UNIFI CAPITAL

UNIFI CAPITAL PRIVATE LTD

11, KAKANI TOWERS.15, KHADER NAWAZ KHAN ROAD
CHENNAI 600 006
SEBI Regn No: INP 000000613

DISCLOSURE DOCUMENT

For

PORTFOLIO MANAGEMENT SERVICE

- The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- The purpose of the document is to provide essential information about Unifi's (Portfolio Manager) portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- The necessary information about Unifi required by an investor before investing is contained in this document. Kindly retain this document for future reference.
- The name, phone number, e-mail address of the Principal Officer is:

  Mr. K. Sarath Reddy
  Telephone: 044-28331556/28332719
  E-mail – sarath@unificap.com

THE INVESTOR HAS THE OPTION OF ENROLLING WITH THE COMPANY EITHER DIRECTLY OR THROUGH A DISTRIBUTOR OR THROUGH A REGISTERED INVESTMENT ADVISOR (RIA).

UNIFI CAPITAL

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1. Disclaimer clause

The particulars of this Disclosure document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 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.

2. Definitions

In this document, unless the context otherwise requires: -

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

b) "Board", "SEBI" means The Securities and Exchange Board of India.

c) "Body corporate" shall have the meaning assigned to it in or under clause (7) of section 2 of the companies Act 2013.

d) "Certificate" means a certificate of registration issued by the Board.

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

f) "Corpus" means the initial and additional amount of capital or Securities or combination thereof contributed by the Client for the management by the Portfolio Manager.

g) "Custodian" means the entity appointed as custodian by the Portfolio Manager to provide custodial services and to act as a custodian on the terms and conditions as are agreed between the Custodian and the Portfolio Manager.

h) "Funds" means the monies managed by the Portfolio Manager, on behalf of the Client, pursuant to the Portfolio Management Agreement and as mentioned in the Application, placed by the Client from time to time with the Portfolio Manager for the purposes of being managed and includes the proceeds of the sale or other realization of the Portfolio and interest, dividends and other monies realized from the Assets.

i) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and includes any circulars/notifications issued pursuant thereto.

j) "Portfolio" means the securities managed by the Portfolio Manager on behalf of the client.

k) "Principal Officer" means a Director of the Portfolio manager who is responsible for the activities of portfolio management and has been designated as principal officer by the portfolio manager.

3. Description

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

Unifi Capital Private Limited (Unifi / the Company) was incorporated on the 2nd of January 2001. Unifi obtained SEBI's approval to become a member of the National Stock Exchange and commenced broking operations on the NSE on 6th August 2001.

The company obtained SEBI approval to act as a Portfolio Manager in March 2002 and commenced operations from April 2002. The current registration is valid till it is suspended or cancelled by SEBI.

Unifi has obtained registration in April 2005 as a depository participant with CDSL and commenced operations from July-2005. Unifi is also registered as a member with Bombay Stock Exchange since May 2008.

Unifi's principal businesses are Portfolio Management, Stock Broking, Advisory and Depository services. Unifi is headquartered in Chennai and focuses on serving customers in India and overseas.

Unifi was founded and managed by experienced professionals. Unifi greatly values its independence in fulfilling its advisory role in a truly unbiased manner.

(ii) Promoters of the Portfolio Manager, Directors, and their Background.

Mr. K. Sarath Reddy, Chairman and Managing Director of the company is the Principal Promoter of the Company. His experience and other particulars are furnished hereunder.

Mr. K. Sarath Reddy - Managing Director

In a career spanning over 30 years, Mr. Sarath Reddy has led a variety of functions in the field of Investments. Having started his career in Mumbai with Standard Chartered Bank, he took the first opportunity to that came along to turn into an entrepreneur. He founded Unifi Capital in 2001 with a highly experienced team.

Mr. Sarath Reddy was born on 16th August 1967. He has a BA in economics from Loyola College Chennai and MBA finance from Utah State University in USA.

Mr. Sandeep Reddy - Member, Board of Directors

Mr. Sandeep is the co-founder of Peepul Capital Investment Advisors Private Limited. Prior to the launch of Peepul Capital in 2000, he had 15 years of experience in Strategy Consulting with Price Water House in San Francisco and with Andersen Consulting in London.

He has been one of the early participants in the rapidly evolving Indian Private Equity industry having been active for over ten years. He takes overall responsibility in defining and executing Peepul Capital's strategy. In that role he has spawned and built a number of entities as well as driven migration through their lifecycles.

Mr. Sandeep Reddy was born on 22nd July 1968.He has a BS in Computer Science and Finance from Utah State University and an MBA from IMD (Switzerland).

Mr. K. Narendranath - Executive Director

Mr. Narendranath is one of Unifi's co-founders. Until recently, he was managing the day-to-day operations and in particular, the entire back-office operations of the Portfolio Management division of the company, which he built since inception. He currently heads the Compliance, HR and Legal functions of the Company. He began his financial services career in 1980. During his 20-year stint with a leading non-bank finance company, he has had hands-on exposure at a senior level to equipment leasing, hire purchase, and credit cards. Functionally, he has handled business development, client relationship, capital raising, compliance and back-room operations.

Mr. Narendranath was born on 18th November 1953 and has a master's degree in Economics from Madras Christian College.

Mr. Maran Govindasamy- Executive Director

Mr. Maran Govindasamy is one of Unifi's co-founders and currently holds position of Executive Director. Over his 28 years in the capital markets, he has worked with some of the leading names in the industry. In addition to managing investments for some of Unifi's most important relationships he has also been instrumental in spear heading Unifi's initiatives in major markets like Mumbai and Delhi. His passion for value investing approaches helps in designing niche investment themes for Unifi to pursue.

Mr. Maran was born on 29th July 1971. He did his bachelor's in computer science.

Mr. Christopher Vinod- Executive Director

Mr. Christopher Vinod is one of Unifi's co-founders and currently holds position of Executive Director. Armed with a Post Graduate Degree in Economics from Loyola College, Chennai and over 25 years of experience in capital markets, Chris heads the company's branches at Bangalore & Hyderabad and is also responsible managing client relationships with several HNIs and corporate leaders. Prior to joining Unifi, Chris was with Navia Markets Ltd. (1994 -2001), a Chennai based financial services firm that provides brokerage services for stocks, currencies, and commodities. At Navia, he was responsible for building a strong franchisee network for the company, business development and managing client relationships. Christopher also managed a centralized order routing and risk management system.

Mr. Christopher was born on 20th September 1972.

(iii) Top 10 Group companies/Firms of the Portfolio Manager on Turnover basis (Latest audited financial statements may be used for this purpose).

A wholly owned subsidiary, Unifi Financial Private Ltd has been incorporated on 14th March 2008.

(iv) Details of the services being offered: Discretionary/Non-Discretionary/ Advisory.

The company offers Discretionary and Non-Discretionary Portfolio Management and Advisory Services, to Individuals, Family Offices, Firms, HUF, Corporates and NRIs.

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

i. All cases of penalties imposed by the Board, or the directions issued by the Board under the Act or Rules, or Regulations made there under.

There are no cases of penalties imposed by the Board under the Act or Rules or Regulations made there under.

ii. The nature of the penalty/direction.
Not applicable.

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

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

Nil.

v. Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.

An inspection of the Books of accounts and other records was conducted by the Board during the year 2013. The Board observed a few deficiencies relating to complying with some of the Regulations.

The Board has advised the Company to be careful and cautious and ensure the strict compliances of the provisions of the SEBI Act, Regulations and the directives/circulars issued from time to time while carrying out Portfolio Management Services activity.

vi. Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made there under.

Nil, except as stated below

Unifi Capital Private Limited (**"UCPL**"), additionally also acts as an investment manager to Unifi AIF ("**Fund**"), a category III alternative investment fund ("**AIF**") and registered with SEBI bearing registration no. IN/AIF1/18-19/0558.

Following an inspection of the Fund conducted by SEBI for the period 2020-2021, an Administrative Warning Letter dated May 11,2022 was issued in respect of the Fund, noting certain non-compliances of the AIF Regulations ("Administrative Warning Letter"). Basis notification on quasi-judicial proceedings proposed to be initiated for few of the observations in the Administrative Warning Letter, the Fund filed a settlement application on July 08, 2022.
A show cause notice (SCN) dated October 19, 2022, for the same matter was issued against Unifi Capital P Ltd (Investment Manger to Unifi AIF), the Directors of Unifi Capital P Ltd and the Trustees of Unifi AIF. An appropriate reply to the SCN was filed on November 04, 2022. Further the settlement application for Unifi Capital P Ltd was filed on November 7, 2022, and the settlement applications for the Directors of Unifi Capital P Ltd and the Trustees of Unifi AIF were filed on November 15, 2022.

5. <u>Services Offered</u>

The company offers Discretionary and Non-Discretionary Portfolio Management and Advisory Services, to Individuals, Family Offices, Firms, HUF, Corporates and NRIs.

The Clients Portfolio is customized taking into account the client's preferences and objectives with reference to risk and reward as indicated in the client's application form. We believe that it is the consistency of returns that makes a portfolio grow over a period of time rather than large gains followed by large losses. While it is important to compare with stated benchmarks, it must be recognised that for an intelligent analysis 5 to 10 years are required i.e., sufficient time for at least 1 bull and bear cycle.

Scope of Instruments

Unifi's expertise primarily lies in equities, derivatives, debt and equity mutual funds and other related instruments. Allocation of funds will be driven by our objective of optimising returns while keeping a careful eye on Risk.

In line with SEBI circular dated August 26, 2022, in case of non-discretionary portfolio management services the Portfolio Manager may invest up to 10% of the assets under management of the clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager. The said investment in unlisted unrated debt and hybrid securities shall be within the maximum specified limit of 25% for investment in unlisted securities as specified under the Regulations.

Investment Approach

Unifi currently has five distinct investment approaches / strategy:

i. Blended - Rangoli
ii. BCAD (Business Consolidation After Disruption)
iii. Individually Managed Accounts (IMA)
iv. High Yield strategy
v. Others (OT)

<u>The below mentioned Investment Approaches are closed for New Subscriptions</u>.

vi. Insider Shadow Strategy
vii. HoldCo Strategy
viii. Spin Off
ix. Green Strategy
x. Deep Value at Discount
xi. APJ-20

i. Blended – Rangoli (Benchmark: BSE Midcap)

Objective

The Blended – Rangoli strategy cherry picks the best opportunities from across seven thematic strategies that Unifi manages. The mandate is to participate in opportunities that arise from a mix of emergent themes, corporate actions and attractiveness of core fundamentals. The strategy aims to thrive through market cycles and helps cutting down the investors switching cost and effort in migrating between different strategies over time.

Investment Approach

Value creation requires a mental model which goes beyond the obvious. It requires a meticulous mind-set which is able to sift through reams of information and assimilate only that which is relevant in identifying value

accretive opportunities. Metaphorically this could be compared to searching the proverbial needle in a haystack. The investment approach of this strategy will be to pick best opportunities from the following themes.

Spin Off New: In a single corporate structure with multiple businesses, the sum of the value of the separate parts is often less than that of the whole. A de-merger of disparate businesses unlocks the financial and management bandwidth required for the respective businesses to grow. Spin off strategy invests in situations that offer great scope for the businesses to realize their full growth potential and attract commensurate market valuation.

DVD: Few segments of the market tend to be mispriced in spite of visible growth prospects, resulting in such stocks trading at a deep discount to their intrinsic value. Reasons could vary from inadequate understanding of a business by most analysts, low relative market cap and liquidity or the lack of correlation to benchmark indices. DVD invests in such businesses and exploits market inefficiencies.

