SUNDARAM ALTERNATES

Portfolio Management Services
Disclosure Document

Client:..

Account No.:..

Portfolio:..

Date:..

Distributor:...

Portfolio Manager

Sundaram Alternate Assets Limited

CIN: U65990TN2018PLC120641

Registered Office: 21, Patullos Road, Chennai 600 002

Corporate Office: Sundaram Towers, I and II Floor, 46, Whites Road, Royapettah, Chennai 600 014

Administrative Office: Deshbandhu Plaza, I Floor, No. 47, Whites Road, Royapettah, Chennai 600 014

Tel: +91 44 28569849, 28569900 Fax: +91 44 28583156

E-mail: spmsupport@sundaramalternates.com

www.sundaramalternates.com

Disclosure Document

(i) The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

(ii) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging Sundaram Alternate Assets Limited as a portfolio manager.

(iii) The disclosure document sets forth concisely the necessary information about Sundaram Alternate Assets Limited required by an investor before investing, and the investor may also be advised to retain the document for future reference.

(iv) The name, phone number, e-mail address of the Principal Officer so designated by Sundaram Alternate Assets Limited is:

Name:	Mr R Vijayendiran
Designation:	Chief Executive Officer
Address:	Sundaram Towers, II Floor, No.46, Whites Road, Royapettah, Chennai 600 014
Phone No.	91 44 2856 9884
Email:	vijayendiran@sundaramalterates.com

(v) The Disclosure Document is dated 30th July 2020.

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I. DISCLAIMER

This Disclosure document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time and filed with SEBI. This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document.

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

This document is for information only and should not be construed as an offer or solicitation of an offer for managing the portfolio of any client. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Clients should seek financial advice regarding appropriateness of investing in any securities or investment approach / strategies that may have been discussed or recommended in this report and should understand that the views regarding the future prospects may or may not be realised.

Neither this document nor the product offerings have been registered in any jurisdiction other than in India. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about and to observe any such restrictions.

II. DEFINITIONS

(1) Act -The Securities and Exchange Board of India Act, 1992 (15 of 1992)

(2) Chartered Accountant –A Chartered Accountant as defined in clause (b) of sub section (1) of Section 2 of the Chartered Accountant Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub section (1) of section 6 of that Act.

(3) Client – Any individual, body corporate, partnership firm, HUF, association of person, body of individuals, trust, statutory authority, or any other person who enters into agreement with the Portfolio Manager for the managing of his Portfolio. Foreign Portfolio Investors registered with the Board may avail of the services of a Portfolio Manager.

(4) Discretionary Portfolio Manager – means a portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client, as the case may be

(5) Fund Manager – The individuals appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the Client (whether as a Discretionary portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.

(6) Funds – The moneys placed by the client with the Portfolio Manager and any accretions thereto.

(7) Non-discretionary Portfolio Manager – A portfolio Manager who manages funds in accordance with the directions of the Client.

(8) Person directly or indirectly connected – Any person being an associate, subsidiary, inter connected company or a company under the same management or in the same group.

(9) PMS Agreement – Includes contract entered between the portfolio Manager and the client for the management of funds or securities of the client.

(10) Portfolio – The total holdings of securities belonging to the client.

(11) Portfolio Manager – means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or funds of the client, as the case may be.

(12) Principal Officer – means an employee of the portfolio manager who has been designated as such by the portfolio manager and is responsible for:

   (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and

   (ii) all other operations of the portfolio manager.

(13) Regulations – The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as may be amended by SEBI from time to time.

(14) SEBI – The Securities and Exchange Board of India.

(15) Securities – 'Securities' as per Securities Contracts (Regulation) Act, 1956 include:

   - Shares, scrips, stocks, bonds, debentures, stock or other marketable securities of a like nature in or of any incorporated company or other body corporate.
   - Derivatives (contracts which derive their value from the prices, or index of prices of underlying securities)
   - Units or any other instrument issued by any collective investment scheme to the investors in such schemes.
   - Security receipts as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial assets and Enforcement of Security Interest Act, 2002
   - Units or any other instrument issued to the investors under any mutual fund schemes.
   - Government securities
   - Such other instruments as may be declared by the Central Government to be securities
   - Rights or interests in securities.

(16) Securities Lending Scheme – The securities lending as per the Securities lending Scheme, 1997 specified by the Board as amended from time to time.

III. DESCRIPTION

1. History, Present Business and Background of the Portfolio Manager

Sundaram Alternate Assets Limited ("SA") is a company incorporated under the Companies Act, 2013 on January 24, 2018, having its Registered Office at 21, Patullos Road, Chennai 600 002. SA is a wholly owned subsidiary of Sundaram Asset Management Company Limited ("Sundaram AMC"), which in turn is wholly owned subsidiary of Sundaram Finance Limited. ("SFL").

National Company Law Tribunal (NCLT), Chennai bench vide its Order dated 29 May 2018 approved the transfer of alternative investment funds and portfolio management services divisions of Sundaram AMC to SA by way of Scheme of Arrangement as a going concern.

SEBI approved the change in the Investment Manager for Cat II and III AIF from Sundaram AMC to SA in September 2018.

Pursuant to the Scheme of Arrangement, Sundaram AMC assigned to SA all its rights and obligations under the Portfolio Investment Management Agreement executed with its Clients and other documents executed pursuant thereto and Power of Attorney ("POA") conferred by Clients in favour of Sundaram AMC.

Thus, SA is entitled to exercise all powers and functions conferred or contained in the POA, which were originally exercised or performed by Sundaram AMC. On confirmation to SEBI that SA has complied with the requirements specified by SEBI in respect of transfer of PMS business, SEBI has issued Certificate of Registration No. INP000006271 dated 29th November 2018 under SEBI (Portfolio Managers) Regulations, 1993 in favour of SA to act as a Portfolio Manager.

SA commenced the PMS operations effective from 2nd January 2019.

2. Promoters of the Portfolio Manager, Directors and their background.

Sundaram Alternate Assets Limited is a wholly-owned subsidiary of Sundaram Asset Management Company Limited which in turn is wholly owned subsidiary of Sundaram Finance Limited.

Sundaram Asset Management Company Limited

SAMC is a public limited company incorporated as Sundaram Newton Asset Management Company under the Companies Act, 1956 on 26 February 1996 and approved by the SEBI to act as the Investment Manager for the schemes of Sundaram Mutual Fund. SAMC has been a pioneer in the area of investment management and is one of the early private asset managers in India. Sundaram Finance owned 61% equity in SAMC and Newton Investment Management, U.K had a 39% stake.

At the global level, Mellon Financial Corporation acquired Newton Investment Management in 2001. Following this development, Sundaram Finance acquired the 39% stake of the Newton group in 2002 and SAMC became a wholly owned subsidiary of Sundaram Finance. In March 2006, France based BNP Paribas Asset Management acquired 49.9% stake in SAMC and formed a joint venture. SAMC was renamed as Sundaram BNP Paribas Asset Management Limited. BNP Paribas Asset Management had to end the joint venture by selling their stake to Sundaram Finance in July 2010. Since then SAMC has been a 100% owned subsidiary of Sundaram Finance.

Sundaram AMC was registered with SEBI as a Portfolio Manager vide registration no. INP000001355 under SEBI (Portfolio Managers) Regulations 1993 and was carrying on Portfolio Management Services rendering Discretionary and Advisory Services from June 1, 2007 to January 01, 2019.

Sundaram AMC was the Investment Manager for (i) Sundaram Alternative Investment Trust (Category III AIF) from January 2017 and (ii) Sundaram Category II Alternative Investment Trust from June 2017.

As of 31 March 2020, SAMC managed assets worth around INR 24,224 cr. through various equity and debt schemes of its mutual fund business. SAMC has managed over 60 (sixty) lakh customer accounts since inception and currently manages around 18 lakhs (eighteen lakhs) active customer folios. SAMC has 90 (ninety) customer care centres spread across 21 (twenty one) states of India along with offices in Singapore and Dubai.

SAMC has a wholly owned subsidiary in Singapore in the name of Sundaram Asset Management Singapore Pte. Ltd. ("SAMS"). SAMS is registered with Monetary Authority of Singapore (MAS) and is carrying on the activity of fund management to the accredited investors.

Sundaram Finance Limited

Sundaram Finance Limited is one of the leading non-banking finance company in India having a track record of over 65 years.

Sundaram Finance Group has a presence in businesses such as automobile finance, home loans, mutual funds and insurance, to name a few. Sundaram Finance has a nation-wide network of 610 branches, employee strength (full time employees including its divisions - Sundaram Infotech Solutions & Sundaram Direct) of 4,213 people and is regarded as one of the most trusted and respected financial services provider in India.

The Sundaram Finance Group remains true to its core values of prudence, fairness, transparency and service excellence. The Company has a track record of uninterrupted dividend payment every year since inception in 1954. Sundaram Finance enjoys the highest investment grade rating for its fixed deposits programme. The short term borrowings (including commercial papers) of the company are rated " A1+" (Very Strong Degree of Safety). The fixed deposits are rated " AAA" (Highest Credit Quality) by ICRA and CRISIL. The long-term borrowings are rated " AAA" (Highest Degree of Safety), with a "Stable outlook" by ICRA and CRISIL.

