Valuation Policy Annexures

TRUST
In Partnership. With Trust.

Trust Asset Management Private Limited

Annexure I

A. Equity and related securities (such as convertible debentures, equity warrants, etc.) / preference shares

Asset Class	Traded / Non traded	Basis of valuation
Equity, Preference Shares and Convertible Preference Shares	Traded	- On a valuation day, at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, it will be valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE).If a security is not traded on NSE and BSE, it will be valued at the last quoted closing price on other recognised stock exchange where the security is traded. If the security is traded on more than one recognised stock exchanges (other than NSE and BSE), it will be valued at the last quoted closing price on the stock exchange as may be selected by the Valuation Committee, and the reasons for such selection will be recorded in writing. - For valuation of securities held by Exchange Traded Funds (ETFs) / Index funds which are benchmarked to indices relating to a particular stock exchange, exchange of underlying benchmark index would be the primary stock exchange e.g. for a Sensex Fund, the principal stock exchange will be BSE. **Preference shares:** to be valued on intrinsic value The primary stock exchange would be National Stock Exchange (NSE).
Equity, Preference Shares and Convertible Preference Shares	Non Traded	- If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE or other recognised stock exchange (in the order of priority) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day - When a security (other than Government Securities) is not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as a 'non traded' security Non traded / thinly traded securities shall be valued "in good faith" by the AMC on the basis of the valuation principles laid down below: a) Based on the latest available Balance Sheet, net worth shall be calculated as follows: Net Worth per share = [share capital + reserves (excluding revaluation reserves) – Miscellaneous expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.

Asset Class	Traded / Non traded	Basis of valuation
		b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share. d) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. e) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. f) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it would be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation. **Non Traded preference shares:** should be valued in good faith depending upon the type of preference shares and after considering illiquidity discount, if any. **Non traded redeemable preference shares:** valuation shall be discounted value of future cash flow based on bond yield of that issuer. Convertible preference shares: The value of convertible preference shares would be arrived based on the intrinsic value of the preference shares considering the conversion ratio as adjusted for illiquidity discount and other relevant factors as applicable as on the valuation date with the approval of Valuation Committee.

Asset Class	Traded / Non traded	Basis of valuation
		Non Traded non-convertible preference shares: Non- convertible preference shares are more akin to debt and to be valued as debt securities at an applicable market yield for the similar duration and rating as approved by the Valuation Committee. Guidelines for Valuation in case of demerger of entities: **Demerger:** i. **Both the shares are traded immediately on de-merger** – in this case, both the shares are valued at respective traded prices Shares of only one company continue to be traded on de-merger - Traded shares are to be valued at traded price and the other security is to be valued at traded value on the day before the de-merger after deducting value of the traded security post de-merger. In case one entity is demerged into two or more entities and one of those entities continues to be listed, the value of unlisted entity (ies) will be difference between the closing price of the security on the ex-date (after demerger) and closing price of the security on previous trading day (before demerger) that continues to be listed. The difference in price of two dates will be the valuation price of the unlisted entity (ies) proportionately, till they are listed and traded on a stock exchange. The cost price of new entity/entities would be derived proportionately from the cost price of parent entity. In case the price of the traded security of de-merged entity is equal to or in excess of the price of that entity before de-merger, then the security of the non-traded entity will be valued at zero. ii. **Both the shares are not traded on de-merger:** The price of the shares of the Company one day prior to ex-date of de-merger will be bifurcated over the de-merged shares in the ratio of cost of shares of each demerged entity or on the basis of net assets transferred if the same is available from the Company. If the companies resulting from demerger remain unlisted for more than 3 months, the Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case to case basis. In case of the above listed, Valuation committee may decide fair value other than guided above, post considering facts on a case to case basis. Further guidance from valuation committee would be sought for any exceptional cases not covered above.

