price/interest rate risk, credit risk, government policy, volatility and liquidity in markets, exchange rate, geo-political development, to name a few.
- Trading volumes in the securities in which the Scheme invest may inherently restricts the liquidity of the Scheme's investments.
- Change in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to Investors in the Scheme.
- The tax benefits available under the Scheme is as available under the present taxation laws and subject to relevant conditions. The information given is included for general purposes only and is based on advice that the Investment Manager has received regarding the law and the practice that is now in force in India.
- Unit holders should be aware that the relevant fiscal rules and their interpretation might change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unit holder is advised to consult his/her own professional tax advisor.
- Investors/unit holders are also urged to read the detailed clause(s) titled 'Special considerations'.
- FATCA imposes tax withholding upto 30% on any payments (including redemption and IDCW proceeds) made by the Fund/AMC to a US Person classified as recalcitrant account holder in respect of whom the applicable documentation and reporting requirements are not met.

This is only an illustrative list and not an exhaustive list factors that could affect the NAV of the Scheme. They should read the risk factors presented in this document though the list is no way exhaustive. Potential investors should rely solely on the information contained in this Scheme Information Document and are advised to consult their investment advisors before taking investment decisions.

**Liquidity Risk**

***For Equity Asset Class, and Equity & Equity Oriented schemes:***

Sundaram Asset Management Company (SAMC) evaluates both stock level and portfolio level liquidity of the equity schemes and the concentration of investors and Distributors in the AUM of each Equity scheme. The portfolio level liquidity of each scheme is estimated every month for very short time horizons as a % of AUM assuming 20% participation in the combined daily average market volume (across all exchanges) for the last three months and the trend of excessive liquidity over the Top Investors and Top Distributors concentration is evaluated. The monthly trend of estimated portfolio liquidity of the scheme, contribution by Top Investors and Top Distributors to the scheme AUM is analysed regularly by the Investment Manager to make relevant changes in the portfolio to maintain adequate portfolio liquidity.

At each investee company's stock level, number of days to liquidate (DTL) a stock position held across by all the schemes of SAMC based on the volume assumptions as mentioned above is measured and monitored every month for increase or decrease in the liquidity levels of the stock position. Exposure to stocks with more than high levels of DTL at the fund house level is monitored every month along with scheme level exposure for such stocks. Cumulative exposure across all schemes to overall free float levels of each stock and significant changes in the free float level of each stock is monitored on a monthly basis.

The trends of the trading volume at the stock level are monitored and significant changes in the trading volume at stock level is discussed during the monthly risk review meetings. The impact cost levels of the Stocks are monitored every month and exposure to the top stocks in terms of impact cost is closely monitored. In addition to this, the bulk / block trades are regularly monitored. The monthly trend of the Liquidity Risk Score for each scheme under the Risk-o-Meter framework is monitored.

***For Debt Asset Class, Debt and Debt Oriented Schemes:***

Liquidity Risk evaluation Framework for Debt and Debt Orientation Schemes of SAMC is based on the following principles –

- Regular estimation of the scheme portfolio assets by assigning liquidity grades / scores to each category of securities by factoring in the credit rating, maturity levels, sector, issuer type, structure etc.,
- Regular estimation of potential liabilities at the investor level and at the distributor level based on the concentration levels and fund category level redemption probabilities.
- Use of liquidity ratios/tools for monitoring liquidity
- System-based preparation of cash flows with adequate maker/ check controls
- Linkage with stress testing policy, stress events and early warning signals

*Liquidity Risk Management (LRM) framework:*

A Liquidity Risk Management (LRM) framework was introduced by AMFI during July 2021 (as per AMFI Best Practices Guidelines Circular No.93 / 2021-22) in accordance with the SEBI circular issued during Nov 2020 and Jun 2021. The fund-category wise redemption

probability data provided by AMFI which is used for arriving at the Redemption-at-Risk (RaR) and Conditional Redemption-at-Risk (CRaR) requirements, covers all possible outflow (liquidity requirement) scenarios including stress scenarios. Further the factors used for arriving at the potential liquidity requirements for each category of fund is derived from industry data based on last 11-year period.

The redemption probability data for RaR & CRaR would be updated annually thereby fulfilling the criteria of both near terms as well as longer term (through the cycle) liquidity events. The LRM framework thus effectively addressees Liquidity Risk evaluation and adequate buffers for managing such requirements through the RaR and CRaR requirements on the asset side for a period of 0-30 days.

The LRM approach focuses on management of mismatch in putative liabilities (arising in short term period of up to 30 days) vis-à-vis the liquid and eligible assets of each scheme, and include the below liquidity ratios –

- Liquidity ratio based on 30-day Redemption at Risk (LR-RaR) requirements
- Liquidity ratio based on Conditional Redemption at Risk (LR-CRaR)) requirements

The LRM framework also highlights additional factors contributing to the Liquidity Risk like Investor Concentration and Distributor concentration, for which additional mark-up in the Liquidity Ratio would be applied if the concentration levels are beyond certain maximum thresholds.

Back testing of the RaR and CRaR is done for each scheme every month by comparing RaR and CRaR fixed at the start of the month with the actual redemptions that have occurred during the month to evaluate the need for further mark-up in the RaR and CRaR levels. Comparison of LR-CRaR with the proportion of the fund AUM beyond the exit load period and proportion of the fund AUM beyond the long-term capital gain window (3 year holding period) is also be done to evaluate the adequacy of the LR-CRaR.

*Asse-Liability Management (ALM):*

With up to 30-day Liquidity Risk Management Covered under the LRM Framework, the ALM framework is intended to address a slightly longer-term asset Liability matching up to a period of 90 days.

The redemption probability data input on the liability side and the value realization assumptions on the asset side for these calculations has been provided by AMFI and is based on similar methodology used for the LRM Framework, i.e., 11 years industry level fund category wise redemption data ending October 2020. In line with the LRM framework, this data will also by revised by AMFI once a year.

The ALM framework calculates potential liquidity requirements (net AUM change) over a 90-day period with a confidence interval of 95% for the four liability buckets mentioned in the LRM circular i.e., ₹ 0-1 Cr, ₹1 to 5 Cr, ₹ 5 to 100 Cr and more than ₹100 Cr. Against this data, the asset side is expected to be evaluated by applying haircuts in line with Risk-o-Meter scores in an accelerated (non – linear) manner.

The adequacy on the asset side vs the liability side is measured monthly (like under the LRM framework). Any negative gaps in this ALM framework would trigger asset realignment in the fund portfolio or any other appropriate efforts at the sales side in terms of moderating the investor concentration.

*Stress Testing Framework:*

Liquidity Risk is also evaluated under the Stress Testing Framework by assuming certain liquidity stress impact scenarios for various rating categories, maturity buckets and issuer types of securities.

SAMC regularly evaluates the intraday liquidity requirements and ensure that there are sufficient liquid assets, back up facilities in terms of intra-day bank limits, short term borrowing limits etc., for meeting the liquidity requirements considering seasonal / event based factors.

As a part of the Liquidity Risk evaluation framework for debt asset class/schemes, SAMC regularly evaluate the trend of the top investor and top distributor concentration and the trend of the liquidity risk score under the Risk-o-Meter Framework.

**Risk of Capital Loss**

The Net Asset Value (NAV) of the Scheme is exposed to market fluctuations, and its value can go up as well as down. Investors may lose their entire principal.

**Risk Factors - Equity Markets**

- Stock Market Volatility: Stock markets are volatile in nature and can decline significantly in response to adverse political, regulatory, market, global, economic or other developments etc., The value of the Scheme's portfolio can be adversely affected due to this volatility.
- Equity Price Risk: Stock prices may rise or decline based on a number of factors. These could be a combination of company-specific and system-specific factors. Prices change due to events that impact entire financial markets or industries (for example, changes in inflation, consumer demand, supply situation and GDP growth). Company[1]specific factors may include the likes of success or failure of a new product, mergers, takeovers, earnings announcement, financial performance, and changes in management, to name a few. Securities owned by the Scheme may be adversely affected by these company specific developments.
- Dependency Risk: The Scheme may invest in stocks and mutual funds and exchange-traded funds linked to stocks. Equity confers a proportionate share of the ownership of a company. Its value will depend on the success of the company's business, income paid to stockholders by way of IDCW, the value of the company's assets, quality of its corporate governance practice, its attractiveness relative to peers and general market conditions. The fund may also invest in convertible securities and warrants. Convertible securities generally are fixed-income securities or preference shares that may be converted into common stock after a prescribed period.
- Temporary Investment Risk: If the fund manager is of the view that market or economic conditions may become unfavourable for investors in equities, he may invest a higher proportion of the fund's assets in high quality short[1]term and medium-term fixed income instruments as well as near-cash equivalents. This may be a defensive and temporary strategy. The fund manager may also adopt such a strategy while zeroing in on appropriate investment opportunities or to maintain liquidity. At times, such investments may lead to lower returns. In these circumstances, the Scheme may be unable to achieve its investment goal.
- Non-diversification Risk: The Scheme may pursue only a limited degree of diversification. It may invest a greater proportion of assets in the securities of one issuer (within the limit permitted by regulation) as compared to a diversified fund. This could have implications for the performance of the Scheme. The Scheme may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the net Asset Value of the Scheme. OK
- Asset-Class Risk: Stocks have historically outpaced other asset classes such as gold, fixed deposits and bonds, to name a few, over the long-term in India. Individual stocks prices may, however, tend to rise and decline in a dramatic manner. Such price movement may be due to company [1] specific aspects or factors such as inflation, interest rates and growth rates that affect the securities market in entirety. A slowdown in growth or a partial or full-blown recession may have a negative impact on prices of most stocks owned by the Scheme.

**Risk Factors - Debt Markets**

- Interest Rate Risk: Changes in the prevailing rates of interest may affect the value of the Scheme's holdings and consequently the value of the Scheme's Units. Increased rates of interest, which frequently accompany inflation and /or a growing economy, may have a negative effect on the value of the Units. The value of debt securities held by the Scheme generally will vary inversely with the changes in prevailing interest rates.

  While it is the intent of the fund manager to invest primarily in high rated debt securities, the Scheme may from time to time invest in higher yielding, low rated securities. As a result, an investment in the Scheme may be accompanied by a higher degree of risk relative to an investment consisting exclusively of high rated, lower yielding securities.
- Credit Risk: Credit Risk refers to the risk of failure of interest (coupon) payment and /or principal repayment. All debt instruments carry this risk. Government securities carry sovereign credit risk. The assets of the Scheme may be partly invested in fixed income securities issued by a corporate entity, bank, financial institution and/or a public sector undertaking owned by the Government of India or by a government in any state. The credit risk associated with the aforementioned issuers of debt is

higher than that of government securities.

- Price Risk: As long as the Scheme remains invested, its Net Asset Value (NAV) would be exposed to market fluctuations, and its value can go up as well as down. The portfolio of fixed-income securities that the Scheme invests in would be exposed to price changes on a day-to-day basis.
- These price changes may occur due to instrument-specific factors as well as general macroeconomic conditions. In general, price of fixed-income securities go up when interest rates fall, and vice versa.
- Market Risk: The Scheme may also be subject to price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity.
- Liquidity Risk: A lower level of liquidity affecting an individual security (ies) or an entire market may have an adverse bearing on the value of the Scheme's assets. This may more importantly affect its ability to sell particular securities with minimal impact cost as and when necessary to meet requirement of liquidity or to sell stocks in response to triggers such as a specific economic/ corporate event. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of a few of the investments.
- Risk relating to investment pattern: Different types of securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate debt carry credit risk unlike Government securities. Further even among corporate debt, AAA rated debt is comparatively less risky (in credit risk terms) than those rated lower (say AA or A).
- Risks relating to duration: Fixed Income securities of any issuer that has higher duration could be more risky in terms of price movements relative to those with lower duration. Thus any impact of interest rate changes would be higher on securities with higher duration irrespective of the status of the issuer of the security.
- Limited Liquidity & Price Risk: Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.
- Limited Recourse, Delinquency and Credit Risk: Securitised transactions are normally backed by a pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the servicer may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
- Risks due to possible prepayments: Weighted Tenor / Yield: Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments Full prepayment of underlying loan contract may arise under any of the following circumstances;
  - Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
  - Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
  - The servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same.

  In the event of prepayments, investors may be exposed to changes in tenor and yield.
- Bankruptcy of the Originator or Seller: If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.
- Credit Rating of the Transaction / Certificate: The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.
- Risk of Co-mingling: The AMC may deposit subscriptions into a General Collection account from where it will be transferred into the specific Scheme account later. In the interim , there is a risk of co-mingling of funds.

**Risk Factors - Overseas Investments**

As the Scheme will invest in global markets; investors will be exposed to several risk factors that are not relevant for the Scheme that invests in Indian securities. A few types of risks are:

- Foreign Exposure and Currency Risk: The Scheme may invest in overseas securities that are issued and traded in foreign currencies. As a result, their values may be affected by changes in exchange rates between foreign currencies and the Indian Rupee as well as between currencies of countries other than India. Restrictions on currency trading that may be imposed will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- Country Risk: This refers to inability of a country to meet its financial obligations for economical, political or geo-political reasons. The degree of this risk may vary from country to country.
- Event Risk: Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of the Scheme's investments. These factors are extremely difficult, if not impossible, to predict and take into account with respect to the Scheme's investments.
- Restrictions imposed overseas: Changes in local regulation can affect the local financial markets and restrictions on investment by overseas investors be imposed; introduction of exchange controls and immobilisation of foreigner financial assets can occur In contrast, an improvement in country risk rating may take a substantially longer period.
- Emerging Markets Risk: Emerging market countries include those currently considered to be developing by the World Bank, the International Finance Corporation, the United Nations, the countries' authorities or countries that are treated as emerging markets by index service providers at the global level. These countries typically are located in the Asia-Pacific region, Eastern Europe, Central and South America and Africa. Emerging markets are comparatively smaller than developed markets. They are characterised by high degree of market-price and currency volatility and declines of more than 50% are not unusual. Markets that are generally considered to be liquid may become illiquid for short or extended periods.
- Regulation-Change Risk: If the Government of India, RBI and/ or SEBI decide to alter the regulatory framework for investment in overseas financial assets by mutual funds, it may have an impact on the Scheme's ability to adhere to the investment objective. If and when such an eventuality materialises, the Trustee reserves the right to alter the investment objective of the Scheme or wind up the Scheme.

**Risk Factors - ADR/GDR**

- Currency risk in case the rupee appreciates against the currency in which the security is issued.
- In the case of GDRs, liquidity may be poor and dependent on the market-makers.
- In case of ADRs, liquidity may be more than in the case of

GDRs and lower than in the underlying stock listed in India (NSE and/or BSE), as ADRs are usually listed either on the NYSE or Nasdaq.

ADRs/GDRs cannot be held in the name of the Mutual Fund; they have to be held in the name of a custodian (usually domiciled outside India).

**Risk Factors - Derivatives**

- Counter Party Risk: This is the risk of default of obligations by the counter party.
- Market risk: Derivatives carry the risk of adverse changes in the market price.
- Illiquidity risk: The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.
- Basis Risk: the risk that the movements in swap rates does not actually reflect the expected movement in benchmark rates, thus, creating a mismatch with what was intended.

The guidelines issued by Reserve Bank of India from time to time for forward rate agreements, interest rate swaps, futures and other derivative products would be adhered to.

The Scheme may also use various derivative and hedging products from time to time, as would be available and permitted by SEBI/RBI, in an attempt to protect the value of the portfolio.

As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand.

Derivative products are specialised instruments that require investment techniques and risk analysis. 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 the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to 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 instrument could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

The Scheme may use techniques such as interest rate swaps, options on interest rates, futures, warrants, forward rate agreement and other derivative instruments that are / may be permitted under SEBI/RBI Regulation. These techniques and instruments, if imperfectly used, have the risk of the Scheme incurring losses due to mismatches, particularly in a volatile market. The Scheme ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any).

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of the fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

**Risk associated with Securities Lending:** Risks associated with Securities Lending may include counter party risk, liquidity risk and other market risks.

**Risk Factors Associated with Investments in REITs and InvITS:**

- **Interest-Rate Risk:** REITS/InvIts carry interest-rate risk, as investors may compare the yield on the REITs/InvIT to prevailing interest rates and the price of the REIT/InvIT may move in line with changing interest rates. Though it should be remembered that REIT/INVIT are not debt instruments and their price/value depends to a large extent on the underlying assets. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase.
- **Risk of lower than expected distributions:** The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/INVIT receives as dividends or the interest and principal payments from portfolio assets. The cash flows generated by portfolio assets from operations may fluctuate based on, among other things:
  - success and economic viability of underlying projects - for e.g. real estate in the case of REITS and power projects in case of an INVIT whose undelying porject is generation of power
  - economic cycles and risks inherent in the business which may negatively impact valuations, returns and profitability of portfolio assets
  - debt service requirements and other liabilities of the portfolio assets and fluctuations in the working capital needs
  - ability of portfolio assets to borrow funds and access capital markets
  - amount and timing of capital expenditures on portfolio assets

**Liquidity Risk:** This refers to the ease with which REIT/InvIT units can be sold. There is no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities for which a liquid market exists.

**Price-Risk:** The valuation of the REIT/InvIT units may fluctuate based on economic conditions, fluctuations in markets (eg. real estate) in which the REIT/InvIT operates. As an indirect shareholder of portfolio assets, unit holders rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian law in the event of insolvency or liquidation of any of the portfolio assets.

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

**Risk Factors - Repo in Corporate Bond**

Participation of scheme of Sundaram Mutual Fund in repo of corporate debt securities. Presently, the Scheme invests in repo on Government Securities, Treasury Bills and other money market instruments. It is also proposed to invest in the repo of corporate debt securities.

In accordance with SEBI circular no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 and CIR/IMD/DF/23/2012 dated November 15, 2012; scheme of Sundaram Mutual Fund (SMF) shall participate in the corporate bond repo transactions w.e.f. June 21, 2013 as per the guidelines issued by Reserve Bank of India (RBI) from time to time.

Currently the applicable guidelines are as under:

- The gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.
- Mutual Funds shall participate in repo transactions only in AA and above rated corporate debt securities.
- In terms of Regulation 44 (2) mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

The investment restrictions applicable to the Scheme's participation in the corporate bond repos will also be as prescribed or varied by SEBI or by the Board of Sundaram Trustee Company Limited (subject to SEBI requirements) from time to time.

The following guidelines shall be followed by Sundaram Mutual Fund for participating in repo in corporate debt securities, which have been approved by the Board of AMC and Trustee Company.

(i) Category of counterparty to be considered for making investment:

All entities eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo transactions.

(ii) Credit rating of counterparty to be considered for making investment

The schemes shall participate in corporate bond repo transactions with counterparties having a minimum investment grade rating and is approved by the Investment Committee/ Credit Committee on a case-to-case basis. In case there is no rating available, the Investment Committee/Credit Committee will decide the rating of the counterparty, and report the same to the Board from time to time.

(iii) Tenor of Repo and collateral as a repo seller, the scheme will borrow cash for a period not exceeding 6 months or as per extant regulations.

As a repo buyer, the Scheme is allowed to undertake the transactions for maximum maturity upto one year or such other terms as may be approved by the Investment Committee.

There shall be no restriction / limitation on the tenor of collateral.

(iv) Applicable haircuts As per RBI circular RBI/2012-13/365 IDMD. PCD. 09/14.03.02/2012-13 dated 07/01/2013, all corporate bond repo transaction will be subject to a minimum haircut given as given below:

(1) AAA : 07.50%

(2) AA+ : 08.50%

(3) AA : 10.00%

The haircut will be applicable on the prevailing market value of the said security on the prevailing on the date of trade.

However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the market prevailing liquidity situation.

**C. Risk mitigation strategies**

**Risk envisaged and mitigation measures for repo transactions:**

Credit risks could arise if the counterparty does not return the security as contracted on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis.

In the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus the scheme may suffer losses. This risk is normally mitigated.

In addition to the above, the Investment Committee/Credit Committeeor of the AMC shall prescribe limits, restrictions and conditions for the enhancement proposed. The Investment Committee / Credit Committee will also periodically review the limits, restrictions and conditions at its meeting.

**Minimum Number of Investors & Single-Investor Limit**

As per SEBI Regulations, the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme in each calender quarter on an average basis. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulation would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

**Risk Factors - Segregated Portfolio**

**Liquidity Risk:** Securities classified under the segregated portfolio will typcially be those securities that are thinly traded or not traded at all. hence these securities will have significant liquidity risk and investors may not be able to redeem their invstments.

**Credit Risk:** Securities classified under the segregated portfolio will typcially be securities which are undergoing stress with regard to their ability to make pricnipal and interest payments. Hence these securities will have significant credit risk and investors may not be able to redeem / realize their invstments. It is also highly likely that these securities will undergo bankruptcy / liquidation processess which further increases the risk of the amount and the time taken for the investor to realize his investment.

**Special Considerations**

Prospective investors should review / study this Scheme Information Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/ investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (sale, transfer, switch or redemption or conversion into money) of units within their jurisdiction / of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Scheme to be used to purchase/gift units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding units before making an application for units.

Neither this Scheme Information Document nor the units have been registered in any jurisdiction outside India. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Scheme Information Document in certain jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this Scheme Information Document or any accompanying application form in such jurisdiction may treat this Scheme Information Document or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Neither the delivery of this Scheme Information Document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct.