(ii) Board of Directors of Sundaram Alternate Assets Limited

Name and Address of Directors	Qualification	Age	Background
Harsha Viji Chairman New No. 10A, Old No. 11, Raghavaveera Avenue, Poes Garden, Chennai 600086.	B Com, ACA MBA (Ann Arbor, Michigan)	44	Mr Harsha Viji presently serves as Deputy Managing Director of Sundaram Finance Limited. He earlier served as Executive Director (Strategy & Planning) of Sundaram Finance and as the Managing Director of Sundaram Asset Management Company. Mr. Harsha serves as a director on the boards of several companies. Mr Harsha has a total experience of over 21 (twenty-one) years wherein he has worked with PricewaterhouseCoopers, Mckinsey & Company and Sundaram Finance Limited in different capacities.
Lakshminarayanan Duraiswamy Director 87/4,PadmaApartments 1st Main Road Damodarapuram Adyar, Chennai 600 020	B.Com., Grad CWA., PGDBA(LIBA)	51	Mr Lakshminarayanan Duraiswamy is currently the Managing Director of Sundaram Home Finance Ltd. He was the Chief Operating Officer of Sundaram AMC till 31/03/2019. He was with Sundaram AMC since 2009, and has a total experience of over 25 years in the financial services sector. Prior to joining Sundaram Mutual Fund, he worked for Citibank and GE Capital in India and in Australia in various risk management roles.
R. Vijayendiran Chief Executive Officer Flat No.2, The Nest Apts. No.92, S– Block, 5th Avenue Anna Nagar, Chennai 600040	B. Com., M. Com., M.F.M	55	Vijayendiran has over three decades of experience in tracking the economy and markets in India and had been an integral part of the investment team of Sundaram AMC from commencement of business in 1996 till early 2008. He was the Head of Global Business Development & Product Strategy at Sundaram AMC. He was also Head of Sundaram Mutual Portfolio Managers, the portfolio management service of Sundaram AMC till July 2012. He played a key role in setting up Sundaram Asset Management Singapore Pte. Ltd and was its CEO upto June 2016. Prior to joining Sundaram Asset Management, he had worked with Prabhudas Liladhar, Stock Holding Corporation, Citicorp Software and Kotak Securities in various capacities.
Karthik Balachandran Athreya New No 10, Old No 7, Preethi JeevarathnamNagar, Adyar, Chennai 600020.	B.Com., CA	46	Mr. Karthik Athreya is a financial service professional with over 22 years of experience across principal investing, funds management, investment banking, corporate finance, assurance and transaction diligence services. Mr. Karthik had been working to create an alternatives investment & private wealth advisory platform at HD Ventures LLP. Mr. Karthik had led the India business of Clearwater Capital Partners, a pan Asian private equity fund since 2007 and was a member of the firm' s Management & Investment Committees based in Mumbai. He was instrumental in the set up and build out of Clearwater' s high yield asset-backed lending NBFC platform Altico Capital. Prior to Clearwater, Mr Karthik was a founder employee and a Director of Investment Banking at YES Bank. Mr. Karthik had worked as a Director in the Investment Banking business of Rabo India Finance, a subsidiary of Rabobank Nederlands. Prior to this Mr. Karthik worked in the Corporate Finance group of Arthur Andersen and with PricewaterhouseCoopers in their assurance & transaction advisory business.
Arvind Sethi Director 02 GFA, Court Green, The Laburnum, Sushant Lok 1, Sector 28, Gurgaon 122002	MA Hons. in PPE, Philosophy, Politics & Economics (Oxford University)	62	Mr. Arvind Sethi has a total experience of over 34 years in the banking and financial services sector. He has served as Managing Partner of CAP-MConsulting India Private Limited, Managing Director of Tata Asset Management Limited and Managing Director of Bank of America (Global Markets). He has also held senior level positions at ANZ Grindlays Bank and HSBC. He serves as a director on the boards of several companies. He has been a member of RBI's Technical Advisory Committee on Foreign Exchange.

3. Group Companies of the Portfolio Manager

1 Sundaram Home Finance Limited: Housing Finance

2 Sundaram Asset Management Company Limited: Investment Manager for Sundaram Mutual Fund

3 Royal Sundaram General Insurance Company Limited: General Insurance

4 Sundaram Finance Holdings Limited: Business of making all types of investments and distribution of financial and insurance products

5 Sundaram Business Services Limited: Business Process Outsourcing

6 Sundaram Fund Services Ltd: Fund Accounting

7 Sundaram Asset Management Singapore Pte Ltd.: Fund Management Services

8 Sundaram Trustee Company Limited: Trustees for Sundaram Mutual Fund

9 LGF Services Ltd: Distributor for financial and insurance products

10 Sundaram Alternative Opportunities Fund Mauritius Limited: Feeder Fund for Sundaram High Yield Secured Debt Fund, a Cat II AIF

11 Sundaram Alternative Opportunities Fund II Mauritius Limited: Feeder Fund for Sundaram High Yield Secured Debt Fund II, a Cat II AIF

4. Details of services being offered

The Portfolio Manager offers the following three types of services:

(1) Discretionary – The Portfolio Manager exercises his discretion in managing the funds /investments of the Client.

(2) Non-discretionary - The portfolio Manager manages funds of the Client in accordance with the instructions/directions given by the Client.

(3) Advisory – The client is advised on buy/sell decision within the overall risk profile without any back office responsibility for trade execution, custody or accounting functions.

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

(i) There have been no penalties imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act, Rules or Regulations made thereunder.

(ii) There have been no penalties imposed for any economic offence and /or for violation of any securities laws.

(iii) There are no pending material litigation / legal proceedings against the Portfolio Manager / key personnel.

(iv) There has been no deficiency in the systems and operations of the portfolio Manager observed by SEBI or any regulatory agency.

(v) There are no enquiry/ adjudication proceedings initiated by SEBI against the portfolio manager, its directors, principal officer or employees or any other person connected directly / indirectly with the portfolio manager, its directors, principal officer or its employees, under the Act / Rules / regulations made there under, except in the case of Sundaram Finance Limited, the Sponsor.

"The Securities and Exchange Board of India has alleged non disclosure of information to the stock exchanges under SEBI (Prohibition of Insider Trading) Regulations, 1992 and imposed a penalty of ₹ 10 Lakhs on the Sponsor. On appeal by the Sponsor, the Securities Appellate Tribunal vide its Order dated 1st September 2010, partly allowed the appeal and reduced the Quantum of penalty to ₹ 2 Lakhs".

The above information has been disclosed in good faith as per the information available to the Portfolio Manager.

V. SERVICES OFFERED

The Portfolio Manager offers Discretionary, Non-discretionary and Advisory services.

Minimum investment amount/securities with a value of ₹50 Lakhs.

The minimum investment amount per client shall be applicable for new clients and fresh investments made by existing clients effective from January 21, 2020.

Existing investments of clients as on January 21, 2020 will continue as such till maturity of the investment if no further investment is made by them.

Investment Objective

The Investment Objective is to seek capital appreciation through various strategies by investing in asset classes of equities, equity derivatives, fixed income, fixed income derivatives, mutual funds and any other asset classes and securities permissible under regulations.

The Key factors of the investment approach / strategy will be:-

- Owning a compact portfolio of securities
- Identifying attractive opportunities and take concentrated exposures
- Investing across all sectors in the economy
- Emphasis on stock selection
- Selecting stocks with an optimal investment horizon

Though every endeavour will be made to achieve the objectives of the each PMS strategy, Portfolio Manager does not guarantee that the investment objectives of the services will be achieved. No guaranteed returns are being offered under the services.

The Portfolio Manager shall focus 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 weight of individual companies will be based on their upside potential relative to downside risk.

For investment in fixed income securities, the optimum duration of the portfolio is first determined based on the interest rate view. Then depending on this decision, the mix of G-Secs, corporate debt, money market instruments, and cash is arrived at. This mix tries to ensure that returns are maximised while still protecting the liquidity of the portfolio. Within corporate debt, a further decision is taken regarding the weights of AAA (pronounced 'triple A') rated instruments and Sub-AAA rated instruments.

The Portfolio Manager will use derivative instruments as permitted under regulations for optimising the risk return profile of equity and debt portfolios. Please refer **Annexure I** for disclosure on derivatives.

The Portfolio Manager does not intend to make any specific investments into its Associates / Group companies on its own account.

Investment in associate / group companies of the Portfolio Manager on the Clients account shall be subject to the applicable laws / regulations / guidelines.

Investment Committee

The Portfolio Manager has constituted an Investment Committee comprising the following Directors / Executives as members:

Mr. Harsha Viji, Chairman

Mr. R. Vijayendiran, Director

Mr. S Krishna Kumar, CIO – Equity, Sundaram AMC

The broad terms of reference of the Committee are as under:

1. Approve additions / deletions to Investment Universe;
2. Prescribe investment guidelines including stock wise, sector wise limits for each strategy / scheme;
3. Review the performance of the strategies / schemes; and
4. Trading Policy – Review of portfolio risk.