Holdco: Many holding companies are run as group holding companies rather than strategic investment companies. This results in a perennial discount in their valuations, but such discounts are not a constant. The Holdco strategy identifies strong underlying businesses and looks for significant valuation discounts that are likely to recover as promoters feel the heat of change in the regulatory landscape; or as underlying businesses exhibit significant growth.

APJ20: As always, markets fancy few sectors that have done well in the past ignoring the rest. Of the sectors which are less understood, few like speciality chemicals, agri, precision manufacturing have become globally competitive and are privy to an expanding market opportunity. APJ20 invests in firms that have evolved and are in a ripe position to benefit from such growth prospects.

Green strategy: The investment focus of the green strategy is on companies which provide products and services that help in reducing the carbon footprint in the environment and/or result in more efficient use of natural resources. Within the context of this approach, the sectors that have been identified for creating the portfolio are - emission control, energy efficiency, water management and waste management.

Insider Shadow strategy (ISF): The Insider Shadow strategy invests in companies in which founders' have acquired meaningful quantity of additional shares at market prices. Such an action demonstrates their conviction on company's growth prospects or inherent value not captured in stock price at that point. The proposition is to understand and validate the founder's perspective of value and gain from the eventual balancing of the value price mismatch in the market.

BCAD: The investment focus is on established companies in specific sectors which are leading the migration of market share from unorganized players to organized players. As India's economy grows rapidly in scale and sophistication, several sectors are positioned to change dramatically over the next decade. Certain powerful trends are driving the shift in the balance of competitive advantage in favour of organized businesses.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

The investment universe of this strategy would include the diverse investment opportunities within the following mentioned strategies at any specific point of time: SPIN OFF, DVD, HOLDCO, APJ20, Green strategy, Insider Shadow Strategy and BCAD.

The strategy's investments will be majorly concentrated in small and midcap space wherein it is difficult for "institutional" type of capital to invest and where Unifi's relatively smaller size helps us to focus in niche areas of the market.

Investment Risks

Though careful and meticulous effort would be put in selecting only the best of opportunities' within UNIFI's investment universe, the risks here can originate from the time required for value unlocking in case of stocks picked from the Spin Off or Holdco universe. Other risks will include ones associated with illiquidity, change in approach change in business fundamentals and value destructive acquisitions in the case of stocks selected from the APJ, Green or DVD universe.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

ii. BC AD (Business Consolidation After Disruption) **(Benchmark: BSE Midcap)**

Objective

The investment focus is on growth-oriented companies in specific sectors which are leading the migration of market share from unorganised players to organised players. As India's economy grows rapidly in scale and sophistication, several sectors are positioned to change dramatically over the next decade. Certain powerful trends are driving the shift in the balance of competitive advantage in favour of organized businesses.

Investment Approach

India's economy has a high proportion of unorganised businesses which are estimated to account for about 35% of the GDP. As the economy grows in size from the current $ 2.6 Tn to $ 5 Tn over the next decade, it will traverse certain social, technology, scale, legal, taxation and regulatory changes. These changes are likely to challenge the current business models of unorganized players in certain sectors.

As a result, well established organized players in such sectors will gain market share along with improving margins, potentially generating very high earnings growth. The BC-AD strategy has been structured to benefit from this imminent migration of market share from the unorganised segment to organised players. The strategy would be investing in well-established organised players who would be gaining market share from the unorganised players thus posting higher revenue growth rate than that of their industry. The high top line growth along with the benefits of operating leverage would help them record a superior earnings trajectory over the next decade.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

The Universe of Companies would be broadly selected from the following sectors:

- Building materials
- Consumer durables
- Logistics
- Personal grooming & Hygiene

- Dairy
- Retail & Jewellery
- Healthcare
- Hospitality & Entertainment
- Alternative finance
- Real Estate

These sectors are only indicative of our current thinking, and it is entirely possible that as our research progresses, we might look at companies beyond these sectors.

Investment Risks

The strategy would focus on companies in sectors where it expects a gradual shift in consumer demand from the unorganized players to the organized. The investment process would involve analysing multiple sectors and drawing up the list of factors which would be triggers for the migration of demand to the organized space. The key risk would be the time required for the transition to start playing out within the selected sectors. There might be stocks/sectors wherein the anticipated migration might take longer than the initially estimated time periods. Thus, it is suggested that investors take a longer time horizon view when investing in this particular theme.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

iii. Individually Managed Accounts (IMA) (Benchmark: BSE 500)

Objective

Individually Managed Accounts (IMA) will participate in good quality stock ideas across sectors. The mandate is to look out for attractive macro themes which gets tied with bottom-up deep business understanding and stock picking. Focus is towards under-covered names which may require a long time to unlock value. Thus, the strategy is expected to have a low average turnover rate.

Investment Approach

Only 0.2% (10 of 5248) of the companies in the BSE listed universe command 28% of total market capitalization. Due to this concentration towards very large businesses, research houses and institutional investment managers focus on covering these names. Therefore, the incremental value per quantum of research dips exponentially as one moves up the market cap curve. By going down the cap curve, we will be able to identify names which usually are not in the coverage universe of large institutions and broad research community. This is where a greater value of research can be harvested for the time spent than otherwise.

We will be focusing on firms whose business models resonates with the investors' intrinsic value framework. Thereby, any investment in such businesses will be seen as an active ownership rather than just a name in the portfolio. This helps the investor in digesting the volatility in such names, as the long-term strategy and view are clearly conveyed and understood.

Since the product is of non-discretionary nature, the investor will have a complete control over investments initiated in IMA. Ideas will be generated by Unifi Capital, but the investor consent is required before

implementation. Investors may also have specific ideas that he/ she may like to be validated by the detailed research process we follow and based on our recommendations, the investor may or may not agree to move forward. Such an arrangement will help the investor to get an independent perspective of the idea before he/ she acts on it. In addition to that, we will be guiding their portfolio towards the value framework that they hold dear. Such a process could lead to a varied set of stock ideas across investors, thus providing them a customized portfolio and service.

Universe

The strategy's universe would include the diverse investment opportunity that exists in the listed space. The investments will be concentrated towards small and midcaps wherein it is difficult for 'institutional' type of capital to invest and where Unifi Capital's relatively smaller size helps us to focus in niche areas in the market.

Investment Risks

The high concentration in small-cap and mid-cap names could lead to higher than usual market volatility. Since we are going with an ownership philosophy, the turnover will be low and there could be a time correction in the process. Given the cost of execution in small names, there is a possibility of impact cost risk. Therefore, the strategy is suited for clients who have an ownership mindset and willing to harbor volatility due to high concentration in small and mid-caps.

Portfolio Structure

The portfolio is expected to hold 10 to 25 names in a non-discretionary platform *(thereby every execution will be post taking approval from the investor).* The investor's assets will remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there is likely to be low turnover in the strategy.

Fee

Direct option and Registered Investment Advisor (RIA)

Management Fee of 0.75% p.a. of the AUM will be charged monthly on each day end value AND Performance Fees of 10% of profits above a hurdle rate of 10% p.a. compounded return. In case of pre-closure, the hurdle rate will be reduced from 10% p.a. to 8% p.a. The Performance fee will be charged in March of the financial year, following completion of three years from commencement of the account. Thereafter, In March every three years.

~~iv.~~ High Yield Strategy (Benchmark: CRISIL Composite Credit Risk Index)

Objective

Unifi High Yield strategy is a discretionary portfolio management strategy focusing on fixed income investment opportunities in domestic capital markets with an endeavour to generate 5% p.a. over the rate of core inflation. The objective is to consistently generate superior compounded annual returns than conventional debt instruments with uncompromising emphasis on capital preservation.

Strategy and Approach

Our core investment strategy is to diligently find high yield debt opportunities in Alternative NBFCs & mid-market corporates with good fundamentals and proven track record across business and economic cycles.

Meticulous evaluation would be done by our in-house team with external ratings used only as a starting point. Typically, majority of the portfolio would be invested in such fixed income investments with a weighted average tenor of 2 years or below. The balance part would be opportunistically invested in select structured corporate credit, hybrid INVITs/REITs, corporate event arbitrage and mean reversion directional calls emerging from the listed equities segment to enhance the overall returns.

In accordance with the Regulations and SEBI Circular dated August 26, 2022, the Portfolio Manager shall not make investment in below investment grade securities. We typically invest only in listed securities and in any case, our investments in unlisted / unrated securities will always be within the limits specified by SEBI from time to time.

Segment	Indicative Allocatio	Unifi experience
High Yield Alternative NBFC & mid-market corporate debt	25% to 100%	12+ years; 12% CAGR
Event Arbitrage (open offers, buybacks etc)	0% to 25%	18+ years; 15% CAGR
Hybrid Invits and Reits	0% to 25%	3+ years; 10% CAGR
Liquid MFs and AAA, AA, A+ bonds / Cash	0% to 25%	12+ years; 6% CAGR
Directional calls	0% to 5%	18+ years; 16% CAGR

Structure and Commercials

- The strategy is offered in the Unifi PMS platform with a fixed management fee of 1.25% per annum. There is no performance fee or hurdle rate applicable. The targeted returns (5 to 7% p.a over core inflation) are net of all costs and fees but prior to taxation which would happen in the hands of investors. Both interest income and capital gains would arise from the investments undertaken by the strategy. The custody of assets and execution of transactions would be handled by HDFC Bank with an online view access to clients.

- There would be an exit load of 2% if redemption of capital is done within 6 months from the inception date. The portfolio would comprise of short to medium term debt instruments which may not have ready secondary market liquidity. Hence, the time taken to process any total redemption of the portfolio could be up to 6 months. Considering the liquidity profile and the amortization nature of debt instruments that would be structured by the strategy, it is reasonable to expect that 25% of the portfolio could be redeemed within 3 months.

Segment overview – Alternative NBFCs

Over the last 15 years, new breed of NBFCs have emerged that adopt alternative ways of sourcing, credit under-writing, monitoring and collection methodologies to offer financing to those households and enterprises traditionally excluded or under-served by banks and large NBFCs. They are also the first alternative and cheapest source of funds from the organised sector for these borrower segments who were earlier depended on local high cost moneylenders. By delivering the last mile credit, these institutions are ensuring unorganised to organised transition and democratisation of credit access in India covering the entire gamut as follows:

Segment / Particulars	Micro Finance	MSME Finance	Used CV Finance	Affordable Housing	Consumer Finance
Loan Size	Rs.5,000 to Rs.1,00,000	Rs.5,000 to Rs. 5 crores	Rs.25,000 to Rs.15 lakhs	Rs.1,00,000 to Rs.20 lakhs	Rs.5,000 to Rs.5 lakhs
Tenor	12 months to 24 months	3 months to 7 years	2 years to 5 years	5 years to 20 years	1 month to 3 years
ROI	18% to 30% p.a.	14% to 36% p.a.	16% to 32% p.a	10% to 18% p.a.	18% to 40% p.a.

Key differentiators - use of technology for credit underwriting, documentation and life-cycle management, doorstep solutions, quick turnaround time, capability to work with informal income & business records, vertical specialisation, social media analytics etc

Opportunity Size – There are about 9700+ licensed NBFCs in India and only 260+ are rated. About 210 of them can be classified as Alternative NBFCs. In the last two decades, these NBFCs have collectively raised Rs.40,000+ crs private equity from marquee institutional investors and Rs.150,000+ crs debt capital from domestic and global financial institutions. About 10 of them have become small finance banks or universal banks either directly or through mergers indicating the trust and importance that RBI has placed on this sector. The central bank also duly supported the entire sector with refinance and special liquidity channels during both waves of covid.

The last decade had several challenges and learnings for the alternative NBFC sector right from 2010-11 A.P. MFI crisis, Demonetisation, GST transition, farm loan waivers, liquidity crisis post IL&FS default to the latest Covid impact on their operations and collections. All these extraordinary occurrences have seasoned the sector and enabled them to fine tune their process as regards origination, credit appraisal, collections and ~~also~~ and manage their capital adequacy and liability requirements more prudently.