Asset Class	Traded / Non traded	Basis of valuation
		If the above companies remained unlisted for more than 3 months, the Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case to case basis. In case of the above mentioned situations, Valuation committee may decide fair value other than guided above, post considering facts on a case to case basis. Further guidance from valuation committee would be sought for any exceptional cases not covered above. Where the demerged company is not immediately listed, valuation price will be worked out by using previous day's last quoted closing price before demerger reduced for last quoted closing price of the listed company. **Mergers:** Valuation of merged entity will be arrived at by summation of previous day's last quoted closing price of the respective companies prior to merger. E.g. If Company A and Company B merge to form a new Company C, the Company C would be valued at price equals to A + B. In case of merger where the identity of one entity continues, valuation of the merged entity would be at closing price of the surviving entity. E.g. If Company A merges into Company B, then merged entity would be valued at the price of Company B being the surviving company. On merger/demerger, in case the company specifies any regulations/ method for cost bifurcation or valuation the same will be adopted. In case the above methodology does not derive the fair valuation of de-merged entities; the same may be determined by the Valuation Committee on case to case basis
Equity, Preference Shares and Convertible Preference Shares	Thinly Traded Securities	Policy is similar to non traded **Definition:** When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc.)/preference shares in a month is less than Rs. 5 lakh and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued as per the valuation principles laid down in the SEBI. For example, if the volume of trade is 100,000 and value is Rs. 400,000, the share does not qualify as thinly traded. Similarly, if the volume traded is 40,000, but the value of trades is Rs. 600,000, the share does not qualify as thinly traded.

Asset Class	Traded / Non traded	Basis of valuation
		In order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account. Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes / provides the required information along with the daily quotations, the same may be used by the mutual fund. If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.
Equity, Preference Shares and Convertible Preference Shares	Suspended equity securities	In case trading in an equity security is suspended up to 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, the Valuation Committee will decide the valuation norms to be followed and such norms would be documented and recorded.
Equity, Preference Shares and Convertible Preference Shares	Unlisted Equity Shares	Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below: a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below: (i) Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares. (ii) Net worth per share shall again be calculated after taking into account the outstanding warrants and options, and shall be = [share capital plus consideration on exercise of Option/Warrants received/ receivable by the Company plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}.

Asset Class	**Traded / Non traded**	**Basis of valuation**
		The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below. b. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share. The above methodology for valuation shall be subject to the following conditions: i. All calculations as aforesaid shall be based on audited accounts. ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. iii. If the net worth of the company is negative, the share would be marked down to zero. iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. At the discretion of the AMC and with the approval of the Trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.
Equity, Preference Shares and Convertible Preference Shares	Lock in shares / pending listing	a. Illiquidity discount will be 10% (applied on daily reducing basis till end of lock in period) for securities where the lock-in is less than 3 months. b. If the lock-in period for these securities is greater than 3 months, then the Valuation Committee will decide on the liquidity discount to be applied, on a case to case basis.
Equity, Preference Shares and Convertible Preference Shares	Illiquid Securities	(1) Aggregate value of “illiquid securities” of Scheme, which are defined as non-traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value

Asset Class	**Traded / Non traded**	**Basis of valuation**
		(2) All funds shall disclose as on March 31 and September 30 the Scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unit holders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognised as illiquid securities. (3) Mutual Funds shall not be allowed to transfer illiquid securities among their Schemes. (4) In respect of closed ended funds, for the purposes of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively.
Equity, Preference Shares and Convertible Preference Shares	Inter-Scheme Transfers	In respect of inter scheme transfer of equity securities, the spot/current market price available from Bloomberg / Reuters / Exchange terminal at the time of entering the deal shall be considered. Screenshot of such terminal at the time of the deal shall be obtained.
Valuation of Convertible Debentures and Bonds		In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued as follows: i) Ascertain - The number of shares to be received after conversion. - Whether the shares would be pari passu for dividend on conversion. - Rate of last declared dividend - Whether the shares are presently traded or non traded - Market rate as on the valuation date. ii) In case the shares to be received are, on the date of valuation, are non-traded, these shares to be received on conversion are to be valued as non-traded equity shares. iii) In case the shares to be received on conversion are not non-traded on the date of valuation and would be traded pari passu for dividend on conversion: a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate b) Determine the discount for non-tradability of the shares on the date of valuation. (This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)

Asset Class	Traded / Non traded	Basis of valuation
		Value = (a)* [1-(b)] iv) In case the shares to be received on conversion are not non-traded on the date of valuation but would not be traded pari passu for dividend on conversion: a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend. c) Determine the discount for non-tradability of the shares on the date of valuation. (This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC) Value = (a) *(b) * (1-c) v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option. - If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and; If the option rests with the investor, the higher of the two values shall be taken.
Valuation of Warrants	Traded	If the warrants are traded, the traded price will be considered for valuation.
Valuation of warrants	Non Traded	In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures must be deducted to account for the period which must elapse before the warrant can be exercised.
Value of "Rights" entitlement	Traded	If the rights are traded, then the traded price will be considered for valuation.