Investment Categories (Types of Strategies)

Strategy	Sundaram India Secular Opportunities Portfolio (SISOP)	Sundaram Emerging Leadership Fund (S.E.L.F.)
Investment objective	To generate capital appreciation across market cycles by investing in a concentrated set of high conviction stocks	To seek long-term capital appreciation with investments in mid and small cap companies
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Listed equity, temporary investments	Listed equity, temporary investments
Basis of selection of such types of securities as part of the investment approach	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)
Allocation of portfolio across types of securities	~80-100% equity Remaining in temporary investments	~80-100% equity Remaining in temporary investments
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Nifty 500 Index Multi-cap sector agnostic portfolio	Nifty Midcap Index Portfolio will invest in midcap companies
Indicative tenure or investment horizon	Above 3 years	Above 3 years
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Invest in business with secular growth opportunities Multi-cap sector agnostic portfolio Concentrated Portfolio - Maximum of 15 stocks	Companies that are in early stages of their business cycle and could emerge as tomorrow's large caps Stocks with market cap less than Rs. 500 billion Multi sector portfolio Portfolio with maximum of 25 stocks
Strategy	**Sundaram Multicap**	**Portfolio of Attractive Company's Equity (PACE)**
Investment objective	To seek long-term capital appreciation by investing across the cap curve in stocks that are reasonably priced	To seek long-term capital appreciation with investments in high growth sectors.
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Listed equity, temporary investments	Listed equity, temporary investments
Basis of selection of such types of securities as part of the investment approach	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)
Allocation of portfolio across types of securities	~80-100% equity Remaining in temporary investments	~80-100% equity Remaining in temporary investments
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Nifty 500 Index Multi-cap portfolio	NSE Nifty 500 Index Multi-cap sector agnostic portfolio benchmarked against a multi-cap index across sectors
Indicative tenure or investment horizon	Above 3 years	Above 3 years
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Diversified portfolio across sectors and cap curve.	Core Portfolio: asset light business models with established track record, leadership, prudent capital allocation and scalable growth opportunities Satellite portfolio: high growth stocks including cyclicals Multi-cap portfolio Portfolio with maximum of 25 stocks
Strategy	**Sundaram Opportunities Portfolio (SUNOPP)**	**Sundaram Rising Stars Portfolio**
Investment objective	To seek long term capital appreciation by investing predominantly in equity / equity related instruments of companies across the Financial Services Sector	To seek long term capital appreciation by investing in companies that can be termed as smallcaps
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Listed equity, temporary investments	Listed equity, temporary investments
Basis of selection of such types of securities as part of the investment approach	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)
Allocation of portfolio across types of securities	~80-100% equity Remaining in temporary investments	~80-100% equity Remaining in temporary investments
Appropriate benchmark to compare performance and basis for choice of benchmark	S&P BSE 500 Index SUNOPP is a strategy with financial services as the main investment theme. The strategy proposes to invest across market cap curves in the financial services universe which requires a broader benchmark.	BSE Smallcap Index Portfolio is focussed on investing in smallcap stocks with average market cap of ~Rs. 5,000 crore
Indicative tenure or investment horizon	Above 3 years	Above 5 years
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Identifying attractive opportunities across Financial services including segments such as Corporate & Retail Banks, NBFCs, Insurance, Wealth Management, Rating Agencies, etc. Portfolio with maximum of 20 stocks	4-5 years view with a Portfolio maximum of 20 stocks

Strategy	Sundaram India Opportunities Portfolio (SUNIOP)	Liquid Strategy
Investment objective	To seek long term capital appreciation by investing predominantly in equity / equity related instruments of companies across market caps and across sectors	To provide investors the flexibility to stagger their investments in the PMS strategy. Option to invest funds into liquid and / or overnight funds thereby enabling the client to switch into equity strategies as per his/her requirement throughout the investment term.
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Listed equity, temporary investments	Liquid and / or overnight funds
Basis of selection of such types of securities as part of the investment approach	Long-only, buy and hold strategy Bottom up approach to stock selection Growth available at reasonable price (GARP)	Short-term for temporary holdings
Allocation of portfolio across types of securities	~80-100% equity Remaining in temporary investments	Up to 100% in liquid and / or overnight funds
Appropriate benchmark to compare performance and basis for choice of benchmark	BSE 500 Index Multi-cap sector agnostic portfolio	CRISIL Liquid Fund Index for liquid and NIFTY 1D Rate Index for Overnight. The strategy will invest in liquid and or overnight funds. Hence we had selected the above benchmark.
Indicative tenure or investment horizon	Above 3 years	Short-term (< 1year)
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Multi-cap; sector agnostic portfolio. Portfolio with around 20 stocks	Nil

Strategy	QUANT	India Equity	India Dedicated
Investment objective	The primary objective of the fund is to generate capital appreciation with relatively lower volatility over long term.	Capital appreciation by investing in a concentrated set of high conviction stocks	Invest in secular themes
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Investment in equities from the NSE 500 index along with investment in traded ETFs and Sundaram Overnight funds.	Equities only	Equities only
Basis of selection of such types of securities as part of the investment approach	Investment in 15/30 stocks from the underlying index based on technical relative strength. Allocation to equity will vary from 0 to 100%. Allocation to other traded ETFs and Overnight funds may also vary from 0 to 100%	Secular growth characteristics, sustainable competitive advantages and reasonable valuation	Companies with continue to innovate and build intellectual capabilities
Allocation of portfolio across types of securities	0-100% in equities/ traded ETFs/ overnight funds.	100% equity	100% equity
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Nifty 500	NSE Nifty 500	NSE Nifty 500
Indicative tenure or investment horizon	5 to 7 years	5 years or more	5 years or more
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Nil	The portfolio is designed for Investors seeking secularly advantaged, concentrated, high-alpha approach to growth	Nil
Strategy	**Wonder Companies**	**Strategic Equity**	**Alpha Equity**
Investment objective	Invest in companies that can convert their current market cap into profit in next 10 years	Invest in companies which will benefit and grow strategically in the current business environment	Creating a diversified portfolio of companies which will try to create alpha on risk adjusted basis in comparison to the benchmark
Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.	Equities only	Equities only	Equities only
Basis of selection of such types of securities as part of the investment approach	Companies which focus on long term growth and wealth creation. One which are truly multi baggers	High quality companies with strong management and have focus on creating shareholders wealth	High quality companies, innovators and companies have focused growth-oriented approach
Allocation of portfolio across types of securities	100% equity	100% equity	100% equity
Appropriate benchmark to compare performance and basis for choice of benchmark	NSE Nifty 500	NSE Nifty 500	NSE Nifty 500
Indicative tenure or investment horizon	5 years or more	5 years or more	5 years or more
Risks associated with the investment approach	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks	Please refer to the risks section for detailed risks
Other salient features, if any	Nil	Nil	Nil

Direct on-boarding of clients

Client has an option for direct on-boarding without intermediation of persons engaged in distribution services. In this mode, client will be charged management fees and portfolio operating expenses. No other charges will be levied.

VI. RISK FACTORS

1. Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the investments will be achieved.
2. Past performance of the portfolio manager does not indicate the future performance.
3. As with any investment in securities, the value of the Portfolio can go up or down depending on the factors and forces affecting the capital market.
4. The investment made by the Portfolio Manager is subject to the risk arising from the investment objective, investment approach / strategy and asset allocation.
5. The investment made by the Portfolio Manager is subject to Risk arising out of non-diversification, if any.
6 During the period ended 31st March 2020, there are no transactions in securities by portfolio manager and its employees who are directly involved in investment operations having conflict of interest with the transactions in any of the client's portfolio.
7. Sundaram Alternate Assets Limited also acts as the Investment Manager for:
   i) Sundaram Alternative Investment Trust, a trust organized in India and registered with SEBI as a Category III – Alternative Investment Fund, vide registration number IN/AIF3/16-17/0291.
   ii) Sundaram Category II Alternative Investment Trust, a trust organized in India and registered with SEBI as a Category II – Alternative Investment Fund, vide registration number IN/AIF2/17-18/0340.

   Appropriate controls are in place to manage conflicts and potential conflicts between PMS and AIF activities to ensure clients' interest are protected at all times.
8. The Portfolio Manager will utilize the services of holding company, Sundaram Asset Management Company Limited for (i) Research, (ii) Trading, (iii) Information Technology, (iv) Risk, (v) Marketing & Product, (vi) Administration & Finance related, (vii) Distribution, (viii) Sales and other services. Appropriate operational and administrative controls have been put in place.

   The Portfolio Manager may also utilize the services of ultimate Holding Company, Sundaram Finance Limited and its subsidiaries, associates and joint ventures relating to and incidental to Portfolio Management Services. Such utilization will be purely on commercial, arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the Regulations.

   In addition, the Portfolio Manager will engage the services of professionals and consultants in formulating and devising strategies and take suitable decision based on their recommendations.
9. Securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investments made by the Portfolio Manager. The various factors which may impact the value of the portfolio manager's investments include, but are not limited to fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc. The portfolio manager does not guarantee or assure any returns.
10. Investment decisions made by the Portfolio Manager may not always be profitable.
11. The tax implications described in this disclosure document are available under the present taxation laws subject to conditions. The information given is for general purpose only and based on advice received by the Portfolio Manager on the prevalent laws and practice in India. Such laws or their interpretation are subject to change. However, each individual investor/client is advised to consult his/her/their own professional tax advisor.
12. Prospective investors should review/ study this disclosure document carefully in its entirety and shall not construe its contents hereof or regard the summaries contained herein as advice relating to legal, taxation, financial/investment matters and are advised to consult their own professional advisors on the various aspects of their investments/holdings/disposal along with its tax implications before making an investment decision.
13. The investment in Indian capital market involves above average risk for investors compared with other types of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income therefrom falling as well as rising depending upon the market situation. There is also risk of total loss of value of an asset, possibilities of recovery of loss in investments only through legal process.
14. The investments made are subject to external risks such as war, natural calamities, technology updation/ obsolescence, policy changes in local and international markets and the like.
15. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the PMS products.