**Creation of segregated portfolio in case of credit event**

SEBI vide circular number SEBI/HO/IMD/DF2/CIR/P/2018/160 and dated 28th December 2018 prescribed the procedure for segregation of portfolio in mutual fund schemes. Following is the extract from the circular:

1. Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
   a. Downgrade of a debt or money market instrument to 'below investment grade', or
   b. Subsequent downgrades, or
   c. Similar such downgrades of a loan rating.
2. In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events and implemented at the ISIN level.
3. Creation of segregated portfolio shall be optional and at the discretion of the AMC. It should be created only if the SID of the scheme has provisions for segregated portfolio with adequate disclosures.
4. AMCs shall have a detailed written down policy on creation of segregated portfolio and the same shall be approved by the trustees.
5. Process for creation of segregated portfolio
   a. AMC shall decide on creation of segregated portfolio on the day of credit event. Once an AMC decides to segregate portfolio, it shall
      i. seek approval of trustees prior to creation of the segregated portfolio.
      ii. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors.
      iii. ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the

day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.

b. Once trustee approval is received by the AMC,
   i. Segregated portfolio shall be effective from the day of credit event
   ii. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
   iii. An e-mail or SMS should be sent to all unit holders of the concerned scheme.
   iv. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
   v. All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
   vi. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.

c. If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.

6. Valuation and processing of subscriptions and redemptions
   a. the valuation should take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets).
   b. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:
      i. Upon trustees' approval to create a segregated portfolio -
      - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
      - Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
      ii. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio (scheme portfolio including the securities affected by the credit event).
7. Disclosure Requirements
   a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
   b. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents.
   c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on every business day.
   d. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
   e. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
   f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
   g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.
8. TER for the Segregated Portfolio
   a. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
   b. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
   c. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
   d. The costs related to segregated portfolio shall in no case be charged to the main portfolio.
9. Monitoring by Trustees
   a. In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:
      i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
      ii. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
      iii. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.
      iv. The trustees shall monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.
   b. In order to avoid mis-use of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.
10. The existence of the provisions for segregated portfolio should not encourage the AMCs to take undue credit risk in the scheme portfolio.

In partial modification to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 on 'Creation of segregated portfolio in mutual fund schemes', it has been decided by SEBI to permit creation of segregated portfolio of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments, vide circular number SEBI/HO/IMD/DF2/CIR/P/2019/127, dated 07th November 2019. subject to the following:

a. Segregated portfolio of such unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount.
b. AMCs will inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer in terms of SEBI circular dated December 28, 2018.

The Scheme intends to have the ability to create a segregated portfolio in line with the above SEBI circular No. SEBI/HO/IMD/DF2/

CIR/P/2018/160 dated December 28, 2018.

**Example of Segregation:**

The below table shows how a security affected by a credit event will be segregated and its impact on investors. Whether the distressed security is held in the original portfolio or the segregated portfolio, the value of the investors holdings will remain the same on the date of the credit event . Over time, the NAV of the portfolios are subject to change.

**Key Assumptions:** We have assumed a Scheme consists of 3 Secuirties ( A, B, and C) . It has two investors with total of 10,000 units. ( Investors 1 – 6,000 Units , Investors 2- 4,000 units)

Total Portfoilo Value of ₹ 30 Lakhs (Each Security invested ₹ 10 Lakh)

Current NAV : 30,00,000/10,000 = ₹ 300 Per Unit

Suppose Security A is downgraded to below investment grade and consequently the value of the security falls from ₹ 10,00,000 to ₹ 4,00,000 and the AMC decides to segregate the security into a new portfoio. Investors will be allotted the same number of units in the segregated portfolio as they hold in the main portfolio. So, Investor 1 will get 6,000 Units and Investor 2 will get 4,000 units in the segregated portfolio.

With Segregation – Portfolio Value is ₹ 24,00,000 (Now B & C Securties worth ₹ 20 Lakh and Security A has fallen from ₹ 10,00,000 to ₹ 4,00,000)

| | Main Portfolio (Security of B & C) | Segregated Portfolio (Security A) |
|---|---|---|
| Net Assets | ₹ 20,00,000 | ₹ 4,00,000 |
| Number of Units | 10,000 | 10,000 |
| NAV per Unit | ₹ 20,00,000/ 10,000 = ₹ 200 | ₹ 4,00,000/ 10,000 = ₹ 40 |
| With respect to Investors. | | |
| | Investor 1 | Investor 2 |
| Units held in Main portfolio (No. of Units) | 6,000 | 4,000 |
| NAV of Main Portfolio | ₹ 200 per Unit | ₹ 200 per unit |
| Value of Holding in Main Portfolio (A) – ₹ | 12,00,000 | 8,00,000 |
| Units Held in Segregated Portfolio | 6,000 | 4,000 |
| NAV of Segregated Portfolio | ₹ 40 Per unit | ₹ 40 Per unit |
| Value of Holding in Segregated Portfolio (B) – ₹ | 2,40,000 | 1,60,000 |
| Total Value of Holdings (A) + (B) – ₹ | 14,40,000 | 9,60,000 |
| In case if it does not segregate (Total Portfolio would be) | | |
| Net Assets of the Portfolio | No. of Units | NAV per unit Rs. |
| ₹ 24,00,000 | 10,000 | 24,00,000/ 10,000 = ₹ 240 |
| (₹ 4,00,000 in Security A and | | |
| ₹ 10,00,000 in Security B and | | |
| ₹ 10,00,000 in Security C) | | |
| | Investor 1 | Investor 2 |
| Units held in Original portfolio (No. of Units) | 6,000 | 4,000 |
| NAV of Original Portfolio | ₹ 240 Per Unit | ₹ 240 Per Unit |
| Value of Holding - ₹ | 14,40,000 | 9,60,000 |

1. The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.
2. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.
3. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

## Details under FATCA/Common Reporting Standards (CRS)/Foreign Tax Laws

Compliance under Foreign Account Tax Compliance Act /Common Reporting Standard requirements: Foreign Account Tax Compliance Act: Foreign Account Tax Compliance Act ("FATCA") is a United States (US) law aimed at prevention of tax evasion by US citizens and residents ("US Persons") through use of offshore accounts. FATCA obligates foreign financial institution (FFIs), including Indian financial institutions to provide the US Internal Revenue Service (IRS) with information on the accounts of to report accounts held by specified US Persons. FATCA requires enhanced due diligence processes by the FFI so as to identify US reportable accounts. With respect to individuals, the US reportable accounts would cover those with US citizenship or US residency. The identification of US person will be based on one or more of following "US indicia" • Identification of the Account Holder as a US citizen or resident; Unambiguous indication of a US place of birth; • Current US mailing or residence address (including a US post office box); • Current US telephone number; • Standing instructions to transfer funds to an account maintained in USA; • Current effective power of attorney or signing authority granted to a person with a US address; or • An "in-care of or "hold mail" address that is the sole address that the Indian Financial Institution has on the file for the Account Holder. Since domestic laws of sovereign countries, (including India) may not permit sharing of confidential client information by FFIs directly with US IRS, the U.S. has entered into Inter-Governmental Agreement (IGA) with various countries. The IGA between India and USA was signed on 9th July, 2015, which provides that the Indian FIs will provide the necessary information to Indian tax authorities, which will then be transmitted to USA automatically. Common Reporting Standard - The New Global Standard for Automatic Exchange of Information: On similar lines as FATCA, the Organization of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a "Standard for Automatic Exchange of Financial Account Information in Tax Matters", in order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad, requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November, 2014. On June 3, 2015, India has joined the Multilateral Competent Authority Agreement (MCAA) on AEOI. The CRS on AEOI requires the financial institutions of the "source" jurisdiction to collect and report information to their tax authorities about account holders "resident" in other countries, such information having to be transmitted "automatically' annually. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest in the "resident" countries. Accordingly with effect from November 1, 2015 all investors will have Sundaram Mutual Fund / the AMC is classified as a `Foreign Financial Institution' under the FATCA provisions. Accordingly, the AMC / Mutual Fund will be required to undertake due diligence process and identify US reportable accounts and collect such information / documentary evidences of the US and / or non-US status of its investors / Unit holders and disclose such information (directly or through its agents or service providers) as far as may be legally permitted about the holdings / investment returns to US Internal Revenue Service (IRS) and / or the Indian Tax Authorities. The MF has registered with US Internal Revenue Service (IRS) and has obtained a Global Intermediary Identification Number (GIIN): EY9227.99999.SL.356 for the said reporting purposes.

FATCA/CRS due diligence will be directed at each investor / Unit holder (including joint investor) and on being identified as a reportable person / specified US person, all the folios will be reported. In case of folios with joint holders, the entire account value of the investment portfolio will be attributable under each such reportable person. An investor / Unit holder will therefore be required to furnish such information as and when sought by the AMC in order to comply with the information reporting requirements stated in IGA and circulars issued by SEBI/Government of India in this regard from time to time. The information disclosed may include (but is not limited to) the identity of the investors and their direct or indirect beneficiaries, beneficial owners and controlling persons. Investors / Unitholders should consult their tax advisors regarding FATCA/CRS requirements with respect to their situation.

## B. Where Will The Scheme Invest?

In order to achieve the investment objective, the corpus of the Scheme can be invested in the following securities (subject to the Investment Objective / Asset Allocation):

- Equity and equity-related securities including Convertible bonds and debentures and warrants carrying the right to obtain equity shares and derivative instruments.
- Debt securities of the Government of India, State and local Governments, Government agencies, Statutory bodies, Public Sector Undertakings, Public Financial Institutions, Scheduled Commercial Banks, Non-Banking Finance Companies, Development Financial Institutions, Supranational Financial Institutions, Corporate entities, Housing Finance Companies (HFCs)**.**
- Debt and Money Market securities and such other securities as may be permitted by SEBI and RBI regulation from time to time.
- Money market instruments including but not limited to, Treasury Bills, Commercial Paper of Public Sector Undertakings and Private Sector Corporate entities, Reverse Repo Agreements on Gsecs, TREPS (Triparty Repo Trades), Certificates of Deposit of Scheduled Commercial Banks and Development Financial Institutions, Government Securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI/RBI regulation.
- The non-convertible part of convertible securities.
- Units of Mutual funds as may be permitted by regulation.
- The Scheme shall engage in securities lending and Repo in Corporate,
- The scheme shall invests in REITs/InvITs as per SEBI Regulations and limits.
- The Scheme may also invest in ADR's / GDR's / Overseas securities.

The scheme may invest in derivative instruments for the purpose of hedging, portfolio balancing and trading and arbitrage. The limits and conditions and restrictions prescribed by SEBI vide circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010and Circular No SEBI/HO/ IMD/DF2/CIR/P/2021/024 dated March 04, 2021 shall be followed

- Any other instruments as may be permitted by RBI / SEBI / such other Regulatory Authority from time to time.

  The securities mentioned above and such other securities the Scheme is permitted to invest in, could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity bearing fixed-rate or floating coupon rate. The securities may be acquired through Initial Public Offerings (IPO s), secondary market operations, private placement, rights offers or negotiated deals. The Scheme may also enter into repo and reverse repo obligations on Gsecs held by it as per the guidelines and regulation applicable to such transactions.

- The Scheme shall invest in the instruments rated as investment grade or above by a recognised rating agency. In case, the instruments are not rated, specific approval of the Investment Committee/Credit Committee of the Investment Manager shall be obtained.
- Pending deployment of funds in terms of investment objectives of the Scheme, the funds may be invested in short term deposits with Scheduled Commercial Banks in accordance SEBI Circulars SEBI/IMD/CIR No.9/20306/03 dated November 12, 2003, SEBI/ IMD/Cir No.1/91171/07 dated April 16, 2007, SEBI/HO/IMD/DF4/ CIR/P/2019/093 dated August 16, 2019. The AMC(s) shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks

### Brief note on fixed-income and money market in India

*(i) Debt Instrument Characteristics:*

A Debt Instrument is basically an obligation which the borrower has to service periodically and generally has the following features:

Face Value: Stated value of the paper /Principal Amount

Coupon: Zero, fixed or floating

Frequency: Semi-annual; annual, sometimes quarterly

Maturity: Bullet, staggered

Redemption: FV; premium or discount

Options: Call/Put

Issue Price: Par (FV) or premium or discount

A debt instrument comprises of a unique series of cash flows for each paper, terms of which are decided at the time of issue. Discounting these cash flows to the present value at various applicable discount rates (market rates) provides the market price.

*(ii) Types of Debt Market Instruments:*

The Indian Debt market comprises of the Money Market and the Long Term Debt Market.

*Money market instruments* are Commercial Papers (CPs), Certificates of Deposit (CDs), Treasury bills (T-bills), Repos, Inter-bank Call money deposit, CBLOs, Reverse Repo and TREPS etc. They are mostly discounted instruments that are issued at a discount to face value.

*Money market instruments* have a tenor of less than one year while debt market instruments typically have a tenor of more than one year.

*Long Term Debt market* in India comprises mainly of two segments viz., the Government securities market and the corporate securities market.

*Government securities* include central, state and local issues. The main instruments in this market are dated securities (Fixed or Floating) and Treasury bills (Discounted Papers). The Central Government securities are generally issued through auctions on the basis of 'Uniform price' method or 'Multiple price' method while State Govt. are through on-tap sales.

*Corporate Debt* segment on the other hand includes bonds/ debentures issued by private corporates, public sector units (PSUs) and development financial institutions (DFIs). The debentures are rated by a rating agency and based on the feedback from the market, the issue is priced accordingly. The bonds issued may be fixed or floating. The floating rate debt market has emerged as an active market in the rising interest rate scenario. Benchmarks range from Overnight rates or Treasury benchmarks.

*Debt derivatives market* comprises mainly of Interest Rate Swaps linked to Overnight benchmarks called MIBOR (Mumbai Inter Bank Offered Rate) and is an active market. Banks and corporate are major players here and of late Mutual Funds have also started hedging their exposures through these products.

The following table gives approximate yields prevailing during the month of October 2025 on some of the instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in

macro economic conditions and RBI policy

| Issuer | Instruments | Maturity | OTC |
|---|---|---|---|
| GOI | Treasury Bill | 91 days | 5.48 |
| GOI | Treasury Bill | 364 days | 5.54 |
| GOI | Short Dated | 1-3 Yrs | 5.75 - 5.98 |
| GOI | Medium Dated | 3-5 Yrs | 5.98- 6.17 |
| GOI | Long Dated | 5-10 Yrs | 6.17 - 6.54 |
| Corporates | Bonds (AAA) | 1 - 3 years | 6.56 - 6.71 |
| Corporates | Bonds (AAA) | 3 - 5 years | 6.71 -6.97 |
| Corporates | CPs (A1+) | 3 months - 1 yr | 6.41-6.43 |
| Banks | CDs | 3 months - 1 yr | 6.05 - 6.57 |

*Source: Bloomberg.* *As on 24 October 2025*

***(iii) Regulators:***

The RBI operates both as the monetary authority and the debt manager to the government. In its role as a monetary authority, the RBI participates in the market through open-market operations as well as through Liquidity Adjustment Facility (LAF) to regulate the money supply. It also regulates the bank rate and repo rate, and uses these rates as indirect tools for its monetary policy. The RBI as the debt manager issues the securities at the cheapest possible rate. The SEBI regulates the debt instruments listed on the stock exchanges.

***(iv) Fixed income and money market segments***

The market for fixed-income securities in India can be briefly divided into the following segments:

- The money market – The market for borrowing / lending money;
- The securities market – The market for trading in securities and
- The derivatives market – The market for fixed income derivatives.

In this predominantly institutional market, the key market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and companies. Provident / pension funds, though present, are not active players.

***The Money Market***

The money market can be classified into two broad categories

The market for clean borrowing/lending without backing of any collateral:

- Call Money: The market for overnight borrowing/lending.
- Notice Money: The market for borrowing/lending from 2 days to a fortnight.
- Term Money: The market for borrowing/lending from a fortnight to six months.

The market for collateralised borrowing/lending:

- Repo transactions: These are redemption-obligation transactions in which the borrower tenders securities to the lender; these securities are bought back by the borrower on the redemption date. The price difference between the sale and redemption of the securities is the implicit interest rate for the borrowing/lending. The eligible underlying securities for these transactions are government securities and treasury bills. Corporate bonds are not allowed as eligible securities for repo transactions. The minimum repo term (lending /borrowing period) is one day.

Risks associated with investing in Tri-Party Repo through CCIL (TREPS)

Tri-party Repo i.e. TREPS facilitates, borrowing and lending of funds, in Triparty Repo arrangement. CCIL would be the Central Counterparty to all trades from Tri Party Repo Dealing System (TREPS) and would also perform the role and responsibilities of Triparty Repo Agent, in terms of Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 as amended from time to time. The mutual fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All TREPS trades are settled anonymously and centrally through the infrastructure and settlement systems provided by CCIL. Further the settlement is guaranteed by CCIL. This is a collateralized investment whereby borrowers have to give adequate amount of securities on which a haircut is applied by CCIL. CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral." CCIL has several risk management processes in place such as initial margin, borrowing limits, identification of eligible collateral, haircuts on eligible collateral, mark to market margins (MTM) and volatility margin are applicable for Triparty Repo trades. There is a default fund for Triparty Repo trades. The exposure monitoring is online and on a pre-order basis, ensuring that orders can be placed only if the member has sufficient initial margin and/or borrowing limits to support the resultant trades. CCIL may temporarily impose volatility margin in case of a sudden increase in volatility in interest rates. Thus the settlement and counterparty risks are considerably low. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilized to handle any shortfall arising out of such default and to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall". As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

***The Securities Market***

The market for fixed-income securities can be broadly classified into

- The market for money market (short-term) instruments: Money-market securities are generally discount securities maturing within one year from the date of issuance. Instruments satisfying this criterion are treasury bills (obligations of the government), commercial paper (obligations of the corporate sector) and certificate of deposit (obligations of banks).
- The market for Government Securities: Government securities are medium-/long-term Fixed Income Securities of the government. The market for government securities is the most liquid segment of the fixed-income market in India. Most of the secondary market trading is concentrated in government securities. Trading in government securities is now done mostly through an electronic trading, reporting and settlement platform developed by the Reserve Bank of India (RBI) called Negotiated Dealing System. The role of brokers, which was an important element of the Indian bond market, is now less significant in this segment than in the past.

- The market for corporate bonds: Trading in corporate bonds is relatively subdued (in comparison to government securities). Price discovery and trading in this segment are still through the telephone. Attempts at improving the trading, settlement and risk-management practices for trading corporate bonds are currently underway.
- The market for floating-rate securities: The coupon rate in floating-rate securities is linked to an acceptable benchmark. Floating-rate securities generally have a coupon rate, which is reset over a regular period depending on the benchmark chosen. The market widely uses the MIBOR benchmarks announced by Independent agencies such as NSE and Reuters. When benchmark interest rate rises, the income generated on these floating-rate securities may also rise. When the benchmark interest rates decline, the income generated on these floating-rate securities may decline. Increasingly more companies are raising resource through floating-rate securities. Most of such securities are in the form of floating-rate debentures at a spread over NSE MIBOR. The other popular benchmark is the Indian Government securities benchmark yield (known as INBMK). The reset in such cases happen after a period of time, generally six months. The Government of India has also started issuing floating-rate securities using INBMK 1 year as the benchmark.

***The Fixed-Income Derivatives Market***

The interest-rate derivatives market is at a developing stage in India. Instruments broadly transacted are • Interest Rate Swaps • Interest Rate Futures and • Forward Rate Agreements.

- Interest Rate Swaps: This is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed-to-floating-rate swap where one party receives a fixed (pre-determined) rate of interest while the other receives a floating (variable) rate of interest.
- Interest Rate Future (IRF): An interest rate futures contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." Interest rate futures are derivative contracts which have a notional interest bearing security as the underlying instrument. The buyer of an interest rate futures contract agrees to take delivery of the underlying debt instruments when the contract expires and the seller of interest rate futures agrees to deliver the debt instrument. The fund can effectively use interest rate futures to hedge from increase in interest rates.
- Forward Rate Agreement: This is basically a forward-starting interest-rate swap. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. The notional amounts are not exchanged.

***(v) Market Participants:***

Given the large size of the trades, the debt market has remained predominantly a wholesale market.

***Primary Dealers***

Primary Dealers (PDs) act as underwriters in the primary market, and as market makers in the secondary market.

***Brokers***

Brokers bring together counterparties and negotiate terms of the trade.

***Investors***

Banks, Insurance Companies, Mutual Funds are important players in the debt market. Other players are Trusts, Provident and pension funds.

***(vi) Trading Mechanism:***

Government Securities and Money Market Instruments

Negotiated Dealing System (NDS) is an electronic platform for facilitating dealing and online reporting of transactions. Government Securities (including T-bills), call money, notice/term money, repos in eligible securities, etc. are available for negotiated dealing through NDS. Currently G-Sec deals are done telephonically and reported on NDS.

Corporate Debt is basically a phone driven market where deals are concluded verbally over recorded lines. The reporting of trade is done on the NSE Wholesale Debt Market segment.

## Equity Derivatives

The scheme may invest derivative instruments for the purpose of hedging, portfolio balancing and trading. The limits and conditions and restrictions prescribed by SEBI vide circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 and Circular No SEBI/HO/IMD/ DF2/CIR/P/2021/024 dated March 04, 2021 shall be followed.

Derivatives are financial contracts or instruments that derive their value from an underlying asset. Derivatives may be used for hedging, portfolio balancing and trading purposes to seek to optimise performance in the Scheme and will be subject to applicable Regulations of SEBI/RBI from time to time.

Portfolio balancing includes any type of deals in derivatives as long as they are fully covered by holding a position in the underlying securities/ cash/cash equivalents/options/ futures. Trading is permitted only in exchange-traded derivatives. The derivatives shall be marked-to-market by the Investment Manager at all times.

Transactions in derivatives include a wide range of instruments, including, but not limited to futures, options, swaps, and interest rate swaps, forward rate agreements and any other instrument as may be permitted by SEBI/RBI from time to time.

**Futures:** A purchase of futures contract obligates the purchaser to take delivery of the underlying asset at the expiry of the contract. The transaction is netted at the end of the contract and the difference settled between the investor & the clearing house. There will be physical settlement for some stocks. A part of value of the contract – 15% to 25% on an average (the number could be higher for specific contracts or for all contracts at specific times) – is the margin.

Payoffs in futures are linear with reference to the underlying and the risk is basically directional. Buyers and sellers of futures carry equal risk.

The margin depends on volatility of the underlying asset and the difference between the spot price and the contract price, to name a few influencing variables.