Asset Class	Traded / Non traded	Basis of valuation
Valuation of “Rights” entitlement	Non-Traded	Until they are traded, the value of the “rights” entitlement would be calculated as: Vr = n/m x (P - P) where Vr = Value of rights n = no. of rights Offered m = no. of original shares held Pex = Ex-Rights price Pof = Rights Offer price b. Where the rights are not traded pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value.
Equity, Preference Shares and Convertible Preference Shares	Foreign Securities (other than units of overseas mutual funds / unit trusts which are not listed but including ADR, GDR):	Foreign Securities shall be valued based on the last quoted closing price at Overseas Stock Exchange on which respective securities are listed. However, the AMC shall select the appropriate stock exchange at the time of launch of a scheme in case a security is listed on more than one stock exchange and the reason for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reason for such change being recorded in writing by the AMC. However, in case of extreme volatility in other markets post the closure of the relevant markets, the AMC shall value the security at suitable fair value • When on a particular Valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange or last quoted closing price on selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. • Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAV for a Valuation Day, the AMC may use the previous day price or the last available traded price as may be warranted / for the purpose of valuation. • Non-traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. Valuation Committee shall decide the appropriate discount for illiquidity. Non-traded foreign security shall be valued by AMC at fair value after considering relevant factors on case to case basis.

Asset Class	**Traded / Non traded**	**Basis of valuation**
		• Corporate Action (Foreign Security): In case of any corporate action event, the same shall be valued at fair price on case to case basis as may be determined by the Valuation Committee in consultation with Independent advisors (if required). • On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on the relevant business day in India. For Currencies where RBI reference rate is not available, Bloomberg / Reuters shall be used. If required the AMC may change the source of determining the exchange rate.
Stock & Index derivatives		**Equity / Index Options Derivatives** Equity & index options would be valued at NSE settlement price irrespective of the exchange on which the trades have been effected. In case the settlement price is not available on NSE, then settlement price available on the BSE will be considered. **Equity / Index Futures Derivatives** Equity & index futures would be valued at NSE settlement price irrespective of the exchange on which the trades have been effected. In case the settlement price is not available on NSE, then settlement price available on the BSE will be considered.
Valuation of Repo		Where instruments have been bought on ‘repo' basis, the instrument must be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a ‘repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation
Equity, Preference Shares and Convertible Preference Shares	Initial Public Offering (IPO) Application (prior to allotment)	Prior to allotment - Valued at Bid (cost) price. Recognition and valuation would start from the date of allotment. Post allotment but awaiting listing – to be valued at allotment price
Equity, Preference Shares and Convertible Preference Shares	Qualified Institutional Placement (QIP) / Follow on Public Offer (FPO)	In case of QIP and FPO recognition and valuation would start from the date of allotment. In case of FPO the security would be valued at bid price or market price whichever is lower from the date of allotment till a day prior to listing and on last quoted closing price (as mentioned above under Traded criteria) from the day of listing.

Asset Class	Traded / Non traded	Basis of valuation
Equity, Preference Shares and Convertible Preference Shares	Valuation of Mutual Fund Units (Indian / Overseas) - Listed and Traded	As per guidelines issued by AMFI, Mutual Fund Units listed and traded on exchanges (NSE & BSE) would be valued at closing traded price as on the valuation date Foreign / overseas mutual fund: This would be valued at the latest available NAV as on the valuation day. On the valuation day, for conversion of foreign exchange currency into INR, RBI reference rate as at the close of banking hours on that day in India / Bloomberg / Reuters. If required the AMC may determine the reference rate from an alternative source as may be approved by the Valuation Committee from time to time.
Equity, Preference Shares and Convertible Preference Shares	Unlisted/Listed but not traded.	Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units would be valued at the NAV as on the valuation day
Equity, Preference Shares and Convertible Preference Shares	Valuation of Securities Lent under Securities Lending Scheme	The valuation of securities lent under Securities Lending Scheme shall be valued as per valuation of methodology stated for the respective security mentioned in this Annexure (I) of this policy. The lending fees received for the Securities lent out would be accrued in a proportionate manner till maturity of the contract