Mid-Market Corporate Debt – With Banks having several restrictions in end-use; NBFCs focusing on retail; Bond markets skewed to large AAA /AA issues and Mutual Funds moving away from credits due to ALM untenability, there is a growing credit requirement in mid-market corporate space in India. The ~~fund~~ strategy would selectively invest in structured debt instruments of established companies / conglomerates with an investment grade rating or above. Opportunities across sectors / segments would be considered except real estate, distressed (NCLT) and venture stage companies.

Unifi's experience and due diligence process – Over the last 12+ years, Unifi has been investing in the Alternative NBFCs segment for its cat III AIF (initial 3 years through its proprietary book to gain sector exposure). About 50+ investments have been made specifically in this segment and overall experience has been quite good across economic cycles as well as sector specific headwinds discussed earlier.

While the strategy would mainly focus on Alternative NBFCs, it will also target attractive high yielding debt opportunities in the mid-market corporate debt securities.

The following criteria and due diligence process are firmly applied for selection of investment opportunities in this segment, and they have held us in good stead –

- Fundamentally sound and profitable business model
- Management with proven track record

- Robust process for credit evaluation, security creation, operations, and collections
- Presence of seasoned Private Equity investors in the board with 25+% stake
- Recent round of promoter / private equity infusion strengthening the capital adequacy
- Short Term Maturity and being in the top quadrant of the Company's Liability repayment profile thereby placing our exposure in a positive Asset Liability bucket
- Primary due diligence by Unifi team including HO and branch visit and discussion with key promoter and management personnel
- Rigorous post investment monitoring through access to periodical MIS reports and in-depth assessment to track performance and detect early warning signals.

Event Arbitrage

Unifi, since its inception, has been specializing in identification and quick execution of low risk-moderate gain opportunities in the capital markets thrown up by market events, behaviour and regulation. Such opportunities arise from corporate events like mergers, acquisition, buyback of shares and regulation triggered open offers for acquisition of shares. As these opportunities are sporadic, it works better as a yield-enhancer in a broad strategy like this instead of a separate strategy.

Type of Opportunity	**Recent / Notable deals**
Mandatory Open Offer	Escorts, JB Chemicals, Indostar, Thyrocare
Voluntary Open Offer / Buyback (non-dividend)	Vedanta, Just Dial, Hindustan Unilever
Corporate actions resulting in value unlocking	Majesco Limited, IDFC, Equitas, Ujjivan
Delisting	Clariant Life Sciences, Polaris Consulting

Generally, we participate in those opportunities where –

- there is sufficient liquidity in the scrip
- the management is reasonably sound, and the process of share acquisition is transparent
- where the balance of risk-reward after considering the possibility of non- acceptance of shares offered (in case of public tenders) and the capital loss/risk on the shares not accepted is reasonably estimated to be in our favour.

Directional Calls- Opportunistic position on a highly selective basis in listed equities. Intended opportunities could be few and far between and would include the following:

- Take advantage of severe market price volatility caused by regulatory actions, political changes, force majeure events or extreme macro-economic conditions, which would invariably return to normalcy in due course. (Mean-reversion)

- Selective participation in solid Initial Public Offers, especially in buoyant markets, through large applications to take advantage of the proportionate allotment system could be quite profitable. A disciplined approach towards timely exit is a key part of the strategy.

Hybrids – Invits and Reits – Over the last 3 years, Unifi has been tracking and investing in the rapidly evolving domestic Infrastructure Investment Trusts (INVITs) and Real Estate Investment Trusts (REITs) segments. These special purpose vehicles downstream income from several high-quality infrastructure and real estate assets across India. There is a dual opportunity of spread trade as well as higher carry yield in these hybrid instruments as compared to conventional debt deals.

There is no mechanical allocation to any of the segments discussed above. All the deals are subject to detailed fundamental review (quality of sponsors / promoters, management team, underlying assets etc) prior to investing.

Investment Risk

Type of Risk	How it is managed
Portfolio concentration risk (*)	➢ Single company exposure not more than 10% ➢ Not more than 25% in any sector or sub-segment of NBFC ➢ Not more than 30% in BBB category papers and nothing below BBB- ➢ Not more than 20% in Market Linked Debentures to curtail volatility ➢ Portfolio duration not more than 3 years ➢ Not more than 20% in perpetual bonds of NBFCs and Banks collectively ➢ Firm cap of 5% in Directional Calls overall to curtail market volatility ➢ Firm cap of 25% in Event Arbitrage to retain the predictability and accrual nature of the strategy (*) – Clients opting for customised portfolios will have different concentration limits than what is stated above, however at all times within the regulatory limits.
Liquidity risk	The amortization nature of the debt investments, high liquidity of arbitrage and directional calls would help us to manage the liquidity requirements. Investors have been duly informed about the illiquid nature of this PMS and plan their redemption requirements accordingly.
Strategy level risk – Debt / Fixed Income	As is the case with any debt investments, the strategy's fixed income portfolio is also subject to credit, liquidity and price risks. All these risks may lead to either permanent loss of capital or temporary mark to market losses. Firm adherence to company-specific limits as above along with a complete bottom-up review of the issuer company and the management abet us to manage the credit risk. However, illiquidity of corporate bonds, given the shallowness of debt markets in India, is something we must live with. We are constantly looking to increase our network of debt market intermediaries to help us create liquidity in case the need arises. It is subject to price volatility due to changes in interest rates especially if RBI changes its policy stance. As we have structured this part of the allocation with a hold-to-maturity mindset and are comfortable with the carry yield, the intermediate price fluctuations should not unduly worry us.
Strategy level risk- Event Arbit	Investments in tender offers and buybacks done with certain underlying assumptions as regards the offer completion timelines, tendering pattern, and post offer market price. While these assumptions are backed up by detailed analysis of various fundamental and behavioural aspects including historical trends, the actual occurrences may or may not be as per our expectations. Any adverse outcomes contrary to our hypothesis could result in losses and negatively impact the overall portfolio returns. These are

	known risks that we are subject to, and the portfolio management team would monitor them on an ongoing basis.

v. Others (OT)

a) This investment approach is available for clients who entrust a relatively large corpus.

b) For such clients who seek to have an option to participate and indicate certain preferences that should be accommodated in the Portfolio construction and securities selection.

c) For clients who opt for staggering their capital infusion into the selected investment Approach over a specified period of time, a portion of the client's capital is temporarily parked in Liquid Mutual Funds/Liquid bees and transferred to the respective investment approach in instalments as per clients' instructions. The amount temporarily parked in 'Liquid Mutual Funds/Liquid Bees' is categorized under 'OT'.

d) Securities are selected from the ideas predominantly from our existing themes in which we have already invested.

e) This approach also allows for clients who are desirous of depositing their personal securities to be held along with the securities that we invest in.

vi. Insider Shadow strategy (Benchmark: BSE Midcap)

Objective

The strategy seeks to generate superior risk adjusted returns, in relation to the broad market, by investing in fundamentally sound companies which have repurchased its own shares or where its promoters' have acquired additional shares at market prices. Typically, such an action by a company or a controlling shareholder demonstrates their conviction that the company's growth prospects, or inherent value has not been captured in its stock price at that point.

Unifi's proposition is to gain from the eventual balancing of the value-price mismatch in the market by identifying and investing in such companies after a detailed review of their fundamentals and corporate governance standards.

Investment Approach

The basic approach is to invest in companies where the promoter or the company has acquired additional shares

- At market prices either through creeping acquisition or buyback route
- That seem to be motivated either by an undervalued stock price or an impending improvement in business prospects that are still to be reflected in the market price and
- Where complete disclosures of stock purchases have been made to stock exchanges.
- The underlying assumption behind this approach is that the managers and controlling shareholders have a clear advantage over other market participants and are well positioned to take sensible investment decisions especially in case of small and under-tracked companies. By limiting the investible universe to such companies, we believe that we would be able to improve the probability of achieving superior risk adjusted returns.

We find that promoters typically use one or more of the following methods to increase their stake by:

- Preferential issue of shares and/or warrants.
- Merger of promoter owned private/public companies.
- Creeping acquisition in open market.
- Voluntary open offers.
- Subscribing to the unsubscribed public portion in rights issues.
- Initiating the company to do a buyback either through market purchases or tender offer route.
- While preferential issues invariably enable promoters to hike stake at a price substantially lower than the market price, mergers are also structured to get the same benefit. However, we would focus only on those companies where promoters increased stake by purchasing the shares at then-prevailing market prices or at a premium in any form, be it rights, creeping acquisition, tender offers or buybacks.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

Our universe is built from the news flow of disclosures made by promoters/executives/companies under Clause 7 & 8 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations and Clause 13 of SEBI (Prohibition of Insider Trading) Regulations. We will never consider companies where such disclosures are not made, thereby clearly avoiding market rumours and speculation. Such disclosures are constantly screened and fed into our internal model based on which the universe is expanded / pruned. From the universe of such companies, we would select ideas to invest based on a bottom-up approach that we have been practicing over the last six years.

Investment Risks

While research supports the view that insider shadowing works best in the aggregate, in few cases it could result in negative value creation. Lehman Brothers did a USD 10 Billion buyback just a few months before bankruptcy. Even in Indian context, we have had similar instances as some promoters tend to get carried away in predicting that good times will continue to persist. Few promoters also just use this medium to send a signal without any genuine interest to buy. To address such risks, we will meticulously deploy a second layer of filtering based on the merit of fundamentals and scrutiny of the promoter's behaviour.
To quote, Warren Buffet: "Before investing in a company that is repurchasing its own shares, you should investigate the company fundamentals and its management quality. Overall, if a company purchases its own shares on a regular basis and its fundamentals appear sound, you should consider buying shares in the company".

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

vii. HoldCo strategy (Benchmark: BSE 500)

Objective

The objective of the strategy is to seek to unlock value by investing in listed holding companies across a wide array of industries. Holding companies in the strategy's universe are defined as those entities which hold stakes in other listed entities, and trade at a significant discount to the NAV of the underlying assets. The Holdco

strategy identifies strong underlying businesses and looks for significant valuation discounts that are likely to recover as promoters feel the heat of change in the regulatory landscape; or as underlying businesses exhibit significant growth.

Investment Approach

The strategy would focus on holding companies which are sub-scale and run as group holding companies rather than strategic investment companies. These companies which are typically run by, for and of the promoter are the most likely ones to feel the heat of change in regulatory landscape. The Companies Act, 2013 have enabled certain shareholder rights and are likely to bring sweeping changes in how companies approach "Related Party Transactions". The renewed thrust of MCA and SEBI in ensuring higher level of corporate governance could prompt promoters to consider delisting their holding companies, leading to value unlocking for public shareholders. There is a clear opportunity to plan well and buy assets with a fair value of Rs.100 at Rs.50 or lower. The intent is to engage with and nudge the promoters to unlock value through demerger, delisting, corporate restructuring etc.

Secondly, when the Indian economy liberalised in the 90s, new opportunities such as insurance, asset management, credit cards, investment banking and brokerage were open to the private sector. Of the variety of firms that entered these areas, the greatest successes in terms of market share and profitability were ventures sponsored by leading financial institutions of the country. Over two decades, these new ventures have matured and many of them are being listed. The erstwhile promoters and sponsoring banks stand to gain disproportionately as the growth potential of their subsidiaries is captured in growing market capitalisation.

Given the lower risk profile of sectors such as insurance and asset management and their tremendous growth potential, we have an opportunity to invest in the parent's equity and realise both gains in earnings from the consolidated entity as well as potential gain in valuation.
The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

Our universe will comprise firms of two types:

- Firms that offer deep value i.e. where their current market capitalization is fraction of the market value of their investments.

