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

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www.sundaramalternates.com

Disclosure Document

(i) The document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

(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 that a prospective investor ought to know before Investing. The investor should carefully read the disclosure document prior to making a decision to avail of portfolio management services and retain this document for future reference.

(iv) Details of the Principal Officer

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Phone: +91 44 28569849, 28569900

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E-mail: kalpana@sundaramalternates.com

(v) This Disclosure document is dated 21/11/2019

Portfolio Management Services

Sundaram Alternate Assets Limited

SEBI registration no. INP000006271

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I. DISCLAIMER

(1) This Disclosure document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 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 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) Cash account – The account in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.

(3) 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.

(4) 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.

(5) Discretionary Portfolio Manager – A Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.

(6) 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.

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

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

(9) 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.

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

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

(12) Portfolio Manager – Portfolio Manager means any person who pursuant to a contract or arrangement with a client, advises, or directs or undertake 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.

(13) Principal officer – Principal Officer means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.

(14) Rules – The Securities and Exchange Board of India (Portfolio Managers) Rules, 1993

(15) Regulations – The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as may be amended by SEBI from time to time.

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

(17) 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.

(18) 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").

Sundaram AMC has made an application to Chennai Bench of the National Company Law Tribunal (NCLT) for transferring the alternative investment fund and portfolio management services divisions of the company by way of Scheme of Arrangement as a going concern to SA which was approved by NCLT vide its Order dated 29 May 2018.

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 October 2019, SAMC managed assets worth around INR 31,251 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 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 680 branches, employee strength (full time employees including its divisions - Sundaram Infotech Solutions & Sundaram Direct) of 4,231 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 Director 27G , Ranjith Road Kotturpuram Chennai 600085	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 Pricewaterhouse Coopers, Mckinsey & Company and Sundaram Finance Limited in different capacities.
Lakshminarayanan Duraiswamy Director 87/4, Padma Apartments 1st Main Road Damodarapuram Adyar, Chennai 600 020	B.Com., Grad CWA., PGDBA (LIBA)	50	Mr Lakshminarayanan Duraiswamy is currently the Wholetime 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.
Vijayendiran Rao 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 Jeevarathnam Nagar, Adyar, Chennai 600020.	B.Com., CA	45	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 02GFA, 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-M Consulting 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 Asset Management Company Limited: Investment Manager for Mutual Fund
2. Sundaram Asset Management Singapore Pte. Ltd.: Fund Management Services (Subsidiary of Sundaram Asset Management Company Limited)
3. Sundaram Trustee Company Limited: The Trustee for Sundaram Mutual Fund.
4. Sundaram Home Finance Limited: Housing Finance
5. Royal Sundaram General Insurance Co. Limited: General Insurance
6. Sundaram Fund Services Limited: Fund accounting and Registrar and Transfer Agents Services.
7. LGF Services Limited: Distributor of financial and insurance products.
8. Sundaram Finance Holdings Limited (Formerly Sundaram Finance Investments Limited): Business of making all types of investments and distribution of Financial and Insurance Products.
9. Sundaram Business Services Limited: Business Process Outsourcing.

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.

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 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 ₹25 Lakhs.

The minimum investment amount per client shall be applicable for new clients and fresh investments made by existing clients effective from February 10, 2012.

Existing investments of clients as on February 10, 2012 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, private equity and venture capital denominated in local / foreign currencies and any other asset classes and securities permissible under regulations.

The Key factors of the investment 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: the weights of AAA (pronounced ' triple A') rated instruments and Sub-AAA rated instruments are determined.