B. Valuation of Fixed income and related securities

Category	Policy
Valuation of Debt/Money market securities	All debt and money market securities to be valued at average of the security level prices provided by Valuation Agencies. In case, security level prices given by valuation agencies are not available for a new security, then such security will be valued at weighted average purchase yield on the date of allotment / purchase. Effective April 1, 2020, All money market and debt securities including floating rate securities, shall be valued at average of security level prices obtained from valuation agencies. In case security (CP / CD) level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield on the date of allotment / purchase and for Bonds/ NCD the weighted average price shall be considered as traded price. In case if NCD / Bonds are not traded, then such security would be valued at the purchase yield on the date of allotment / purchase, currently, valued basis average of prices received from independent agencies i.e. CRISIL and ICRA. • In case, any decision to overrule the external agency price on any given valuation day, it shall be approved by the Valuation Committee. The valuation would have to be suggested by the Fund Manager with the approval of Head of Fixed Income based on the market data and independently reviewed /verified by Risk Management and then sent to Fund Accountants for incorporating in the NAV Computation. The detailed rationale for each instance of deviation shall be recorded by the AMC and the information pertaining to the same (ISIN, Issuer Name, Rating, price provided by rating agencies, price considered for valuation and impact on NAV shall be reported to the Boards of AMC and Trustee) and disclosed on the AMC website. **Securities where PUT option or CALL option is exercised with a residual maturity of more than 30 days:** Such securities shall be valued at prices provided by AMFI approved agencies, (currently CRISIL and ICRA) on each Valuation Day. **Securities where PUT option or CALL option is exercised with a residual maturity of 30 days or less:** Straight Line price amortization from the notice of the exercise of the put or call option till the date of exercise. In case if PUT option or CALL option is not exercised, valuation of such securities shall be done in line with Debt and Money Market Instrument as stated above in the policy based on their residual maturity. As per SEBI circular SEBI/HO/IMD/DF4/CIR/2021/593 dated Jul 9 2021, effective Oct 1, 2021, in respect of valuation of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, the following is followed: If the put option is not exercised, while exercising the put option would have been in favour of the scheme; i. a justification for not exercising the put option is provided by the Mutual Fund to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period. ii. The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security. The put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.

<table>
<tr><th>Category</th><th>Policy</th></tr>
<tr><td>Government Securities</td><td>Irrespective of the residual maturity, Government Securities (including T-bills) shall be valued on the basis of security level prices obtained from valuation agencies.
In case necessary details to value government securities (including T-bills) are not available, the valuation committee will determine fair value based on available information.</td></tr>
<tr><td>Interest Rate Swaps/ Forward Rate Agreements</td><td>IRS/FRA with residual maturity period of more than 30 days shall be valued at net present value on the basis of expected future cash flows. Future cash flows for IRS/ FRA contract will be computed daily based as per terms of contract and discounted by suitable OIS rates available on Reuters/ Bloomberg/ any other provider as approved by valuation Committee.
IRS/ FRA with residual maturity of upto 30 days are considered for amortization.</td></tr>
<tr><td>Interest Rate Futures (IRFs)</td><td>Exchange traded IRFs would be valued based on the Daily settlement Price of the exchange or any other derived price provided by the exchange.</td></tr>
<tr><td>Bank Fixed Deposits, TRI-PARTY REPO/ TREPS*, Reverse Repo, Repo, Corporate Bond Repo, CROMS</td><td>Fixed Deposit /Short Term Deposits with banks (pending deployment) and repurchase transactions (Repo) including Tri-Party Repo (TREPS) with tenor of upto 30 days shall be valued on cost plus accrual basis.</td></tr>
<tr><td>Valuation of AT-1 and Tier II bonds issued under Basel III.</td><td>SEBI vide circulars dated March 10, 2021 and March 22, 2021 prescribed norms for valuation of bonds issued under Basel III framework (i.e. AT-1, Tier 2 bonds) as well as perpetual bonds. Pursuant to SEBI circular dated March 22, 2021, AMFI vide its circular dated March 24, 2021 issued guidelines for valuation of AT-1 & Tier II bonds issued under Basel III framework.

Note: It is clarified that the maturity of perpetual bonds (other than bonds issued under Basel III framework) shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.