- Those institutions that have successfully incubated new ventures that have over time grown large and offer potential for rapid and sustained growth.

Investment Risks

Illiquidity is the biggest risk beckoning the investor considering exposure to Holding Companies. Most of value unlocking in holding companies will have "pressure cooker" effect in price whereby a single event can overnight make the valuation convergence happen whether it is 100% or more. Till then the stock may remain sideways or even drop in a rising market. Price volatility is also an unavoidable phenomenon where the discount between fair value and market value converges in a bull market and widen in a bear market in addition to volatility in fair value itself.

Sophisticated investors believe risk is a chance for absolute loss of capital and since each stock is bought at steep discount to current price of a growing asset, chances are less for a capital loss. On the other hand, if we define risk as measured by standard deviation of the stock, then such stocks would fall under the high-risk category.

With respect to group entities in the financial services sector, risk pertains to the fortunes of underlying companies with varied risk profiles being tied together. Any mishap, especially on the credit side, in any of the businesses is likely to cast a shadow on the other companies.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

viii. Spin Off – New (Benchmark: BSE Midcap)

Objective

The strategy seeks to generate superior risk adjusted returns relative to market indices by investing in stocks of companies undergoing a demerger. Typically, such an action by the company will help remove the holding company discount that the market attributes and thereby enhance the stock's valuation. Unifi's proposition is to gain from the information and fundamental asymmetry linked value-price mismatch, by closely tracking the entire Spin-Off process and investing in such companies after a detailed review of their fundamentals.

Investment Approach

As businesses enter different life cycles, the stakeholders realise that the manner in which they attract different capital, financial, return metrics and consequently very different investor interests. As a result, this leads to a vastly altered valuation proposition for the consolidated entity that holds the different lines of businesses. Understandably, one business is deemed to be far more valuable than the other. But the consolidated value of the business does not in its entirety capture the same as it has to account for the lower valued business. In other words, the sum of the parts is almost always lesser than that of the whole.

Corporate India has woken up to the fact that spinning off an unrelated business, or a business with a distinctly and vastly different growth profile is key to realizing the right value for the respective business and is in the long term interest of its key stake holders. The Unifi Spin Off strategy seeks to identify such opportunities where the sum of the parts is greater than the whole and invest in such parts to unlock value that was hitherto lost in a conglomerate's consolidated set of books.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is three years.

Universe

Our universe is built from the Spin-offs approved by Boards of respective companies as filed with the stock exchanges. At any point in time, our portfolio may include 20% of companies that may not have publicly announced a demerger but we believe, through our primary research, are close to doing so. From the universe of such companies, we would select ideas to invest based on a bottom up approach that we have been practicing over the last twenty years.

Investment Risk

While various research reports support our inferences about the outperformance potential of Spin-offs, the skewed return performance of the stocks suggest that the portfolio will likely to have higher volatility in relation to broader markets. Since the Spin-off approach is based on the hypothesis of identifying a stock valued at X, based on prevailing peer valuation of respective businesses, and buying it at or below 0.7X; it is

fair to expect that a Spin-off portfolio will have lesser capital risk than broader markets, but that does not protect us from poor execution by management. Lack of sustained transaction flow is a possible risk.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

ix. The Green strategy (Benchmark: BSE Small cap)

Objective

The investment focus of the green strategy is on companies which provide products and services that help in reducing the carbon footprint in the environment and/or result in more efficient use of natural resources. Within the context of this approach, the sectors that have been identified for creating the portfolio are - emission control, energy efficiency, water management and waste management. Developing a greener business ecosystem requires a long-term perspective.

Investment Approach

The strategy will focus on investing in companies which would provide the support infrastructure for a "Green Economy" This would include manufacturers/producers of renewable energy systems, organic chemicals, emission control products, energy efficiency products, water & waste management solutions. As this is an evolving theme newer business models are expected to develop during the course of time. Unifi's key strength has been its ability to identify the next generation of winners from the small and midcap space. In continuation of this approach, Unifi would primarily focus in the small and midcap space to identify companies which fit into the Green theme.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

The Universe of Companies would be broadly selected from the following sectors:

- Renewable & Alternative energy
- Energy efficiency
- Water infrastructure & technologies
- Pollution reduction
- Waste recycling and management
- Environmental support services
- Green Chemicals

These sectors are only indicative of our current thinking, and it is entirely possible that as our research progresses, we might look at companies beyond these sectors. But in all cases the Green theme would be the underlying basis for selection.

Investment Risks

The foundation for the Green theme is predicated on climate change, the effect of which if not controlled or reversed has the potential to threaten the very existence of humanity within the next 100 years. Therefore, it

is quite clear that the criticality of the green theme will become even more evident in the future. Nonetheless, from an investment perspective, there are certain underlying risks investors should be aware of:

- Regulations would be one of the important drivers in the transformation of the economy into a green economy. However, sometimes due to short-term political considerations, the government of the day might hesitate to legislate certain key regulations. For example: The incoming Trump administration has promised to roll back some of the existing environmental regulations.
- Technology is playing a key role in many aspects of the evolving green economy across the world. Current technologies could be overshadowed and rendered obsolete due to new innovations and discoveries. In this backdrop, the business models of some of the companies in which we invest may become redundant/obsolete due to technology disruption.
- As this is an evolving theme, there could be a possibility of high concentration risk due to limited availability of investable ideas under this theme.
- The hype created around the renewable energy space has attracted significant number of new players including businesses from other industries. This has the potential to drive down energy prices to a level which would make the renewable sector unappealing from an investment perspective.
- Due to the evolutionary nature of this theme, to realize the full value of our investments would require a long-term outlook. During the interim period, significant volatility could be experienced in the value of our investments.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

x. Deep Value at Discount (DVD) (Benchmark: BSE Midcap)

Objective

The strategy seeks to achieve above-average returns with below-average risk by exploiting inefficiencies. Few segments of the market tend to be mispriced in spite of visible growth prospects, resulting in such stocks trading at a deep discount to their intrinsic value. Reasons could vary from inadequate understanding of a business by most analysts, low relative market cap and liquidity or the lack of correlation to benchmark indices.

Investment Approach

The strategy concentrates on exploiting inefficiencies in the market. Market inefficiencies typically arise in the following situations:

- Over-reaction to a short-term negative event, a poor earnings report for example.
  From Contrarian Investment, Extrapolation and Risk (Lakonishak, Schleifer and Vishny):
  "Putting excessive weight on recent past history, as opposed to a rational prior, is a common Judgment error in psychological experiments and not just in the stock market."
- A sector that is currently temporarily depressed.
- A business that is in the midst of a turnaround.
- Widespread market dislocation driven by a geo-political/economic shock.
- Institutional imperative of benchmarking that causes portfolio managers to chase businesses with good recent business performance and sell those that haven't.
- Large corpuses under institutional management that suppress the incentive to seek out small companies that aren't widely followed or understood.
- Institutional reluctance to purchase, and disclose, companies with recent "negative" headlines.
- Indiscriminate selling e.g., a margin call on a promoter pledge.

- Corporate restructurings such as demergers or spin-offs.
- High-uncertainty but low-risk situations.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is three years.

Universe

The strategy's primary source of investment ideas will come from a custom screener that is designed to filter companies whose stock has underperformed relative to the business over a 5-year time period by a significant margin (20% or greater). Benjamin Graham and David Dodd's text titled 'Security Analysis', often labelled the Bible of Value Investing, starts with this Horace quote that is appropriate in this context: "Many shall be restored that are now fallen and many shall fall that are now in honour." Another source of ideas will be news flows of disclosures made by insiders/companies under Clause 7&8 (Substantial Acquisition of Shares and Takeovers) and clause 13 (Prohibition of Insider Trading) of SEBI Regulations. The strategy will also source ideas from spin-off announcements from companies that have been disclosed to the exchanges. All ideas that have been so sourced will be subject to the rigorous, bottom-up, fundamental analysis that Unifi Capital has been practicing over the last decade.

Stocks in the portfolio will be predominantly within the market capitalization range of Rs.1000 cr and Rs.30,000 cr. The strategy may also consider opportunities outside of this range.

Investment risks

While the approach itself is rooted on buying at a discount to conservative valuation, there nevertheless exist possibilities for negative surprises in individual securities including, but not limited to:

- An issue that had been assessed as being temporary morphing into a long-term fundamental deficiency
- Erosion of a moat that had previously been assessed as being durable
- Value-destroying acquisitions
- Change in business strategy/management behaviour that are at odds with prior communication

However, the emphasis on price paid for each individual security should protect the overall portfolio from the possibility of a significant permanent loss of capital.

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

xi. APJ-20 (Benchmark: BSE Midcap)

Objective

The strategy seeks to achieve superior absolute returns with below-average risk over a horizon of 5 years. The thematic approach focuses on sectors that will benefit from the next stage of India's growth on the back of improvement in India's economic and policy climate. APJ20 invests in firms that have evolved and are in a ripe position to benefit from such growth prospects.

Investment Approach

We believe that select participants in industries such as (a) agriculture, (b) speciality chemicals, (c) mining, (d) hi tech manufacturing and (e) infrastructure will see a new wave of growth over the next 5 years and will be a direct beneficiary of India's macro policy initiatives as well as inherent demographic strengths it has built over a period of time.

Over the years, each of the target sectors has built a niche set competencies that have bordered on being disruptive. This has translated to them enjoying a quasi-oligopolistic status in their industry. However, these developments in absolute terms are at a small number. The evolution of the end user industry is such that, this base is poised to experience high growth and operating advantage over the next few years. In other words, each of these firms, have a high inbuilt option to participate in a disproportionate pay off. Our endeavour is to participate with concentrated positions across sectors that will be a direct or proxy beneficiary of the growth in the specified industries. While our study of the opportunities reveals the underlying and obvious risks that could play out in future, we believe the risk reward equation is favourable to an equity investor at current valuations considering the next 5 years' potential growth.

The strategy will invest only in listed Indian equities. The indicative tenure of the strategy is five years.

Universe

The strategy's primary source of investment ideas will come from firms within industries that are a proxy to the following industries: (a) agriculture, (b) speciality chemicals, (c) mining, (d) hi tech manufacturing and (e) infrastructure. The investee companies would necessarily be one that has built a niche for itself over the years and is set to leverage on the same to deliver a pace of return that is disproportionate on the upside, in the coming years.

Investment risks

The key risk is a sustained under performance in all or select components of the Indian economy which will then automatically slow down the pace of growth of our investment universe as well. Also, risks may emanate from adverse policy climate or regulations that may affect the operations of the industry as such. In addition, the micro level risks include:

- Inability to grow revenues in sync with expectations previously communicated and thought reasonable
- Change in the macro industry structure due to which margins may come under cloud
- Wrong full capital allocation across capital expenditure or expensive acquisitions
- Change in business strategy/management behaviour that are at odds with prior communication
- Governance issues

Portfolio Structure

The portfolio is likely to have around 15-20 stocks in the PMS platform. The investor's assets will always remain in the investor's name with a SEBI registered custodian. While tracking and monitoring of investments will be active, there's likely to be low turnover in the strategy.

Investment in securities of Associates / Group Companies

The Portfolio Manager will not invest in any security(ies) issued by Associate and/or group companies.

6. Risk factors

- Securities investments are subject to market risks and there can be no assurance or guarantee that the strategy 's objectives will be achieved.

- As with any investment in securities, the market value may go up or down depending on the various factors and forces affecting the capital markets.

- Past performance of the Portfolio Manager does not indicate the future performance of the Investment approaches managed by the Portfolio Manager.