Please note that the following illustrative examples are given for information purposes only and are based on hypothetical values for the S & P CNX Nifty and/or stock.

Example for index futures: Stock index futures are instruments designed to give exposure to the equity markets indices. The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE) have trading in index index futures of 1,2,3 months maturity, etc.

The pricing of an index future is the function of the underlying index

and short term interest rates. Index futures are cash settled, there is no delivery of the underlying stocks.

If a Scheme buys 1,000 futures contracts, each contract value is 200 times the futures index price. Purchase date: January 01, 2012. Spot index: 5000.00 Future price: 5010.00 Date of expiry: January 25, 2012. If the exchange imposes a margin of 10%, the Investment Manager will be required to provide ₹10,02,00,000 (i.e. 10% * 5010 * 1000 * 200) by way of eligible securities and/or and cash. If on the date of expiry - January 25, 2012 - the S&P CNX Nifty Index closes at 5025, the net impact will be a profit of ₹ 30,00,000 for the Scheme (5025-5010) * 1000 * 200).

The profit or loss for the Scheme will be the difference between 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 those associated with equity investments plus there are additional risks with additional risks highlighted in the Risk Factors part of this document.

Example for stock futures: A futures contract on a stock gives its owner the right and obligation to buy or sell stocks. Single stock futures traded on the NSE are cash settled; there is no delivery of the underlying stocks on the expiration date.

A purchase or sale of futures on a security gives the trader essentially the same price exposure as a purchase or sale of the security itself. Trading stock futures is no different from trading the security itself.

The Scheme buys shares of A Ltd. Its current price is Rs 500. The Scheme sells one month futures on the shares of A Ltd at Rs 550. If the price of the stock declines, the Mutual Fund will suffer losses on the stock position held and profit on futures position. The price of stock on the expiry date is Rs 450. The price of the futures on the stock declines to Rs 480. There is a loss of ₹ 50 per share on the on the holding of the stock. This is offset by profit of Rs 70 on the short position in stock futures.

Risks associated with stock futures are similar to those associated with equity investments plus there are additional risks with additional risks highlighted in the Risk Factors part of this document.

*Options:* An option gives the owner the right to buy or sell the underlying asset based on specific prices trends but the not the obligation. The option will be exercised if the outcome is favourable to the owner. A call option gives the owner a right to buy the underlying asset at a pre-determined price on a pre-specified date. A put' option gives the owner the right to sell a security at a pre-determined price on a pre-specified date.

Risk is limited (or known) to premium if call or put options are purchased. If options are sold, the risk is unlimited (or unknown). The risk of the unknown can be mitigated by staying covered, using covered calls or bull/bear spread, to name a few strategies. Payoffs in options are non-linear.

***Products:*** The derivative products currently available in India include futures on the Index (Nifty and Sensex) options on the Index (Nifty and Sensex), stock futures and options on stocks, to name a few.

Indices on which index futures are available: S & P CNX Nifty, CNX Nifty Junior, CNX IT, CNX 100, Bank Nifty, Nifty Mid Cap and S & P CNX Defty.

Use of derivatives to further investment objective of the Scheme: Sundaram Mutual Fund may use derivatives to seek outcomes that are not possible in the cash market. For example:

- A short position in index futures or futures on a particular stock may be initiated to hedge a long position in the cash market;
- The Investment Manager can buy put options with appropriate strike price as a hedge for a decline in price of stocks owned in the Scheme;
- Options may be sold to augment income through the premium paid by the buyer;
- Sell puts on a stock with strike prices at levels the fund seeks to buy the stock;
- Sell calls on stocks in the portfolio of the Scheme at strike prices that are at levels viewed as a selling opportunity by the Investment Manager and
- If the index futures trade at a steep discount or premium to the spot, the Scheme can take advantage of the situation by switching out of stocks into futures or vice versa. At the expiry of the futures contract, its price will have to converge with the spot, as the last settlement will be with reference to the spot price. Arbitrage profit, if any, may augment NAV of the Scheme.

Use of derivatives by the Mutual Fund:

***Trading in derivatives***

There are risks associated with use of derivatives as a trading strategy in a Scheme.Investors must read and understand the risks associated with use of derivatives for trading purpose in order to appreciate the implications. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. The price of the underlying asset, the volatility, tenor and interest rates, to name a few, affect the value of a derivative contract. A few illustrative trading strategies are outlined:

Reverse Arbitrage: The endeavour of the Investment Manager is to create reverse arbitrage positions, which reduces the holding cost of the captioned security.

Arbitrage: The endeavour of the Investment Manager is to create arbitrage positions, which create market neutral positions and lead to yield enhancement for the portfolio as a whole.

Portfolio Hedging: The endeavour of the Investment Manager is to use index futures for portfolio hedging to participate in the market (buy Index Futures) or reduce market risk (sell Index Futures).

There are risks associated with such strategies. A few of them are: model risk (improper pricing/mis-pricing), market liquidity risk (derivatives cannot be sold at prices that reflect the underlying assets, rates and indices), basis risk (lack of in-line movement with the underlying asset) and trade execution risk (final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy).

SEBI Vide circular no DNPD/Cir-29/2005 dated 14th September 2005, permitted of mutual funds to trade in derivative instruments and also enhanced the position limits in respect of Stock based derivatives vide its circular dated DNPF/ Cir-30/2006 dated January 20, 2006. The limits and conditions and restrictions prescribed by SEBI in the above circulars and also the conditions prescribed by SEBI in the circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 and Circular No SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 will also be followed, The details are set out hereunder:

| No | Particulars | Limit/ conditions |
|---|---|---|
| 1. | Exposure Limit | Up to 50% of the net assets of the respective schemes.<br>The cumulative gross exposure |

| | | |
|---|---|---|
| | | through equity, debt and derivative position should not exceed 100% of the net assets of the respective schemes. |
| 2. | Position Limit | In accordance with the limit prescribed by SEBI vide its circular no DNPD/Cir-29/2005 dated 14th September 2005 & DNPD/Cir-30/2006 dated January 20,2006, in the Next Section 'Position Limits'. |
| 3. | Monitoring of position limits | The mutual fund will notify the names of the clearing member for each scheme through whom it would clear the derivative contracts to the stock exchange.<br>The stock exchange would then assign a Unique Client Code to each scheme of the mutual fund.<br>The stock exchange shall monitor the scheme wise position limit.<br>Daily trading/ position limits and margins will be notified the by the clearing member (custodian) to the AMC, for funding and monitoring. |
| 4. | Prohibitions / Restrictions | The schemes shall not write options or purchase instruments with embedded written options.<br>The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.<br>Cash and cash equivalents with residual maturity of not less than 91 days may be treated as not creating any exposure.<br>Exposure to hedging positions may not be included in the abovementioned limits subject to the following:<br>Hedging positions are derivative positions that reduce possible losses on the existing position in securities and till the existing position remains.<br>Hedging positions can not be taken for existing derivative positions exposure to such positions shall have to be added and treated within the overall limit of 100%.<br>Any derivative instrument used to hedge has the same underlying security as the existing position being hedged<br>The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing positions against which hedge has been taken. |
| 5. | Strategy | Hedging, Portfolio rebalancing, trading and arbitrage |
| 6. | Internal Guidelines | The AMC presently has a derivative policy which sets out the framework and operational guidelines for derivative investments. |
| 7. | Valuation | The traded derivatives shall be valued at market price in conformity with the SEBI Regulations/Guidelines<br>The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in the SEBI Regulation |
| 8. | Disclosure and Reporting | In the half yearly portfolio and in the annual reports, the following disclosure will be made in respect of derivative positions as per the format prescribed by SEBI.<br>Hedging positions and trading positions through futures<br>Hedging positions and trading positions through options<br>The total no of contracts entered, gross notional value of contracts and net profits/loss.<br>While listing the net assets, the margin amounts paid will be reported separately under cash and bank balances.<br>The above reports will be placed before the Executive / Risk Management Committee of the AMC and AMC/ Trustee Board and for review. |

**Illustrative list of strategies that can employ derivatives are given hereunder:**

***(i) Index Futures***

Index Futures have been introduced by BSE and NSE. Generally three index futures of 1,2,3 months maturity, etc are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months. If the Nifty (Index) was 1875 at the beginning of a month and the quotes for the three futures were as under:

| Month | Bid Price | Offer Price |
|---|---|---|
| 1 | 1880 | 1885 |
| 2 | 1900 | 1915 |
| 3 | 1910 | 1930 |

The Fund can buy an Index of month 1 on the last day of the month prior to month 1 in the illustration above at an offer price of 1885.

**Numerical example of futures trade**

The following is a hypothetical example of a typical likely index future trade and the associated costs.

| | Particulars | Index Future | Actual purchase of stocks |
|---|---|---|---|
| | Index at the beginning of the month | 1875 | 1875 |
| | Price of 1 Month Future | 1885 | - |
| A | Execution Cost : Carry and other Index Future costs (1885-1875) | 10 | Nil |

| | | | |
|---|---|---|---|
| B | Brokerage Cost:<br>Assumed at 0.30% for Index Future and<br>0.50% for spot Stocks<br>(0.30% of 1885)<br>(0.50% of 1875) | 5.66 | 9.38 |
| C | Gains on Surplus Funds:<br>(assumed 10% return on 90% of the money left after paying 10% margin) | 13.87 | Nil |
| | Total Cost (A+B-C) | 1.79 | 9.38 |

In this example, the Index Future trade has resulted in profitability compared to actual purchase of the underlying index stocks. The profitability of Index Future as compared to an individual security will interalia depend upon the carrying cost, the interest available on surplus funds and the transaction cost. There are futures based on stock indices as mentioned above as also futures based on individual stocks.

**Illustrative list of strategies that can employ futures**

Strategies that employ index futures and their objectives:

(a) The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the Index.

A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by guidelines issued by SEBI from time to time.

(b) To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange. In case the nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

**Risk associated with this strategy:**

1. Lack of opportunities available in the market
2. Inability of the derivatives to correlate perfectly with underlying indices
3. Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

**Strategies that employ Stock specific Futures and their objectives:**

Individual stock futures are also available in the Indian Equity Markets. Stock futures trade either at a premium or at discount to the spot prices, the level of premium generally reflects the cost of carry. Stock specific issues may have a bearing on futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to arbitrage opportunities for a fund.

(a) ***Selling spot and buying future :*** In case the fund holds the stock of a company at say ₹ 1000 while in the futures market it trades at a discount to the spot price say at ₹ 980 then the fund may sell the stock and buy the futures. On the date of expiry of the stock future, the fund may reverse the transactions (i.e. Buying at Spot & Selling futures) and earn a risk-free ₹ 20/- (2% absolute) on its holdings. As this can be without any dilution of the view of the fund on the underlying stock the fund can still benefit from any movement of the price in the northward direction, i.e. if on the date of expiry of the futures, if the stock trades at 1100 which would be the price of the futures too, the fund will have a benefit of ₹ 100/- whereby the fund gets the 10% upside movement together with the 2% benefit on the arbitrage, and thus getting a total return of 12%.

(b) ***Buying spot and selling future:*** Where the fund holds the stock of a company trading in the spot market at Rs 1000 while it trades at ₹ 1020/- in the futures market then fund may buy the stock at spot and sell in the futures market thereby earning Rs 20. In case of adequacy of cash with the fund, this strategy may be used to enhance returns of the Scheme which was otherwise sitting on cash.

(c) ***Buying stock future:*** Where the scheme wants to initiate a long positon in a stock whose spot price is at say, ₹1000 and futures is at 980, then the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

(d) In case the fund has a bearish view on a stock which is trading in the spot market at ₹1000/- and the futures market at say ₹980/-. The fund can express such a view subject to extant SEBI regulations by initiating a short postion in the futures contract. In case the view is right and the futures price depreciates to say 900/- the fund can square up the short position thereby earning a profit of ₹ 80/- Risk associated with this strategy:

- Lack of opportunities available in the market
- Inability of the derivatives to correlate perfectly with underlying security
- Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

**(ii) Strategies that use Options and the objectives of such strategies:**

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price. Thus, options can be used to earn less volatile returns, earn the premium or use for hedging purposes etc.

**Illustrations of use of Options**

Call Option (Buy): The fund buys a call option at the strike price of say ₹1000 and pays a premium of say ₹ 50, the fund would earn

profits if the market price of the stock at the time of expiry of the option is more than 1050 being the total of the strike price and the premium thereon. If on the date of expiry of the option the stock price is below Rs 1000, the fund will not exercise the option while it loses the premium of Rs 50.

***Put Option (Buy):*** The fund buys a Put Option at Rs 1000 by paying a premium of say Rs 50. If the stock price goes down to ₹ 900, the fund would protect its downside and would only have to bear the premium of Rs 50 instead of a loss of Rs 100 whereas if the stock price moves up to say ₹ 1100 the fund may let the Option expire and forego the premium thereby capturing ₹ 100 upside after bearing the premium of ₹50.

The above three option positions can be initiated in both index based options as well as stock specific options.

Risk associated with this strategy:

- Lack of opportunities available in the market
- Inability of the derivatives to correlate perfectly with underlying security
- Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

Any Notifications, Guidelines and circulars introduced by SEBI on derivatives from time to time shall automatically apply and forms part of the Scheme Information Documents.

**Position Limits**

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

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

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

b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

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

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

b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging**

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

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

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

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, is defined in the following manner:-

1. For stocks having applicable market-wise position limit (MWPL) of ₹ 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or ₹ 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or ₹ 150 crores, whichever is lower.
2. For stocks having applicable market-wise position limit (MWPL) less than ₹ 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or ₹ 50 crore which ever is lower.

**v. Position limit for each scheme of a Mutual Fund for stock based derivative contracts**

The scheme-wise position limit / disclosure requirements shall be –

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

   1% of the free float market capitalisation (in terms of number of shares) or

   5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

**Investment Restrictions**

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions, wherever applicable shall apply in respect of the Schemes at the time of making investments. However, all investments by the Schemes will be made in accordance with the investment objective, asset allocation and where will the schemes invest, described earlier, as well as the SEBI (MF) Regulations, including schedule VII thereof, as amended from time to time. SEBI vide notification No. SEBI/LADNRO/ GN/2015-16/034 dated February 12, 2016 pertaining to Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2016 and vide circular no SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 made amendment in Investment Restrictions. The modified Investment restrictions as follows:

1 The Scheme shall not invest more than 10% of its NAV in debt instruments (including accrued interest) issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Securities and exchange Board of India Act, 1992. Such investment limit may be extended to 12% of the Scheme with the prior approval of the Board of Trustee and the Board of the Investment Manager. The limit shall not be applicable

for investments in Government securities, Treasury Bills and Collateralised Borrowing and Lending Obligation.

2 The scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.

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

For this, listed debt instruments shall include listed and to be listed debt instruments.

All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed with effect from one month from the date of operationalization of framework for listing of CPs or January 01, 2020, whichever is later.

Further, investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the following:

a. Investments will only be made in such instruments, including usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.

b. Exposure of mutual fund schemes in such instruments, shall not exceed 5% of the net assets of the schemes.

c. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.

3 The Schemes shall not invest more than 10% of their NAV in money market instruments of an issuer. Such limit shall not be applicable for investments in Government securities, Treasury Bills and Collateralised Borrowing and Lending Obligation.

4 The Fund under all its Schemes shall not own more than 10% of any company's paid up capital carrying voting rights.

5 Transfer of investments from one Scheme to another Scheme, including this Scheme shall be allowed only if such transfers are made at the prevailing market price for quoted securities on a spot basis and the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

Further SEBI vide Circular no.SEBI/ho/IMD/DF4/CIr/P/2020/202 dated october 08, 2020 on Inter Scheme Transfer has prescribed additional safeguards.

i. Key requirements of the circular are stated below:

- IST shall be permitted only if other resources such as cash and cash equivalent, market borrowing, and selling securities in the market are exhausted.
- ISTs will be permitted for the rebalancing of a portfolio only if there is a passive breach of regulatory limits or where duration, issuer, sector, and group rebalancing are required in both the transferor and transferee schemes.
- no inter-scheme transfer of a security shall be allowed, if there is negative news or rumour in the mainstream media or an alert is generated about the security, based on internal credit risk assessment.
- If the security gets downgraded within a period of four months following such a transfer, the fund manager of the buying scheme will have to provide detailed justification to the trustees for buying such a security.

ii. The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

iii. Such transfer shall be carried out at the price obtained from valuation agencies in accordance with the guidelines provided in the SeBI circular no. SEBI/ho/IMD/DF4/CIr/P/2019/102 dated September 24, 2019.

iv. If prices are not received from any valuation agencies within the turn-around-time, such transfers shall be done at the prevailing market price for quoted instruments on spot basis. [explanation - "Spot basis" shall have same meaning as specified by stock exchange for spot transactions.]

6 The Scheme may invest in other Schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-Scheme investment made by all the Schemes under the same management or in Schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund.

7 The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities. The mutual fund may enter into derivatives transactions in a recognized stock exchange in accordance with the guidelines/ framework specified by SEBI.

8 The scheme shall get the securities purchased/ transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.

9 No mutual fund scheme shall make any investments in; a any unlisted security of an associate or group company of the sponsor; or b any security issued by way of private placement by an associate or group company of the Sponsor; or c the listed securities of group companies of the Sponsor which is in excess of 25% of its net assets.

10 The schemes shall not invest in Fund of funds scheme.

11 The Scheme shall not invest more than 10% of its NAV in equity shares of any one company.

12 All investments by a mutual fund scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.

13 No loans for any purpose can be advanced by the Scheme.

14 The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/ redemption of units or payment of interest and IDCW to the unit holders. Such borrowings shall not exceed more than 20% of the net assets of the individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

15 The Scheme will comply with provisions specified in Circular dated August 18, 2010 and March .4, 2021 related to overall exposure limits applicable for derivative transactions as stated below:

i. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.

ii. The Scheme shall not write options or purchase instruments with embedded written options.

iii. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.

iv. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

v. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:

(a) hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

(b) hedging positions cannot be taken for existing derivative positions. exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.

(c) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.

(d) The quantity of underlying associated with the derivative position taken for hedging purpose does not exceed the quantity of the existing position against which hedge has been taken.

vi. The Scheme may enter into Interest Rate Swaps for hedging purposes. The counterparty in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

vii. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point i.

16 (i) The scheme shall not engage in short selling and credit default swaps

(ii) The scheme shall engage in repo in corporate bond, securitized debt

17 **Investment Restrictions for Covered Call option strategy:**

The scheme can write Call options under a covered strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

a) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.

b) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.

c) At all points of time the Mutual Fund scheme shall comply with the provisions at points (a) and (b) above. In case of any passive breach of the requirement at paragraph (a) above, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.

d) In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.

e) In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.

f) The premium received shall be within the requirements prescribed in terms of SEBI circular dated August 18, 2010 and March 04, 2021 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.

g) The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cir/IMD/DF/11/2010, dated August 18, 2010 and Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021.

h) The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

## 18 SECTOR EXPOSURES

Total exposure of debt schemes of mutual funds in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, T Bills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) should not exceed 20% of the net assets of the scheme. Provided that an additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs).

Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

However the overall exposure in HFCs shall not exceed the

sector exposure limit of 20% of the net assets of the scheme

Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs should not exceed 20% of the net assets of the scheme.

**19 GROUP EXPOSURES**

a) Mutual Funds / AMCs shall ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.

b) The investments by debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

c) For this purpose, a group means a group as defined under regulation 2 (mm) of SEBI (Mutual Funds) Regulations, 1996 (Regulations) and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

The Schemes will comply with any other Regulation applicable to the investments of mutual funds from time to time. Pursuant to SEBI Circular No: SEBI/HO/IMD/DF2/CIR/P/2016/57 dated September 30, 2016.

**20 RESTRICTIONS ON INVESTMENT IN DEBT INSTRUMENTS HAVING STRUCTURED OBLIGATIONS / CREDIT ENHANCEMENTS:**

1. The investment of mutual fund schemes in the following instruments shall not exceed 10% of the debt portfolio of the schemes and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the schemes:
   a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and
   b. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.
2. Investment limits as mentioned above shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.
3. Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

   AMCs may ensure that the investment in debt instruments having credit enhancements are sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case of fall in the value of the cover below the specified limit, AMCs will initiate necessary steps to ensure protection of the interest of the investors.
4. Details of investments in debt instruments having structured obligations or credit enhancement features will be disclosed distinctively in the monthly portfolio statement of mutual fund schemes.

**21. Debt instruments with special features**

As per SEBI Circular SEBI/HO/IMD/DF4/CIR/P/2021/032 dated march 10, 2021 following restrictions are placed with regard to investment in in debt instruments with special features like Additional Tier I bonds and Tier 2 bonds issued under Basel III framework and the valuation of such perpetual bonds.

The debt instruments having such special features, which otherwise are Non-Convertible Debentures, may be treated as debt instruments until converted to equity.

Close ended schemes shall not invest in Perpetual bonds.

Mutual Fund under all its schemes shall own more than 10% of such instruments issued by a single issuer.

A Mutual Fund scheme shall not invest – more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer.

The above investment limit for a mutual fund scheme shall be within the overall limit for debt instruments issued by a single issuer, as specified at clause 1 of the Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996, and other prudential limits with respect to the debt instruments.

The investments of mutual fund schemes in such instruments in excess of the limits specified as above as on the date of the circular is grandfathered and such mutual fund schemes shall not make any fresh investment in such instruments until the investment comes below the specified limits.

**Segregation of Portfolio**

If the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date. All other conditions as specified in relevant provisions of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019 with respect of Creation of segregation portfolio in mutual fund schemes.

**Valuation**

As regards the valuation of bonds with call and/or put options, it is clarified that the bonds shall be valued in line with the SEBI circular No. MRD/CIR/8/92/2000 dated September18, 2000 irrespective of the nature of issuer. Further, the maturity of all perpetual bonds shall be treated as in line with SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/034 dated March 22, 2021 for the purpose of valuation.