I Deemed Residual Maturity of Bonds

The Deemed Residual Maturity for the purpose of valuation as well as Macaulay Duration for
existing as well as new perpetual bonds issued:
<table>
<tr><th>Time Period</th><th>Deemed Residual Maturity (Years)</th></tr>
<tr><td>Till March 31, 2022</td><td>10</td></tr>
<tr><td>April 01, 2022 - September 31, 2022</td><td>20</td></tr>
<tr><td>October 01, 2022 - March 31, 2023</td><td>30</td></tr>
<tr><td>March 31, 2023 onwards</td><td>100</td></tr>
</table>
the residual maturity will always remain above the deemed residual maturity proposed above.</td></tr>
</table>

<table>
<tr><th>Category</th><th>Policy</th></tr>
<tr><td></td><td>
The Macaulay Duration is proposed to be calculated as under for Tier II bonds
<table>
<tr><th>Time Period</th><th>Deemed Residual Maturity for all securities (Years)</th></tr>
<tr><td>April 01, 2021 - March 31, 2022</td><td>10 years or contractual maturity whichever is earlier</td></tr>
<tr><td>April 01, 2022 onwards</td><td>Actual Maturity</td></tr>
</table>
1) If the issuer does not exercise call option for any ISIN, then maturity of bonds to be considered as 100 years from the date of issuance of AT-1 bonds and contractual maturity of Tier II Bonds for all the ISINs of the said issuer.
2) If the non-exercise of call option is due to financial stress or in case of adverse news, the same must be reflected in the valuation
II. Guidelines for Valuation
1. Form two types of ISINs:
a) Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)
b) Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).
c) The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.
2. Take a look back period for trade recognition as under:
a) 15 working days for benchmark ISINs
b) 30 working days for non-benchmark ISINs
c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non-benchmark ISINs from October 01, 2021.
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Category	Policy
	Note 1 a) If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. b) If 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM. c) If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. d) If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call. **Note 2** As the valuation is based on trade during the look back period, it is confirmed that a spread will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued. **Note 3** If there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI. **Note 4** AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.

<table>
<tr><th>Category</th><th>Policy</th></tr>
<tr><td>Units of REIT and InvIT</td><td>Units listed would be valued based on traded closing prices on the National Stock Exchange (NSE) or other Stock Exchange where such security is listed.

Non Traded

On a particular valuation day, these securities will be valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, it will be valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE). If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE (in the order of priority))# on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.

If the security cannot be priced as per the aforementioned criteria, then the valuation will be determined by the Valuation Committee based on the principles of fair valuation. While fair valuing the security, the Valuation Committee will also consider if the price of the security is available on any other recognized stock exchange other than NSE and BSE and if the same is reliable/ can be considered for fair valuation.</td></tr>
<tr><td>Inter scheme transfers of debt securities</td><td>Trust AMC shall seek prices for inter scheme transfers of any money market or debt security (irrespective of maturity), from the valuation agencies (currently ICRA / CRISIL).

If prices from both the valuation agencies are received, an average of the prices so received shall be used for inter scheme transfer pricing.

If price is received from one valuation agency only, that price may be used for inter scheme transfer pricing

If prices are not received from any of the valuation agencies, Trust AMCs may determine the price for the inter scheme transfer, in accordance with Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.</td></tr>
</table>

Category	Policy
	Traded Inter-scheme price will be weighted average traded price available on public platform. Qualification criteria for considering the trades on the public platform: at least one trade of Rs.5 Crores or more for Bonds and at least one trade of Rs. 10 Crores or more for Money Market Instruments. Order of preference for the public platforms : a. Debt and Money Market Instruments excluding Sovereign Securities ## 1. FIMMDA 2. NSE 3. BSE b. Sovereign Securities ## 1. CCIL Website 2. NDS-OM If market trades satisfying the above criteria are not available on the public platforms, then the security will be treated as 'Non Traded'. Non Traded: Previous day's Valuation price. Maturity ≤ 30 days and rating equal to or above investment grade Trust AMC shall seek prices for inter scheme transfers of any money market or debt security (irrespective of maturity), from the valuation agencies (currently ICRA / CRISIL). If prices from both the valuation agencies are received, an average of the prices so received shall be used for inter scheme transfer pricing. If price is received from one valuation agency only, that price may be used for inter scheme transfer pricing. If prices are not received from any of the valuation agencies, Trust AMCs may determine the price for the inter scheme transfer, in accordance with Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996. Traded Inter-scheme price will be weighted average traded price available on public platform.

Category	Policy
	Qualification criteria for considering the trades on the public platform: at least 3 trades aggregating to INR 50 crores or more. Outlier trades, if any, will be excluded based on suitable justification for "Debt & Money Market Instruments excluding Sovereign Securities##". Order of preference for the public platforms for: a. Debt and Money Market Instruments excluding Sovereign Securities 1. FIMMDA 2. NSE 3. BSE b. Sovereign Securities ## 1. CCIL Website 2. NDS-OM If market trades satisfying the above criteria are not available on the public platforms, then the security will be treated as 'Non-Traded' Non-Traded Previous day's Reference price from Bond Valuer / traded price.
Non - Investment Grade Securities	Definition of below investment grade and default: - A money market or debt security shall be classified as "below investment grade" if the long term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3. - A money market or debt security shall be classified as "Default" if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to "Default" grade by a CRA. In this respect, Mutual Funds shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security.