SECTOR SPECIFIC RISKS

Strategy specific risk factors common to Rising Stars, Multicap, SISOP, SELF, PACE, FINOPP, SUNIOP and Quant

Liquidity Risk: Mid and small cap stocks are generally illiquid in terms of trading volumes on stock market. Illiquidity risks are higher for small cap stocks. This may result in higher impact costs. Impact costs are those costs that are incurred for acquiring and disposing off the stocks. These are different from brokerage and custodian charges. The scheme does not guarantee that impact cost will be minimized or eliminated.

Volatility Risk: Mid and small cap stocks are more susceptible to volatility due to their size. It takes less volume to move prices and common for price of a small cap stock to fluctuate significantly.

Economic / Business Risk: Mid and small cap stocks due to their smaller size are more susceptible to economic downturns. This can be due to a variety of reasons like inability to get credit, lack of scale, etc., which can result in their going out of business exposing the portfolio to losses. Also, these companies do not have a well-established position in the industry exposing them to heightened risk from competition, change in govt policy, change in rules and regulations in the industry, etc.,

Also in the case of Quant strategy, the rule may throw up investments in companies with poor economic and business outlook.

Investing in these companies may lead to capital losses.

Concentration Risk: The portfolio will have a limited number of stocks and hence has higher risk. Further due to limited number of stocks the portfolio may not also be diversified in terms of sectors, thereby exposing the portfolio to risk of concentration.

Further, in the case of SUNIOP, Multicap and Quant Strategies, although investments may be across the cap curve, it is possible that a single cap curve may have a high allocation, thereby nullifying / reducing the diversification benefit.

Corporate governance risk: Information about promoters of mid and small cap companies are less publicly available and in spite of conducting due diligence it is possible that the promoters may indulge in activities that are not in favor of the minority shareholders, have poor corporate governance standards overall and in some cases may turn out to be outright fraudulent. If the portfolio has invested in such stocks, its value can see a sharp decline.

Performance risk: A portion of the assets may be invested directly or indirectly in companies in highly competitive markets or product segments dominated by firms with substantially greater financial and technical resources. Companies in which the strategy invests may operate in product segments that face technological changes and/or may be dominated by other firms or organizations. These and other inherent business risks could affect the performance of these companies and affect the value of investments, thereby affecting the strategy as a whole due to their involvement in these companies.

In the case of Quant Strategy, there is no guarantee that quant and rule based investment strategy will lead to better performance. It is possible that this fund may under perform other non-quant based strategies / funds.

Nature of Investments: Some of the investments made by the strategy will be in companies with low market capitalization whose securities may be less liquid than other companies. The risk of investing in such companies is much greater than the risk of investing in companies with larger market capitalization.

Portfolio Risk: The portfolio could have investments spread by geographic region or asset type with varying exit horizons. Poor performance by even a few of these investments could lead to adverse effects on the portfolio's overall returns. The portfolio could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Portfolio Value Considerations: The NAV per Unit is expected to fluctuate over time with the performance of the applicable portfolio investments. An investor may not fully recover his initial investment when he chooses to redeem his Units if the NAV per Unit at the time of such redemption is less than the subscription price paid by such Unitholder.

Deployment Risk: Owing to the market conditions, the strategy may not be able to identify assets to deploy capital and therefore the same may be a deterrent factor to achieve any targets laid down.

Also in the case of Quant Strategy, it is possible that the rule may break down and there can be periods where the rule is not able to suitably identify investments. This may lead to funds not being deployed.

Reliance on the Investment Manager: The Investment Manager shall manage the assets and will take its investments and divestment decisions for the strategy. The investors will not be able to make investment or other decisions in connection with their portfolio except those specified in their application to the manager. Therefore, the success of the portfolio will depend upon the ability of the Investment Manager to source, select, complete and realize appropriate investments.

In the case of the Quant Strategy, the success of the portfolio will also depend upon the robustness of the rule based approach to select appropriate investments.

Past Performance is not an assurance for Performance of the Fund: Past performance of the Investment Manager and existing strategies managed is not an indication of the future performance. Investors are not being offered assured returns or revocation, and there will be no recourse to the Trustee, Investment Manager or the Sponsor.

Sectorial Risk – In the case of FINOPP strategy, the portfolio may invest predominantly across financial services sectors therefore exposing the portfolio to concentrated sector risk.

Other risk factors in the case of Quant strategy:

Reliance on Historical back Testing: The fund would primarily be investing in equity and equity related securities where portfolio construction and periodic rebalancing will be based on quantitative models. These models are based on historic correlations of set of parameters with price movements of stocks and markets. The models may fail to give optimal returns as the past is not always a good indicator of the future and models may not be able to anticipate future events.

Rule Based Investments: Investment strategy of Quant Funds is essentially rule-based, driven by algorithms developed on basis of historical relations of multiple factors with stock price movements. Rule based models may not always be able to correctly predict the market and may give wrong signals which may result in losses. Also, the rule may miss opportunities and may lead to wrong opportunities all of which may result in loss of capital.

Timing the Market: Another risk that can emanate from a rule based investment strategy would be it inherently may try to time the market. Timing the market is fraught with uncertainty and may lead to losses.

Mismatch Risk: The fund may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk. However, these techniques and instruments if imperfectly used have the risk of the fund incurring losses due to mismatches, particularly in a volatile market.

High Churn: The nature of the rules may be such that it may involve a high churn in the portfolio with resultant trading and other costs which may not be in the interest of the investors.

Poor stock selection: The rule may throw up investments in fundamentally poor companies or companies with poor governance. Investing in these companies based on rules may lead to loss of capital.

Interest Rate Risk: As with debt instruments, changes in interest rate may affect the price of the debt instrument(s) and ultimately fund's Net Asset Value. Generally, the prices of instruments increase as interest rates decline and decrease as interest rates rise. Indian debt and government securities markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

Credit Risk: Credit risk or Default risk refers to the risk that an issuer of a fixed income security may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Normally, the value of fixed income securities will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default and thereby leading to possible movements in the NAV.

Strategy specific risk factors common to India Equity, India Dedicated, Wonder Companies, Strategic Equity and Alpha Equity

Liquidity Risk: Liquidity risk is low as portfolio can be easily liquidated as average market cap of companies is above 10000 crores.

In the case of Alpha Equity, the portfolio can be easily liquidated in 3 business days.

Volatility Risk: Volatility risk is low as standard deviation is in line with the benchmark.

Economic / Business Risk: Business risk is low as we invest in established companies which have seen cycles.

Corporate governance risk: Low as we invest in established organization with very high corporate governance.

Portfolio Risk: Low as portfolio level it is well diversified.

Portfolio Value Considerations: There is effective tracking, forecasting and performance comparison of the portfolio with the benchmark.

Deployment Risk: Low as investment is in fairly large companies. Deployment is easily possible.

Reliance on the Investment Manager: Portfolio manager has the discretion on the stock selection provided the process as defined at the inception of the fund is followed.

Concentration Risk: Concentration risk is low as portfolio risk well diversified. Concentration risk is high in the case of India Equity as we take high conviction bets.

Performance risk: Medium. High in the case of India Equity due to concentration bets.

Risk Factors - 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. Subject to the limits prescribed by SEBI, 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.

Risk Factors - Repo in Corporate Bond

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, Sundaram Money Fund and Sundaram Overnight Fund (schemes of Sundaram Mutual Fund) where the strategy/ies invest, may participate in the corporate bond repo transactions as per applicable guidelines. The investment restrictions applicable to the scheme' s participation in the corporate bond repos will also be as prescribed or varied by SEBI from time to time. Applicable guidelines as prescribed by the necessary Regulatory authorities and internally by the company shall be followed.

Risk envisaged and mitigation measures for repo transactions: Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party 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 Delivery Vs Payment 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 only in remote cases suffer losses.

Liquid Strategy Risk

Changes in the prevailing rates of interest are likely to affect the value of the Scheme's holdings and consequently the value of the Scheme's units. Investing in the scheme will be subject to Credit risk, Liquidity risk, Interest rate risk etc. Also, the Scheme may use derivative instruments such as Interest rate Swaps, Forward rate agreements or other derivative instruments for the purpose of hedging and portfolio balancing and trading, as permitted under the regulations and guidelines. Usage of derivatives will expose the Scheme to certain risks inherent to such derivatives. Thus, there is risk of capital loss. Further the Scheme can invest in Repo in Corporate debt, Credit Default Swaps and engage in Securities lending all of which entails risks which can impact the performance of the scheme and the value of the Scheme's units.

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.

Credit Risk: Credit Risk refers to the risk of failure of interest (coupon) payment and /or principal repayment. All debt instruments carry this risk

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. These price changes may occur due to instrument- specific factors as well as general macroeconomic conditions. In general, price of fixed-income securities goes 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.

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.

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

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.

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 Pay outs may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall.

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 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.

Liquidity 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.

Please note the above mentioned risks are indicative and not exhaustive and there may be risks which are force majeure over which the fund manager does not have any control on. There may be risks which the fund manager may not be aware of and he/she may not be responsible for such omission.

The client representation and portfolio management performance for the period upto 31st March 2018 shown under Serial No. VII and IX pertain to Sundaram Asset Management Company Limited.