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 III** 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. Vijayendiran Rao, 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)

1) **India Secular Opportunities (SISOP)** - To generate capital appreciation across market cycles by investing in concentrated set of high conviction stocks
2) **SELF** - To seek long-term capital appreciation with investments in mid cap companies
3) **PACE** - The product is suited for investors who seek long term capital growth by investments in equities of companies with good growth prospects
4) **Small Cap** - To seek capital appreciation by investing in small companies that are chosen on the basis of their ability to grow at least 1.5x the nominal GDP growth, high return ratios, zero or minimal leverage and strong management
5) **Micro Cap** - To seek long term capital appreciation by investing predominantly in equity / equity related instruments of companies that can be termed as micro-caps.
6) **Opportunities** - Financial Services: To seek long term capital appreciation by investing pre-dominantly in equity / equity related instruments of companies across the Financial Services Sector.
7) **Liquid Strategy** - To provide investors the flexibility to stagger their investments in the PMS strategy. Option to invest asset allocation into liquid funds, enabling the client to switch into equity strategies as per his/her requirement

VI. RISK FACTORS

1. Securities investments are subject to market risk 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 strategy and asset allocation.
5. The investment made by the Portfolio Manager is subject to Risk arising out of non-diversification, if any.
6. 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.
7. Investment decisions made by the Portfolio Manager may not always be profitable.
8. The tax implications described in this disclosure document are available under the present taxation laws subjects 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.
9. 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.
10. 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.
11. 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.
12. The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure document before entering into this Agreement.
13. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the PMS products.

SECTOR SPECIFIC RISKS

Midcap / Micro cap / Small cap Funds

Midcap / Micro cap / Small cap stocks are generally higher risk than large cap stocks due to a variety of reasons. Some of the reasons are - Midcap / Micro cap / Small cap companies are generally less able to withstand economic downturns; have lower access to capital (both debt and equity); quality of management is not as well-known as in case of large cap stocks; Midcap / Micro cap / Small cap stocks typically have lower liquidity especially during times of market stress; lack of adequate Research and information; inability to compete with other larger competitors due to lack of pricing power, brand name, etc.,; are more susceptible to change in Govt. policies etc.,

Further in the case of Portfolio Management Services the portfolio will typically be a concentrated portfolio of not more than 25 stocks which further increases the risk as a concentrated portfolio can be more volatile than a diversified portfolio.

SISOP / PACE:

SISOP follows a highly concentrated strategy of investing in only around 15 stocks and hence it carries a high risk of portfolio concentration and volatility. Also the portfolio will consist of both large and midcap stocks. The mid cap part of the portfolio will carry all the risk of mid cap stocks (refer risks highlighted for mid cap strategy). Large cap stocks also have risks not dissimilar to midcap stocks only that it is generally considered to be relatively lower.

Factors that could impinge on performance include changes in interest rates in India and overseas markets, changes in regulatory framework applicable to companies in financial services, government policy on ownership, savings patterns and deployment of such savings and levels and trends in capital market activity. The scheme being sector specific will be affected by the risks associated with the Financial Services sector. Investing in a sectoral fund is based on the premise that the Fund will seek to invest in companies belonging to a specific sector. This will limit the capability of the Fund to invest in another sector. The fund would invest in equity and equity related securities of companies engaged in the financial services sector and hence concentration risk is expected to be high. Also, as with all equity investing, there is the risk that companies in that specific sector will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Thus investing in a sector specific fund could involve potentially greater volatility and risk. The risk factors associated with the Sectoral Fund are in addition to the standard risk factors applicable to all the Schemes of the Mutual Fund.

Risks relating to investing in equities of companies held in portfolios:

Investment in equities of companies operating within the financial services space are exposed to external risk factors such as interest rate risks, credit risks, regulatory risks, investment-related risks and risk factors related to overall economic growth which has a bearing on the overall credit growth and asset quality of the banking system apart from internal risk factors relating to these companies such as operational and business related risks. Volatility in interest rates, value of investments and other market conditions could adversely affect net interest margin, the value of fixed income portfolio, income from treasury operations, the quality of loan portfolio and the overall financial performance of the underlying companies in the banking sector. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy, such as the corporate, retail and agricultural sectors, which may materially and adversely impact business of banks and financial institutions.

Cost of funds is sensitive to interest rate fluctuations, which exposes to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that are paid to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. Should there be a slowdown in the growth of deposit base banks may be forced to rely more heavily on more expensive sources of funding, such as the wholesale borrowings, which could materially and adversely affect profitability. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Increases in interest rates applicable to liabilities, in particular inter-bank wholesale funding, without concurrent corresponding increases in interest rates applicable to interest-bearing assets, may result in a decline in net interest income, which could materially and adversely affect financial results.