**22. Cash and Cash Equivalents**

Pursuant to SEBI Circular SEBI/HO/IMD-II/DOF3/OW/P/2021/31487/1 dated 3rd November 2021 cash equivalent shall consist of following securities having residual maturity less than 91 days: (a) Government Securities, (b) T - Bills and (c) Repo on Government Securities.

**SHORT TERM DEPOSITS:**

Pending deployment of funds of the Schemes in terms of the investment objective of the Schemes, the Mutual Fund may invest them in short term deposits (STD) of scheduled commercial banks in accordance with applicable SEBI guidelines as stated below:

a) "Short Term" for parking of funds by Mutual Funds shall be treated as a period not exceeding 91 days.

b) Such deposits, if made, shall be held in the name of the scheme.

c) The scheme shall not park more than 15% of its net assets in short term deposits of all scheduled commercial banks put together. This limit however may be raised to 20% with prior approval of the Trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of the total deployment by the scheme in short term deposits.

d) The scheme shall not park more than 10% of the net assets in short term deposits with any one scheduled commercial bank including its subsidiaries.

e) Trustees/Asset Management Companies (AMCs) shall ensure that no funds of a scheme is parked in STD of a bank which has invested in that scheme. Trustees/AMCs shall also ensure that the bank in which a scheme has STD do not invest in the said scheme until the scheme has STD with such bank.

f) The AMC(s) shall not charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

g) Half Yearly portfolio statements shall disclose all funds parked in short term deposit(s) under a separate heading. Details shall also include name of the bank, amount of funds parked, percentage of NAV.

h) Trustees shall, in the half Yearly Trustee Reports certify that provisions of the Mutual Funds Regulations pertaining to parking of funds in short term deposits pending deployment are complied with at all points of time. The AMC(s) shall also certify the same in its CTR(s).

The Trustee of the Mutual Fund may alter these limitations/objectives from time to time to the extent the SEBI Regulation change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objective. All investments of the Scheme will be made in accordance with the SEBI Regulation. All the Investment restrictions will be considered at the point of Investment.

**Participation in repo of corporate debt securities**

In accordance with SEBI circular no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 and CIR/IMD/DF/23/2012 dated November 15, 2012; scheme of Sundaram Mutual Fund (SMF) shall participate in the corporate bond repo transactions w.e.f. June 21, 2013 as per the guidelines issued by Reserve Bank of India (RBI) from time to time. Currently the applicable guidelines are as under:

- The gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.
- Mutual Funds shall participate in repo transactions only in AA and above rated corporate debt securities.
- In terms of Regulation 44 (2) mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months

The investment restrictions applicable to the Scheme's participation in the corporate bond repos will also be as prescribed or varied by SEBI or by the Board of Sundaram Trustee Company Limited (subject to SEBI requirements) from time to time.

The following guidelines shall be followed by Sundaram Mutual Fund for participating in repo in corporate debt securities, which have been approved by the Board of AMC and Trustee Company.

(i) **Category of counterparty to be considered for making investment:**

All entities eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo transactions.

(ii) **Credit rating of counterparty to be considered for making investment**

The schemes shall participate in corporate bond repo transactions with counterparties having aminimum investment grade rating and is approved by the Investment Committee on a case-to-case basis. In case there is no rating available, the Investment Committee will decide the rating of the counterparty, and report the same to the Board from time to time.

(iii) **Tenor of Repo and collateral**

As a repo seller, the scheme will borrow cash for a period not exceeding 6 months or as per extant regulations.

As a repo buyer, the Scheme are allowed to undertake the transactions for maximum maturity upto one year or such other terms as may be approved by the Investment Committee.

There shall be no restriction / limitation on the tenor of collateral.

(iv) **Applicable haircuts**

As per RBI circular RBI/2012-13/365 IDMD.PCD. 09 /14.03.02/2012-13 dated 07/01/2013, all corporate bond repo transaction will be subject to a minimum haircut given as given below:

(1) AAA : 07.50%

(2) AA+ : 08.50%

(3) AA : 10.00%

The haircut will be applicable on the prevailing market value of the said security on the prevailing on the date of trade. However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the market prevailing liquidity situation.

The Trustee of the Mutual Fund may alter these limitations/objectives from time to time to the extent the SEBI Regulation change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objective. All investments of the Scheme will be made in accordance with the SEBI Regulation. All the Investment restrictions will be considered at the point of Investment.

**Securities Lending**

Securities Lending means the lending of securities to another person

or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The borrower will return the securities lent on the expiry of the stipulated period or the lender can call the same back i.e. the scheme before its expiry. The fund may lend the securities for a specific period, to generate better returns on those stocks, which are otherwise bought with the intention to hold for a long period of time. Subject to the SEBI (MF) Regulations and in accordance with Securities Lending Scheme, 1997, SEBI Circular No MFD/CIR/01/ 047/99 dated February 10, 1999, SEBI Circular no. SEBI /IMD / CIR No 14 / 187175/ 2009 dated December 15, 2009 and framework for short selling and borrowing and lending of securities notified by SEBI vide circular No MRD/DoP/SE/ Dep/Cir-14/2007 dated December 20, 2007, as may be amended from time to time, the Scheme seeks to engage in Securities Lending.

The AMC shall adhere to the following limits should it engage in Securities Lending.

1. The exposure of the Scheme at the time of lending will be restricted to 20% of its total assets and 5% for a single counter party.
2. The exposure to a single approved intermediary will not exceed 10% of the Total Assets of the Scheme or ₹5 crore whichever is higher.

**Risk associated with Securities Lending:** Risks associated with Securities Lending may include counter party risk, liquidity risk and other market risks.

The Fund may not be able to get back the securities lent thereby incurring losses. However this is mitiagted as the counter party would be of high credit quality and typically a clearing house or national stock exchange.

**Restriction on redemption in Mutual Funds**

a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
   i. *Liquidity issues* - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. AMCs should have in place sound internal liquidity management tools for schemes.

      Restriction on redemption cannot be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision, shall not be allowed.
   ii. Market failures, exchange closures-when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.
   iii. Operational issues–when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

c. Any imposition of restriction would require specific approval of Board of AMCs and Trustees and the same should be informed to SEBI immediately.

d. When restriction on redemption is imposed, the following procedure shall be applied:
   i. No redemption requests upto INR 2 lakh shall be subject to such restriction.
   ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

e. Disclosure:

   The above i nformation to investors shall be disclosed prominently and extensively in the scheme related documents regarding the possibility that their right to redeem may be restricted in such exceptional circumstances and the time limit for which it can be restricted.

### C. Fundamental Attributes

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI Regulation:

(i) *Type of Scheme:* An open ended equity scheme investing in both large cap and mid cap stocks.

(ii) *Investment objective:* The objective of the scheme is to achieve capital appreciation by investing in equity and equity related instruments in large and mid cap stocks.

(iii) *Terms of Issue*: Provisions in respect redemption of units, fees and expenses as indicated in this Scheme Information Document.
- Liquidity provisions such as listing, repurchase, redemption (Indicated in Highlights & Scheme Summary and Part III of this document).
- Aggregate fees and expenses charged to the Scheme (Indicated in Highlights & Scheme Summary and Part IV of this document).
- Any safety net or guarantee.

The Scheme does not offer a safety net or guarantee.

In accordance with Regulation 18(15A) of the SEBI Regulation, the Trustee shall ensure that no change in the fundamental attributes of the Scheme the Trustee, fee & expenses and any other change which would modify the Scheme and affect the interests of unit holders is carried out unless:

- A written communication about the proposed change is sent to each unit holder;
- An advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated and the unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

### D. Index methodology
**(for index funds, ETFs and FOFs having one underlying domestic ETF)**

NA

### E. Principles of incentive structure for market makers (for ETFs)

NA

### F. Floors and ceiling within a range of 5% of the intended allocation against each sub class of asset, as per clause 13.6.2 of SEBI master circular for mutual funds dated May19, 2023 (only for close ended debt schemes)

NA

## G. Other Scheme Specific Disclosures:

| | |
|---|---|
| **Ongoing offer period** | The Scheme is available for subscription and redemption on all business days. |
| **Ongoing price for subscription**<br>At applicable NAV and Stamp Duty (Face Value ₹ 10/- per unit) | At applicable NAV and Stamp Duty (Face Value ₹ 10/- per unit) |
| **Ongoing price for redemption**<br>This is the price you will receive redemptions / switch outs | At the applicable NAV subject to prevailing exit load.<br>Net Asset Value - Applicable Exit Load.<br>Example regarding Redemption price:<br>Redemption Price = Applicable NAV * (1–Sales Load, if any)<br>Applicable NAV is ₹ 10.00<br>Exit Load: 1 per cent<br>Redemption Price = 10*(1–.01) = ₹ 9.90.<br>Ap plicable exit load shall be subject to the tenure of investment of the investor in the scheme vis-à-vis the exit load structure applicable when investor had invested in the scheme<br>The Fund shall ensure that the redemption Price is not lower than 93% of the NAV. |
| **Cut off timing**<br>This is the time before which your application (complete in all respects) should reach the official points of acceptance. | Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2020/175 dated September 17, 2020, Investors are requested to note the revised provisions for applicability of NAV, with effect from February 1, 2021:<br>Applicable NAV for Subscriptions / Switch-ins (irrespective of application amount):<br>1. In respect of valid applications received upto 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Schemes before the cut-off time of the same day i.e., available for utilization before the cut-off time - the closing NAV of the day shall be applicable.<br>2. In respect of valid applications received after 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Schemes before the cut-off time of the next Business Day i.e available for utilization before the cut-off time of the next Business Day - the closing NAV of the next Business Day shall be applicable.<br>3. Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Schemes before the cut-off time on any subsequent Business Day - i.e. available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable.<br>4. For Switch-ins:<br>For determining the applicable NAV, the following shall be ensured:<br>• Application for switch-in is received before the applicable cut-off time.<br>• Funds for the entire amount of subscription / purchase as per the switch-in request are credited to the bank account of the Scheme before the cut-off time.<br>• The funds are available for utilization before the cut-off time.<br>• In case of 'switch' transactions from one scheme to another, the allocation and settlement shall be in line with redemption payouts.<br>To clarify, for investments through systematic investment routes such as Systematic Investment Plans (SIP), Systematic Transfer Plans (STP) and Transfer IDCW, etc. the units will be allotted as per the closing NAV of the day on which the funds are available for utilization before the cut-off time by the Target Scheme irrespective of the installment date of the SIP, STP or record date of IDCW.<br>While subscribing to an option under Direct Plan which does not have a NAV, units shall be allotted based on the NAV of corresponding option/ sub-option under the regular Plan. In case of non-availability of NAV in the corresponding option / sub-option (due to NIL investors under the option/sub-option) in the regular plan, the applicable NAV shall be that of the corresponding Growth option under the regular Plan. |
| **Where can the applications for purchase / redemption / switches be submitted** | Subscription/redemption request can be submitted on any business day at branches of Sundaram Asset Management, the Registrar and at Investor Service Centres of the registrar.<br>Registrar & Transfer Agent<br>**KFin Technologies Limited**<br>CIN: L72400TG2017PLC117649<br>Unit: Sundaram mutual Fund,<br>Tower- B, Plot No. 31 & 32, Selenium building, Gachibowli Road, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500032.Contact No. 1860 425 7237 (India) +91 40 2345 2215 (NRI)<br>Email us at: customerservices@sundarammutual.com<br>Applications can be submitted at branches of Sundaram Asset Management Company Ltd, details of which are furnished on back cover page of this document.<br>Applications can also be submitted at the authorised POS of MF Utility India. Please refer section on MF Utility Platform under Highlights & Scheme Summary Section for further information in this regard.<br>The Investment Manager may modify, from time to time, the places for acceptance of applications in the interest of investors. For details investors may also refer the AMC website www.sundarammutual.com at the following link for the list of official points of acceptance https://www.sundarammutual.com/sid-kim-disclosures use the Toll Free Number provided in this document. |
| **Allotment on on-going basis** | For subscription to units by the investors, the units shall be allotted to them, provided the application is complete in every respect and in order. Otherwise the application may be rejected. |

| | |
|---|---|
| **How to apply** | Please refer to the Statement of Additional Information and Key Information Memorandum, which is a part of the Application Form (available free of cost with the offices of the Investment Manager and can be downloaded from the Website of the Investment Manager (www.sundarammutual.com). |
| **Minimum investment amount** | **New Investor/Existing** – ₹ 100/- for both Monthly IDCW and Growth option and any amount thereafter under each Plan/ option.<br>**Stamp Duty:** Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, a stamp duty @0.005% of the transaction value of units would be levied on applicable mutual fund inflow transactions, with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including IDCW reinvestment and switch-in) to the Unit holders would be reduced to that extent. |
| **Minimum amount for Redemption/Switches** | The minimum amount for redemption/switch out will be: Regular & Direct Plan: ₹100/- or 1 unit or account balance, whichever is lower.<br>If after processing the redemption request, the available unit balance in the folio is below the minimum required for redemption, the balance unit in the folio will be automatically redeemed.<br>Note – For investments made by designated employees in terms with paragraph 6.10 of SEBI Master Circular for Mutual Funds dated June 27, 2024 requirement for minimum application/ redemption amount will not be applicable. |
| **Minimum balance to be maintained Special facilities / products available** | Nil |
| **Special facilities / products available** | **(1) Systematic Investment Plan (SIP):** Investors can also benefit by investing specified amounts periodically. Daily, Weekly, monthly and quarterly frequencies are available for choice.<br>Daily SIP, ₹ 100/- and minimum 3 months<br>Weekly SIP, the minimum 6 instalments of an amount of Rs 1000 per week.<br>Monthly SIP, the minimum 6 instalments of an amount of Rs 100 per month and Quarterly SIP, the minimum 6 instalments of an amount of Rs 750 per quarter.<br>Daily SIP : Systematic Investment Plan (Daily SIP)<br>**Features of Daily SIP**<br>• SIP shall commence on the chosen date falling on or after 21 calendar days (15 calendar days for the active One Time Mandate (OTM) registered in the existing folio) from the date of submission of SIP request.<br>• SIP Instalments/debits on all days including Public Holidays and weekends.<br>Note: In case the chosen date falls on a Non-Business Day, then the SIP transactions will be processed on the immediate next Business Day based on the receipt of credit in the AMC account.<br>• Minimum Tenure and Amount - Minimum 3 months; Amount ₹ 100 per installment and in multiples of Re.1 thereafter.<br>• SIP will be ceased in case of 3 consecutive failures.<br>• At least 7 business days' prior intimation should be given to the Mutual Fund for cancellation/termination of an existing Daily SIP<br>• Daily SIP can be registered for a maximum of 40 year period.<br>• SIP Top-up facility will not be applicable for Daily frequency.<br>**Any Day SIP:** Investors can choose any preferred date of the month as SIP debit date. In case the chosen date falls on a non-business day, the SIP will be processed on the immediate next business day.<br>In case chosen date is not available in a particular month, the SIP will be processed on the last business day of the month.<br>The weekly SIP requests shall be processed on all working days of the week. If the chosen date is not a business day, the SIP instalment will be processed on the next business day. Investor has the option to choose any day of the week (Monday to Friday). In case the investor has not selected any day, the default day for processing shall be every Wednesday. At the time of registration of SIP, if the 'default' end date is not mentioned by the investor, it will be registered for a default period up to 40 years from the date of application or the end date of NACH period specified in the OTM. The SIP instalments shall continue 40 years from the date of application or the end date of NACH period specified in the OTM unless the investor instructs Sundaram Mutual Fund to discontinue the SIP. SIP default date is 7th of every month if no specific date is mentioned. The minimum amount of SIP and the load structure will all remain the same. If the investor does not mention the period/instalments of SIP in the application form, the SIP will be deemed to be registered up to 40 years from the date of application or the end date of NACH period specified in the OTM unless and until the investor communicates his intention otherwise.<br>SIP will be terminated automatically if there are three consecutive failures in debiting the money from investor account. This will apply for SIP through Auto Debit and NACH/OTM. The Fund reserves the right to recover the related bank charges incurred.<br>The last date for fresh SIP registration would be 30thJuly 2028<br>**SIP Top-up feature**<br>The top-up feature under the Systematic Investment Plan is to enable the investors increase their contribution in |

**Special facilities / products available**

an SIP at pre-determined intervals by a fixed amount during the tenure of SIP. This feature is optional. The terms & conditions of the Top-Up feature are stated below:

1. Frequency for Top-up: Monthly & Quarterly
   a. For monthly SIP, the top-up options are:

   **Half Yearly Top-up:** Under this option, the amount of investment through SIP instalment shall be increased by an amount chosen by the Investor post every 6th (sixth) SIP instalment.

   **Yearly Top-up:** Under this option, the amount of investment through SIP instalment shall be increased by an amount chosen by the Investor post every 12th (twelfth) SIP instalment.

   b. For Quarterly SIP, the top option is

   **Yearly Top-up:** Under this option, the amount of investment through SIP instalment shall be increased by an amount chosen by the Investor post every 4th (fourth) SIP instalment. In case the investor who has registered under quarterly SIP has opted for half yearly Top-up, the SIP will be registered and processed as Yearly Top up.

   The Top-up feature shall not be available for weekly SIPs.
2. Minimum Top-up Amount: ₹ 500 and in multiples of ₹ 500 thereafter.
3. Default Top-up Frequency and amount:
   a. In case the investor does not specify either the frequency or the amount for Top-up, the applications shall be processed with following default options: Default frequency - Yearly Default Amount – ₹ 500
   b. In case the investor does not specify the frequency for Top-up and amount for Top-up, the application form may be processed as SIP without Top-up feature, subject to it being valid and complete in all other aspects.
4. The SIP period has to be for a minimum of seven complete months in case of half-yearly top up and thirteen complete months for yearly top up.
5. SIP instalment amount has to be a minimum of ₹ 500/- in order to avail the top-up feature under monthly SIP. Otherwise, the transaction would be processed as a SIP without Top-up feature subject to it being valid and complete in all other aspects.
6. The Top-up option must be specified by the investors while enrolling for the SIP facility. The top-up feature can be availed only at the time of registration or renewal of SIP.
7. The Top-up feature shall be available for SIP Investments only through OTM.
8. The top-up feature shall not be available in the following cases: (i) SIP registration under perpetual mode. (ii) SIP registrations which are received through Channel Partners, Exchanges and ISIPs. (iii) Registrations under COMBO SIP facility.
9. The Top-up details cannot be modified once enrolled. In order to make any changes, the investor must cancel the existing SIP and enrol for a fresh SIP with the revision in Top-up details. For further details please refer the Key Information Memorandum cum Application Form.

**SIP Pause Facility**

The existing investor who has an ongoing SIP will have an option to pause the SIP with effect from 23rd April 2020. The investor will have to submit the signed SIP Pause facility form duly complete in all respects to avail this facility.

1. The SIP Pause Facility is available for SIP registration with monthly frequency only.
2. The request for SIP Pause should be submitted at least 21 days prior to the subsequent SIP date.
3. The request for SIP Pause can be for minimum 1 instalment and maximum 6 instalments
4. Investor can opt for the SIP Pause facility only once during the tenure of particular SIP.
5. The SIP shall continue from the subsequent instalment after the completion of Pause period automatically.

**Sundaram Flexi - Systematic Investment Plan ("Sundaram Flexi SIP")**

Sundaram Flexi SIP is a facility wherein an investor can opt to invest variable amount linked to the value of his investments in any of the existing open ended equity schemes (except ELSS scheme) of Sundaram Mutual Fund, on a pre-determined date.

The minimum number of installments and amount for enrolment:

**Frequency under Flexi-SIP Facility Minimum Installments Minimum Flexi-SIP amount (₹)**

Monthly 12 Installments ₹ 1000/- and in multiple of ₹ 1/-

Quarterly 4 installments ₹ 3000/- and in multiple of ₹ 1/-

- The first Flexi SIP installment will be processed for the fixed installment amount specified by the unit holder at the time of enrolment. From the second Flexi SIP installment onwards, the investment amount shall be computed as per formula stated below.

***Step 1***

➢ fixed amount to be invested per installment.

OR

➢ the amount as determined by the following formula:

(Number of current installment due * fixed amount to be invested per installment) - market value of the investments through Flexi SIP$ in the Scheme whichever is higher of the above

***Step 2***

Lower of the maximum amount specified by the customer and the amount determined by Step 1

**Special facilities / products available**

$The installment value of FLEXI SIP will be determined on the basis of prevailing NAV on 10th day (T-10) before the installment date. If T-10th day falls on a Non-Business day, then the valuation will be considered of previous available NAV.

- In case, when investor availing SIP Pause facility during the tenure of Flexi SIP or when any installment is dishonoured then such installments will not be included for the purpose of calculation of installment amount (as stated above) of Flexi SIP.
- The Flexi SIP will be available only under the Growth option of the eligible schemes.
- In case the date of installment falls on a Non-Business Day, the installment will be processed on the next business day.
- SIP Top-up facility will not be applicable for Flexi SIP
- Once the Flexi SIP has been stopped/terminated/cancelled the unit holder needs to provide a new request to start Flexi SIP.
- Flexi SIP will be ceased in case of 3 consecutive failures.
- In respect of Flex SIP made in any of the existing open ended equity Scheme(s), the Exit Load Structure prevalent at the time of allotment of each installment shall be applicable.
- The request for Flexi SIP should be submitted at least 21 calendar days before the first installment along with OTM for registration.
- Flexi SIP cancellation can be done separately by submitting the request at least 21 Business days in advance; however, the associated NACH mandate can be retained for future investments
- All other terms & conditions of Systematic Investment Plan are applicable to Flexi SIP.
- ***Illustration: Calculation of Flexi SIP***

  Scheme Sundaram Large Cap Fund

  Option Growth

  Date & Frequency of Flexi SIP 10th – Monthly

  Amount ₹ 3000/-

  No. of Installments 12

  Maximum Debit Amount ₹5000/-

  Flexi SIP Period July 2022 – June 2023

  Calculation of Flexi SIP installment amount for the 4th installment i.e. October 10, 2022

  i. Total units allotted up to the date of last installment i.e. September 10, 2022 is assumed as 500.000 units;

  ii. NAV of the scheme on T-10th day is assumed as ₹ 16/- per unit;

  iii. Hence, the market value of the investment in the Scheme on T-10th day is ₹ 8,000.00 [500.000X 16]. The installment amount will be calculated as follows:

  ***Step 1:***

  a. Fixed amount specified at the time of enrolment: ₹ 3,000/- Or

  b. As determined by the formula: (3,000 X 4) – 8,000 = ₹ 4,000/-

  a) or b) Whichever is Higher.