<table>
<tr><th>Category</th><th>Policy</th></tr>
<tr><td></td><td>
Valuation price provided by the Valuation Agencies:
All money market and debt securities shall be valued at the price provided by valuation agencies.
Till such time the valuation agencies compute the valuation of money market and debt securities:
The securities shall be valued on the basis of indicative haircuts provided by the valuation agencies appointed by AMFI/ AMFI from time to time. The indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-nvestment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.
Consideration of traded price for valuation:
- In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, AMCs shall consider such traded price for the same ISIN for valuation if it is lower than the price after standard haircut. The said traded price shall be considered for valuation till the valuation price is available from the valuation agencies.
- In case of trades for the same ISIN after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.
- AMCs may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:
i. The detailed rationale for deviation from the price after haircuts or the price provided by the valuation agencies shall be approved by the Valuation Committee of the AMC.
ii. The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price after haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.
The rationale for deviation along-with details as mentioned at para (ii) above shall also be disclosed to investors. In this regard, AMC shall disclose all instances of deviations under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along-with an exact link to the website wherein the details of all such instances of deviation are available.
</td></tr>
</table>

<table>
<tr><th>Category</th><th>Policy</th></tr>
<tr><td></td><td>Treatment of accrued interest, future interest accrual and future recovery:
The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:
a. The indicative haircut that has been applied to the principal should be applied to any accrued interest.
b. In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.
The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest:
Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.
Any recovery in excess of the carried value (i.e. the value recognized in NAV) should then be applied first towards amount of interest written off and then towards amount of principal written off</td></tr>
<tr><td>Non - Performing Asset</td><td>• Once an investment has been recognized as NPA, provisioning would be made in a manner to ensure full provisioning prior to the closure of the scheme or the scheduled phasing which ever is earlier. The provisioning against the principal amount or instalments should be made at the following rates irrespective:
- 10% of the book value of the asset should be provided for after 6 months past due date of interest i.e. 3 months form the date of classification of the asset as NPA.
- 20% of the book value of the asset should be provided for after 9 months past due date of interest i.e 6 months from the date of classification of the asset as NPA.
- Another 20% of the book value of the assets should be provided for after 12 months past due date of interest i.e 9 months form the date of classification of the asset as NPA. Another 25% of the book value of the assets should be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- The balance 25% of the book value of the asset should be provided for after 18 months past due date of the interest i.e. 15 months form the date of classification of the assets as NPA. Thus, 1 1/2; years past the due date of income or 1 1/4; year from the date of classification of the ‘asset’ as an NPA, the ‘asset’ will be fully provided for.
Irrespective of the above policy, the valuation committee might adopt valuation principles to align with fair valuation norms
The above mentioned list is only indicative and may not reflect all the possible exceptional events / circumstances. In case of exceptional events, the valuation committee shall assess the situation and recommend appropriate method of valuation for the impacted securities.</td></tr>
</table>

Inter – scheme transfers:

Category	Policy
Gold	Gold acquired by a scheme is in the form of standard bars and its value as on a particular day is determined as under: (1) AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of parts per thousand, subject to the following: a) adjustment for conversion to metric measure as per standard conversion rates; b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI). c) Addition of- i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund ;and ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund; Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund; Provided further that where the gold held by a scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph. (2) If the gold acquired by the Scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued like standard bars.If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday, then the immediately previous day's prices are applied for the purpose of calculating the value of gold.

Notes:

1. **Public Platform refers to:**

   Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL), NSE & BSE :

   For Commercial Papers and Certificate of Deposits

   Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL)

   For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follow: NSE – NSE OTC

   BSE - ICDM

   NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans etc.

2. **Following assets will be valued at cost plus accruals / amortization:**
   - Bank Fixed Deposits
   - TREPS / Reverse Repo (including Corporate Bond Repo) with tenor up to 30 days

3. **Weighted average YTM / Last Traded YTM shall be rounded up to two digits after decimal point.**

4. In case of any deviation from the valuation price for money market and debt securities provided by the valuation agencies, AMC shall follow the procedure as mentioned in SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

***Disclaimer**

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