- Trading volumes, settlement periods, regulatory and legal issues and transfer procedures may restrict the liquidity of investments made by the strategy (ies)leading to delays in receipt of proceeds from sale of securities. This may cause the time taken for processing redemption of investment to be significant.

- The performance of a strategy may be affected by changes in government policies, regulation, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the markets.

- Investments in debt instruments are subject to default risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and create price changes in the value of the debt instruments. Consequently, the value of the strategy may be subject to fluctuation. Generally, prices of long-term securities fluctuate more in response to interest rate changes than short term securities.

- Investments in debt instruments are subjective to reinvestment risks as interest rates prevailing on interest or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.

- Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.

- The Portfolio Manager or any of its associates is not responsible or liable for any loss resulting from the operation of the Service.

- The Investment approaches may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance clients' interest. In case the strategy utilizes any derivatives under the regulations, the strategy may in certain situations, be exposed to price risks.

- The strategy invests in arbitrage opportunities arising from tender offers due to buy back of shares, and tender offers due to mergers and acquisitions in India and Overseas. Such corporate events are exposed to delays on account of litigation, and risk of withdrawal by a seller/buyer/counter-offerer, change in government policy/regulation exposing the strategy to significant price risks.

- Most companies in this universe are in high/highest corporate tax brackets. Moreover, India being a price sensitive market, any change in excise structure would impact selling price, demand and/or company margins. Also, increases in personal taxes correspondingly reduce disposable income, thereby reducing consumption. Hence any modification to existing tax rate or structure would impact business performance.

- The universe is to a great extent dependent on strong consumer spending, to be able to deliver strong performance. Political uncertainty creates a weaker consumer environment, as individuals defer purchases until discerning a more secure, stable environment (often referred to as the “feel good factor”).

- The performance of the Indian economy is closely related to the performance of the monsoon. It directly impacts agricultural production and therefore rural incomes which is an important determinant of consumer demand. Industrial growth is also therefore indirectly dependent on the monsoon.

  The Portfolio Manager has not authorized any person to give any information or make any representations, either oral or written not stated in the Disclosure Document in connection with the strategy.

- Prospective investors are advised not to rely upon any information or representations not incorporated in the Disclosure Document as the same have not been authorized by the Portfolio Manager. Any investment made by any person on the basis of statements or representations which are not contained, or which are inconsistent with the information contained in the Disclosure document shall be solely at the risk of the investor.

- The investment objective and investment approach could result in concentration of a specific asset / asset class / sector / issuer etc., which could expose the clients’ assets to risks arising out of non-diversification, including improper and/or undesired concentration of investment risks. The portfolio Manager recognizes that diversification of risk through allocation of capital across multiple investments is essential. However, the actual limits with reference to any specific investment are left to the judgment of the Portfolio Manager. While this provides flexibility to optimize investment returns it could potentially have an adverse impact in the event of underperformance of a large exposure, if any.

- The Portfolio Manager is a member of the National Stock Exchange and The Bombay Stock Exchange. The secondary Market transactions are executed by its Secondary Markets Business group in compliance with the relevant SEBI regulations and are strictly kept at an arm’s length. However, it must be recognised that conflicts of interest may/do arise and they are handled with due care.

  Basic Risks involved in Trading on the Stock Exchanges

  The basic risks involved in trading on the Stock Exchanges (National Stock Exchange of India ("NSE") / (The Stock Exchange, Mumbai (“BSE”) has been formulated by the Exchanges in coordination with the Securities and Exchange Board of India ("SEBI") and contains important information on trading in Equities and F&O Segments of NSE / BSE. All prospective constituents should read this before trading on Capital Market/Cash Segment or F&O segment of the Exchanges.

  It must be clearly understood by you that your dealings on NSE/BSE through a member shall be subject to your fulfilling certain formalities set out by the member, which may inter alia include your filling the know your client form, client registration form, execution of an agreement, etc., and are subject to the Rules, Byelaws and Regulations of NSE/BSE and its Clearing Corporation, guidelines prescribed by SEBI and in force from time to time and Circulars as may be issued by NSE/BSE or its Clearing Corporation/Clearing House and in force from time to time.

  NSE/BSE does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any trading member and/or sub-broker of NSE/BSE and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

I. In considering whether to trade or authorize someone to trade for you, you should be aware of acquainted with the following: -

I.1 Risk of Higher Volatility:

Volatility refers to the dynamic changes in price that securities undergo when trading activity continues on the Stock Exchange. Generally, higher the volatility of a security/contract, greater is its price swings. There may be normally greater volatility in thinly traded securities/contracts than in active securities/contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

I.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell securities/contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / contracts purchased or sold. There may be a risk of lower liquidity in some securities / contracts as compared to active securities / contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

I.2.1 Buying/selling without intention of giving and/or taking delivery of a security, as part of a day trading strategy, may also result into losses, because in such a situation, stocks may have to be sold/purchased at a low/high prices, compared to the expected price levels, so as not to have any obligation to deliver/receive a security.

I.3 Risk of Wider Spreads:

Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a security and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities / contracts. This in turn will hamper better price formation.

I.4 Risk-reducing orders:

Most Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc". The placing of such orders (e.g., "stop loss" orders, or "limit" orders), which are intended to limit losses to certain amounts, may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

I.4.1 A "market" order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security.

I.4.2 A "limit" order will be executed only at the "limit" price specified for the order or a better price. However, while the customer receives price protection, there is a possibility that the order may not be executed at all.

I.4.3 A stop loss order is generally placed "away" from the current price of a stock / contract, and such order gets activated if and when the stock / contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price and buy stop orders are entered ordinarily above the current price. When the stock reaches the pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a stock / contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order.

I.5 Risk of News Announcements:

Issuers make news announcements that may impact the price of the securities/contracts. These announcements may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the security / contract.

I.6 Risk of Rumours:

Rumours about companies at times float in the market through word of mouth, newspapers, websites, or news agencies, etc. The investors should be wary of and should desist from acting on rumours.

I.7 System Risk:

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

I.7.1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

I.7.2 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

1.8 System/Network Congestion:

Trading on NSE/BSE is in electronic mode, based on satellite/leased line-based communications, combination of technologies and computer systems to place and route orders.

Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

II. As far as Futures and Options segment is concerned, please note and get yourself acquainted with the following additional features: -

II.1 Effect of "Leverage" or "Gearing"

The amount of margin is small relative to the value of the derivatives contract, so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in derivatives carry a high degree of risk.

You should therefore completely understand the following statements before actually trading in derivatives trading and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin equivalent to the principal investment amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

- Futures trading involves daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index. If the index has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading next day.

- If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account will be liable for any losses incurred due to such close-outs.

- Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

- In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

- You must ask your broker to provide the full details of the derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

II.2. Risk of Option holders:

- An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

- The Exchange may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

II.3. Risk of Option Writers:

- If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position,

the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

- Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

III. General:

III.1 Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

III.2 Deposited cash and property

You should familiarise yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the member, the same shall be subject to arbitration as per the bye laws/regulations of the Exchange.

III.3 The term ‘constituent’ shall mean and include a client, a customer, or an investor, who deals with a member for the purpose of acquiring and/or selling of securities through the mechanism provided by NSE/BSE.

III.4 The term ‘member’ shall mean and include a trading member, a broker or a stock broker, who has been admitted as such by NSE/BSE and who holds a registration certificate as a stock broker from SEBI.

Investor’s Rights and Obligations

I.1 You should familiarise yourself with the protection accorded to the money or other property you may deposit with your member, particularly in the event of a default in the stock market or the broking firm’s insolvency or bankruptcy.

I.1.1 Please ensure that you have a documentary proof of your having made deposit of such money or property with the member, stating towards which account such money or property deposited.

I.1.2 Further, it may be noted that the extent to which you may recover such money or property may be governed by the Bye-laws and Regulations of NSE/BSE and the scheme of the Investors’ Protection Fund in force from time to time.

I.1.3 Any dispute with the member with respect to deposits, margin money, etc., and producing an appropriate proof thereof, shall be subject to arbitration as per the Rules, Byelaws/Regulations of NSE/BSE or its Clearing Corporation/Clearing House.

I.2 Before you begin to trade, you should obtain a clear idea from your member of all brokerage, commissions, fees and other charges which will be levied on you for trading. These charges will affect your net cash inflow or outflow.

I.3 You should exercise due diligence and comply with the following requirements of the NSE/BSE and/or SEBI:

I.3.1 Please deal only with and through SEBI registered members of the Stock Exchange and are enabled to trade on the Exchange. All SEBI registered members are given a registration no., which may be verified from SEBI. The details of all members of NSE/BSE and whether they are enabled to trade may be verified from NSE/BSE website (www.nseindia.com / www.bseindia.com).

I.3.2 Demand any such information, details, and documents from the member, for the purpose of verification, as you may find it necessary to satisfy yourself about his credentials.

I.3.3 Furnish all such details in full as are required by the member as required in "Know Your Client" form, which may also include details of PAN or Passport or Driving Licence or Voters Id, or Ration Card, bank account and depository account, or any such details made mandatory by SEBI/NSE at any time, as is available with the investor.

I.3.4 Execute a broker-client agreement in the form prescribed by SEBI and/or the Relevant Authority of NSE or its Clearing Corporation / Clearing House from time to time, because this may be useful as a proof of your dealing arrangements with the member.

I.3.5 Give any order for buy or sell of a security in writing or in such form or manner, as may be mutually agreed. Giving instructions in writing ensures that you have proof of your intent, in case of disputes with the member.

I.3.6 Ensure that a contract note is issued to you by the member, which contains minute records of every transaction. Verify that the contract note contains details of order no., trade number, trade time, trade price, trade quantity, name of security, client code allotted to you and showing the brokerage separately. Contract notes are required to be given/sent by the member to the investors latest on the next working day of the trade. Contract note can be issued by the member either in electronic form using digital signature as required, or in hard copy. In case you do not receive a contract note on the next working day or at a mutually agreed time, please get in touch with the Investors Grievance Cell of NSE/BSE, without delaying.

I.3.7 Facility of Trade Verification is available on NSE/BSE website (www.nseindia.com/ www.bseindia.com), where details of trade as mentioned in the contract note may be verified from the trade date up to five trading days. Where trade details on the website, do not tally with the details mentioned in the contract note, immediately get in touch with the Investors Grievance Cell of NSE/BSE.

I.3.8 Ensure that payment/delivery of securities against settlement is given to the concerned member within one working day prior to the date of pay-in announced by NSE/BSE or its Clearing Corporation / Clearing House. Payments should be made only by account payee cheque in favour of the firm/company of the trading member and a receipt or acknowledgement towards what such payment is made be obtained from the member. Delivery of securities is made to the pool account of the member rather than to the beneficiary account of the member.

I.3.9 In case pay-out of money and/or securities is not received on the next working day after date of pay-out announced by NSE/BSE or its Clearing Corporation / Clearing House, please follow-up with the concerned member for its release. In case pay-out is not released as above from the member within five working days, ensure that you lodge a complaint immediately with the Investors' Grievance Cell of NSE/BSE.

I.3.10. Every member is required to send a complete 'Statement of Accounts', for both funds and securities settlement to each of its constituents, at such periodicity as may be prescribed by time to time. You should report errors, if any, in the Statement immediately, but not later than 30 calendar days of receipt thereof, to the member. In case the error is not rectified or there is a dispute, ensure that you refer such matter to the Investors Grievance Cell of NSE/BSE, without delaying.

I.3.11 In case of a complaint against a member/registered sub-broker, you should address the complaint to the Office as may be specified by NSE/BSE from time to time.

I.4 In case where a member surrenders his membership, NSE/BSE gives a public notice inviting claims, if any, from investors. In case of a claim, relating to "transactions executed on the trading system" of NSE/BSE, ensure that you lodge a claim with NSE/BSE/NSCCL/Clearing House within the stipulated period and with the supporting documents.