  ***Step 2*** = Lower of Maximum Debit Amount or Step 1

= Lower of (₹5000) or ₹ 4000

Hence, on October 10, 2022, the installment amount to be invested in the Scheme will be ₹ 4,000/-

**(2) Prosperity SIP**

1. **Prosperity SIP Facility:** Under this facility, an investor can register for a SIP (Systematic Investment Plan) cum SWP (Systematic Withdrawal Plan) for a specified duration. Post the completion of the SIP tenure, the accumulated cleared units will be switched out to the chosen target scheme (or remain in the same scheme). The SWP will be activated upon processing the switch in transaction.
2. **Eligible Investors:** The facility will be available for all investors except minors.
3. **Eligible Schemes where SIP and SWP are available under the facility:** The facility will be allowed only under the **Growth Option** of the open ended/hybrid schemes listed below.

| | |
|---|---|
| Sundaram Mid Cap Fund | Sundaram Business Cycle Fund |
| Sundaram Services Fund | Sundaram Financial Services Opportunities Fund |
| Sundaram Large Cap Fund | Sundaram Infrastructure Advantage Fund |
| Sundaram Flexi Cap Fund | Sundaram Consumption Fund |
| Sundaram Large and Mid Cap Fund | Sundaram Balanced Advantage Fund |
| Sundaram Focused Fund | Sundaram Multi Asset Allocation Fund |
| Sundaram Multi Cap Fund | Sundaram Aggressive Hybrid Fund |
| Sundaram Small Cap Fund | Sundaram Equity Savings Fund |
| Sundaram Dividend Yield Fund | Sundaram Multi factor Fund |

**Special facilities / products available**

*The AMC reserves the right to modify the list of eligible schemes from time to time. The Target Scheme is the Scheme in which the Lumpsum switch and Monthly SWP Scheme shall be registered in.

The SWP scheme can be different from the Source scheme to process a Switch and the SWP. If the Target SWP scheme is not mentioned in the application, no switch will be processed and SWP will start from the scheme selected for SIP.

4. **Registration:** SIP can be registered in the eligible schemes for a fixed period of either 7, 10, 12, 15, 20, 25 or 30 years. The minimum tenure is 7 years, and the default tenure shall be 20 years when no tenure is selected. Prosperity SIP can be registered in a separate/new folio or an existing folio. Standalone Existing SIP registrations cannot be converted into Prosperity SIP registrations.

   The facility shall be registered only for MONTHLY frequency under the eligible Schemes.

5. **SIP Installment Amount:** The minimum SIP installment amount under Prosperity SIP shall be Rs.2000 and in multiples of Re.1 thereafter.

6. Prosperity SIP will be available on Physical, digital assets (Website and Mobile app) of Sundaram AMC &, Exchange Platforms of BSE and NSE under non-demat mode.

7. **Additional Purchases:** Additional purchase/ switch-in will be allowed under Source scheme. All clear units will be switched to the target scheme on completion of Prosperity SIP tenure.

8. **SWP:** Post the Switch, SWP starts on the same date opted for SIP for a pre-determined amount mentioned by the investor in the form. In case the investor does not fill in any SWP amount, the default SWP amount will be derived as per the table below.

   **Default SWP amounts**

| Registered SIP Tenure | Default monthly SWP installment |
|---|---|
| 7 years | 1.0x of the monthly SIP Installment |
| 10 years | 1.5x of the monthly SIP Installment |
| 12 years | 2.0x of the monthly SIP Installment |
| 15 years | 3.0x of the monthly SIP Installment |
| 20 years | 5.0xof the monthly SIP Installment |
| 25 years | 8.0x of the monthly SIP Installment |
| 30 years | 12.0x of the monthly SIP Installment |

   SWP under this facility shall be processed up to 31 Dec 2099 or till units (acquired under this facility or otherwise) are available in the SWP Scheme, whichever is earlier.

9. **How the facility works:**

   On completion of the SIP tenure, the entire accumulated units in the Prosperity SIP facility of the respective scheme will be available for SWP.

   On completion of 15 days from the date of last SIP installment in Source Scheme, the entire amount representing accumulated clear units will be Switched into the investor's chosen Target scheme.

   The Switch will not happen if the target scheme is the same as the source scheme

10. **Commencement of SWPs:** Post completion of SIP tenure in the source scheme, entire units allotted by way of SIP will be switched to the target scheme (if different from the source scheme) with the applicable load if any on the 15th day from the last SIP instalment date. SWP will start from the target scheme or the same scheme as the SIP if no target scheme has been chosen from the following month on the same day as SIP instalment date.

11. **Exit Load:** Exit load shall be applicable as follows:

    Exit load will be applicable on the switch from Source scheme to target scheme in line with the respective scheme features. For subsequent SWP/redemptions/Switch-outs from the target scheme, exit load will be calculated from the date of unit allotment/ Switch In date.

    Load amounts are variable and are subject to change from time to time. Investors are requested to ascertain the applicable exit load structure prior to investing

12. **Cessation of registration:** The registration under the facility including Switch and SWP will be discontinued-
    - If three (3) consecutive SIP installments are not honored or the Bank Account [for OTM / Direct Debit / Standing Instruction] is closed.
    - On cancellation of SIP before the end of tenure.
    - In the case of transmission reported in folio during the tenure period of SIP.

**Redemptions/Switch Out in Source scheme:** Redemption /Switch outs can be processed in the Source Scheme during the Prosperity SIP's tenure. Units that are redeemed/switched out from the source scheme will be on First in First out (FIFO) basis.

However, if the units in the folio are impacted by way of outflow i.e. redeemed/ switched-out, the corresponding Switch and SWP will be discontinued. The SIP alone will continue like a normal SIP until the completion of the SIP tenure.

**Redemptions/Switch Out in Target scheme:** Redemption/Switch-out in the target scheme under this facility will be allowed during the SWP period and SWP triggers will continue unaffected till the units are available in the target

| | |
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| **Special facilities / products available** | scheme.<br>All other terms and conditions applicable to Systematic Investment Plan and Systematic Withdrawal Plan (SWP) facilities shall apply mutatis mutandis to this facility. The AMC/Trustee reserves the right to change / modify the terms and conditions of the facility or withdraw from the facility.<br>**Enabling of SIP Top up Facility in BSE and NSE platforms.**<br>Investors are requested to note that SIP Top up facility will be available in Exchange platform of BSE/NSE under Non-Demat Mode.<br>**(3) Systematic Withdrawal Plan (SWP)** SWP may be appropriate for those seeking regular inflow of funds for their needs. the minimum amount, which the unit holder can withdraw, is ₹100/-. the unit holder may avail himself of this plan by sending a written request to the Investment manager or the Registrar. Withdrawals through SWP are effected on the specified redemption dates, at an interval of the investor's choice (monthly or quarterly). the amount thus withdrawn by this option will be converted into units at the applicable redemption price on that date and will be subtracted from the units balance to the credit of the unit holder. unit holders may change the amount indicated in the SWP, subject to the minimum amount specified above. the SWP may be terminated on written notice from the unit holder, and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account. the unit holders can opt for either fixed or variable amount withdrawal under this facility. The unit holder can withdraw a fixed amount (subject to a minimum amount of ₹100/- on the Specified Redemption Dates. In this case, the withdrawal could affect the capital, reducing it or enhancing it based on the amount withdrawn and returns generated by the fund.<br>**Example:** Amount Invested: ₹50,000/- in a Scheme of Sundaram mutual Fund – Growth Option. If the unit holder decides to withdraw ₹ 5,000/- every month, and the appreciation in a month is ₹ 1750/, then such redemption proceeds will comprise of ₹ 1750/- from the capital appreciation and ₹3250/- from the unit holder's capital account.<br>**Any Day Systematic Withdrawal Plan (Any day SWP)**<br>In addition to the existing provision of SWP facility, "Any Day SWP" facility is launched with the following details.<br>**SWP Frequency Choice of the Date* (1-31)**<br>Monthly SWP Any Date of the Month<br>Quarterly SWP Any Date of the month on rolling quarter basis<br>*In case the chosen date falls on a Non-Business Day, then the SWP will be processed on the immediate next Business Day.<br>*In case the SWP date is not specified or in case of ambiguity, the SWP transaction will be processed on 1st of the subsequent month after completion of 7 business days' registration period. In case the end date is not specified, SWP will be registered for a period of 3 years. The SWP registration will stand terminated when the unit balance in the scheme becomes NIL.<br>Please note that SWP installment will be processed under active folio having free units in the scheme where SWP is registered.<br>All other terms and conditions pertaining to SWP shall remain the same.<br>**Any day SWP** is eligible for cycle dates of 1st to 31st as under:<br>i. For the dates from 1 to 28:<br>• SWP shall be processed on the specified date if that day is business day. If it is a nonbusiness day, it shall be processed on the next business day.<br>ii. For the dates from 29 to 31:<br>• If the date is available in that month and business day, SWP shall be processed on the specified date. In case, the chosen date is available in that month, but it is a non-business day, SWP shall be processed on the next business day.<br>• If the chosen SWP date itself not available in that month, SWP shall be processed on its previous business day.<br>o For example, if 29th is not available in the month of February, SWP shall be triggered on last business day of the month.<br>o For example, if 31 is not available in any of the months, SWP shall be triggered on 30th of that month, if it is a business day, else the last business day of the month shall be considered for SWP processing.<br>**(4) Systematic Transfer Plan (STP)** STP is a facility wherein a unit holder of a Sundaram Mutual Fund scheme can opt to transfer a fixed amount or capital appreciation amount at regular intervals to another scheme of Sundaram Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be effected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.<br>Daily: ₹1,000/- (6 Instalments).<br>Weekly: ₹1,000/- (6 Instalments)<br>Monthly: ₹100/- (6 Instalments).<br>Quarterly: ₹750/- (6 Instalments)<br>STP Dates: Any day STP is eligible for cycle dates of 1st to 31st<br>i. For the dates from 1 to 28: STP shall be processed on the given the day if that day is a business day. In case the specified date is a non-business day, it shall be processed on the next business day.<br>ii. For the dates from 29 to 31: If the selected date is available in that month and it is a business day, any day STPs should be triggered for processing on that date. If the selected date is not a business day, any day STP |

**Special facilities / products available**

shall be triggered for processing on the next business date.
If the selected date itself is not available in that month, any day STP shall be triggered for processing on its previous business day.

- For example, if 29 is not available in the month of February, any day STP shall be triggered for processing on the last business day of February.
- For example, if 31 is not available in any of the months, any day STP shall be triggered for processing on 30th of that month, provided it is a business day, else last business day of the month shall be considered for any day STP processing.

Weekly: Weekly frequency STP requests will now be processed any day of the week.
Note:
1) If the chosen date is not a business day, the STP instalment will be processed on the next business day.
2) Investor has the option to choose any day of the week (Monday to Friday). In case the investor has not selected any day, the default day for processing shall be every Wednesday.

**Daily Systematic Transfer Plan (Daily STP)** facility Daily STP is a facility provided wherein the unit holder(s) of "Transferor Scheme(s)" can opt to transfer a fixed amount at daily intervals (Business days) from their existing investments under "Transferor Scheme(s)" to eligible "Transferee Scheme(s)" which is available for investment at that time. Investors are requested to note the following terms and conditions with respect to availing Daily STP facility:

i. Date of transfer Daily Interval (on all business days). Investors should note that in case of Daily STP, the commencement date for transfers shall be the 15th working day from the date of receipt of a valid request and thereafter, transfers shall be effected on all business days at NAV based prices, subject to applicable load. Thus, in the event of an intervening non-business day (e.g. Saturday and Sunday), STP triggers will not take place and consequently the total number of Daily STP instalments opted by the investor will be adjusted to that extent i.e., For e.g. if the investor has opted for 20 instalments and if 5 non business days happen to occur in the intervening period, then only 15 Daily STP instalments shall be triggered. In view of the intervening non business days, investors are advised to extend the period by including possible non business days during the transfer period for covering the intended instalments.
ii. Minimum amount of transfer Investors are required to instruct for a minimum of 20 transfers of ₹1000/- and in multiples of ₹100/- thereafter.
iii. Load Structure of the Transferor Scheme & Transferee Schemes as on the date of enrolment of STP shall be applicable.
iv. Discontinuation of Daily STP
    a) Daily STP will be automatically terminated if all units are liquidated or withdrawn from the Transferor Scheme or pledged or upon receipt of intimation of death of unit holder. Further, if the outstanding balance in "Transferor Scheme" does not cover any of the Daily STP instalment amount, all outstanding units will be liquidated and Daily STP will be affected for such outstanding balance and Daily STP will be terminated for subsequent instalments. b) Investors can also choose to terminate the Daily STP by giving a written notice of at least 7 Business Days in advance to the Official Points of Transactions and accordingly, termination of Daily STP shall be effected from 8th Business Day of receipt of valid request.
v. The provision of 'Minimum redemption amount' specified in the SID of Transferor Scheme and 'Minimum application amount' specified in the SID of the Transferee Schemes will not be applicable for Daily STP.
vi. The Trustee / AMC reserve the right to change / modify the terms of the Daily STP or withdraw this facility from time to time.

**Discontinuation of STP, for all frequencies**

a) When the balance in "transferor Scheme" is less than the specified STP amount then the said residual balance will be transferred to the "transferee scheme" subject to the transfer amount satisfying the minimum investment criteria in the transferee scheme.
b) Further In case of nil balance in the "transferor Scheme", STP for that particular due date will not be processed. STP will ceases to be active upon five consecutive unsuccessful transactions.
c) STP will be terminated if all units from the Transferor Scheme are pledged or upon receipt of intimation of death of first/sole unit holder.
d) Investors can also choose to terminate the STP by giving a written notice of at least 7 Business Days in advance to the Official Points of Transactions and accordingly, termination of STP shall be effected on receipt of valid request.

**Capital Appreciation Option under Systematic Withdrawal Plan (SWP) / Systematic Transfer Plan (STP) facility.**

Investors can now choose the Capital Appreciation options with the Monthly or Quarterly frequency under Systematic Withdrawal Plan (SWP) / Systematic Transfer Plan (STP).

**Features of Capital Appreciation Option:**

- Capital appreciation in the scheme can be withdrawn/transferred to the specified Destination Scheme at prescribed frequency.
- The Capital Appreciation option will be available only under the Growth option of the eligible schemes.
- Investor opting for STP with capital appreciation, will have to choose Growth as scheme option under destination scheme.
- The minimum investment or current value in the scheme should be ₹ 1,00,000/- on the day of application of SWP/STP with capital appreciation option.
- Minimum 6 instalments required for registration of SWP/STP facility with capital appreciation option.
- SWP/STP registration will take minimum 5 Business Days'.
- The respective NAV on the date of registration of SWP/STP facility in the scheme will be considered as base NAV for the purpose of calculating the capital appreciation amount for the first installment.
- For subsequent installments, the NAV of the previous instalment will become the base NAV for the purpose of

**Special facilities / products available**

calculating the capital appreciation amount.

- In case of any additional inflows (including SIP instalments) between two STP/SWP instalments, the capital appreciation amount will be identified by the difference in NAV of creation of such additional units and the NAV of the scheme on the date of SWP/STP instalment. (refer illustration)
- In case the specified date is a non-business day for either of the schemes, the STP instalment will be processed on the following business day of both the schemes.
- Discontinuation of SWP for all frequencies
  - o SWP will stand terminated after the balance in the scheme becomes NIL.
  - o SWP will be terminated if all units of the Scheme are under lock-in period or pledged or upon receipt of intimation of death of first/sole unit holder.
  - o Investors can also choose to cancel/terminate the SWP/STP by giving a notice of at least 7 Business Days in advance to the Official Points of Transactions and accordingly, termination of SWP/STP shall be effected on receipt of valid request.
- The criteria for minimum application amount/minimum additional application amount in case of Target Schemes and minimum redemption amount in case of Source Schemes shall not be applicable.
- Capital Appreciation under SWP/STP Facility in any manner whatsoever is not an assurance or promise or guarantee on part of Scheme/ AMC to the Unit holders in terms of returns or capital appreciation or minimization of loss of capital or otherwise. Please read the respective SID/KIM before investing.

Illustration –

Capital appreciation option:

Let us assume that Mr. ABC invested ₹ 1,00,000 in Scheme on 1st March at NAV of ₹ 10 per unit and he would like to redeem/transfer capital appreciation on a monthly basis for a period of 6 months.

Date of SWP/ STP Registration – 3rd March

NAV on 3rd March– 10.5000

SWP/STP Date – 15th of every month

Date of first SWP/STP transaction – 15th March

| Transaction Date | Transaction type | Amount (₹) | NAV | Units | Closing Balance |
|---|---|---|---|---|---|
| | (a) | (b) | (c)=a/b | (d) | |
| 1st March | Purchase | 1,00,000.00 | 10.0000 | 10000.000 | 10000.000 |
| 15th March | SWP/STP-Capital Appreciation-1/6 | 15,000.00 | 12.0000 | 1250.000 | 8750.000 |
| 15th April | SWP/STP-Capital Appreciation-2/6 | 8750.00 | 13.0000 | 673.077 | 8076.923 |
| 5th May | Purchase | 1000.00 | 15.0000 | 66.667 | 8143.59 |
| 15th May | SWP/STP-Capital Appreciation-3/6 | 25926.15 | 16.2000 | 1600.379 | 6543.211 |

**Calculation of Capital Appreciation amount**

| SWP/STP Date | SWP/STP Date NAV | Registration Date NAV/Previous SWP(STP) NAV/ Additional Purchase NAV | NAV Appreciation per unit | Unit Balance | Capital Appreciation Amount |
|---|---|---|---|---|---|
| | (e) | (f) | (g)=e-f | (h) | (i) |
| 15th March | 12.0000 | 10.5000 | 1.5000 | 10000.000 | 15000.000 |
| 15th April | 13.0000 | 12.0000 | 1.0000 | 673.077 | 8750.000 |
| 15th May | 16.2000 | 13.0000 (for 8076.923 units) and 15.0000 (for 66.667 units) | 3.2 (for 8076.923 units) and 1.2 (for 66.667 units) | 8143.59 | (3.2*8076.923)+ (1.2*66.667) = 25926.15 |

**(4)**

**A. As per SEBI Circular SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 as on November 25, 2022.**

a. In partial modification of paragraph II(c) of SEBI Circular SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006, the record date shall be two working days from the issue of public notice, wherever applicable, for the purpose of payment of dividend

b. The payment of dividend to the unitholders shall be made within seven working days from the record date

**B. IDCW Transfer Facility (DSO)**

Sundaram Trustee Company Limited, the Trustee to Sundaram Mutual Fund has introduced Transfer IDCW Option into all open ended schemes from any schemes (open ended and close ended) of Sundaram Mutual Fund.