VII. CLIENT REPRESENTATION

(i) **Category of Clients**	**No. of Clients**	**Funds managed (₹ in crores)**	**Discretionary / Non-discretionary/ Advisory**
Associates / Group Companies (Last 3 years)	Nil	Nil	Nil
Others:			
As on March 31, 2020	2,291	911.77	Discretionary
	3	197.66	Advisory
As on March 31, 2019	1,809	935.16	Discretionary
	4	238.19	Advisory
As on March 31, 2018	1,719	967.91	Discretionary
	6	271.86	Advisory

Note: Previous years figures re-grouped wherever necessary

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

Based on the audited accounts for the period ended March 31, 2020.

a) Related Parties

Name of the Related Party	Relationship
a) Sundaram Finance Limited	Ultimate Holding Company
b) Sundaram Asset Management Company Limited	Holding Company
c) Sundaram Finance Holdings Limited	Fellow Subsidiary
d) Sundaram Alternate Investment Trust Cat III	Associate
e) Sundaram Alternate Investment Trust Cat II	Associate
f) Royal Sundaram General Insurance Co Ltd	Associate
g) Sundaram Asset Management Singapore Pte.Ltd	Fellow Subsidiary
h) Sundaram Fund Services Limited	Fellow Subsidiary
i) Sundaram Mutual fund	Associate
j) HD Ventures LLP	Entity in which director is interested
k) Mr.R. Vijayendiran	Key Managerial Personnel

b) Related Party with whom transactions were carried out during the year and previous year.

Name of the Related Party	Relationship
a) Sundaram Finance Limited	Ultimate Holding Company
b) Sundaram Asset Management Company Limited	Holding Company
c) Sundaram Finance Holdings Limited	Fellow Subsidiary
d) Sundaram Alternate Investment Trust Cat III	Associates
e) Sundaram Alternate Investment Trust Cat II	Associates
f) Royal Sundaram General Insurance Co Ltd	Associate
g) Sundaram Asset Management Singapore Pte.Ltd	Fellow Subsidiary
h) Sundaram Fund Services Limited	Fellow Subsidiary
i) Sundaram Mutual fund	Associate
j) HD Ventures LLP	Entity in which director is interested
k) Mr.R. Vijayendiran	Key Managerial Personnel

Transactions with related parties during the year

Name	Relationship	Nature of Transaction	2019-20 (₹)	2018-19 (₹)
Sundaram Asset Management Company Ltd	Holding Company	Shared Services	1,92,00,000	1,92,00,000
Sundaram Asset Management Company Ltd	Holding Company	Rent	12,00,000	12,00,000
Sundaram Alternative Investment Fund - Cat III	Associate	Income	21,90,71,932	13,67,17,181
Sundaram Alternative Investment Fund - Cat III	Associate	Expense	24,00,000	24,00,000
Sundaram Alternative Investment Fund - Cat II	Associate	Income	8,18,89,638	4,24,16,657
Sundaram Alternative Investment Fund - Cat III	Associate	Investments	1,25,00,000	-
Sundaram Alternative Investment Fund - Cat II	Associate	Investments	1,38,74,057	-
Sundaram Mutual Fund	Associate	Investments	4,99,12,505	-
Sundaram Asset Management Company Ltd	Holding Company	Share Capital	36,00,00,000	36,00,00,000
Sundaram Finance Limited	Ultimate Holding Company	PMS Brokerage	1,30,83,016	87,65,977
Sundaram Finance Limited	Ultimate Holding Company	AIF Brokerage	1,00,31,100	66,00,000
Sundaram Finance Limited	Ultimate Holding Company	Internal Audit fees	5,00,000	-
Sundaram Finance Holdings Limited	Fellow Subsidiary	Payroll Processing	2,88,000	-
Sundaram Fund Services Limited	Fellow Subsidiary	Fund Accounting	15,48,276	-
Royal Sundaram General Insurance Co Ltd	Fellow Subsidiary	Insurance	62,337	-
HD Ventures LLP	Entity in which director is interested	Professional & Consultancy	1,32,74,266	-
Outstanding Receivable as on 31st Mar 2020 - Sundaram Alternative Investment Fund - Cat III	Associate		2,36,91,140	1,55,77,647
Outstanding Receivable as on 31st Mar 2020 - Sundaram Alternative Investment Fund - Cat II	Associate		1,60,35,450	1,54,22,479
Outstanding Receivable as on 31st Mar 2020 - Sundaram Asset Management Company Limited	Holding Company		33,20,001	75,39,384
Outstanding Payable as on 31st Mar 2020 - Sundaram Asset Management Company Limited	Holding Company		19,90,063	3,52,65,346
Outstanding Payable as on 31st Mar 2020 - Sundaram Finance Limited	Ultimate Holding Company		5,82,609	-
Outstanding Payable as on 31st Mar 2020 - Sundaram Finance Holdings Limited	Fellow Subsidiary		25,920	-
Outstanding Receivable as on 31st Mar 2020 - Sundaram Asset Management Singapore Pte.Ltd	Fellow Subsidiary		2,64,750	2,56,150
Outstanding Payable as on 31st Mar 2020 - HD Ventures LLP	Entity in which director is interested		12,21,585	-
Mr.R. Vijayendiran - Chief Executive Officer	Key Manegerial Personnel	Remuneration	1,32,00,000	1,18,93,162

Terms and conditions of transactions with related party

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and will be settled in cash. There has been no guarantees received or provided for any related party receivables or payables.

Note: Mr. T T Srinivasaraghavan, Director, Sundaram Asset Management Company Limited has availed Portfolio Management Services from the Manager. However the fees and expenses charged to him is on par with the fees and expenses to other clients.

VIII. Financial performance of the Portfolio Manager

₹ in crore

	Year ended 31/03/2020 (Audited)	Year ended 31/03/2019 (Audited)
Turnover / Total Income	60.06	44.12
Profit after Tax	5.06	5.24
Equity Capital (FV ₹10/- each)	39.00	39.00
Free Reserves	10.27	5.23
Networth	49.27	44.23
Earnings per share (₹)	1.30	4.37
Book Value per share (₹)	12.63	11.34
Percentage of Dividend paid	-	-

IX. Portfolio Management Performance

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

Disclosure of performance of the portfolio manager for the last three years

	Financial Year 1 **1 Apr 2019 - 31 Mar 2020**	**Financial year 2** **1 Apr 2018 - 31 Mar 2019**	**Financial year 3** **1 Apr 2017 - 31 Mar 2018**
Portfolio Returns			
ALPHA	-18.84%	-7.35%	-4.68%
DEDICATED	-20.51%	4.32%	1.31%
INDIA EQUITY	-12.66%	11.33%	11.38%
MULTICAP	-12.10%	0.72%	18.99%
PACE	-25.73%	2.45%	9.42%
QUANT	-9.83%	4.11%	7.33%
SISOP	-12.76%	18.26%	11.31%
STREQT	-10.53%	1.40%	9.51%
WONDER	-20.49%	-2.96%	11.67%
Benchmark (NSE Nifty 500) -			
for all above strategies	**-27.60%**	**8.43%**	**11.47%**
S.E.L.F Portfolio	-21.33%	0.51%	16.14%
Benchmark (Nifty Midcap)	**-35.90%**	**-2.66%**	**9.07%**
SUNIOP	-24.12%	0.56%	1.71%
SUNOPP	-31.09%	8.29%	3.88%
Benchmark (BSE 500)	**-27.48%**	**8.35%**	**11.82%**
SMALLCAP	-37.25%	-10.27%	14.83%
MICROCAP	-37.63%	-10.55%	9.65%
Benchmark (BSE Smallcap)	**-36.06%**	**-11.57%**	**17.74%**
Sundaram Liquid Fund Portfolio	-1.56%	N.A.	N.A.
CRISIL Liquid Fund Index	2.59%	N.A.	N.A.

N.A. means not applicable as the portfolio was not in existence during the period under consideration or had no clients during the period.

1 Aggregate returns of all active clients during the reporting period have been considered for the above review. Returns have been computed using TWRR (post-expenses).

2 For portfolios started during the financial year, the returns for the portfolio and benchmark have been calculated since inception of the portfolio.

3 The portfolio management performance for the period up to March 31, 2018 pertain to Sundaram Asset Management Company Limited.

X. Audit Observations

There were no material observations made by the auditors in the preceding 3 years. Minor observations made by them were addressed suitably.

XI. Nature of Expenses

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

Expense	Purpose
Portfolio Management fees	Fee relates to the portfolio management services offered and provided to the Clients. The fee may be fixed or performance based or a combination of both as detailed in the Portfolio Management Agreement.
Communication charges	Charges related to custody and transfer of shares, bonds and units and/any other charges in respect of the investment.
Depository/Custodian fee	Charges relating to opening and operation of demat account, dematerialisation, rematerialisation etc.
Registrar and transfer agent fee	Fee payable to R&T agents for effecting transfers of all or any of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and Courier charges
Brokerage and transaction costs	Brokerage, transaction costs and statutory levies such as service tax, securities transaction tax, turnover fees and such other levies imposed from time to time.
Fee and charges in respect of	Recovery of any management fee and other incidental expenses such as fees and charges shall be paid investment in Mutual Funds to the AMC of the Mutual Fund on behalf of the Client. Such charges are in addition to the fees as described above.
Certification / Professional charges	Charges payable to outsourced professional services like accounting, taxation and any legal services etc.
Securities lending and borrowing	Charges pertaining to lending of securities, costs of borrowing, transfer of securities connected with such operation etc.
Other ancillary/incidental charges	All other charges not recovered above but incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client.