Banks and Financial institutions require a number of regulatory approvals for operation or growth of business, and are also expected to comply with the regulations laid out by the central bank. Any failure to obtain the same in a timely manner may subject them to sanctions and penalties pursuant to inspection. Any increased requirements to maintain cash reserve ratio and statutory liquidity ratio could materially and adversely affect business and financial condition. Key operational and business related risks include termination of key distribution relationships, inadequate technology infrastructure, failure to implement information security controls, high attrition rates amongst employees which adversely and materially impact business growth and profitability.

Investments held in equities of companies operating in agro-chemicals are exposed to external and internal risk factors such as market slowdown due to weather conditions, currency risks in exports and imports, regulatory risks, increased competition and technology risks through advent of technological advancements, which may adversely and materially impact financials of the underlying companies held. Some of these businesses held derive significant part of their revenues during the farming seasons and any slowdown in demand for agro-chemicals resulting from poor rainfalls could impact adversely impact revenues and profitability.

Investments held in equities of consumer discretionary sector such as paints, jewellery, automobiles and related ancillaries are exposed to external and internal risk factors such as slow growth due to economic slowdown, currency risks in exports and imports, regulatory risks, increased competition and technology risks such as advent of technological advancements, which may adversely and materially impact financials of the underlying companies held. Any sharp increase in global commodity prices could also impact the profitability of the operations as the companies may or may not have the ability to pass on the impact immediately to their respective end customer. The growth of these businesses depends on the per capita income and spending levels and any slowdown in economic growth along with high inflationary conditions could adversely impact growth of these businesses. Some of these businesses held could derive significant part of their revenues through exports and any sharp appreciation in the rupee could adversely impact revenues and profitability.

Investments held in equities of healthcare and diagnostic companies are exposed to risks such as regulatory risks, increased competition, increased cost of operations without commensurate ability to increase end-prices and technology risks such as advent of technological advancements, which may adversely and materially impact profitability of operations. Increased regulatory intervention and cap in end-pricing of products or services in domestic or overseas markets could adversely impact revenues and profitability of operations.

Investments held in equities of industrial manufacturing companies are exposed to risks such as slow growth due to economic slowdown, currency risks in exports and imports, regulatory risks, increased competition and technology risks such as advent of technological advancements, which may adversely and materially impact financials of the underlying companies held. The growth of these businesses depend on the capital spending plans of the Central and State governments in key segments such as roads, railways, power distribution apart from capacity expansion plans of the private sector and any delay in implementation of such plans due to policy and regulatory issues could adversely impact financial performance of the underlying companies held.

Debt Scheme Risks

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 - Securities Lending

Securities Lending by the Fund Securities Lending means the lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The borrower will return the securities lent on the expiry of the stipulated period or the lender can call the same back i.e. the scheme before its expiry. the fund may lend the securities for a specific period, to generate better returns on those stocks, which are otherwise bought with the intention to hold for a long period of time. The AMC shall adhere to the limits prescribed by SEBI.

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 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 DVP basis.

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

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	NA
Others:			
As on March 31, 2019	1,809 4	935.16 238.19	Discretionary Advisory
As on March 31, 2018	1,719 6	967.91 271.86	Discretionary Advisory
As on March 31, 2017	1,810 5	947.11 417.51	Discretionary 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, 2019.**

Name of the Related Party	Relationship
a) Sundaram Finance Limited	Ultimate Holding Company
b) Sundaram Asset Management Company Limited	Holding Company
c) Sundaram Alternate Investment Trust Cat III	Associates
d) Sundaram Alternate Investment Trust Cat II	Associates
e) Sundaram Asset Management Singapore Pte. Ltd	Fellow Subsidiary
f) Vijayendiran Rao	Key Managerial Personnel