I.5 In case where a member is expelled from trading membership or declared a defaulter, NSE/BSE gives a public notice inviting claims, if any, from investors. In case of a claim, relating to "transactions executed on the trading system" of NSE/BSE, ensure that you lodge a claim with NSE/BSE within the stipulated period and with the supporting documents.

I.6 Claims against a defaulter/expelled member found to be valid as prescribed in the relevant Rules/Byelaws and the scheme under the Investors' Protection Fund (IPF) may be payable first out of the amount vested in the Committee for Settlement of Claims against Defaulters, on pro-rata basis if the amount is inadequate. The balance amount of claims, if any, to a maximum amount of Rs.10 lakhs per investor claim, per defaulter/expelled member may be payable subject to such claims being found payable under the scheme of the IPF.

Notes

- The term 'constituent' shall mean and include a client, a customer, or an investor, who deals with a trading member of NSE/BSE for the purpose of acquiring and / or selling of securities through the mechanism provided by NSE/BSE.

- The term 'member' shall mean and include a member or a broker or a stockbroker, who has been admitted as such by NSE/BSE and who holds a registration certificate as a stock broker from SEBI.
- NSE/BSE may be substituted with names of the relevant exchanges, wherever applicable.

Conflict of Interest disclosure

The Portfolio Manager will be subject to certain conflicts of interest that may arise in relation to the various activities carried out by Portfolio Manager, key personnel of the Portfolio Manager, affiliate/ group entities and their respective directors/ partners, officers, employees, agents, associates/affiliates/group companies and their respective directors/officers/employees/agents. Investments managed or advised now and in the future by the respective parties (collectively, the "Interested Parties" or "Unifi/Unifi Entities", as the context may require and/or as the case may be.

As a leading financial services organization providing portfolio management services, stock broking services, advisory services and depository services, Unifi engages in and will continue to engage in activities, which may conflict with the interests of the client availing Portfolio Management Services and other services offered by Unifi.

The Portfolio Manager has adopted certain policies and procedures intended to protect the interests of the Clients against any adverse consequences arising from potential conflicts of interest. The protection of the Clients' interests is Portfolio Manager's priority. The Portfolio Manager will be transparent and make disclosures with respect to conflicts of interest situation that the Portfolio Manager determines may have arisen.

Some of the potential conflicts of interest situations and the policies of the Portfolio Manager for managing conflicts of interests are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which the Portfolio Manager adopts in connection with the management of conflicts of interest but is instead intended to be a statement of principles with which the Portfolio Manager seeks to manage foreseeable conflicts of interest. The Portfolio Manager may identify additional conflicts of interest situations from time to time, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which the Portfolio Manager may develop over period of time.

Except as otherwise expressly indicated, nothing contained herein will restrict the activities and operations of Unifi Entities. From time to time, the Unifi Entities may have multiple advisory, transactional, functional and other interests in, and transactions with, the Client's Portfolio and its Portfolio investments, and therefore may be subject to various conflicts of interest in their relationships with the Portfolio Manager.

i. Client and other relationships

Unifi has and continues to seek to develop, financial and advisory relationships with numerous companies located in various jurisdictions including India and their governments. Unifi also seeks to advise and represent potential buyers and sellers of businesses worldwide. Certain clients of Unifi may invest in entities in which Unifi holds an interest, including, without limitation, the Client and in providing services to its clients, any member of Unifi may recommend activities that would compete with or otherwise adversely affect the Client or the Portfolio Investments. It should be recognized that such relationships may directly or indirectly preclude the Client from engaging in certain transactions and may constrain the Client's investment flexibility.

Unifi may also act as stock broker, investment manager, investment advisor, Portfolio Manager for the clients / funds and/or in another capacity on behalf of or for third parties that invest, or may invest for their own account and may engage in, advise or possess an interest in other business ventures with Persons. Such relationships could influence Unifi to take actions, or forbear from taking actions, which an independent Portfolio Manager might not take or forbear from taking. Unifi may give advice, and take action, with respect to any of its clients that may differ from the advice given or may involve a different timing or nature from action taken by the Portfolio Manager on behalf of the Client.

ii. Market transactions involving Unifi

Trading or portfolio of strategies of Unifi or the Interested Parties or other customer accounts, could conflict with the transactions and strategies employed in managing the Client and affect the prices and availability of the securities, currencies and instruments in which Unifi or a Unifi-sponsored fund/ Client/ client separate managed account is a shareholder. Unifi's trading activities will be carried out generally without reference to positions held by the Client and may have an effect on the value of the positions so held or may result in Unifi or Unifi-sponsored fund having an interest in the issuer adverse to that of the Client.

iii. Investment advisory clients

Unifi or Interested Parties or the key personnel of the Portfolio Manager may act as advisor to clients, separate or managed accounts, including other investment Clients, in asset management for funds, portfolio

management and other capacities with respect to investments in securities of a company in which the Client may have an investment. Unifi or Interested Parties or the key investment team of the Portfolio Manager may give advice, and take action, with respect to any of their clients that may differ from the advice given or may involve a different timing or nature of action taken, than with respect to the Client. Because of different objectives or other factors, a particular investment may be sold by the Client or Unifi or Interested Parties including the key investment team of the Portfolio Manager or their clients or other investment Clients, at the same time when one of such persons is purchasing such investment.

The Portfolio Entities may also engage the Interested Parties for the provision of services, and this may result in conflicts of interest in relation to the investments of the Client. However, appropriate conflict mitigation measures including 'Chinese Walls' in decision making are expected to mitigate such risks.

iv. Investments in portfolio entities in which interested parties have interests

The Client may participate in Portfolio Entities in which Interested Parties have an existing investment or other interests, which may be on the same terms as the Client's investment or on different terms. In such cases, there could be a potential conflict between interests of the Client and those of the Interested Parties. The timing/ pricing/ buy-sell decision under the dealing by such Interested Parties can be different from that of the Client.

v. Purchase from and sale of investments to interested parties

The Portfolio Manager may in the Portfolio advise, purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. The Interested Parties may come into possession of material non-public information and the possession of such information may limit the ability of the Client to buy or sell a security or otherwise to participate in a potential portfolio investment.

To mitigate this risk, the Portfolio Manager shall endeavour to conduct such transaction or arrangements with Interested Parties on arm's length terms.

vi. Management resources

The Interested Parties will only devote so much of their time to the Portfolio Management Services as is, in their judgement, reasonably required. The Interested Parties that provide services to the Client under portfolio management services, will have, in addition to their responsibilities for the portfolio management services, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and their resources amongst the Client and such other companies, projects and clients. The Interested parties may provide services to other entities/ clients in financial services space or in other Industries and will not work exclusively for the time (reasonably required in their best judgement) towards their obligations in respect of Portfolio Management service, Clients managed by the Portfolio Manager, and their responsibilities towards other companies, projects and clients.

vii. Other funds and portfolio management activities undertaken by the Portfolio Manager

The Portfolio Manager and its affiliates, employees and associates currently and in the future may manage other portfolios, funds and separately-managed accounts other than the assets of a Portfolio ("Other Accounts"), that invest in assets eligible for purchase by a Portfolio. The investment policies, fee arrangements and other circumstances of a Portfolio may vary from those of Other Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities in a manner consistent with its policies and procedures.

Policy Statements on Conflicts and Corporate Governance

(a) Unifi follows certain policies and procedures intended to protect the Client against adverse consequences arising from potential conflicts of interest.
(b) The Portfolio Manager and its directors, officers and agents shall at times be obligated to exercise a standard of good faith in its dealings with the Client, other activities undertaken by the Portfolio Manager and any Portfolio Entity.
(c) The Portfolio Manager will be transparent with respect to conflicts of interest that the Portfolio Manager determines may have arisen in any transaction (or prospective transaction) between the Portfolio Manager, other activities undertaken by the Portfolio Manager and the Client.
(d) The Portfolio Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
(e) The Portfolio Manager will ensure that the interest of all the Client is paramount and all personal interests, relationships, or arrangements of the Portfolio Manager and those of Interested Parties do not work against Client's interest.

Utilization of services within Unifi group

To the extent permitted by Applicable Law, the Portfolio Manager may avail services of its broking arm, associate and group companies including but not limited to distribution, back office support, sales support, transaction execution etc. The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms length basis and at mutually agreed terms and conditions. Such services shall be availed only to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

By Client agreeing to avail Portfolio Management Services, prospective Client are deemed to have acknowledged the existence of the potential and/or actual conflicts of interest set forth above, and to have waived, to the greatest extent permissible under any Applicable Law, any claim with respect to, or arising from, the existence of any such conflicts.

Conflict of Interest disclosure (applicable for Unifi High Yield Strategy/ Bonds)

Purchases and Sale of Investments

The Investment Manager (Unifi Capital) manages funds for several PMS strategies and multiple AIFs. Although the investment objective and underlying papers are typically different from ~~fund to fund~~, Strategy to strategy, there could be occasional situations where an identified investment opportunity is common for various strategies. Typically, in such cases, the orders are placed simultaneously for all the strategies subject to availability of cash and limits. At the execution level, the orders are assigned to the dealing team who in turn process it autonomously without assigning priorities to any fund. Such situations are very rare as regards HYS predominantly invests in debt papers and its allocation to equity and hybrid instruments are quite minimal when compared to Unifi's overall AUM.

Investments in Associate Companies

Such transactions will always be at arm's length. The pricing and conditions will be market-driven. Specific approvals from clients have been taken for initiating such investments and appropriate disclosures would be made periodically as per regulations. Currently, Unifi HYS-PMS has no investments in Associate Companies.

Purchases from / Sales to Associate Companies including Unifi PMS clients

From time to time, Unifi HYS engages in secondary market Investment purchases / sales with Associate companies and / or Other PMS / AIFs managed by Unifi Capital. The intent behind these transactions is to obtain the required bonds / fixed income instruments in odd lots and / or sell the identified bonds / fixed income instruments in odd lots. As most of the papers that Unifi HYS-PMS invests and holds are relatively illiquid and don't have a ready market, the following waterfall approach is adopted to determine the arms-length pricing for the deals with related parties –

Source 1: **Traded data** (last 30 days) are collected from exchanges and the weighted average pricing of the total traded volume would be considered. There should have been a minimum of 3 trades whose total volume put together is at least Rs. 5 crores (non-Unifi trades).

Source 2: **CRISIL Valuation** If traded information is not available, the most recent CRISIL valuation (not more than 30 days old) would be considered.

- If the trade data or CRISIL valuation for a particular ISIN is not available, the trade data or crisil valuation of other ISINs of the same issuer would be considered. If this is also not available, the trade data or crisil valuation of ISINs of the similar rated issuer operating in the same sector would be considered.

- In all the above cases, duration (maturity tenor) differences will be interpolated / extrapolated in line with FIMMDA regulations.

Source 3: **Primary issuances** If traded information and CRISIL Valuation are not available for any security, primary issuance yields by same/similar issuer would be used for valuation. The tenor differences will be interpolated / extrapolated in line with FIMMDA regulations. The primary issuance (last 60 days) data is collected from NSDL and CDSL ISIN activation database.