The terms and conditions of the Transfer IDCW Option are as follows:

1) Transfer IDCW Option is a facility wherein unit holder(s) of eligible scheme(s) [hereinafter referred to as "Source Scheme(s)"] of Sundaram Mutual Fund can opt to automatically invest the IDCW (as reduced by the amount of applicable statutory levy, if any) declared by the eligible Source Scheme(s) into other eligible Scheme(s) [hereinafter referred to as **"Target Scheme(s)"**] of Sundaram Mutual Fund.
2) DSO facility is available to unit holder(s) only under the IDCW Plan / Option of the Source Scheme(s). However, the DSO facility will not be available to unit holder(s) under the Daily IDCW Option in the Source Scheme(s). Unit holder's enrolment under the DSO facility will automatically override any previous instructions for 'IDCW Payout' or 'IDCW Reinvestment' facility in the Source Scheme.
3) The enrolment for DSO facility should be for all units under the respective IDCW Plan / Option of the Source Scheme. Instructions for part IDCW Transfer and part IDCW Payout / Reinvestment will not be accepted. The IDCW amount will be invested in the Target Scheme under the same folio. Accordingly, the unit holder(s) details and mode of holding in the Target Scheme will be same as in the Source Scheme.
4) The enrolment to avail of DSO facility has to be specified for each Scheme/Plan/Option separately and not at the folio level.
5) Under DSO, IDCW declared (as reduced by the amount of applicable statutory levy and deductions, if any) in the Source scheme (subject to minimum of ₹500/-) will be automatically invested into the Target Scheme, as opted by the unit holder, on the date of realisation of funds in the target scheme, subject to applicable load as specified

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| **Special facilities / products available** | under paragraph 8 below and accordingly equivalent units will be allotted in the Target Scheme, subject to the terms and conditions of the Target Scheme.<br>6) The provision for **'Minimum Application Amount'** specified in the respective Target Scheme's Scheme Information Document (SID) will not be applicable under DSO.<br>7) **Load Structure:** The IDCW amount to be invested under the DSO from the Source Scheme to the Target Scheme shall be invested by subscribing to the units of the Target Scheme at applicable NAV.<br>**Entry Load (Target Scheme)**: Nil for all type of plans<br>**Exit Load (Target Scheme): As per the relevant SID(s)** The Trustee/AMC reserves the right to change the load structure at any time in future on a prospective basis.<br>8) The account statement will be issued by Email or by post/courier (if opted by the unitholder) to the unit holder once in a month, in case of any transactions made during the month.<br>9) Unitholders who wish to enroll for DSO facility are required to fill DSO Enrolment Form available with the ISCs, distributors/agents and also displayed on the website www.sundarammutual.com. The DSO Enrolment Form should be completed in English in Block Letters only. Please tick (✓) in the appropriate box, where boxes have been provided. The DSO Enrolment Form complete in all aspects should be submitted at any of the Investor Services centre (ISCs) of Sundaram Mutual Fund.<br>10) The request for enrolment for DSO must be submitted at least 10 days prior to the Record Date for the IDCW. In case of this condition not being met, the enrolment would be considered valid from the immediately succeeding Record Date of the IDCW.<br>11) Unitholder(s) are advised to read the SID(s) of Target Scheme(s) carefully before investing. The SID(s) / Key Information Memorandum(s) of the respective Scheme(s) are available with the ISCs of Sundaram Mutual Fund, brokers / distributors and also displayed on the Sundaram Mutual Fund website i.e. – www.sundarammutual.com<br>12) Unit holders will have the right to discontinue the DSO facility at any time by sending a written request to the ISC. Notice of such discontinuance should be received at least 10 days prior to the IDCW Record Date. On receipt of such request, the DSO facility will be terminated. At the time of discontinuation of DSO facility, the Unit holders should indicate their choice of option i.e. IDCW reinvestment or IDCW payout. In the event the Unitholder does not indicate his choice of IDCW option, the IDCW, if any, will be reinvested (compulsory payout if IDCW reinvestment option is not available) in the Source Scheme. Once the request for DSO is registered, then it shall remain in force unless it is terminated as aforesaid.<br>13) The Trustee reserves the right to change/ modify the terms and conditions of the DSO at a later date on a prospective basis.<br>**(5) Pledge**<br>Pledge of units will be recognised. For details please contact our Investor Service Centres. In case of Pledge of Units held in Demat Form , the prescribed procedures of DP will have to be followed. Transfer/Withdrawal facility will not be available in respect of Units which are subject to Lock-in or pledge<br>**Loan Against Mutual Fund Units (LAMF)**<br>Loan Against Mutual Funds (LAMF) is a financial solution that allows you to create an overdraft facility against your mutual fund units. This facility is provided by many Banks/Fin tech companies/Financial Institution/NBFC through Offline/Online i.e., through their Web portal. Investors based on their requirement can avail this facility.<br>Disbursement of such loans will be at the entire discretion of the bank/financial institution/NBFC or any other body concerned and the Mutual Fund/ AMC assumes no responsibility thereof. The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides authorisation to the Mutual Fund that the pledge/lien charge may be removed. As long as, the units are under pledge, the Pledgee will have complete authority to redeem such units requesting for redemption proceeds to be credited to their account, AMC will obliged to honour such request. In case the units pledged are of close ended scheme and if the units are under pledge at the time of maturity of the scheme, then the AMC reserves the right to pay the maturity amount to the person / bank / financial institution/non-banking finance companies (NBFCs)/any other body in whose favour the lien has been marked. An intimation of such payment will be sent to the investor. The AMC thereafter shall not be responsible for any claims made by the investor/third party on account of such payments.<br>**(6) Online Transaction**<br>Investors desirous of using online services can do so after obtaining a login password by executing an IPIN agreement. For more details please refer to Statement of Additional Information and website www.sundarammutual.com.<br>**(7) Investors are allowed to perform transaction through MF utility, MF central and Exchange platform (NSE and BSE)**<br>Investors are allowed to perform transaction through the infrastructure of the MFSS of NSE / BSE Star MF Platform introduced by NSE & BSE for transacting in units of the scheme.<br>Investor are also allowed to transact through MF Utility and MF central.<br>**(8) KFINKART Facility**<br>In addition to the existing investor service centers and other modes of investment, investors / unit holders of Sundaram Mutual Fund ('the Fund') will now be allowed to transact in schemes of the Fund through www.mfs.kfintech.com as well as mobile app, electronic platforms provided by KFin Technologies Limited, Registrar & Transfer Agent of the Fund ('KFin'). The facility to transact in schemes will also be available through mobile application of Kfin i.e. 'KFINKART'<br>The Trustee reserves the right to amend, add or withdraw any special features/conditions in the interest of investors. |

| | |
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| **Account statement** | **Consolidated Account Statement:**<br>Under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996, the AMC/ RTA is required to send consolidated account statement for each calendar month to all the investors in whose folio transaction has taken place during the month. Further, SEBI vide its circular ref. no. CIR/MRD/DP/31/2014 dated November 12, 2014, in order to enable a single consolidated view of all the investments of an investor in Mutual Fund and securities held in demat form with Depositories, has required Depositories to generate and dispatch a single consolidated account statement for investors having mutual fund investments and holding demat accounts.<br>In view of the said requirements the account statements for transactions in units of the Fund by investors will be dispatched to investors in following manner:<br>**I. Investors who do not hold Demat Account**<br>Consolidated account statement^, based on PAN of the holders, shall be sent by AMC/ RTA to investors not holding demat account, for each calendar month within 15th day of the succeeding month to the investors in whose folios transactions have taken place during that month.<br>Consolidated account statement^ shall be sent by AMC/RTA every half yearly (September/ March), on or before 21st day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios there have been no transactions during that period.<br>^Consolidated account statement sent by AMC/RTA is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month.<br>**II. Investors who hold Demat Account**<br>If there is any transaction in any of the Demat accounts of the investor or in any of his mutual fund folios, Consolidated account statement^^, based on PAN of the holders, shall be sent by Depositories to investors holding demat account, for each calendar month on or before 12th of the succeeding month to the investors who have opted to receive the CAS via email, and on or before the 15th of the succeeding month to investors who have opted to receive the CAS via physical mode.<br>In case, there is no transaction in any of the mutual fund folios and demat accounts then Consolidated account statement shall be sent by Depositories every half yearly (September/ March), on or before 18th day of succeeding month for investor opting email and on or before 21st day of succeeding month for investor opting physical mode.<br>In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send account statement in terms of regulations applicable to the depositories.<br>^^Consolidated account statement sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month.<br>(1) In case of a specific request received from the Unit holders, the AMC/Mutual Fund will provide the account statement to the investors within 5 Business Days from the receipt of such request.<br>(2) In case the mutual fund folio has more than one registered holder, the first named Unit holder shall receive the CAS/account statement.<br>(3) For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN).<br>(4) The CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN.<br>(5) The statement of holding of the beneficiary account holder for units held in DEMAT will be sent by the respective DPs periodically.<br>(6) Pursuant to SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, the following points have been incorporated to increase the transparency of information to the investors.<br>a) Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.<br>b) Further, CAS issued for the half-year (ended September/ March) shall also provide:<br>i. The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as GST (wherever applicable, as per existing rates), operating expenses, etc.<br>ii. The scheme's average Total Expense Ratio (in percentage terms) along with the breakup between investment and advisory fees, commission paid to the distributor and other expenses for the half-year period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.<br>Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.<br>(7) As per SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020 on IDCW option/plans in mutual fund schemes, whenever distributable surplus is distributed under IDCW Plan, the AMCs are required to clearly segregate and disclose, income distribution (appreciation in NAV) and capital distribution (Equalisation Reserve) in the Consolidated Account Statement provided to the investors.<br>For Non demat investors having email ID, the industry-level E-CAS shall be sent by MF Central through email. |

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| **IDCW** | The IDCW warrant/cheque shall be dispatched to the unit holders within seven working days of the date of declaration of the IDCW. The Investment Manager shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay. The prescribed rate at present is 15% per annum. In case of delay, the AMC shall be liable to pay interest @ 15 per cent per annum to the unit holders. It may be noted that the Mutual Fund is not guaranteeing or assuring any IDCW. IDCW payment may also be done by Direct Credit subject to availability of necessary facility at each location. For further details please refer to the Application Form. |
| **Redemption** | SEBI has clarified that the AMCs are required to obtain PAN and KYC documentation before processing any redemption requests. As per SEBI Circular SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 as on November 25, 2022. The redemption or redemption proceeds shall be dispatched to the unit holders within three working days from the date of redemption. During circumstances such as market closure / breakdown / calamity / strike / violence / bandh, extreme price volatility/SEBI Directives etc, the Trustee can stop/suspend sale/redemption of Units. |
| **Delay in payment of repurchase / redemption proceeds** | The redemption proceeds will be dispatched to the Unitholders within 3 Business days from the date of maturity/ redemption. For any delay in this regard the Investment Manager will be liable to pay interest @ 15% p.a. (or such other rate as may be prescribed by SEBI). |
| **Policy on unclaimed redemption and IDCW amounts** | The treatment of unclaimed redemption & Income distribution amount will be as per SEBI circular dated Feb 25, 2016. The unclaimed redemption and Income distribution amounts, that were earlier allowed to be deployed only in call money market or money market instruments. Alternatively, it is also be allowed to be invested in a separate plan of Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. In this regard, Board of AMC and Trustee of Sundaram Mutual Fund have approved the introduction of Sundaram unclaimed fund for the investor to ascertain any unclaimed Income distribution or redemption proceeds shall be deployed in TREPs on behalf of the investor under his/her applicable folios and the same has been provided under following link https://mfs.kfintech.com/mfs/sundaram_unclaimed or https://app.mfcentral.com/links/inactive-folios. The Investment Manager shall make a continuous effort to remind the investors through letters to take their unclaimed amounts. The overall TER for unclaimed plan including AMC Fee is restricted to 50 bps. please check the circulars and addendum issued for introduction of unclaimed plan. |
| **Bank account details** | As per the directives issued by SEBI, it shall be mandatory for the Unitholders to mention their bank account numbers in their applications. Unitholders are requested to give the full particulars of their Bank Account i.e. nature and number of account, name, IFSC code for NEFT a 11 digit number, branch address of the bank at the appropriate space in the application form. Proceeds of any redemption will be sent only to a bank account that is registered and validated in the Investor's folio at the time of redemption transaction processing.<br>With a view to monitor, as part of Standard KYC Norms, that third party payment Instruments are not be accepted for subscription, the Mutual Funds will be providing a facility for investors to do a one-time registration of all their bank accounts (subject to a maximum of 5 accounts) where they are one of the holders and from where they expect to make a payment for mutual fund subscription. For further details please refer to the instructions in the Application Forms/SAI and the Website of the Mutual Fund. |
| **Registration of Bank Account** | The Unitholders may choose to receive the redemption/IDCW proceeds in any of the bank accounts, the details of which are registered with the AMC by specifying the necessary details in the "Bank Accounts Registration form" which will be available at our office/KFin Technologies Limited and on the website of www. Sundarammutual. com. Individuals, HUFs, Sole proprietor firms can register up to five bank accounts and other type of investors can register up to ten bank accounts in a folio. The unitholder can choose anyone of the registered bank accounts as default bank account. In case the investor fails to mention any preference, then by default the first number indicated in the list shall be the preferred account number.<br>If unit holder(s) provide a new unregistered bank mandate/ a change of bank mandate request with a specific redemption proceeds such bank account may not be considered for payment of redemption proceeds, or the Fund may withheld the payment for up to 10 calendar days to ensure validation of new bank mandate mentioned. Duly filled and valid change of bank mandate requests with proof of Old Bank account and other supporting documents will be processed within five business days of necessary documents reaching the head office of the RTA and any financial transaction request received in the interim will be carried based on previous details only.<br>For more details please refer our websites www.sundarammutual.com. For any queries and clarifications that you may have, please get in touch with us at our office or call our toll free number 1860 425 7237. |
| **Non Acceptance of Third Party Instruments** | Applications accompanied by a Third Party Instrument will be rejected. Applications accompanied by pre-funded instruments (such as demand drafts, pay order etc.) will also be rejected unless accompanied by a banker's certificate evidencing the source of the funds. In case such pre-funded instruments are purchases through cash for value of ₹ 50,000/- and above the same shall also be rejected irrespective of being supported with banker's certificate.<br>Following are the exceptional situations- when Third-Party Payments can be made with relevant declaration and KYC/ PAN of such Third Party:<br>(i) Payment made by an employer on behalf of its employee(s) under Systematic Investment Plans through payroll deductions;<br>(ii) Custodian on behalf of an FII or a client.<br>The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Fund will also be covered under these provisions. The AMC may also request for additional documentation as may be required in this regard from the investor/person making the payment. when payment is made through pre-funded instruments (such as Pay Order, Demand Draft, Banker's cheque, etc)., a certificate from the issuing banker must accompany the application stating the account holder's name and the account number which has been debited for the issue of the instrument. If payment is made by RTGS, NEFT, ECS, bank transfer, etc., a copy of the instruction to the bank stating the account number debited must accompany the application. The AMC may, at its discretion, reject any application which is incomplete or not accompanied with valid documents.<br>Investment through UPI:<br>Based on SEBI circular dt. June 11, 2025, a structured Unified Payment Interface (UPI) address mechanism has now been put in place by Sundaram MF. This mechanism provides investor with the option to transfer funds directly to the bank account of Sundram MF when making payments for investment through UPI mode.<br>The following UPI ID has been validated with SEBI for receipt of investment through UPI<br>Sundarammf.XXXX.mf@icici<br>Sundarammf.XXXX.mf@hdfc<br>The above UPI ID will be displayed next to an icon "thumbs – up inside a green triangle" in the payment gateway page. |

**Plans / Options offered**

*Plans:* Regular Plan and Direct Plan

*Options:* Growth, Income Distribution cum Capital Withdrawal (IDCW): Payout, Re-Investment & Transfer

Pursuant to SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012, subscription, including new SIP and STP, registrations in the Institutional Plan (including options under the plan) was discontinued with effect from October 01, 2012. Also, from November 01, 2012, the IDCWs declared (irrespective of the amount) under IDCW Reinvestment Option of the discontinued Plan(s)/Option(s) shall be reinvested into the corresponding Option under the Single Plan of the Scheme, i.e. Regular Plan.

All plans and options available for offer under the scheme shall have a common portfolio.

If no option is indicated, the default option will be Growth. If an investor chooses the IDCW Option but fails to indicate a sub option, the default sub-option shall be IDCW Transfer (Default destination Scheme- Sundaram Liquid Fund -Growth Option), when the IDCW payable is Rs. 500 or more and IDCW Reinvestment in the same scheme when IDCW payable is less than Rs.500 in the respective sub option.

Incase of IDCW payout option, where the IDCW payable is Rs.500/- or more, the IDCW will be paid to the Investor registered Bank account in the folio and will be reinvested when the IDCW payable is less than Rs.500/-

If an investor has opted for IDCW payout and is found to be KYC non-compliant or without a valid PAN, the IDCW amount will be automatically swept into the Sundaram Unclaimed Fund.

All categories of investors (whether existing or new Unitholders) as permitted to invest in this scheme are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {except Stock Exchange Platform(s) and all other Platform(s) where investors' applications for subscription of units are routed through Distributors}.

The expense ratio of Direct Plan shall be lower than that of the Regular Plan. No commission for distribution of Units will be paid / charged under Direct Plan. The direct plan will also have a separate NAV.

Investors wishing to subscribe under Direct Plan of a Scheme will have to indicate "Direct Plan"

against the Scheme name in the application form.

In the following cases, the applications shall be processed under the Direct Plan:

1. Distributor code is mentioned in the application form, but "Direct Plan" is indicated against the Scheme name
2. Where application is received for Regular Plan without Distributor code or the word "Direct" is mentioned in the ARN column.
3. Neither the plan nor the distributor code is mentioned in the application form

In the following cases, the applications shall be processed under the Regular Plan:

1. The application form contains the distributor code but does not indicate the plan.
2. Where application is received for Regular Plan with Distributor code.

The following matrix will be applied for processing the applications in the Regular or Direct Plan:

| Broker Code mentioned by the investor | Plan mentioned by the investor | Plan under which units will be allotted |
|---|---|---|
| Not mentioned | Not mentioned | Direct Plan |
| Not mentioned | Direct | Direct Plan |
| Not mentioned | Regular | Direct Plan |
| Mentioned | Direct | Direct Plan |
| Direct | Not Mentioned | Direct Plan |
| Direct | Regular | Direct Plan |
| Mentioned | Regular | Regular Plan |
| Mentioned | Not Mentioned | Regular Plan |

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Direct Plan.

**Growth Option** Investors who prefer to accumulate the income and also do not have a need to receive the cash flow to meet specific financial goals can opt for the growth option. The income earned on the units will remain invested in the Scheme and will be reflected in the Net Asset Value. No IDCW will be declared under this option. If units of this option are held as a capital asset for a period of at least 12 months from the date of allotment, income from such units will be treated as long-term capital gains for tax purposes.

**IDCW Option** IDCW may be declared by the Trustee at its discretion from time to time subject to the availability of distributable surplus calculated in accordance with the Regulations. There is no assurance/guarantee with respect to the quantum or the frequency or the certainty of IDCW distribution. The decision on whether to declare a IDCW or not will depend on the performance of the scheme and availability of distributable surplus. The IDCW pay out may also vary from time to time. The decision of the Trustee will be final in this regard.

Unit holders opting for the IDCW Option only will be eligible to receive IDCWs. All unit holders whose names appear in the Register of the Scheme in the IDCW Option category as on the Record Date will be entitled to the IDCW. The IDCW payment will be subject to the distribution tax, if any, payable by the Mutual Fund as per the Income Tax Act or other laws in force.

After the record date for distribution of IDCW, the NAV per unit will decline to the extent of the pay out and distribution tax, if any.

Investors can opt either for IDCW Pay-Out Option or IDCW Sweep or IDCW Re-investment Option.

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| **Plans / Options offered** | • **Income Distribution cum Capital Withdrawal (IDCW) Option:** Income distribution under this option may be declared by the Trustee at its discretion from time to time subject to the availability of distributable surplus calculated in accordance with the Regulations. There is no assurance/guarantee with respect to the quantum or the frequency or the certainty of distribution. The decision on whether to declare a Dividend or not will depend on the performance of the scheme and availability of distributable surplus. The Dividend pay out may also vary from time to time. The decision of the Trustee will be final in this regard.<br>Further, Investor shall note that when units are sold, and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains shall be credited to an Equalization Reserve Account and which can be used to pay IDCW. Hence IDCW amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains.<br>Unit holders opting for the IDCW Option only will be eligible to receive the dividend. Considering the date and value of the eligible units, the income so distributed shall be contrued as Income from reserves or from capital invested and such bi-furcation would be provided in the CAS.<br>All unit holders whose names appear in the Register of the Scheme in the IDCW Option category as on the Record Date will be entitled to the IDCW. The IDCW payment will be subject to the statutory levy, if any, payable by the Mutual Fund as per the Income Tax Act or other laws in force.<br>After the record date for distribution of income, the NAV per unit will decline to the extent of the pay out and statutory levy, if any.<br>Investors can opt either for Income Pay-Out Option or Transfer or Re-investment Option.<br>• **IDCW Pay-Out:** The Investment Manager shall dispatch the dividend for IDCW option holders through cheque / warrant within 7 working days of declaration of income distribution. The cheques / warrant will be drawn in the name of the sole/first holder and will be posted/mailed to the address indicated by the investor in the application form. Investors are required to provide bank account details - the name of the bank, branch and account number - in the application form. Such payment may also be done by Direct Credit subject to availability of necessary facility at each location.<br>• **IDCW Re-Investment:** Investors have the option to re-invest the income by way of buying additional units of the scheme. Additional units will be allotted based on the ex-NAV of the IDCW Option on the next business day after the Record date for the IDCW. No entry load will be charged for such re-investment of first income. The re-investment of first income shall automatically be deemed to be constructive payment of income distributed to the unit holder and constructive receipt by the unit holder.<br>If the distributed amount payable to unitholders in IDCW payout option of the scheme under a folio is less than or equal to ₹ 500/, then such amount shall be compulsorily reinvested in the same plan / option instead of payout.<br>If additional units issued under this option are held as a capital asset for a period of more than 12 months (as applicable) from the date of allotment, any gain over the cost of acquisition will be treated as long-term capital gains for tax purposes.<br>• **IDCW Transfer Facility (DSO):** This option will be available only when the amount payable to the investor's account on the Record Date in a folio is equal to or more than ₹500/. The distributed income so payable will be automatically swept into the Target Scheme (Open ended schemes) as opted by the unitholder, on the date of realisation of funds in the target scheme (DSO form available in the website www.sundarammutual.com) after the Record Date at the applicable NAV of the Target Scheme, subject to applicable load and accordingly equivalent units will be alloted in the Target Scheme (Open ended schemes), subject to the terms and conditions of the Target Scheme depending upon whether the investment was registered with or without broker code of the chosen scheme at the applicable NAV.<br>Investors should indicate the Plan and Option in the application form by ticking the appropriate box provided for this purpose. If no option is indicated, the default option will be Growth. If an investor chooses the IDCW Option but fails to indicate a sub option, the default sub-option shall be IDCW Transfer (Default destination Scheme- Sundaram Money Fund - Growth), when the IDCW payable is ₹ 500 or more and IDCW Reinvestment in the same scheme when IDCW payable is less than ₹500 in the respective sub option. The chosen Plan and Option can be changed by sending a request in writing signed by all the unit holder(s) to the Registrar.<br>Pursuant to SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012, subscription, including new SIP and STP, registration in the Institutional Plan (including options under the plan) has been discontinued with effect from October 01, 2012. Also, from November 01, 2012, the IDCWs declared (irrespective of the amount) under IDCW Reinvestment Option of the discontinued. Plan(s)/Option(s) shall be reinvested into the corresponding Option under the Single Plan of the Scheme, i.e. Regular Plan. |