Transactions with related parties during the year

Name	Relationship	Nature of Transaction	2018-19 (₹)	2017-18 (₹)
Sundaram Asset Management Company Ltd	Holding Company	Shared Services	2,16,00,000	-
		Rent	12,00,000	28,230
Sundaram Alternative Investment Fund - Cat III	Associate	Income	13,67,17,181	-
Sundaram Alternative Investment Fund - Cat II	Associate	Income	4,24,16,657	-
Sundaram Asset Management Company Ltd	Holding Company	Share Capital	36,00,00,000	3,00,00,000
Sundaram Finance Limited	Ultimate Holding Company	PMS Brokerage	87,65,977	-
Sundaram Finance Limited	Ultimate Holding Company	AIF Brokerage	66,00,000	-
Outstanding Receivable as on 31st Mar 2019 - Sundaram Alternative Investment Fund - Cat III	Associate		1,55,77,647	-
Outstanding Receivable as on 31st Mar 2019 - Sundaram Alternative Investment Fund - Cat II	Associate		1,54,22,479	-
Outstanding Receivable as on 31st Mar 2019 - Sundaram Asset Management Company Limited	Holding Company		75,39,384	-
Outstanding Payable as on 31st Mar 2019 - Sundaram Asset Management Company Limited	Holding Company		3,52,65,346	28,230
Outstanding Receivable as on 31st Mar 2019 - Sundaram Asset Management Singapore Pte.Ltd	Fellow Subsidary		2,56,150	-
Vijayendiran Rao	Key Managerial Personnal	Remuneration	1,18,93,162	-

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 lakhs

	Year ended 31/03/2019 (Audited)	Period ended 31/03/2018 (Audited)
Turnover / Total Income	4,411.57	2.58
Profit after Tax	524.28	0.14
Equity Capital (FV ₹10/- each)	3,900.00	300.00
Free Reserves	-	-
Networth	4,422.52	300.14
Earnings Per Share (₹)	4.37	0.01
Book Value Per Share (₹)	11.34	10.00
Percentage of Dividend Paid	-	-

IX. Portfolio Management Performance

The performance of the Portfolio Manager for the last three years and in case of discretionary Portfolio Manager, disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

The performance of the Portfolio Manager for half year ended September 30, 2019 is given hereunder:

		For the Half Year Ended 30-Sep-19		Since Inception^
		Portfolio Return (%)	Benchmark Return (%)	Portfolio Return (%)
1	Average Retail ALPHA	-2.37%	-3.34%	18.08%
	Average Corporate ALPHA	NA	-3.34%	NA
2	Average Retail DEDICATED	2%	-3.34%	19.93%
	Average Corporate DEDICATED	NA	-3.34%	NA
3	Average Retail SUNIOP	5.39%	-3.23%	6.52%
	Average Corporate SUNIOP	NA	-3.23%	NA
4	Average Retail INDIA EQUITY	1.15%	-3.34%	24.02%
	Average Corporate INDIA EQUITY	NA	-3.34%	NA
5	Average retail MICROCAP	-6.72%	-12.35%	7%
	Average corporate MICROCAP	-7.04%	-12.35%	0.23%
6	Average Retail S.E.L.F Portfolio	-0.65%	-12.23%	21.47%
	Average Corporate S.E.L.F Portfolio	-0.65%	-12.23%	13.34%
7	Average Retail MULTICAP	8.29%	-3.34%	22.23%
	Average Corporate MULTICAP	NA	-3.34%	NA
8	Average Retail PACE	2.91%	-3.34%	20.60%
	Average Corporate PACE	2.95%	-3.34%	11.17%
9	Average Retail QUANT	6.02%	-3.34%	12.64%
	Average Corporate QUANT	NA	-3.34%	NA
10	Average Retail SISOP	8.89%	-3.34%	20.98%
	Average Corporate SISOP	8.93%	-3.34%	11.17%
11	Average Retail SMALLCAP	-6.78%	-12.35%	17.32%
	Average Corporate SMALLCAP	-6.61%	-12.35%	18.65%
12	Average Retail STREQT	3.70%	-3.34%	16.93%
	Average Corporate STREQT	NA	-3.34%	NA
13	Average Retail WONDER	-5.79%	-3.34%	20.17%
	Average Corporate WONDER	NA	-3.34%	NA
14	Average retail SUNOPP	3.77%	-3.23%	13.88%
	Average Corporate SUNOPP	3.76%	-3.23%	13.69%
15	Average retail Sundaram Liquid Fund Portfolio	NA	NA	2.56%
	Average Corporate Sundaram Liquid Fund Portfolio	NA	NA	NA

N.A. means Not Applicable as portfolio was not in existence for the entire period or had no clients during the period.