As the requirements are mostly in odd lots, the deals with Unifi HYS-PMS would typically be assigned retail spreads on the discovered price as above as per the following matrix –

Residual Maturity	**Retail Trade Spreads (Ratings wise) Up To**			
	AAA Category	**AA Category**	**A Category**	**BBB Category**
Less than 1 year	0.10%	0.25%	0.50%	0.75%
1 year to 2 Years	0.25%	0.50%	0.75%	1.00%
Above 2 Years	0.40%	0.75%	1.00%	1.25%

7. **Client Representation:** (Last 3 years)

The company has Clients under Discretionary, Non-Discretionary Portfolio Services and Advisory services, the details are:

UNIFI CAPITAL

Year Ending	Number of Clients					Funds Managed (Rs. In Crores)				
	Associates/ Group companies	Others			Total	Associates/ Group companies	Others			Total
	Disc/ ND / Adv	Disc*	ND**	Adv#		Disc/ ND / Adv	Disc	ND	Adv	
March 2020	NIL	3406	59	2	3467	NIL	2484.51	44.14	56.99	2585.64
March 2021	NIL	3226	59	2	3287	NIL	5272.65	97.23	149.93	5519.81
March 2022	NIL	4884	50	2	4936	NIL	9370.42	100.96	242.32	9713.70
October 2022	NIL	6388	56	2	6446	NIL	11756.97	135.68	305.26	12197.91

* Discretionary
** Non-Discretionary
# Advisory

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

The following clients, who are related parties as per the standards specified by the Institute of Chartered Accountants of India, have Portfolio accounts with the Portfolio Manager.

UCC	Name	AUM as on 31st October 2022	PMS Fee# Charged April 2022 to Oct 2022 (Excl GST)
1029	URMILLA REDDY	15,12,52,970	7,07,091
2085	SYLAKUMARI. K	3,52,68,127	96,017
5502	LIVINTHA DHANARAJ	1,18,41,500	32,582
5569	FREDRICK SAHAYA MERLY ANCHILLA	83,47,659	23,246
12000	GOVINDASAMY MARAN	2,20,59,013	61,263
76758	T E GOVINDARAJAN	58,85,247	15,941
76859	JANANI SELVARAJ	1,32,78,703	21,345
77167	MOLLY SINHA	1,97,05,209	45,876
10277	KRISHNA PRASAD VITTAL	1,11,41,917	14,316
77745	NARENDRANATH K	74,23,147	12,025
10470	APARNA NARAYANAN	51,78,400	2,862

Unifi Financial Pvt Ltd., A wholly owned subsidiary has a Broking account with the Company.

8. Financial Performance of the Portfolio Manager

(Rs. In Lakhs)

Particulars	31st March 2020 Audited	31st March 2021 Audited	31st March 2022 Audited
Total Income (Net)	5,579	15,464	22,042
Profit After Tax	1,692	5,296	9,102
Paid Up Capital	168	168	168
Free Reserves	9,241	14,512	23,083
Net worth	9,410	14,680	23,251

9. Performance of Portfolio Manager

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

vestment Approach (Launched)	April 2019 to March 2020 TWRR		April 2020 to March 2021 TWRR		April 2021 to March 2022 TWRR		Since Inception to Oct 2022 TWRR	
	Returns (%)	Benchmar (%)	Returns (%)	Benchmar (%)	Returns (%)	Benchmark (%)	Returns (%)	Benchmark (%)
Blended- Rangoli (Jun 2017)	-24.0	-31.6	126.8	90.9	39.3	19.5	22.4	10.5
BCAD (April 2018)	-19.9	-31.6	67.5	90.9	34.3	19.5	15.6	9.4
BCAD2 Breakout 20 (Jan 2022)	NA	NA	NA	NA	-2.4	-7.4	13.1	-2.6
High Yield Strategy (Feb 2022)	NA	NA	NA	NA	1.5	1.7	7.3	3.5
Following approaches are not open for new subscriptions								
Insider Shadow Strategy (May 2010)	-31.5	-31.6	127.1	90.9	41.0	19.5	15.6	11.1
Holdco Strategy (May 2014)	-36.4	-27.4	87.0	76.6	13.8	20.9	21.5	12.3
APJ 20 (Sep 2015)	-31.2	-31.6	154.2	90.9	34.9	19.5	21.5	13.0
Green Strategy (Jan 2017)	-39.3	-36.0	149.8	114.9	37.6	36.7	15.7	15.1
The following Investment Approaches have been redeemed/being redeemed								
Deep Value at Discount (Dec 2012)	-23.5	-31.6	100.1	90.9	-	-	25.0*	13.6*
Spin off (Nov 2014)	-37.5	-31.6	149.3	90.9	-	-	17.4*	11.6*

*For Spin off New & Deep Value at Discount Since inception performance is as of 31st March 21 (as the redemption is Ongoing).

Benchmark for	
Blended- Rangoli	BSE Midcap
BCAD	BSE Midcap
BCAD2 Breakout20	BSE Midcap
Individually Managed Accounts (IMA)	BSE 500
High Yield Strategy	Crisil Composite Credit Risk Index
Insider Shadow Strategy	BSE Midcap
Holdco	BSE 500
Spin Off New	BSE Midcap
Green Strategy	BSE Small cap
Deep Value at Discount	BSE Midcap
APJ 20	BSE Midcap

Methodology:

- The returns reflect the performance of the Investment Approach computed on TWRR basis.

- The returns are net of all expenses including the fees paid to the Portfolio Manager during the specified period of reporting.

10. Audit Observations

There have not been any adverse statutory Audit observations in the preceding 3 years.

11. Nature of expenses

(i). Management Fees:

Direct Option

Option 1 Fixed Management Fee only	Option 2 Management Fee + Performance Fee
Management Fee of 1.5% p.a. of the AUM will be charged on a monthly basis on each day end value.	Management Fee of 1% p.a. of the AUM will be charged on a monthly basis on each day end value AND Performance Fees of 10% of profits (without offset of Management fee) above a hurdle rate of 10% p.a.

Regular Option (Through distribution partners)

Option 1 Fixed Management Fee only	Option 2 Management Fee + Performance Fee
Management Fee of 2% p.a. of the AUM will be charged on a monthly basis on each day end value.	Management Fee of 1.50 % p.a. of the AUM will be charged on a monthly basis on each day end value AND Performance Fees of 20% of profits (with offset of Management Fee) above a hurdle rate of 10% p.a
	Management Fee of 1.50 % p.a. of the AUM will be charged on a monthly basis on each day end value AND Performance Fees of 10% of profits (Without offset of Management Fee) above a hurdle rate of 10% p.a.

Regular Option (Through Registered Investment Advisors)

Option 1 Fixed Management Fee only	Option 2 Management Fee + Performance Fee
Management Fee of 1.25% p.a. of the AUM will be charged on a monthly basis on each day end value.	Management Fee of 0.75 % p.a. of the AUM will be charged on a monthly basis on each day end value AND Performance Fees of 10% of profits (without offset of Management Fee) above a hurdle rate of 10% p.a.

*In case of pre-closure, the hurdle rate for all the options will be 8% p.a. and the fee offset benefit of Management Fees, (wherever applicable) will not be available.

ia) Additional Terms for the following Investment Approaches under Fee Option 2

- **BCAD, Blended-Rangoli & Insider Shadow Strategy** are:

- The Performance fee will be charged at the end of 5 years or when the portfolio achieves 200% return, whichever is earlier.

ib) Fees for Individually Managed Accounts (IMA)

Direct Option & Registered Investment Advisor (RIA)
Management Fee + Performance Fee
Management Fee of 0.75% p.a. of the AUM will be charged on a monthly basis on each day end value AND Performance Fees of 10% of profits (without offset of Management fee) above a hurdle rate of 10% p.a. In case of pre-closure, the hurdle rate will be reduced from 10%p.a. to 8% p.a.

The Performance fee will be charged in March of the financial year, following completion of three years from commencement of the account. Thereafter, In March every three years.

ic) Fees for -High Yield Strategy:

Management Fee:

Fixed Management fee only	
Direct Option	Fixed 1.25% p.a. debited monthly on a proportionate basis.
Regular Option	
Through Distribution Partners	**Through Registered Investment Advisors (RIA)**
Fixed 1.25% p.a. debited monthly on a proportionate basis.	Fixed 1% p.a. debited monthly on a proportionate basis.
Exit Load	2% of redemption value if the capital is redeemed within 6 months from the date of investment. Applicable for top-up capital as well.

Management Fee is charged on NAV basis. The charges shall be at the contracted annual rate and shall be charged on a monthly basis on each day end value.
Performance based fee is charged annually/on 31st March at the contracted rates or as prescribed under each Investment Approach and will be computed on the basis of the high-water mark principle over the life of the investment.

Profits/losses will be computed taking into account booked profits/losses plus mark to market gains minus mark to market losses minus expenses

Other statutory levies at applicable rates shall be levied on the PMS fee.

(ii) Custodian Fee, Brokerage and Transaction Costs

S.No.		Particulars	Charges
I		Custodian & Administration Charges These charges relate to custody fee and charges paid to the Custodian	Up to 0.15% p.a. of the Corpus
		Brokerage (Payable to the broker for, execution of transactions on the stock exchange excluding GST, stamp duty costs, Exchange Turnover charges, STT etc.	Not exceeding 0.50%
		Bond Transaction Fee:	Rs. 250 per transaction

		Audit Fee Annual Audit of the clients account	Not exceeding Rs. 10,000/- p.a
		Depository Annual Maintenance Charges (AMC) Transaction cost	 Not exceeding Rs. 1000/ p.a Not exceeding 0.05% of the value or up to Rs. 25/- per transaction, whichever is higher
		Transaction Costs - Statutory STT, GST, Exchange Turnover Charges, Stamp Charges.	As per the directives of the Government
		Bank charges for NRI accounts	Bank charges as levied by the Bank towards maintenance and TDS calculations etc.

12. Execution of Trades

Unifi Capital Private Ltd. is a member of the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) and will be executing trades on the NSE/BSE using its own terminals.

The services of other SEBI registered Brokers will also be utilized for execution of the trades on the Exchanges.

The Trade execution happen by aggregation of purchase or sales for economy of sale, inter se allocation shall be done on a pro rata basis and at weighted average price of the day's transactions.

13. Custodian

(1) Kotak Mahindra Bank Ltd. has been appointed as Custodian with effect from 16th April 2018.

(2) HDFC Bank Ltd has been appointed as Custodian with effect from 17th May 2019

(3) Axis Bank has been appointed as Custodian with effect from 16th July 2021.

14. Taxation:

As per the taxation laws in force as at the date of the Disclosure document, the tax implications to the clients under the Portfolio Management service are stated herein below. The information so stated is based on Unifi's understanding of such tax laws in force as on date of the Disclosure document.

The following information is provided only for general information purposes. In view of the individual nature of tax benefits, the client is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the PMS Service.

Short Term Capital Gains:

In respect of gains made on investments held for a period of not more than 12 months is added to the total income of the individual. Total income including short term capital gains is chargeable to tax as per the relevant slab rates. The maximum tax rates applicable to different categories of assessees are as follows (plus surcharge and Cess wherever applicable on the total tax payable):

Resident Individuals and HUF	30%
Partnership Firms	30%
Domestic Companies	Tax Rate from 15 to 30%
Non-Resident Indians	30%
Foreign Companies	40%
Overseas Financial Organisations (Corporate)	40%
Overseas Financial Organisations (Non-Corporate)	30%
Local Authorities	30%
Co-Operative Society	Progressive Slab

However, Short Term Capital Gains made on transfer of equity shares or units in equity oriented mutual fund, where the transaction of sale is entered into on a recognised Stock Exchange in India, is chargeable to tax at a concessional rate of 15% plus surcharge and Cess as applicable. Further, such transaction is chargeable to Securities Transaction Tax at the applicable rates. With respect to Short Term Capital Gains on Debt Oriented Schemes / Money Market and Liquid Schemes, gains are taxed at the respective slab rates pertaining to the various categories of assesses as mentioned above.

Note: Units held in equity-oriented schemes for a period of more than 12 months is considered as Long-Term Capital Gains and for a period of 12 months or less is considered as Short-Term Capital Gains. Units held in debt-oriented schemes for a period of more than 36 months is considered as Long-Term Capital Gains and for a period of 36 months or less is considered as Short-Term Capital Gains.