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| **International Security Identification Number (ISIN)** | The Investor have an option to hold the units either in the physical or demat mode in accordance with his/her own choice. International Security Identification Numbers (ISIN) in respect of the plans/options of the schemes have been created in National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The details of ISIN are provided in Highlights and Scheme Summary section of this document.<br>In case the unitholder desires to hold the units in Dematerialized / Rematerialized form at a later date, the request for conversion of units held in non-DEMAT form into DEMAT (electronic form) or vice-versa should be submitted along with a DEMAT/REMAT request form to their Depository Participants. |
| **Income Distribution cum Capital Withdrawal (IDCW) policy** | IDCW may be declared by the Trustee at its discretion subject to the availability of distributable surplus as calculated in accordance with the Regulations. There is no assurance/guarantee with respect to the quantum or the frequency or the certainty of IDCW distribution. The decision on whether to declare a IDCW or not will depend on the performance of the scheme and availability of distributable surplus. The rate of IDCW may also vary from time to time. The decision of the Trustee will be final in this regard. IDCW will be declared on the face value of ` 10 per unit.<br>Unit holders opting for the IDCW Option only will be eligible to receive IDCWs. All unit holders whose names appear in the Register of the Scheme in the IDCW Option category as on the Record Date will be entitled to the IDCW. The IDCW payment will be subject to the distribution tax, if any, payable by the Mutual Fund as per the Income Tax Act or other laws in force.<br>Effect of IDCW: In the IDCW option, after the record date for distribution of IDCW, the NAV per unit will decline to the extent of the pay out and distribution tax, if any. IDCW will be paid within seven working days from date of declaration.<br>Post declaration of IDCW the NAV of the Units under the in IDCW option will stand reduced by the amount of IDCW declared and applicable IDCW distribution tax/any other statutory levy.<br>In case of delay, the Investment Manager will be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay. The prescribed rate at present is 15% per annum. However if Bank Details are not properly provided by the Investor, the provision regarding payment of interest for delay will not apply.<br>If an investor has opted for IDCW payout and is found to be KYC non-compliant or without a valid PAN, the IDCW amount will be automatically swept into the Sundaram Unclaimed Fund. |
| **Know Your Customer (KYC) / CKYC** | The Securities and Exchange Board of India has issued detailed guidelines on 18/01/2006 and measures for prevention Money Laundering and had notified SEBI (KYC Registration Agency) Regulations, 2011 on December 02, 2011 with a view to bring uniformity in KYC Requirements for the securities market and to develop a mechanism for centralization of the KYC records. SEBI has also issued circulars from time to time on KYC compliance and maintenance of documentation pertaining to unit holders of mutual funds. Accordingly the following procedures shall apply:<br>• KYC acknowledgement is mandatory for all investors.<br>• An application without acknowledgement of KYC compliance will be rejected<br>• New Investors are required to submit a copy of Income Tax PAN card, address proof and other requisite documents along with the KYC application form to any of the intermediaries registered with SEBI, including Mutual Funds to complete KYC effective from January 01, 2012. The KYC application form is available at *www.sundarammutual.com*<br>• The Mutual Fund shall perform initial KYC of its new investors and send the application form along with the supporting documents to the KYC Registration Agency (KRA).<br>• During the KYC process, the Mutual Fund will also conduct In Person Verification (IPV) in respect of its new investors effective from January 01, 2012. Sundaram Asset Management Company Limited and the NISM / AMFI certified distributors who are KYD compliant are authorized to carry out the IPV for investors in mutual funds. In case of applications received directly from the investors (i.e. not through the distributors), mutual funds may rely upon the IPV performed by the scheduled commercial banks.<br>• The KRA shall send a letter to the investor within 10 business days of the receipt of the KYC documents from Mutual Fund, confirming the details thereof.<br>• Investors who have obtained the acknowledgement after completing the KYC process can invest in Scheme of the Mutual funds by quoting the PAN in the application form.<br>• Investors are required to complete KYC process only once to enable them to invest in Scheme of all mutual funds.<br>• Existing Investors, who have already complied with the KYC requirements, can continue to invest as per the current practice.<br>Pursuant to SEBI circular no. MIRSD/Cir-5/2012 dated April 13, 2012, mutual fund investors who were KYC compliant on or before December 31, 2011 are required to submit 'missing/not available' KYC information and complete the 'In Person Verification' (IPV) requirements if they wish to invest in a new mutual fund, where they have not invested / opened a folio earlier, effective from December 03, 2012: Individual investors have to complete the following missing/not available KYC information:<br>a) Father's/Spouse Name,<br>b) Marital Status,<br>c) In-Person Verification (IPV).<br>To update the missing information, investors have to use the "KYC Details Change Form" for Individuals Only available at *www.sundarammutual.com* or www.amfiindia.com. Section B of the form highlights 'Mandatory fields for KYCs done before 1 January 2012' which has to be completed. |

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| **Know Your Customer (KYC) / CKYC** | In case of Non Individuals, KYC needs to be done afresh due to significant and major changes in KYC requirements by using "KYC Application form" available for Non-Individuals only in the websites stated above.<br>Additional details like Nationality, Gross Annual Income or Net worth as on recent date, Politically Exposed Person, and Non Individuals providing specific services have to be provided in Additional KYC details form available in the website of the Investment Manager.<br>Duly filled forms with IPV can be submitted along with a purchase application, to the new mutual fund where the investor is investing / opening a folio. Alternatively, investors may also approach their existing mutual funds at any investor service centre to update their 'missing/not available' KYC information.<br>*Ultimate Beneficial Owner* Pursuant to Prevention of Money Laundering Act, 2002 (PMLA) and Rules framed thereunder and SEBI Master circular dated December 31, 2010 on Anti Money Laundering (AML), sufficient information to identify persons who beneficially own or control the securities account is required to be obtained. Also, SEBI had vide its circular no. CIR / MIRSD / 2 /2013 dated January 24, 2013 prescribed guidelines regarding identification of Ultimate Beneficial Owner(s) ('UBO'). As per these guidelines UBO means 'Natural Person', or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement. Investors are requested to refer to the 'Declaration for UBO' available in the website of the Investment Manager for detailed guidelines on identification of UBO. The provisions relating to UBO are not applicable where the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority owned subsidiary of such a company.<br>*Central KYC*<br>Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity. KYC means the due diligence procedure prescribed by the Regulator for identifying and verifying the proof of address, proof of identity and compliance with rules regulations, guidelines and circulars issued by the Regulators or Statutory Authorities under the Prevention of Money Laundering Act, 2002.<br>The Central Govt. vide notification dt. Nov, 26, 2015 has authorised Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) to act as and to perform the functions of the CKYC Registry including receiving, storing, safeguarding and retrieving the KYC records in digital form of a Client. A 14 digit CKYC identification Number (KIN) would be issued as identifier of each client.<br>As per PMLA (Maintenance of Records) Amendment rules, 2015, Rule 9(IA), every reporting entity shall within three days after the commencement of an account based relationship with an individual, file the electronic copy of the client's KYC records with the Central KYC Registry. Institutions need to upload the common KYC template along with the scanned copy of the certified supporting documents (PoI/PoA), cropped signature and photograph. SEBI vide its circular dated November 10, 2016 has advised all mutual funds to upload the KYC records of all existing customers into the CKYC database.<br>Since the records are stored digitally, it helps intuitions de-duplicate data so that they don't need to do KYC of customers multiple times. It helps institutions find out if the client is KYC compliant based on Aadhaar, PAN and other identity proofs. If the KYC details are updated on this platform by one entity, all other institutions get a real time update. Thus, the platform helps firms cut down costs substantially by avoiding multiplicity of registration and data upkeep.<br>Please note that PAN is mandatory for investing in MF's (Except Micro KYC and other exempted scenarios). If CKYC is done without submission of PAN, then he/she will have to submit a duly self-certified copy of the PAN card alongwith KIN.<br>First time investing Financial Sector (New investor) New to KRA-KYC: while on boarding investors who are new to the MF & do not have KYC registered as per existing KRA norms, such investors should fill up CKYC form (attached). This new KYC form is in line with CKYC form guidelines and requirements and would help to capture all information needed for CKYC as well mandatory requirements for MF. Investors should submit the duly filled form along with supporting documents, particularly, self-certified copy of the PAN Card as a mandatory identity proof. If prospective investor submits old KRA KYC form, which does not have all information needed for registration with CKYC, such customer should either submit the information in the supplementary CKYC form or fill the CKYC form.<br>Updation of Permanent Account Number (PAN) for processing redemption and related transactions in non-PAN exempt folios and various communication(s) sent in this regard from time to time, it is reiterated that, it is mandatory to complete the KYC requirements for all unit holders, including for all joint holders and the guardian in case of folio of a minor investor.<br>Accordingly, financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests will not be processed if the unit holders have not completed KYC requirements.<br>Unit holders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the point of acceptance. Further, upon updation of PAN details with the KRA (KRA-KYC)/ CERSAI (CKYC), the unit holders are requested to intimate us/our Registrar and Transfer Agent their PAN information along with the folio details for updation in our records.<br>Investors who have obtained the KIN through any other financial intermediary, shall provide the 14 digit number for validation and updating the KYC record. |

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| **Nomination for Mutual Fund Unit Holders** | Nomination for Mutual Fund Units:<br>Investors subscribing to Mutual Fund units shall mandatorily provide nomination or opt out of nomination through the physical or online mode. The requirement of nomination shall be optional for jointly held accounts / folios. Where the Units are held by more than one person jointly, the joint Unitholders shall together nominate one or more persons in whom all the rights in the Units shall vest in the event of death of all the joint Unitholders. Nomination is not allowed in a folio held on behalf of a minor.<br>Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A minor can be nominated and, in that event, the name and address of the guardian of the minor nominee shall be provided by the unitholder. Nomination can also be in favor of the Central Government, State Government, a local authority, any person designated by virtue of these offices or a religious or charitable trust.<br>Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination, the nomination shall stand rescinded, and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee/s.<br>Investors / Unitholders are advised to read the instructions carefully before nominating.<br>In cases where the Units are pledged/ charged, the nominee shall not be entitled to the transmission of Units in his/her name until the entity to which the Units are pledged/ charged provides written authorization to the Mutual Fund to transmit the Units to the nominee. Further the nominee on transmission shall not be able to redeem/ switch Units that are pledged/ charged until the entity to which the Units are pledged provides written authorization to the Mutual Fund that the pledge / charge may be removed. As long as the Units are pledged, the Pledgee will have complete authority to Redeem/ Repurchase such Units.<br>For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nominations including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye -laws of the Depository.<br>In line with SEBI circular dated January 10, 2025 and SEBI circular dated February 28, 2025, investors are requested to note that:<br>i. In case of joint accounts/ holdings, upon demise of one or more joint holder(s), the regulated entity shall transmit the assets to the surviving holder(s) vide name deletion. However, surviving joint holder(s) shall have the option to transmit the assets held, into a new account/folio.<br>ii. The nominees(s) shall receive the assets of deceased sole account /sole holder(s) as trustee on behalf of legal heir(s) of deceased holder(s) thereby effecting due discharge of concerned regulated entity.<br>iii. Upon demise of one of the nominees prior to the demise of the investor and if no change is made in the nomination, then the assets shall be distributed to the surviving nominees on pro rata basis upon demise of the investor.<br>iv. In case of any subsisting credit facilities secured by a duly created pledge, the regulated entity shall obtain due discharge from the creditors prior to transmission of assets to the nominee(s) or legal heir/s / legal representative/s, as the case may be.<br>Online Nomination:<br>The AMC shall validate the nomination submitted online through:<br>i. Digital Signature Certificate; or<br>ii. Aadhaar based e-sign or by using any other e-sign facility recognized under Information Technology Act, 2000; or<br>iii. Two Factor Authentication (2FA) in which one of the factors shall be a One-Time Password sent to the registered mobile number and email address of the investors.<br>Physical/offline nomination:<br>AMC shall verify the signature(s) as per the mode of holding, while registering or changing nomination. Where an investor affixes his/ her thumb impression on the nomination form, then the same shall be witnessed by two persons and details of such witnesses shall be duly captured in the nomination form. However, there shall be no such requirement of witnesses in case of nomination forms carrying wet/digital/ e-sign signature of the investor.<br>The AMC shall subject to production of such documents / evidence, which is in their opinion is sufficient, proceed to transmit the Units to the nominee. Upon transmission of units to the nominee, the Mutual Fund / AMC shall be fully discharged from all its liabilities towards the legal heirs of the deceased unit holders.<br>If either the Mutual Fund or the AMC or the Trustee were to incur or suffer any loss, claim, demand, liabilities, proceedings, or if any actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate. |
| **Who can invest** | This is an indicative list and investors are requested to consult a financial/investment/tax/legal advisor to ascertain whether the Scheme is suitable to their risk profile. Investors need to comply with KYC/PAN verification norms, as elaborated in Statement of Additional Information. The following persons, subject to subscription to units of mutual funds being permitted under respective constitution and relevant statutory regulation, are eligible and may apply for subscription to the units of the Scheme:<br>1 Resident adult individuals either singly or jointly (not exceeding three)<br>2 Minors through parents/ lawful guardians<br>3 Companies/Bodies Corporate/Public Sector Undertakings registered in India<br>4 Religious and Charitable Trusts under the provisions of 11(5)(xii) of Income Tax Act 1961 read with Rule 17C of Income Tax Rules, 1962 |

**Who can invest**

5 Wakf Boards or endowments and Registered societies (including registered co operative societies) and private trusts, authorised to invest in units.
6 Partnership firm/Limited Liability Partnership
7 Trustee of private trusts authorised to invest in mutual fund Scheme under the Trust Deed
8 Karta of Hindu Undivided Family (HUF)
9 Banks, including Co-operative Banks and Regional Rural Banks, and Financial Institutions
10 Non-Resident Indian (NRI) and Persons of India Origin on full repatriation basis subject to RBI approval, if any
11 A mutual fund subject to SEBI regulation
12 Foreign Institutional Investors (FIIs) registered with SEBI and sub-accounts of FIIs on full repatriation basis subject to RBI approval, if any
13 Army/Air Force/Navy/Para-Military Funds and other eligible institutions
14 Non-Government Provident/Pension/Gratuity and such other funds as and when permitted to invest
15 Scientific and/or industrial research organisations authorised to invest in mutual fund units
16 International Multilateral Agencies approved by the Government of India
17 Non-Government Provident/Pension/Gratuity funds as and when permitted to invest
18 A Scheme of the Sundaram Mutual Fund, subject to the conditions and limits prescribed by SEBI, Trustee, the Investment Manager and the Sponsor. The Investment Manager shall not charge any fees on such investments.
19 Other associations and institutions authorised to invest in mutual fund units.
20 Any individual, being a foreign national who meets the residency tests as laid down in Foreign Exchange Management Act, 1999 or such other act / guidelines / regulations as issued by the RBI / SEBI from time to time.
21 Qualified Foreign Investors (QFI) as may be permitted by SEBI from time to time
22 Any other category of persons who are permitted to invest in the Schemes of Mutual Fund as per the guidelines and / or directions issued by the Government of India / SEBI / RBI from time to time.
23 Foreign Portfolio Investor registered under SEBI (Foreign Portfolio Investor) Regulations, 2014

As per Notification No. LAD-NRO/GN/2014-15/01 dated May 06, 2014 on SEBI (Mutual Funds) (Amendment) Regulations, 2014 the sponsor of Sundaram Mutual Fund or Sundaram Asset Management Company Limited shall invest not less than one percent of the assets under management of each of the scheme covered in this document as on date of notification of these regulations i.e., May 06, 2014 or fifty lakh rupees, whichever is less, in the growth option of the scheme and such investment shall not be redeemed unless the scheme is wound up. Such amount shall be invested within one year from the date of notification of these regulations.

In addition, Sundaram Asset Management may invest in the Scheme depending upon its cash flows and investment opportunities. In such an event, the Investment Manager will not charge management fees on its investment for the period it is retained in the Scheme. Such investment shall not exceed 25% of the net assets of the Scheme on the date of investment.

The Trustee/Mutual Fund reserves the right to include/exclude a category of investors, subject to SEBI Regulation and other prevailing statutory regulation, if any.

- it is expressly understood that the investor has the necessary legal authority and has complied with applicable internal procedures for subscribing to the units. The Investment Manager/Trustee will not be responsible in case any transaction made by an investor is ultra vires the relevant constitution/internal procedures.
- Non-Resident Indians, Persons of Indian Origin residing abroad and Foreign Institutional Investors (FIIs) have been granted a general permission by the Reserve Bank of India [Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulation, 2000] for investing in/redeeming units of mutual funds subject to conditions set out in the aforesaid regulation.
- In the case of an application under a power of attorney or by a limited company, other corporate body, an eligible institution, a registered society, a trust fund, the original power of attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application, as the case may be, or a duly notarised copy along with a certified copy of the memorandum and articles of association and/or bye-laws and/or trust deed and/or partnership deed and certificate of registration should be submitted. The officials should sign the application under their official designation. A list of duly certified/attested specimen signatures of the authorised officials should also be attached to the application. In case of a trust/fund, it shall submit a resolution from trustee(s) authorising the purchase.
- The Investment Manager/Trustee/Registrar may need to obtain documents for verification of identity or such other details relating to a subscription for units as may be required under any applicable law, which may result in delay in processing the application. It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirement. Any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/Investment Manager may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
- Unitholder information (mandatory): In terms of SEBI circular PAN shall be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction.
  For further details please refer to Statement of Additional Information

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| **Who cannot invest** | 1. Persons residing in countries which require licensing or registration of Indian Mutual Fund products before selling the same in its jurisdiction.<br>2. Citizens of US/Canada<br>3. Persons residing in any Financial Action Task Force (FATF) declared non-compliant country or territory.<br>4. Overseas Corporate Bodies as specified by RBI in its A.P. (DIR Series) Circular No. 14 dated September 16, 2003,<br>5. Such other persons as may be specified by AMC from time to time. |
| **Allotment** | Allotment is assured to eligible applicants as long as applications are complete in every respect and in order.<br>The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/or mobile number.<br>The Trustee may reject any application that is not valid and/or complete. The Trustee reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued for purchase of units. Dispatch of account statements to NRI/PIO/FIIs will be subject to RBI approval. |
| **Refund** | The refund should be made within five business days from the date of receipt of application and realization of money into the credit of the scheme's bank account whichever is later failing which an interest @15% shall be paid for the belated refunds. |
| **Restrictions, if any, on the right to freely retain or dispose of unit being offered.** | The Trustee may, in the general interest of the unit holders of the Scheme and when considered appropriate to do so based on unforeseen circumstances/unusual market conditions limit the total number of units that may be redeemed on any Business Day to 5% of the total number of units then in issue in the Scheme, plan (s) and option(s) thereof or such other percentage as the Trustee may determine. Any units that are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day in order of receipt. Redemption of such carried forward units will be priced on the basis of the applicable NAV, subject to the prevailing load, of the Business Day on which redemption is processed. under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on a pro-rata basis based on the size of each redemption request; the balance amount will be carried forward for redemption to the next Business Day. In addition, the Trustee reserves the right, in its sole discretion, to limit redemption with respect to any single account to ₹1 lakh on a single business day. |
| **Allotment Advice (for DEMAT holders)** | On acceptance of a valid application for subscription, units will be allotted and a confirmation specifying the number of units allotted by way of email and/or SMS within 5 Business Days from the date of receipt of valid application / transaction to the Unit holder's registered e-mail address and/or mobile number. Subject to SEBI Regulations, Statement of Accounts will be sent to those unitholders whose registered email address / mobile number is not available with the Mutual Fund, unless otherwise required. Money would be refunded in respect of applications that are rejected.<br>The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form. |
| **Dematerialisation** | If any investor, who holds the units in physical from, wishes to convert the same to DEMAT form, he shall do so in accordance with the provisions of SEBI (depositories and participants). Regulations, 1996 and procedure laid down by NSDL or CDSL, which may be amended time to time. |
| **Rematerialisation** | If the applicant desires to hold the units in physical form (statement of account mode), the Investment Manager shall issue the statement subject to rematerialization of Units in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time. All Units will rank pari passu, among Units within the same Option in the Scheme concerned as to assets, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee. |

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| **Acceptance of financial transactions through email mode in respect of non-individual investors:** | Non-individual investors can undertake any transaction, including purchase / redemption / switch through email. The non-individual investor should submit a copy of the board resolution or an authority letter on the entity's letter head, granting appropriate authority to the designated officials of the entity. The board resolution/ authority letter shall explicitly mention the following:<br>(i) List of approved authorized officials who are authorized to transact on behalf of non-individual investors along with their designation and email IDs.<br>(ii) An undertaking that the instructions for any financial transactions sent by email by the authorized officials shall be binding upon the entity as if it were a written agreement.<br>In addition to the acceptance of financial transactions via email, scanned copy of duly signed transaction form/ request letter bearing wet signatures of the authorized signatories of the entity, received from some other official / employee of the non- individual investor may also be accepted, and shall be binding on the non-individual investor provided -<br>(i) The email is also CC'd (copied) to the registered email ID of the authorized official / signatory of the non-individual unitholder; and<br>(ii) the domain name of the email ID of the sender of the email is from the same organization's official domain name.<br>Terms and Conditions for transactions made through electronic mail:<br>1) The AMC shall not be held liable for the failure to process a transaction where the transaction, whether sent or intended to be sent by the entity, is not received by the AMC for any reason.<br>2) The entity should implement appropriate safeguards and measures to ensure the security of email communications.<br>3) The entity availing the facility for submitting financial transactions via email shall retain records of such transactions in line with the applicable laws / regulations.<br>4) The entity shall implement an appropriate procedure for the addition/deletion of authorized signatories and shall promptly notify the AMC of such changes.<br>5) Appropriate authorization from the non-individual investor to the AMC / RTA to accept and act on any email transmission received from non-individual investor including a registered MF distributor/third party authorized by the investor to send a scanned copy of the transaction request on behalf of such non-individual investor.<br>6) Any change in the registered email id/contact details shall be accepted only from the designated officials authorized to notify such changes vide board resolutions/authority letter. Further, such change request shall be submitted through physical request letter (or a scanned copy thereof with wet signature of the designated authorized officials) only.<br>7) No change in /addition to the bank mandate shall be allowed via email. Change in bank details or addition of bank account of the entity shall be permitted only via the prescribed service request form duly signed by the entity's authorized signatories with wet signature of the designated authorized officials.<br>8) Any change in the registered email address / contact details of the entity shall be accepted only through a physical letter (including scan copy thereof) with wet signature of the designated authorized officials of the entity, duly supported by copy of the board resolutions/authority letter on the entity's letter head.<br>9) Further, in case the document is executed electronically with a valid DSC or through Aadhaar based e-signatures of the authorized official/s, shall be considered valid, and the same shall be binding on the non-individual investor even if the same is not received from the registered email id of authorized officials. However, the domain name of the email ID through which such email is received should be the same as the non-individual investor's official domain name. |