Note: Fee charged to the Client for PMS services by the Portfolio Manager comes under the ambit of "fees for technical services" under Section 194J of the Income Tax Act, 1961. Hence the Individuals, HUF and Corporate Clients who are covered by the said section will have to deduct Tax at Source at the applicable rates and remit the deducted tax in accordance with Section 194 J.

The fees charged by the Portfolio Manager can be a fixed fee or a return based fee or a combination of both as mutually agreed upon between the Client and the Portfolio Manager from time to time.

Please refer to the PMS Agreement for range of fees to be charged under various heads.

Pursuant to SEBI Cir./IMD/DF/13/2010 dated October 05, 2010 for charging of performance/profit sharing fee, high water mark principle will be followed.

High Water Mark Principle: High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

Custodian/Depository Participant/Portfolio Accounting: The Portfolio Manager shall appoint SEBI registered Custodians and Depository Participants from time to time based on their services/offerings, for the purpose of operating the clients' demat and/or bank accounts. The fees and other charges levied to the clients are subject to actuals as charged by the respective Custodians and DPs. The Portfolio Manager undertakes to maintain Books and records separately in the name of the clients and in accordance with the accounting standards and policies as applicable.

XII. Know Your Customer (KYC)

SEBI 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 investors of Portfolio Management Services (PMS). Accordingly, the following procedures shall apply:

- KYC acknowledgement is mandatory for all investors.
- An application without acknowledgement of KYC compliance will be rejected
- 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 to complete KYC.
- The Portfolio Manager shall perform initial KYC of its new investors and send the application form along with the supporting documents to the KYC Registration Agency (KRA).

- During the KYC process, the Portfolio Manager will also conduct In Person Verification (IPV) in respect of its new investors.
- Investors are required to complete KYC process only once to enable them to invest in PMS.
- Existing Investors, who have already complied with the KYC requirements, can continue to invest as per the current practice.

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. 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.

Risk Profile of the Client

Client shall complete the risk profile section furnished in the PMS application form which interalia includes investment experience of the client, overall investment goals, risk tolerance and clients preferred asset allocation.

Central KYC

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.

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.

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.

Since the records are stored digitally, it helps institutions 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.

Please note that PAN is mandatory for investing in PMS. 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.

First time investing Financial Sector (New investor) New to KRA-KYC: While on boarding investors who are new to the PMS & do not have KYC registered as per existing KRA norms, such investors should fill up CKYC form. 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 PMS. 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.

Investors who have obtained the KIN through any other financial intermediary, shall provide the 14 digit number for validation and updating the KYC record.

Ultimate Beneficial Owner:

Pursuant to SEBI Master Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and to Guidelines on identification of Beneficial Ownership issued vide SEBI circular no. CIR/MIRSD/2/2013 dated January 24, 2013, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO'). The Ultimate Beneficial Owner means 'Natural Person', who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of / entitlements to:

i. More than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;

ii. More than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or

iii. More than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

In case of a Trust, the settler of the trust, the trustees, the protector, the beneficiaries with 15% or more of interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership is considered as the UBO.

The provisions w.r.t. Identification of UBO are not applicable to 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 listed company.

If you are classified as a passive Non-Financial Foreign Entity (NFFE) for FATCA purposes, while completing the "Declaration for Ultimate beneficial Ownership (UBO)" form please provide details of all the person(s) (excluding those having tax residency in

India) having controlling interest in your entity in the "foreign country information" column along with Country of birth, Country of citizenship / Nationality, Country of Tax Residency and Foreign Tax Reference Number for FATCA purposes.

XIII. TAXATION

The following are the tax provisions applicable to Clients investing through Portfolio Management Services as per the prevailing tax laws:

1. Dividends from Shares of Domestic Companies

In terms of the Finance Bill, 2020, the exemption covered under Section 10(34) of the Income tax Act, 1961 was withdrawn. From the financial year 2020-21, Dividend declared, distributed or paid by the Domestic Companies to its shareholders are taxable in the hands of the investors at their normal tax slabs. The Domestic Companies are not liable to pay dividend distribution tax. However, Tax will be deducted at source (TDS) @ 10% on the dividend payout of ₹5000/- and above under section 194.

2. Income Distributed by Mutual Funds

The Finance Bill 2020, abolished the dividend distribution tax payable by the mutual funds.

With effect from 1st April 2020, any income distributed or paid by domestic mutual funds to its unitholders are also taxable in the hands of the investors at their normal tax slabs. . However tax will be deducted at source from the dividend payouts as under:

Type of the Investor	Withholding tax	Section
Resident	10%@	194K
Non-Resident Indian	20%**	196A

*@ tax is not deductible, if dividend income in respect of units is below ₹5000/- in a financial year; ** the rate is subject applicable surcharge and cess.*

3. Capital Gains Taxation

Long term capital gains on Shares and Unit of Equity oriented Mutual Funds

Finance Act, 2018 terminated the exemption granted under section 10(38) to long term capital gains arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A to provide that long term capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% without indexation and without foreign currency fluctuation benefit of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if securities transaction tax (STT) has been paid on both acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust. Further, for an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust acquired before the 1st day of February, 2018 the cost of acquisition to compute Capital gains shall be higher of –

(i) the cost of acquisition of such asset; and

(ii) lower of —

(A) the fair market value of such asset as on January 31, 2018; and

(B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

Short term capital gains

On sale of listed securities (when the transactions for sale take place on recognized stock exchanges) and on units of any equity oriented fund, which are subject to securities transactions tax (STT), are taxable @15% (plus applicable surcharge and health and education cess).

Additional Notes: In case of units other than equity oriented funds are taxable @30%^ (plus applicable surcharge and health and education cess. (^ highest tax bracket). Additionally, STT is payable in respect of purchase or sale of listed securities and sale of units of any equity oriented fund on recognized stock exchange ranging from 0.001% to 0.125% depending on the nature of securities transactions.

Transactions in other securities or transactions not on recognized stock exchanges would attract tax on capital gains as per prevailing tax laws.

Taxation of Debt Oriented mutual funds

Short-term capital gains: Short term capital gains (if the units are sold before three years) from debt mutual funds are taxed as per applicable tax slab rate of the investor. Therefore, if you are in the 30% tax slab then short term capital gains tax on debt fund is 30% (plus applicable surcharge and health and education cess).

Long-term capital gains: For Residents, the long term capital gains from debt funds are taxed at 20% with indexation. In case of Non- Resident, it is taxed at 20% with indexation for Listed securities and in case of Unlisted securities it is 10% without indexation To calculate capital gains with indexation, you should index your purchasing cost by multiplying the purchasing cost with the ratio of the cost of inflation index of the year of sale and cost of inflation index of the year of purchase, and then subtract the indexed purchasing cost from sale value.

Section 115BBDA - An additional tax of 10% (plus applicable surcharge and health and education cess) to all resident tax payers, excluding domestic companies and other specified entities on dividend income of more than ₹ 10,00,000 p.a. received from a domestic company or companies.

The Finance Act 2020 has inserted following words in the section "but on or before the 31st day of March, 2020", which means that assessee is no longer required to pay tax u/s 115BBDA where tax is to be paid at the rate of 10% on dividend exceeding ₹ 1 Lakh.

3. **Dividend stripping**

According to the provisions of Section 94(7) of the Act, the loss arising out of sale of securities/units in the schemes (where dividend is tax free) will not be available for set off to the extent of the tax free dividend declared; if securities/units are: (A) bought within three months prior to the record date fixed for dividend declaration; and (B) sold within three months (securities) / nine months (Units) after the record date fixed for dividend declaration.

4. **Tax rates applicable to individuals & HUF: FY 2020-21**

Option A

Income Tax Rates for Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Total Income	Tax Rates
Up to ₹ 2,50,000[(a) (b)]	NIL
₹. 2,50,001 to ₹ 5,00,000[(d) (e)]	5%
₹ 5,00,001 to ₹ 10,00,000[(d)]	20%
₹ 10,00,001 and above[(c)(d)]	30%

(a) In case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is ₹ 300,000.

(b) In case of a resident individual of age of 80 years or above, the basic exemption limit is ₹ 500,000.

(c) Rate of surcharge

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

Specified income – Total income excluding income under the provisions of section 111A and 112A of the Act. Marginal relief for such person is available.

(d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

(e) Individuals having total income not exceeding ₹ 500,000 can avail rebate of lower of actual tax liability or ₹ 12,500.

Option B

The Finance Bill, 2020 has inserted New Personal Tax Regime under section 115BAC:

Total Income	Tax Rates
Up to ₹ 2,50,000	NIL
₹ 2,50,001 to ₹ 5,00,000	5%
₹ 5,00,001 to ₹ 7,50,000	10%
From 7,50,001 to 10,00,000	15%
From 10,00,001 to 12,50,000	20%
From 12,50,001 to 15,00,000	25%
From 15,00,001 and above	30%

For adopting Option B, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. The aforesaid regime is optional.

The option between the current tax regime and new tax regime shall be exercised at the time of filing of return of income. The option shall be exercised for every previous year where the Individual or the HUF has no business income, and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years.