1. *A Model portfolio that has completed the above mentioned period has been taken for the purpose of computation of performance.*
2. *Portfolios that have come in between the above mentioned periods have not been taken into the calculation of the average performance.*
3. *The rate of return has been calculated on Time Weighted Daily Valuation before expenses method.*
4. *The Performance presented above is for all clients, who exist as on Sep 30, 2019*
5. *With a view to rationalise effective management of portfolios, realignment / merger and wind down of some of the existing strategies was done for the benefit of investors in order to focus on management of fewer strategies and to have a more concentrated investment universe.*

List of Brokers as on 30/09/2019 involved for PMS activities:

Sl. No.	Category	Broker Name
1.	Equity	1. Spark Capital Advisors (India) Pvt. Ltd 2. Sunidhi Securities & Finance Limited 3. Asian Markets Securities Pvt. Ltd 4. Emkay Global Financial Services Ltd 5. PhillipCapital (I) Pvt. Ltd 6. Centrum Broking Limited
2.	Fixed Income	NA

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

	Financial Year 1 1 Apr 2018 - 31 Mar 2019	Financial year 2 1 Apr 2017 - 31 Mar 2018	Financial year 3 1 Apr 2016 - 31 Mar 2017
Portfolio Returns			
ALPHA	-7.35%	-4.68%	9.70%
DEDICATED	4.32%	1.31%	11.40%
INDIA EQUITY	11.33%	11.38%	11.93%
MULTICAP	0.72%	18.99%	23.23%
PACE	2.45%	9.42%	18.02%
QUANT	4.11%	7.33%	17.05%
SISOP	18.26%	11.31%	17.56%
STREQT	1.40%	9.51%	11.18%
WONDER	-2.96%	11.67%	16.57%
Benchmark (S&P CNX 500) - for all above strategies	**8.43%**	**11.47%**	**23.91%**
S.E.L.F Portfolio	0.51%	16.14%	25.33%
Benchmark (CNX MIDCAP)	**-2.66%**	**9.07%**	**34.85%**
SUNIOP	0.56%	1.71%	NA
SUNOPP	8.29%	3.88%	1.49%
Benchmark (BSE 500)	**8.35%**	**11.82%**	**16.11%**
SMALLCAP	-10.27%	14.83%	33.18%
MICROCAP	-10.55%	9.65%	27.94%
Benchmark (BSE SMALLCAP)	**-11.57%**	**17.74%**	**36.92%**

N.A. means Not Applicable as portfolio was not in existence for the entire period or had no clients during the period.

1. *All the clients who have been active during the reporting period are considered for above review.*
2. *Performance of the portfolio is calculated by TWRR method by taking into consideration the total AUM of the product on daily basis including the impact of new / additional investments and partial /full redemption by the clients. Return of each portfolio calculated is then compared against its respective benchmark*
3. *For portfolios started during the financial year, the returns for the portfolio and benchmark have been calculated since inception of the portfolio.*
4. *For portfolios commenced prior to current financial year, the since inception benchmark returns have not been provided as it is not a weighted average performance figure and hence not comparable with portfolio returns*
5. *With a view to rationalise effective management of portfolios, realignment / merger and wind down of some of the existing strategies was done for the benefit of investors in order to focus on management of fewer strategies and to have a more concentrated investment universe.*

X. 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 investment in Mutual Funds	Recovery of any management fee and other incidental expenses such as fees and charges shall be paid 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	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.

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.

Please refer **Annexure-I & II to this document** for illustration on High Water Mark Principle and the resultant new fees/charge structure.

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.