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| **Listing and transfer of units** | **Listing:-**<br>Being an open-ended scheme, the Units of the Scheme will not be listed on any stock exchange, at present. However, the Trustee reserves the right to list the units as and when open-end Schemes are permitted to be listed under the Regulations, and if the Trustee considers it necessary in the interest of unitholders of the Scheme.<br>**Transfer of units:-**<br>If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence.<br>**Demat Mode:**<br>Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favor of transferees who are eligible of holding units and having a Demat Account.<br>The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.<br>**Non-Demat (Statement of Account) mode:**<br>In compliance to the AMFI Best Practices Guidelines Circular No.116/ 2024-25 dated August 14, 2024 and 135/ BP/ 119 /2025-26 dt. May 08, 2025. it has been decided to introduce the facility for transfer of units held in SOA (Statement of Account) mode shall be made available for all schemes of Sundaram Mutual Fund, except ETFs w.e.f. November 14, 2024. This facility was provided to individual unitholders falling under the following category:<br>1. Surviving joint unitholder, who wants to add new joint holder(s) in the folio upon demise of one or more joint unitholder(s).<br>2. A nominee of a deceased unitholder, who wants to transfer the units to the legal heirs of the deceased unitholder, post the transmission of units in the name of the nominee.<br>3. A minor unitholder who has turned a major and has changed his/her status from minor to major, wants to add the name of the parent / guardian, sibling, spouse etc. in the folio as joint holder(s).<br>4. Partial transfer of units held in a folio shall be allowed. If the request for transfer of units is lodged on the record date, the IDCW payout/ reinvestment shall be made to the transferor. To mitigate the risk, redemption under the transferred units shall not be allowed for 10 days from the date of transfer.<br>5. transfer to siblings - Brother / Sister<br>6. Gifting of units to Father / Mother / Son / Daughter / Spouse<br>7. Transfer of units to third party<br>8. addition/deletion of unit holder<br>**Mode of submitting / accepting the Transfer Request:**<br>The facility for transfer of units held in SoA mode shall be available only through online mode via the transaction portals of the RTAs and the MF Central, i.e., the transfer of units held in SoA mode shall not be allowed through physical/ paper based mode or via the stock exchange platforms, MFU, channel partners and EOPs etc.<br>Unitholders are advised to read the below instructions carefully.<br>1) Investors under the Individual category (RI / NRI excluding Minors) are eligible to transfer the units<br>2) KYC of all the holders should be "KYC Validated", both in the Transferor and Transferee folios.<br>3) Addition / Deletion of holder is allowed only when the First holder is the same in the Source and Target folios.<br>4) For NRI customers TDS will not be computed and deducted by RTA during the transfer process and the same needs to be handled by the transferor while filing his Tax returns.<br>5) Stamp duty is calculated at 0.005% and is rounded off to Rs.1/- if it is less than Rs.1/-.<br>6) If the units are transferred to a different holder(s), then OTP confirmation is required from both the Transferor and Transferee within a stipulated timeline, to submit the request.<br>Note: Investor can transfer units using the following link https://mfs.kfintech.com/transferofUnits/<br>**Pre-requisites:**<br>1. The surviving unit holder /nominee/minor unitholder who has turned major, should be registered as the rightful unitholder of the units in the folio to be eligible to apply for transfer of units held in SoA mode.<br>2. There should be no "lien" or freeze on the units being transferred for any reason whatsoever. Also, the Units should not be under any lock-in period.<br>3. The transferee(s) should mandatorily be an individual / individual(s) with a valid folio in the mutual fund in which the transferor wishes to transfer the units. Transferee should be eligible to hold the Units as per the respective SID and fulfil any other regulatory requirement as may be applicable.<br>* Note: If the transferee(s) does not / do not have an existing folio in the concerned mutual fund, the transferee(s) shall be required to first open a 'Zero Balance Folio' with the concerned mutual fund.<br>Accordingly, all AMCs will need to facilitate opening of zero balance folio to enable this facility.<br>The zero-balance folio must also be compliant with all mandatory requirements such as KYC compliance, bank account validation, FATCA, nomination, email address and mobile number etc. This will pre-empt rejection of a transfer request, if it is discovered post the acceptance of transfer request, that the transferee is not KYC compliant or has provided invalid PAN etc.<br>4. The primary holder, Plan, Option, and the ARN (in case of Regular Plan) in the transferor's Folio shall remain unchanged upon transfer of units in the transferee folio.<br>**Payment of Stamp duty on Transfer of Units:**<br>1. The Stamp duty for transfer of units, if/where applicable, shall be payable by the transferor.<br>2. For calculation of the amount of stamp duty, the consideration value will be calculated as per the last available NAV (irrespective of the amount of consideration mentioned by the transferor in the transfer request).<br>3. The stamp duty if/where applicable, shall be collected by the RTAs from the transferor through online mode by ensuring that the payment is received from the bank account registered in the folio.<br>If an applicant desires to transfer Units held in physical mode for e.g. in statement of account form, the AMC shall, upon receipt of valid and complete request for transfer together with the relevant documents, register the transfer within 30 days. Provided that the transferor(s) and the transferee(s) will have to comply with the procedure for transfer as may be laid down by the AMC or as required under the prevailing law from time to time including payment of stamp duty for transfer of Units, etc. |

## III. Other Details

### A. In case of Fund of Funds Scheme, Details of Benchmark, Investment Objective, Investment Strategy, TER, AUM, Year wise performance, Top 10 Holding / link to Top 10 holding of the underlying fund should be provided

NA

### B. Periodic Disclosures such as Half yearly disclosures, half yearly results, annual report

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| **Half yearly Disclosures: Portfolio**<br>This is a list of securities where the corpus of the Scheme is currently invested.<br>The market value of these investments is also stated in portfolio disclosures. | The Investment Manager shall disclose the portfolio (along with ISIN) as on the last day of the month / half-year for all the schemes in its website www.sundarammutual.com and on the website of AMFI (www.amfiindia.com) within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format. The link for the mentioned disclosures - https://www.sundarammutual.com/monthly-fortnightly-adhoc-portfolios<br>In case of unitholders whose e-mail addresses are registered, the Investment Manager will send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.<br>The Investment Manager will publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement will be published in the all India edition of at least two daily newspapers, one each in English and Hindi. |
| **Half Yearly Results** | Sundaram Mutual fund shall make half yearly disclosures of unaudited financial results on its website www.sundarammutual.com in the prescribed format within one month from the close of each half year, i.e. on 31st March and on 30th September. The half- yearly unaudited financial results shall contain details as specified in Twelfth Schedule and such other details as are necessary for the purpose of providing a true and fair view of the operations of the mutual fund. In addition, Sundaram Mutual Fund shall publish an advertisement disclosing the hosting of such financial results in its website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of Sundaram mutual fund is situated. |
| **Annual Report** | Pursuant to Regulation 56 of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, read with SEBI Mutual Fund (Second Amendment) Regulation 2018, the Scheme-wise annual report or an abridged summary thereof shall be provided by AMC/Mutual Fund within four months from the date of closure of relevant accounting year in the manner specified by the Board.<br>The scheme wise annual report will be hosted on the websites of the Investment Manager and AMFI. The Investment Manager will display the link on its website and make the physical copies available to the unitholders, at its registered offices at all times.<br>The Investment Manager will e-mail the scheme annual reports or abridged summary thereof to those unitholders, whose email addresses are registered with the Mutual Fund.<br>In case of unitholders whose email addresses are not registered with the Mutual Fund, the Investment Manager will communicate to the unitholders, through a letter enclosing self-addressed envelope enabling unitholders to 'opt-in' within 30 days, to continue receiving a physical copy of the scheme-wise annual report or abridged summary thereof.<br>The Investment Manager will conduct one more round of similar exercise for those unitholders who have not responded to the 'opt-in' communication as stated above, after a period of not less than 30 days from the date of issuance of the first communication. Further, a period of 15 days from the date of issuances of the second communication will be given to unitholders to exercise their option of 'opt-in' or 'opt-out'.<br>The Investment Manager will publish an advertisement every year disclosing the hosting of the scheme wise annual report on its website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement will be published in the all India edition of at least two daily newspapers, one each in English and Hindi.<br>**Go Green Services: Save the Future**<br>• **Go Green E-Update/Mobile Services:** Registration of Contact Details: By opting to receive the Account Statement and Abridged Scheme Annual Report in a paperless mode by e-mail, you contribute to the environment. The investor is deemed to be aware of security risks including interception of documents and availability of content to third parties.<br>• Sundaram Asset Management provides interesting information on the economy, markets and funds. If you wish to receive documents such as The Wise Investor, India Market Outlook, Global Outlook, Fact Sheet and One Page Product updates, to name a few, please choose the 'yes' option.<br>• **Go Green Call Service:** If you are an existing investor and wish to register your email ID & mobile number with us, please call our Contact No. 1860 425 7237 (India) +91 40 2345 2215 (NRI) between 9.00 & 6.00 pm on any business day. Provide e-mail ID of either Self or Family Member with Relationship.<br>• 'Family' for this purpose shall mean self, spouse, dependent children, dependent parents as specified in SEBI Circular No.CIR/MIRSD/15/2011 dated Aug 02, 2011<br>• As per AMFI Best practices Guidelines Circular No.77/2018-19, Primary holder's own email address and mobile number should be provided for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fradulent transactions.<br>• The Investment Manager will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.<br>The Investment Manager will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder. |

## C. Transparency/NAV Disclosure (Details with reference to information given in Section I)

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| **Net Asset Value**<br>This is the value per unit of the Scheme on a particular day. An investor can ascertain the value of his holdings by multiplying the units owned with the NAV. | The Investment Manager will prominently disclose the NAVs of all schemes under a separate head on its website and on the website of Association of Mutual Funds in India (AMFI). Further, the Investment Manager will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.<br>NAV will be updated on the website of Association of Mutual Funds of India www.amfiindia.com before 11.00 P.M on every business day The schemes are permitted to take exposure to overseas securities. In such cases where the schemes have taken exposure to overseas securities the NAV of the relevant schemes would be declared by 10.00 A.M. on the following business day.<br>In case any of the schemes ceases to hold exposure to any overseas securities, NAV of the relevant schemes for that day would continue to be declared on 10.00 A.M on the following business day. Subsequent to that day, NAV of the relevant scheme shall be declared on 11.00 P.M on the same day.<br>In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs. |

## D. Transaction charges and stamp duty

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| **Stamp Duty** | Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, with effect from July 1, 2020, mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or dividend reinvestment) would be subject to levy of stamp duty @ 0.005% of the amount invested. Transfer of mutual fund units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including dividend reinvestment and switch-in) to the Unit holders would be reduced to that extent. The Stamp duty should be considered for the purpose of cost of the investments while calculating capital gains. |

## E. Associate Transactions

Please refer to Statement of Additional Information (SAI)

## F. Taxation

**Taaxation**

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme.

**For the Mutual Fund:**

Income of Sundaram Mutual Fund: Exempt from Tax

**The rates are applicable for the financial year 2025-26 as per the Finance Act, 2025.**

**Tax Implications on Income distribution under Income Distribution cum Capital Withdrawal(IDCW) Option received by Unit holders.**

Pursuant to SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, there was a change in nomenclature of Dividend to Income Distribution cum Capital Withdrawal(IDCW) available across all the plans offered by the schemes of the Fund with effect from April 01, 2021.The Finance Act, 2020 abolished income distribution tax and instead introduced taxing of income from mutual fund units in the hands of the unit holders.

**Income Distributed by a Mutual Fund**

| IDCW | Individual/HUF | Domestic Companies | NRI |
|---|---|---|---|
| Equity oriented schemes | At applicable slab rates~ | 30%^^/25%^^^/ 22%^^^^ | 20% |
| Other than Equity oriented schemes | At applicable slab rates~ | 30%^^/25%^^^/ 22%^^^^ | 20% |

*~ Kindly refer Income Tax rates for the applicable rates in case of individuals.*

Further, tax needs to be deducted at source as detailed below:

| Type of Investor | Withholding Tax rate | Section |
|---|---|---|
| Resident@ | 10%* | 194K |
| NRI/FPI | 20%** or rate as per applicable tax treaty*** (whichever is lower) | 196A***/196D**** |

* Tax not deductible if income in respect of units of a mutual fund is below ₹ 10,000 in a financial year.However, on account of practical difficulties involved due to unique nature of mutual fund investments and different schemes involved, Sundaram Mutual Fund shall deduct TDS from each dividend declared once it exceeds ₹ 9,000 threshold benefit on cumulative basis in a Financial year (Consolidate on PAN basis). In case the total TDS exceeds the actual tax liability of any investor, he/she can claim a refund while filing income-tax return.

TDS will not be deducted in the following cases

- The resident individual (not being a company or firm) can submit Form No. 15G to Mutual Fund for non-deduction of TDS under section 194K of the Act provided that the tax on his estimated total income (including such income received from Mutual Fund) of the financial year is NIL and the aggregate income shall not exceed the maximum amount which is not chargeable to tax i.e Rs.2,50,000/- for investor opting for the Old Tax Regime or Rs.4,00,000/- for investor opting for New Tax Regime (Section 115BAC). However, on account of practical difficulties involved due to unique nature of mutual fund investments and different schemes involved, Sundaram Mutual Fund shall deduct TDS from each dividend declared once the cumulative dividend exceeds Rs. 2,35,000/- under the Old Tax Regime or Rs.3,75,000/- under the New Tax Regime in a financial year, consolidated at the PAN level basis.
- Form 15H to be submitted by a resident individual (aged 60 years or more) for non-deduction of TDS under section 194K of the Act provided that the tax on his estimated total income (including such income received from Mutual Fund) of the financial year is NIL.
- Certificate from ITO for lower deduction/NIL deduction of TDS under section 197,
- Entities falling under Circular 18/2017 dated 29th May 2017.

The Form 15G or Form 15H or Certificate from ITO should be submitted on an annual basis at the start of the financial year at any of the Official Points of Acceptance of Sundaram Mutual Branch or customer care center of KFin Technologies Ltd.

It may be noted that exemption from tax deduction will be granted only from the date of receipt of Form15G or Form 15H or Certificate from ITO and any tax deducted and remitted to the government on or before that date cannot be refunded under any circumstances.

Fresh Form 15G or Form 15H to be submitted again when there is a change in the estimated total income already declared, even though the investors might have already furnished the forms for the current financial year.

** Surcharge to be levied at:

- 37% on base tax where specified income** exceeds Rs. 5 crore;
- 25% where specified income** exceeds Rs. 2 crore but does not exceed Rs. 5 crore;
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore.

** *Specified income – Total income excluding income by way of dividend on shares and short-term capital gains on units of equity oriented mutual fund schemes and long-term capital gains on mutual fund schemes.*

In case total income includes income by way of dividend on shares and short-term capital gains on units of equity oriented mutual fund schemes and long-term capital gains on mutual fund schemes, the rate of surcharge on the said type of income not to exceed 15%. In case investor is opting for 'New Regime' the rate of surcharge not to exceed 25%.

Further, "Health and Education Cess" is to be levied at 4% on aggregate of base tax and surcharge.

*** Tax treaty benefit can be claimed subject to fulfillment of stipulated conditions as well as interpretation of Article of relevant tax treaty.

**Taxation**

**** As per the provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited / paid to FII shall apply. The Finance Act, 2021 inserted a proviso to section 196D(1) of the Act to grant relevant tax treaty benefits with effect from 1 April 2021 at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. As per section 196D(2) of the Act, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

@ **Non linking of PAN with Aadhaar** - As per section 139AA of the Income tax Act, 1961 ('the Act') read with rule 114AAA of the Income-tax Rules, 1962, in the case of a resident person, whose PAN has become inoperative due to PAN – Aadhaar not being linked on or before 30 June 2023 or as extended by Govt., it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% as per section 206AA of the Act.

**Capital Gains**

| | Individual/HUF $ | Domestic Company @ | NRI $ |
|---|---|---|---|
| **Equity Oriented schemes +** | | | |
| Long Term Capital gain ((Units held for more than 12 months) | 12.5%** | 12.5%** | 12.5%** |
| Short Term Capital Gains (Units held for 12 months or less) | 20% | 20% | 20% |
| **Other than equity oriented schemes (other than specified mutual fund schemes** | | | |
| Lont Term Capital Gain (More than 12 months for listed units and 24 months for unlisted units) | 12.5% (without indexation) | 12.5% (without indexation) | 12.5% (without indexation) |
| Short Term Capital Gains (Less than or equal to 12 months for listed units and 24 months for unlisted units) | 30%^ | 30%^^/25%^^^/ 22%^^^^ | 30%^ |
| **Specified Mutual Fund$$ Other Than Equity Oriented Schemes** | | | |
| Short Term Capital Gains | 30%^ | 30%^^/25%^^^/ 22%^^^^ | 30%^ |

**Tax Deducted at Source (Applicable only to NRI Investors #)**

| | Short term capital gains $ | Long term capital gains $ |
|---|---|---|
| Equity Oriented Scheme + | 20% | 12.5% |
| Other than Specified Mutual Fund & other than Equity Oriented Schemes | 30%^ | 12.5% |
| Specified Mutual Fund Other Than Equity Oriented Schemes | 30%^ | |

** Income-tax at the rate of 12.5% (without indexation benefit and foreign exchange fluctuation) to be levied on long-term capital gains exceeding Rs. 1,25,000/- provided transfer of such units is subject to Securities Transaction Tax ('STT').

$ Surcharge to be levied at:

- 37% on base tax where specified income** exceeds Rs. 5 crore;
- 25% where specified income** exceeds Rs. 2 crore but does not exceed Rs. 5 crore;
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore.

In case total income includes income by way of dividend on shares and short-term capital gains on units of equity oriented mutual fund schemes and long-term capital gains on mutual fund schemes, the rate of surcharge on the said type of income not to exceed 15%. In case investor is opting for 'New Regime' the rate of surcharge not to exceed 25%.

** Specified income – Total income excluding income by way of dividend on shares and short-term capital gains on units of equity oriented mutual fund schemes and long-term capital gains on mutual fund schemes.

Further, Health and Education Cess to be levied at the rate of 4% on aggregate of base tax and surcharge.

| | |
|---|---|
| **Taxation** | $$ As per amendment to Finance Bill, 2023 gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after 1 April 2023 will deemed to be 'short-term capital gains' (regardless of the period of holding). Specified mutual fund means (a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).<br>@ Surcharge at the rate of 7% is levied for domestic corporate unit holders where the income exceeds ` 1 crore but less than ` 10 crores and at the rate of 12%, where income exceeds ` 10 crores. However, Taxation Laws (Amendment) Ordinance, 2019 provides for surcharge at flat rate of 10 percent on base tax for the companies opting for lower rate of tax of 22%/15%.<br># Short term/ long term capital gain tax (along with applicable Surcharge and "Health and Education Cess") will be deducted at the time of redemption/switches of units in case of NRI investors only. Tax treaty benefit can be claimed for withholding tax on capital gains subject to fulfillment of stipulated conditions.<br>^ Assuming the investor falls into highest tax bracket.<br>^^ This rate applies to companies other than companies engaged in manufacturing business who are taxed at lower rate subject to fulfillment of certain conditions.<br>^^^ If total turnover or gross receipts during the financial year 2023-24 does not exceed ₹ 400 crores.<br>^^^^ This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.<br>+ Securities Transaction Tax ( STT ) will be deducted on equity oriented funds at the time of redemption / switch to other schemes / sale of units.<br>Further, Minimum Alternate Tax (MAT) applicable to domestic companies (except for those who opt for lower rate of tax of 22%/15%) are not considered in the above tax rates.<br>**Taxability of segregated portfolios of a mutual fund scheme**<br>The Finance Act, 2020 has rationalized capital gains taxability in relation to mutual fund portfolio segregation as per SEBI regulations as follows: -<br>◆ The period of holding for units in the segregated portfolio to be reckoned from the period for which the original units in the main portfolio were held by the taxpayer.<br>◆ Acquisition cost of units in segregated portfolio to be proportionate to the NAV of assets transferred to the segregated portfolio to the NAV of the total portfolio immediately before the segregation. The cost of acquisition of the original units in the main portfolio to be reduced by the acquisition cost of units in the segregated portfolio. |
| **Stamp Duty** | Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of The Finance Act, 2019, notified on February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India, with effect from July 1, 2020, mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or dividend reinvestment) would be subject to levy of stamp duty @ 0.005% of the amount invested. Transfer of mutual fund units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including dividend reinvestment and switch-in) to the Unit holders would be reduced to that extent. The Stamp duty should be considered for the purpose of cost of the investments while calculating capital gains. |
| **Disclaimer** | The information set out above is included for general information purposes only and does not constitute legal or tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult his or her own tax consultant with respect to specific tax implications arising out of their participation in the Scheme. Income Tax benefits to the mutual fund & to the unit holder is in accordance with the prevailing tax laws. Any action taken by you on the basis of the information contained herein is your responsibility alone. Sundaram Mutual Fund will not be liable in any manner for the consequences of such action taken by you. The information contained herein is not intended as an offer or solicitation for the purchase and sales of any schemes of Sundaram Mutual Fund. |

## G. Rights of Unitholders

Please refer to SAI for details.

## H. List of official points of acceptance:

Please refer to our website https://www.sundarammutual.com/sid-kim-disclosures for list of Official Points of Acceptance of Sundaram Mutual Fund

## I. Penalties & Pending Litigations

The detailed data in respect of penalties, pending litigations, findings of inspection or investigation is available at https://www.sundarammutual.com/sid-kim-disclosures

## Jurisdiction

All disputes arising out of or in relation to the issue made under the Scheme will be subject to the exclusive jurisdiction of courts in India.

## Applicability of SEBI (Mutual Fund) Regulations

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulation, 1996 and the guidelines thereunder shall be applicable.