Special rates for non-residents

(1) The following incomes in the case of non-resident are taxed at special rates on gross basis:

Transaction	Rates(a)
Dividend	20%
Interest received on loans given in foreign currency to Indian concern or Government of India.	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds / UTI	20%
Royalty or fees for technical services[(b)]	10%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs	10%

(a) These rates will further increase by applicable surcharge and health and education cess

(b) In case the non-resident has a Permanent Establishment (PE) in India and the royalty/ fees for technical services paid is effectively connected with such PE, the same could be taxed at 40% (plus applicable surcharge and education cess) on net basis.

(2) Tax on non-resident sportsmen or sports association on specified income @ 20% plus applicable surcharge and health and education cess.

Indian Companies

The tax treatment of Long Term/Short Term Capital gains derived by companies investing in Portfolio Management Services (PMS) would be the same as detailed in paragraph 1-3 above. In case the income from PMS is treated as Business Income, the tax rate applicable would be 22% subject to condition that the company will not avail any exemption/incentive. The effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess.

However, the Client is advised to consult his/her/their tax consultant for tax treatment of the nature of income indicated therein.

Details under FATCA/Foreign Tax Laws

Tax Regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided / declaration in the application form may undergo a change on receipt of communication / guidelines from SEBI.

XIV. Accounting Policies

Basis of Accounting

Books and Records are separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles followed in India. Effective from February 10, 2012 in addition to listed securities, each client's holding in unlisted securities has been segregated in separate accounts by the Portfolio Manager. As SEBI (Portfolio Management) Regulations, 1993, do not explicitly lay down detailed accounting policies, such policies which are laid down under SEBI (Mutual Fund) Regulations would be followed, in so for as accounting and valuations for equities/equity related instruments, Fixed Income securities and other securities are concerned.

Portfolio valuation

Investments in Equity or Equity related instruments and Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If on a particular valuation date, a security is not traded on NSE, the value at which it is traded on the Stock Exchange, Mumbai (BSE) is used or any recognised stock exchange. If a particular security is not listed on the NSE, then it is valued at the last quoted closing price on the BSE on the valuation date or on a recognised stock exchange as the case may be.

Non traded and thinly traded equity securities, including those not traded within 30 days prior to the valuation date are valued at fair value as determined by Sundaram Alternate Assets Limited Non-traded and thinly traded Fixed Income Instruments, including those not traded within seven days prior to the valuation date will be valued at cost plus interest accrual till the beginning of the day plus difference between the redemption value and cost spread uniformly over the remaining maturity period of the instrument.

Equity securities awaiting listing are valued at fair value as determined in good faith by Sundaram Alternate Assets Limited. Fixed Income instruments that are awaiting listing will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.

Equity share warrants listed on a recognised stock exchange are valued at the last quoted closing price on NSE. If on a particular date the warrant is not traded on NSE the value at which it is traded on BSE is used. If no sale is reported at that time the last quoted closing price of the equity shares receivable by the scheme when the option is exercised less price per share payable upon exercise of warrant and the last dividend if any paid by the issuer of the warrants on the shares of the issuer is used.

Investments bought on "repo" basis are valued at the resale price after deduction of applicable interest upto the date of resale.

Investments in Mutual funds will be valued at the repurchase NAV declared for the relevant schemes on the date of the report or the most recent NAV will be reckoned.

In the Derivative segment, the unrealized gains/losses for Futures and options will be calculated by marking all the open positions to market.

Securities Transactions

Investment securities transactions are accounted for on a trade date basis. The cost of investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the brokers contract note or levied by any statute except STT (Securities Transaction Tax). Similarly, in case of Sale transactions, the above mentioned charges will be deducted from the sale price. Realised Gains/Losses will be calculated by applying the First in/First out method. It may be noted that for Income Tax purposes, STT is deductible only when the gains are treated as Business Income.

Income /Expenses

All investment income and expenses will be accounted on accrual basis. Dividend will be accrued on the Ex-date of the securities and the same will be reflected in the clients books on the Ex-date. Similarly, bonus shares will be accrued on the ex-date of the securities and the same will be reflected in the client books on ex-date. In case of Fixed Income instruments, purchased/sold at Cum-interest dates, the interest component upto the date of purchase/sale will be taken to interest receivable/payable account and net of interest will be the cost/sale for the purpose of calculating realised gains/losses.

Reports to the Client

The portfolio manager will furnish periodic reports to the client (not exceeding a period of three months and as and when required by the client) containing the following details:

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

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

(c) beneficial interest received during that period in the form of interest, dividend, bonus shares, rights shares, etc;

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

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

(f) default in payment of coupons or any other default in payments in the underlying debt security and downgrading to default rating by the rating agencies, if any.

XV. Investors services

(i) Investor queries and complaints to be addressed to:

Ms Shalini Mohan Rao

Senior Manager - Portfolio Management Services

Deshbandhu Plaza, I Floor, No. 47, Whites Road,

Royapettah, Chennai 600 014

Tel: +91 44 28569849, 28569900

spmsupport@sundaramalternates.com

(ii) Grievance redressal

Service requests and grievances, if any, from the clients are received at the corporate/administrative office of the Portfolio Manager. The Portfolio Manager shall ensure proper and timely handling of such requests and take appropriate actions immediately.

The Portfolio Manager shall attend to and address any client query or concern as soon as possible to mutual satisfaction. **Please refer Annexure II for detailed Investor Grievance redressal policy of the portfolio manager.**

XV. Arbitration

All dispute, differences, claims and questions whosoever which shall arise either during the subsistence of the agreement with a Client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising therefrom or the interpretation of any provision therein shall be in the first place settled by mutual discussion, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Chennai and be conducted in English language.

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

Signature of the Directors:	
R. Vijayendiran Chief Executive Officer & Principal Officer	D. Lakshminarayanan Director

Date: 30/07/2020
Place: Chennai

DISCLOSURE ON DERIVATIVES

A. Purpose of using derivatives:

The portfolio manager may advise on use of derivatives with an objective of either hedging or balancing the portfolio. By the use of derivatives for the purpose of hedging, the Portfolio Manager attempts to protect the portfolio especially when markets are uncertain or have a downward bias.

B. Use of Derivatives

SEBI, in terms of Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations, 2002, have permitted all the Portfolio Managers to invest in derivatives subject to observance of guidelines issued by SEBI in this behalf (hereinafter referred to as "Guidelines"). Pursuant to these Guidelines, the portfolio managers may invest in derivatives, including transactions for the purpose of hedging and portfolio rebalancing through a recognised stock exchange with the objective of protecting the value of the portfolio and enhance the Clients' interest.

Accordingly, the Portfolio Manager may use derivatives instruments like Stock / Index Futures, Stock / Index Options, Interest Rate Swaps, Forward Rate Agreements or other such derivative instruments as may be introduced from time to time, as permitted by SEBI.

The following information provides a basic idea as to the nature of the derivative instruments generally intended to be used by the Portfolio Manager and the benefits and risks associated there with. The illustrations provided hereunder are for the purpose of understanding by the client.

Index Futures:

Benefits

- Investment in Index Futures can give exposure to the Index without directly buying the individual stocks. Appreciation in Index stocks can be effectively captured through investment in Index Futures.
- The Portfolio Manager can sell futures to hedge against market movements effectively without actually selling the stocks it holds.
- The Index Futures are instruments designed to give exposure to the equity Market indices. The pricing of an index future is the function of the underlying Index and interest rates.

Stock Futures:

Benefits

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

Illustration:

Spot Index: 1100, 1 month Nifty Future Price on day 1: 1125, Portfolio Manager buys 100 lots, each lot has a nominal value equivalent to 50 units of the underlying index.

Let us say that on the date of settlement, the future price = Closing spot price =1150.

Profits for the Portfolio = (1150-1125)* 50 lots * 100 = ₹1, 25, 000/-

Please note that the above example is given for illustration purposes only.

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

Buying Options:

Benefits of buying a call option:

Buying a call option on a stock or index gives the owner the right but not the obligation to buy the underlying stock or index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration:

For example, if the Portfolio Manager buys a one-month call option on Infosys Technologies at a strike price of ₹2850 with the current market price being say ₹2860. The Portfolio Manager will have to pay a premium of say ₹15 to buy this call. If the stock price goes below ₹2850 during the tenure of the call, the Portfolio Manager avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Portfolio Manager gives up the premium of ₹15 that has to be paid in order to protect the Portfolio from this probable downside. If the stock goes above ₹2850, it can exercise its right and own Infosys Technologies at a cost price of ₹2850 thereby participating in the upside of the stock. For such a transaction, the break-even price will be the sum of strike price and the premium paid, in this case it would be ₹ 2850 + ₹ 15 = ₹ 2865.

Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration:

For example, if the portfolio owns Infosys Technologies and also buys a three month put option on Infosys Technologies at a strike of ₹2850, the current market price being say ₹2860. The Portfolio Manager will have to pay a premium of say ₹15 to buy this put. If the stock price goes below ₹2850 during the tenure of the put, the Portfolio Manager can still exercise the put and sell the stock at ₹2850, avoiding therefore any downside on the stock below ₹2850. The Portfolio Manager gives up the fixed premium of ₹15 that has to be paid in order to protect the Portfolio from this probable downside. If the stock goes above ₹2850, say to ₹2870, it will not exercise its option. The Portfolio Manager will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of ₹2870.