XI. 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.

XII. TAXATION

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

1. Dividends

Dividend declared, distributed or paid on or after 01.04.2003 is exempt in the hands of recipient. However, the Dividend Distribution Tax (' DDT') is to be paid by the company/ mutual fund which declare the dividend. The rates of DDT are as below:

(i) In case of dividend declared by companies, DDT would be applicable at the rate of 15% plus a surcharge of 12% and an additional surcharge by way of health and education cess of 4% on the amount of tax plus surcharge.

(ii) In case dividend are declared by a mutual fund:

(a) Finance Act 2018 has introduced DDT at 10% plus a surcharge of 12% and an additional surcharge by way of health and education cess of 4% on the amount of tax plus surcharge on income distributed to any person by an equity oriented fund.

(b) Dividend declared by schemes other than equity-oriented

At 25% plus a surcharge of 12% and an additional surcharge by way of health and education cess of 4% on the amount of tax plus surcharge on dividend distributed to individuals and HUFs; and At 30% (plus a surcharge of 12% and an additional surcharge by way of health and education cess of 4% on the amount of tax plus surcharge) on dividend distributed to persons other than individuals and HUF' s, for instance, corporate.

For the purpose of determining the tax payable, the amount of distributed income shall be increased to such an amount as would, after reduction of the additional income tax (DDT) on such increased amount at the rate specified shall be equal to the amount of income distributed by the mutual fund / Company. The above-mentioned rate is without considering the grossing up.

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.

2. Capital Gains Tax

(i) ***Long term capital gains:*** Finance Act, 2018 terminates 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.

(ii) ***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. In case of units other than equity oriented funds are taxable @30%^ (plus applicable surcharge and health and education cess.

(iii) 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.

(iv) Transactions in other securities or transactions not on recognized stock exchanges as per prevailing tax laws.

^Assuming the investor falls into highest tax bracket.

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 2019-20

Income Tax Rates

For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Total Income Tax Rates	
Up to ₹ 250,000	NIL
₹ 250,001 to ₹ 500,000	5%
₹ 500,001 to ₹ 1,000,000	20%
₹ 1,000,001 and above	30%

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

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

(c) Surcharge at 15% on base tax, is applicable where net income exceeds ₹ 1 crore and at 10% where net taxable income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore. Marginal relief for such person is available.

(d) Finance Act, 2018 provides for Health and Education cess @ 4% on aggregate of base tax and surcharge.

(e) A rebate of lower of actual tax liability or ₹ 2,500 in case of individuals having total income of less than ₹ 350,000.

(f) The Finance Act, 2018 provides to allow a standard deduction of upto ₹ 40,000 or the amount of salary received, whichever is less to the salaried taxpayers. Consequently, exemption in respect of Transport Allowance (except in case of differently abled persons) and reimbursement of medical expenses shall be withdrawn.

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(b)	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(c)	10%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs(b)	10%

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

(b) Other than dividends on which DDT has been paid.

(c) 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.

XIII. 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 shall furnish periodic reports to the client and as and when required by the client and such report shall contain the following details, namely:-

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

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

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

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

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

XIV. 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 IV 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:

Sd/- Vijayendiran Rao Chief Executive Officer	Sd/- Lakshminarayanan Duraiswamy Director

Sd/-
Kalpana Ashok
Principal Officer

Date: 21/11/2019
Place: Chennai

Illustration on High Water Mark Principle and the resultant fees /charge structure.

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. The High Water Mark Principle shall be applicable for discretionary and non-discretionary services and not for advisory services. In case of interim contributions / withdrawals by clients, performance fees may be charged after appropriately adjusting the high water mark on proportionate basis.

This computation is for illustrative purpose only. The assumptions for the illustration are as follows:

a. Size of sample portfolio: ₹ 10 lacs
b. Period: 1 year
c. Hurdle Rate: 10% of amount invested
d. Brokerage/DP charges/transaction charges: Weighted Average of such charges (as a percentage of assets under management) levied in the past year/ in case of new portfolio managers indicative charges as a percentage of assets under management (e.g. 0.10%)
e. Upfront fee - NIL
f. Management fee (e.g. 2%)
g. Performance fee (e.g. 20% of profits over hurdle rate)
h. The frequency of calculating all fees is annual.