Long term Capital gains:

❖ **For Resident Individuals and Hindu Undivided Families:**

- Long term capital gains in respect of investments held for a period of more than 12 months will be chargeable under section 112 of the Income Tax Act at the rate of 10% plus surcharge and Cess (without indexation benefit) on gains exceeding Rs.1 Lakh provided transfer of such units is subject to STT for equity-oriented schemes & 20 % plus surcharge and Cess (with respect to Debt oriented Schemes / Money Market and Liquid Schemes) and, as applicable on such Tax.

  Capital gains will be computed after reducing the aggregate of cost of acquisition (as adjusted by cost inflation index notified by the Central Government) and expenditure incurred wholly and exclusively in connection with the transfer with respect to gains arising out of Debt oriented Schemes / Money Market and Liquid Schemes.

- Tax on long term capital gains which arises on transfer of listed equity shares or units of equity oriented mutual funds on or after April 1, 2018, will be calculated as per special provisions in Section 112A. If section 112A is not applicable, then tax will be calculated under the existing provision of Section 112. As per section 112A the long-term capital gains arising out of the sale of equity oriented mutual funds schemes and equity shares will now be taxed at the rate of 10% without any benefit of indexation if the capital gain exceeds Rs 1 lakh in a

year. Further, there is no change in the period of holding to qualify for long term asset. Upon insertion of this new section, with effect from 01.04.2018 both Capital gains tax and STT will be levied on the gains arising in excess of Rs.1 Lakh in a particular fiscal year.

- A short-term relief has been given for the investors that the current exemption under section 10(38) would continue appreciation in value till 31st January 2018, only the gains that would arise after such date will be taxable.

- Further, in the case of individuals and Hindu Undivided Families, being resident, where taxable income as reduced by long term capital gains, is below the basic exemption limit, the Long term capital gains after reducing the un-availed basic exemption limit (only after adjusting all other income and without adjusting against deductions under Chapter VI-A) will be subject to Income Tax at 20% or 5% (depending on the arrived amount) plus surcharge plus Health and Education Cess as applicable on such tax.

❖ **For Partnership firms, Indian companies and other Residents.**

- Long term capital gains will be subjected to the Income tax at the rate of 20 % (with respect to Debt oriented Schemes / Money Market and Liquid Schemes) after providing indexation benefit and at 10% (Equity Oriented Scheme) plus surcharge, Health and Education Cess as applicable on such tax as the case may be.

❖ **For Non-Resident and Foreign companies:**

- Long term capital gains will be subjected to the Income Tax at the rate of 20 % (with respect to Debt oriented Schemes / Money Market and Liquid Schemes) after providing indexation benefit and 10% (Equity Oriented Scheme) plus surcharge, Health, and Education Cess as applicable on such tax. However, no benefit of indexation is available.

- Further, the long-term capital gain will be subjected to the Income Tax at the rate of 10% plus surcharge, Health and Education Cess as applicable on such tax provided the capital gains aroused from transfer of such capital asset being unlisted securities or shares of a company not being a company in which the public are substantially interested.

❖ For Non-Resident Indians:

- Under Section 115 E of the Income Tax Act, for Non-Resident Indians, any income from investment or income from long term capital gains of an asset other than a specified asset and income by way of Long term capital gains is chargeable at the rate of 20% (with respect to Debt oriented Schemes / Money Market and Liquid Schemes) after providing indexation benefit (with respect to Debt Oriented Schemes) and 10% (Equity Oriented Scheme without indexation benefit on gains exceeding Rs.1 lakh provided transfer of such units is subject to STT) plus applicable surcharge plus Health and Education Cess as applicable on such tax respectively.

- Non-Resident Indians may opt for computation of long-term capital gains as per section 112, which is more beneficial.

- Further, in the case of NRI (Individual or HUF), LTCG cannot be adjusted against the basic exemption limit. Therefore, in the case of NRI even if the taxable income is NIL and has booked long term capital gain against the capital asset, NRI has to pay LTCG tax at the rate depending on the asset class.

- For overseas Financial Organisations, including Overseas Corporate Bodies fulfilling conditions laid down under sec 115 AB (Off-shore Funds)

- Under section 115 AB of the Act, Long term capital gains from investments in shares held for more than 12 months would be chargeable at the rate of 10 % plus surcharge, Health, and Education Cess as applicable on such tax as stated below:

  115AB. Tax on income from units purchased in foreign currency or capital gains arising from their transfer.

  (1) where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

  (a) Income received in respect of units purchased in foreign currency; or

  (b) Income by way of long-term capital gains arising from the transfer of units purchased in foreign currency, the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of units referred to in clause (a), if any, included in the total income, at the rate of ten percent.

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (a) and clause (b).

- As per the Finance Act, 2002, in computing the income under the head 'Capital Gains', brought forward losses on transfer of long-term capital assets would be allowed to be set off only against gains from the transfer of long-term capital assets. The long-term capital losses brought forward can be set off only against long term capital gains.

- As per the Finance Act, 2004, with effect from 1st October 2004, long term capital gains made on transfer of equity shares or units in equity oriented mutual fund (a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65% -upto May 31, 2006 it is 50%), where the transaction of sale is entered into on a recognised Stock 32 Exchange in India, is exempt from tax under section 10 (38) of the Income tax Act. This exemption will be available only on the gains aroused till 31st January 2018.

- However, such sale is subject to Securities Transaction Tax as applicable. With effect from Assessment year 2007-08, Long Term Capital Gains generated by a Company & which is exempt under section 10 (38) will be taken into consideration to calculate book profits tax under section 115 JB for the purpose of calculating Minimum Alternate Tax.

15. Accounting policies

Key Accounting policy followed:

The Gain/Loss on sale of securities is recognized on the date of sale and is determined by applying First in-First out principle separately for each investment approach/strategy. For Income Tax purpose, the Gain/Loss on Sales of securities is accounted by applying First-in-First out principle at Client level holdings.

All income [i.e. dividend, interest, etc.] and all expense [i.e. management fees, custody/transaction related expenses, etc.] are accounted on accrual basis of accounting.

All Trade transactions are accounted based on trade date.

The Cost of Purchases of Securities would include brokerage, exchange transaction charges, securities transaction tax, stamp charges and any charge customarily included by the broker.

Valuations of Securities:

The valuation of securities is based on closing market price on NSE. If any security is not listed on the NSE or not traded on the valuation date, the quote available on BSE will be considered.

Corpus in the form of stock

In case of corpus received/redeemed in the form of stock, the same is accounted for in PMS accounts with value as on previous trading day of the account opening/activation date. Accordingly, such date of accounting opening/activation shall be construed as date of acquisition/sale and cost as stated above is considered as cost of acquisition for the purpose of reflecting gains / returns. If the client shares the date of original acquisition and cost the same will be recorded for computation of gains/losses for Income Tax Purposes.

Transaction Costs

The cost of securities executed on exchange includes grossed-up brokerage, and other exchange charges except for Security Transaction Tax ("STT"). In determining the holding cost of investments and its gain/loss on sale, First-in-First Out method is followed

GST, Securities Transaction tax, Exchange Turnover charges, if any, shall be charged to the clients at actual cost.

Transactions for purchase/sale/buy back of investments shall be recognized as of the trade date.

Treatment of various corporate actions

i) Bonus & rights shares – These are accounted on the date when the original shares are traded on the stock exchange at ex-bonus/rights price;

ii) Merger, Demerger & Split – The date of acquisition of these shares would be the date of acquisition of original shares.

PMS Fees

Management Fee is charged on NAV basis. The charges shall be at the contracted annual rate and shall be charged to the client on a monthly basis. Performance based fee is charged annually/ or on 31st March at the contracted rates or as prescribed under each Investment Approach and will be computed on the basis of the high-water mark principle over the life of the investment. Statutory levies at applicable rates shall be levied on the PMS fee.

Interest, Dividend & Other returns

Returns from investment in units of Mutual fund in the form of interest, Dividends, profit & loss on investment shall be passed on to the clients. Profit or loss on sale of investment shall be recorded on the date of sale or redemption of investment.

Interest from Banks, Dividends received by clients, etc. shall be passed on to the clients at net value in the form of cash credits and TDS certificates wherever applicable.

16. Investors services

i. Name, address and telephone number of the Investor Relation officer who shall attend to the investor queries and complaints.

K. Narendranath, Compliance Officer
Unifi Capital Pvt. Ltd, 11, Kakani Towers,
15, Khader Nawaz Khan Road, Chennai 600 006, Tel: 044-28331556,
Email: naren@unificap.com
Email ID of Investor Relations Cell: ir@unificap.com

ii. Grievance redressal and dispute settlement mechanism
Investors may contact the Investor Relations cell for all grievances with respect to investor's services. If no response is received within a reasonable time period or if not satisfied with the response, the investor can approach the Principal Officer of the Portfolio Manager and also to SEBI through **SCORES** (SEBI Complaints Redress System)- URL – http://scores.gov.in

On receipt of complaints through SCORES, SEBI takes up the matter with the concerned market intermediary and follows up with them. The Portfolio Manager are required to submit the Action Taken Report (ATR) within a reasonable period but not later than 30 days. A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES.

17. Arbitration

Any dispute or difference between the parties with regard to this agreement and all connected and related matters whatsoever shall be discussed and settled amicably. In the event of any failure to resolve the disputes or differences amicably, all such disputes or differences whatsoever shall be referred to Arbitration. The Arbitration Proceedings shall be conducted in English and in accordance with the provisions of Indian Arbitration and Conciliation Act, 1996 or any statutory modification or enactment thereof.

The Venue of Arbitration shall be Chennai. The language of arbitration shall be English.

The arbitration shall be conducted by a sole Arbitrator appointed/nominated by Unifi. The arbitration shall be a document only, evidence through affidavits, "fast track" arbitration. The arbitrator shall have the right to pass interim awards and issue directions.

18. Investments in the securities of associates/ related parties of Portfolio Manager:

Sr No.	Investment Approach if any	Name of the associate /related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
NIL					

19. Details of the diversification policy of the portfolio manager

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

assist the Portfolio Manager to manage investment risk over a period of time and stay in line with the market gains.

i) Asset Allocation:

Portfolio Manager shall follow an approach of 'don't put all your eggs in one basket' approach.

The Portfolio Manager will endeavour to maintain a balanced mix of assets to diversify investments as per investment goal and investment approach.

1. The Portfolio Manager will not invest any portion (0%) of the AUM in the securities of any single Associate and/or Related party
2. Further, the Portfolio Manager will invest not more than 10% of the clients AUM in any Investment Approach, in the securities of any single entity, at cost.
3. Due to the appreciation of a particular position or depreciation of other positions, any position that rises over 10% in the same strategy will be considered a passive breach. In such situations, the fund manager will use his discretion and manage the exposure suitably.

If there is a position with exposure of more than 10% at cost, other than for reasons mentioned in point 3 above, the portfolio manager shall endeavour to rebalance the same within 15 days and not later than 90 days.

Rebalancing:

The Portfolio Manager shall periodically review the portfolios to maintain appropriate portfolio mix depending upon investment goals, market conditions, risk tolerance and liquidity requirement to ensure diversification and meet long term goals.

However, the Clients need to understand that too much diversification require large capital investment and may also lead to losses. Further, portfolio churning for achieving diversification may not be effective on a long term basis in achievement of investment goals. Accordingly, diversification shall be undertaken while balancing risk and return to achieve desired results in achieving investment goals.

S.N.	Name of Director	Signature
1	K. Sarath Reddy	------Sd------
2	G. Maran	------Sd------

Date: 24th November 2022

Place: Chennai