Writing Options

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

Covered call writing is a strategy where a writer (say, the Portfolio Manager) will hold a particular stock, and sell in the market a call option on the stock. Here the buyer of the call option now has the right to buy this stock from the writer (the Portfolio Manager) at a particular price which is fixed by the contract (the strike price). The writer receives a premium for selling a call, but if the call option is exercised, he has to sell the underlying stock at the strike price. This is advantageous if the strike price is the level at which the writer wants to exit his holding / book profits. The writer effectively gains a fixed premium in exchange for the probable opportunity loss that comes from giving up any upside if the stock goes up beyond the strike price.

Illustration:

Let us take for example Infosys Technologies, where the Portfolio holds stock, the current market price being ₹2850. The Portfolio Manager holds the view that the stock should be sold when it reaches ₹3000. Currently the one month 3000 calls option can be sold at say ₹150. Selling this call gives the call owner the right to buy from the portfolio, Infosys at ₹3000. Now the Portfolio Manager by buying/ holding the stock and selling the call is effectively agreeing to sell Infosys at ₹3000 when it crosses this price. So the Portfolio Manager is giving up any possible upside beyond ₹3000. However, the returns on the Portfolio are higher than what it would have got if it just held the stock and decided to sell it at ₹3000. This is because the Portfolio Manager by writing the covered call gets an additional ₹150 per share of Infosys. In case the price is below ₹ 3000 during the tenure of the call, then it will not be exercised and the Portfolio Manager will continue to hold the shares. Even in this case the returns are higher than if the Portfolio had just held the stock waiting to sell it at ₹3000.

Benefits of writing put options with adequate cash holding:

Writing put options with adequate cash holdings is a strategy where the writer (say, the Portfolio Manager) will have an amount of cash and will sell put options on a stock. This will give the buyer of this put option the right to sell stock to the writer (the Portfolio Manager) at a pre-designated price (the strike price). This strategy gives the put writer a premium, but if the put is exercised, he has to buy the underlying stock at the designated strike price. In this case the writer will have to accept any downside if the stock goes below the exercise price. The writer effectively gains a fixed premium in exchange for giving up the opportunity to buy the stock at levels below the strike price. This is advantageous if the strike price is the level at which the writer wants to buy the stock.

Illustration:

Let us take, for example, that the Portfolio Manager wants to buy Infosys Technologies at ₹ 2900, the current price being ₹3000. Currently the three month 2900 puts can be sold at say ₹ 100. Writing this put gives the put owner the right to sell to the portfolio, Infosys at ₹2900. Now the Portfolio by holding cash and selling the put is agreeing to buy Infosys at ₹2900 when it goes below this price. The Portfolio Manager will take on itself any downside if the price goes below ₹2900. But the returns on the Portfolio are higher than what it would have got if it just waited till the price reached this level and bought the stock at ₹2900, as per its original view. This is because the Portfolio Manager by writing the put gets an additional ₹100 per share of Infosys. In case the price stays above ₹2900 during the tenure of the put, then it will not be exercised and the Portfolio Manager will continue to hold cash. Even in this case the returns are higher than if the Portfolio had just held cash waiting to buy Infosys at ₹2900.

Risks associated with Investing in Derivatives:

When the Portfolio Manager transacts in the derivatives market, there are risk factors and issues concerning the use of derivatives that the investors should be aware of.

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying interest but also of the derivative instrument 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 security could have a large impact on their value. Also, the market for derivative instruments is evolving in 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.
- ***Model Risk:*** this is the risk of mis-pricing or improper valuation of derivatives.

The Portfolio Manager may use techniques such as interest rate swaps, options on interest rates, 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 portfolio incurring losses due to mismatches, particularly in a volatile market. The portfolio's 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 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.

It may be mentioned here that 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 portfolio manager may also use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio.

The Client is advised to carefully review the Disclosure Document, Client Agreement and other related documents carefully and in entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under the Portfolio, before making an investment decision.

Investor Grievance Policy

Preamble

Sundaram Alternate Assets Limited has adopted the Sundaram Finance Group's corporate core values stressing Ethical business practices with transparency and accountability, dedicated investor service and prudent efficient policies since inception. As an Investment Manager to the portfolios of various clients, the company believes in creating and protecting interests of our investors. Accordingly, the Investors' Grievance Policy is framed with the objects to protect the interests of the investors.

Process

1. Handling of all investor grievances is a centralized function and is being handled by Client Relations Department in consultation with the Compliance department at corporate office.
2. The Company designated Ms. Padmavathy Ramdoss, Deputy Manager – Portfolio Management Services to receive and redress all the queries, grievances and complaints as per the Standard Operation procedures issued from time to time. A designated e-mail id has been created spmsupport@sundaramalternates.com
3. All Investor Grievances (hard copy or soft copy) that are received should be incorporated in the Register of Grievance and action to be initiated immediately.
4. All the Investor Grievances recorded should be addressed and resolved within 7 working days from the date of receipt of grievance/ complaints as the case may be.
5. Any course of action which involves the concerned department at Head office it would be informed to the concerned Head of the departments for suitable action.
6. If there is no response from concerned department within 5 working days of the complaint, the same would be escalated to Head Compliance for immediate action and if there no response within 7 working days the same would be reported to the Managing Director.
7. All investor complaints should be resolved within time period of 15-30 days of the receipt of the complaint to the PMS Department, Chennai.
8. The Compliance officer should verify and initial all the resolved grievance and complaints, recorded in the Register of Grievance and Complaints.
9. The Register of complaint and Grievance should be made available to the Internal/External Auditors during the time of Audit and to the Regulatory Authorities.
10. The soft copies / hard copies of the complaints received from the customers are preserved by the Client Relations Department for future reference, if required.

Address of Client Relations Department

Sundaram Alternate Assets Limited

Portfolio Management Services Division

Deshbandhu Plaza, I Floor, No. 47, Whites Road, Royapettah, Chennai 600 014

Tel: +91 44 28569849, 28569900 E-mail: spmsupport@sundaramalternates.com

The investor has to first approach the Portfolio Manager with his/her grievance for the purpose of redressal. In case the investor is not satisfied with the response provided by the Portfolio Manager, he/she may approach SEBI which takes up complaints against the various intermediaries, including Portfolio Managers, registered with it. The complaint has to be filed in SEBI COmplaints REdress System (SCORES) at **http://scores.gov.in/Default.aspx**

Standard Operating Procedure

Service request	No. Of Working Days	Grievance / Complaint Handling	No.Of Working Days
New account opening including documentation i. Individual/HUF ii. NRI iii. Corporate	 8 working days* 15 working days* 10 working days*	Non receipt of statement	3 working days
Address change	5 working days with custodian as per Custodian TAT	Mistakes/ errors in statement	5 working days
Change of Bank Mandate	5 working days with custodian as per Custodian TAT		
Email change	5 working days with custodian as per Custodian TAT	Payment not received	3 working days
Online access	3 working days		
Statement of account request	3 working days	SEBI complaints	3 working days
Report request	3 working days	Termination	30 calender days**
Nomination	5 working days with custodian as per Custodian TAT		
Transmission	5 working days		
Partial withdrawal	5 working days		
Capital gains statement	3 working days		
General Enquiries	3 working days		

**Provided all documentations/KYC has been done. **Provided NIL pending corporate actions.*

Form C
Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020
(Regulation 22)

Name of the Portfolio Manager: Sundaram Alternate Assets Limited
Address: Deshbandhu Plaza, I Floor, No. 47, Whites Road, Royapettah, Chennai 600 014
Tel: +91 44 28569849, 28569900 Fax: +91 44 28583156
E-mail : spmsupport@sundaramalternates.com

We Confirm that :-

1. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
2. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager.
3. The Disclosure Document has been duly certified by an independent chartered accountant (Mr P Babu, Membership Number 203358, Partner, M/s Brahmayya & Co., Chartered Accountants, 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014. Telephone No.- 044- 2813 1128 /1138 /1148 /1158 Fax No.044-28131158), on 30/07/2020.
   (Copy of certificate issued by M/s Brahmayya & Co., Chartered Accountants is enclosed).

For Sundaram Alternate Assets Limited
Sd/-
R Vijayendiran
Chief Executive Officer & Principal Officer
Address: Deshbandhu Plaza, I Floor, No. 47, Whites Road,
Royapettah, Chennai 600 014

Date: 30/07/2020
Place: Chennai

BRAHMAYYA & CO.,
CHARTERED ACCOUNTANTS

48, Masilamani Road
Balaji Nagar, Royapettah
Chennai - 600 014. India
Phone: 2813 1128, 2813 1138
2813 1148, 2813 1158
Fax: +91 (044) 2813 1158

CHARTERED ACCOUNTANT'S CERTIFICATE

We have reviewed the Disclosure Document dated 30/07/2020 pertaining to Portfolio Management Services of Sundaram Alternate Assets Limited, Chennai (the Company) with reference to the contents of Disclosure Document as stipulated in Schedule V to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (the Regulations). Based on our review and the information and explanations given to us, we hereby certify that the items to be stated in the Disclosure Document in terms of the Regulations have been stated.

A Copy of the Disclosure Document forwarded to us by the Company is annexed to this Certificate, initialed for the purpose of identification.

This certificate is being issued to enable the Company to comply with the requirements of Securities and Exchange Board of India.

For Brahmayya & Co.
Chartered Accountants
Firm Registration Number: 000511S
Sd/-
P Babu
Partner
Membership no. 203358
UDIN : 20203358AAAANT4958

Date: 30/07/2020
Place: Chennai