Scenario 1-Portfolio performance: Gain of 20%

Annexure-I

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	10,00,000	
Less: Upfront fees (If any)	NIL	
Less: Any other fees (please enumerate)	NIL	
Assets under management	10,00,000	
Add: Profits on investment during the year @ 20% on assets under management	2,00,000	
Gross Value of the portfolio at the end of the year		**12,00,000**
Less: Brokerage/DP charges/any other similar charges (e.g. 0.10% of ₹ 12,00,000)	1,200	
Less: Management Fees (if any) (e.g. 2% of ₹ 12,00,000)	24,000	
Less: Performance fees (if any)(e.g. 20% of ₹1,00,000 – working given below)	20,000	
Less: Any other fees (please enumerate)	NIL	
Total charges during the year		**45,200**
Net value of the portfolio at the end of the year		**11,54,800**
% change over capital contributed		**15.48%**

Calculation of Performance Fees for above

Serial	Nature of Fees	Amount in ₹
A	Profit for the year	2,00,000
B	Less: Minimum profit level (Hurdle Rate@10% on ₹10,00,000)	1,00,000
C	Amount on which Profit Sharing Fees to be calculated (B-A)	1,00,000
D	Performance Fees (@20% of C)	20,000

Scenario 2-Portfolio performance: Loss of 20%

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	10,00,000	
Less: Upfront fees (If any)	NIL	
Less: Any other fees (please enumerate)	NIL	
Assets under management	10,00,000	
Less: Loss on investment during the year @ 20% on assets under management	2,00,000	
Gross Value of the portfolio at the end of the year		**8,00,000**
Less: Brokerage/DP charges/any other similar charges (e.g. 0.10% of ₹ 8,00,000)	800	
Less: Management Fees (if any) (e.g. 2% of ₹ 8,00,000)	16,000	
Less: Performance fees (if any)	NIL	
Less: Any other fees (please enumerate)	NIL	
Total charges during the year		**16,800**
Net value of the portfolio at the end of the year		**7,83,200**
% change over capital contributed		**(21.68%)**

Scenario-3 Portfolio performance: No Change

Nature of Fees	Amount in ₹	Amount in ₹
Capital Contribution	10,00,000	
Less: Upfront fees (If any)	NIL	
Less: Any other fees (please enumerate)	NIL	
Assets under management	10,00,000	
Add: Profits/ Losses on investment during the year @ 0% on assets under management	-	
Gross Value of the portfolio at the end of the year		**10,00,000**
Less: Brokerage/DP charges/any other similar charges (e.g. 0.10% of ₹ 10,00,000)	1000	
Less: Management Fees (if any) (e.g. 2% of ₹ 10,00,000)	20,000	
Less: Performance fees (if any)	-	
Less: Any other fees (please enumerate)	NIL	
Total charges during the year		**21,000**
Net value of the portfolio at the end of the year		**9,79,000**
% change over capital contributed		**(2.10%)**

Name...Strategy(s):..

Code(s)..................................../..................................../....................................../.......................

Annexure-II

Distributor Name:...

Details of fees and expenses

Fees & Charges

Set up Fee	
Management Fee (P.A) (Accrued Daily Billed Monthly)	
Exit Charges (FIFO Method)	
If exited within 1 year	
If exited within 1-2 years	
If exited within 2-3 years	
If exited within 3-4 years	

Performance Fee Applicable (if yes please fill up below details)	☐ Yes ☐ No
Hurdle Rate (High water mark level)	Upto_____%
Performance Fee	_____% of profit over hurdle rate

Custody Expenses:

Charges	**Charges (Per Instruction)**	**Basis of Recovery**
Custody Charges	Actuals	Accrued daily billed monthly
DP Charges	Actuals	
Portfolio Acconting Charges	Actuals	Accrued daily billed monthly
Transaction Charges	**Actuals as per prevailing rates**	
Audit Fee	On Actuals	Charged annually
Purchase of securities directly from the company	NIL	N.A.
Purchase of securities from stock exchange or off market deal	On actuals-currently-As per NSDL/CDSL Charges i.e. ₹4.50 + tax per scrip	To be recovered monthly
Sale of securities through stock exchange or off-market deal	On actuals-currently- As per NSDL/CDSL Charges i.e. ₹ 4.50 +tax per scrip	To be recovered monthly
Brokerage	On Actuals	

For PIS Accounts (Only For NRI's)

Annual Asset Maintenance Charges	On actuals by custodian	To be recovered in advance
Purchase of Securities	As per custodian charges	On actuals
Sale of Securities	As per custodian charges	On actuals

Note:

1. *All fees/expenses/charges payable by the client will be subject to GST as per prevailing rate.*
2. *Management fees on any infusions and withdrawals between a month will be charged on pro rata basis. All withdrawals will be with mutual consent between the portfolio manager and the Client. Withdrawals will be in form of cash or securities at end of agreed period. The transfer of full withdrawal credit will be given on T+ 30 working days subject to liquidity of stocks held in the portfolio. The transfer of partial withdrawal, as required by the client and agreed to by the Portfolio Manager, will be given credit is on T+ 7 working days subject to liquidity of stocks held in the portfolio.*
3. *The fee /charges / expenses, including those charged by the service provider(s) in relation to managing the Client's portfolio account, shall be automatically debited to the Client's account within one month from the end of every month or at such other frequency as may be decided by the Portfolio Manager from time to time.*

....

....

(In the space provided above, client has to write that he has read and understood the above fee structure and accepts the same)

Signature: ....

First Holder **Second Holder** **Third Holder**

Date:

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.

Date:
From,

To,
Sundaram Alternate Assets Limited,
Deshbandhu Plaza, I Floor,
No. 47, Whites Road, Royapettah,
Chennai 600 014

Dear Sirs,

Sub: Investment in Derivatives in my portfolio account

I/We confirm of having read & understood the note on derivatives & the attendant risks involved, as provided in Annexure 3 of the disclosure document. In this regard:

☐ I/We give my consent to enter into derivatives transactions as per the details set out here under:

A. Exposure Limit (enclose additional sheets if required)	
Strategy	**Maximum exposure to derivatives as a % of the portfolio value at the time of investment**
1.	Upto %
2.	Upto %
3.	Upto %
4.	Upto %
B. Types Of Derivatives	
Type	**Yes/No**
Index Future	☐ Yes Upto % ☐ No
Index Option	☐ Yes Upto % ☐ No
Stock Future	☐ Yes Upto % ☐ No
Stock Option	☐ Yes Upto % ☐ No
Forward Rate Agreement/Interest Rate Swap/ Interest Rate Futures	☐ Yes Upto % ☐ No
Others	☐ Yes Upto % ☐ No
C. Strategy	Hedging & Portfolio rebalancing
D. Valuation	Derivatives shall be valued at settlement price declared by NSE on the valuation date. Gains / loss on derivatives shall be marked to market on daily basis

Other Terms And Conditions:

1. Position Limit - In accordance with the limit prescribed by SEBI /stock Exchanges
2. Prohibitions / Restrictions - The portfolio manager shall not write options or purchase instruments with embedded written options. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme
3. The Portfolio Manager shall seek prior consent from the client in the event of any changes in the manner or terms of usage of derivative contracts etc. as stated above.
4. The total exposure of the portfolio client in derivatives should not exceed his portfolio funds placed with the portfolio manager
5. The portfolio manager shall invest and not borrow on behalf of his clients

☐ I/We do not wish to take exposure in derivatives in my portfolio

Signature: ....

First Holder **Second Holder** **Third Holder**

Annexure-IV

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, 1993
(Regulation 14)

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, 1993 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 investor to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services;
3. The Disclosure Document has been duly certified by 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 21/11/2019.
   (Copy of certificate issued by M/s Brahmayya & Co., Chartered Accountants is enclosed).

For Sundaram Alternate Assets Limited
Sd/-
Kalpana Ashok
Address: Deshbandhu Plaza, I Floor, No. 47, Whites Road, Royapettah, Chennai 600 014

Date: 21/11/2019
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 21/11/2019 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, 1993 (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 : 19203358AAAARY8761

Date: 21/11/2019
Place: Chennai