ARTHYA WEALTH AND INVESTMENTS PRIVATE LIMITED
SEBI REGISTRATION NUMBER - INP000007225

DISCLOSURE DOCUMENT

As required under Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

I. Declaration:

a) The Disclosure Document (hereinafter referred as the "**Document**") has been filed with Securities and Exchange Board of India ("**SEBI**") along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 ("**Regulations**").

b) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging "Arthya Wealth and Investments Private Limited" (hereinafter referred as the "**Portfolio Manager**") as the portfolio manager.

c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the Document for future reference.

d) This Disclosure Document is prepared to add a new debt strategy **Arthya ALL-STAR Liquid Portfolio** and change of benchmark for Arthya Core PMS from BSE 500 – TRI to Nifty 50 TRI as Nifty 50 TRI is a more actual representation of the strategy Arthya Core PMS.

e) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager is as follows:

PRINCIPAL OFFICER	PORTFOLIO MANAGER
Name: Mr. Bhaskar Bukrediwala **Phone:** +91 9920638399 **E-Mail:** bhaskar@arthyainvestments.com	Arthya Wealth and Investments Private Limited **Registered & Correspondence Address**: 712 THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra

II. INDEX

Table of Contents

III. Contents:

1. Disclaimer

a) Particulars of this Document have been prepared in accordance with the Regulations as amended till date and filed with SEBI.

b) 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, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

(a) **Agreement:** means the portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

(b) **Applicable Laws:** means any applicable Indian statute, law, ordinance, regulation including the Regulations, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.

(c) "Accredited Investors" shall have the meaning prescribed under the SEBI Regulations

(d) **Capital Contribution:** means the sum of money or Securities or combination thereof, contributed by the Client for investments in accordance with the terms of the Agreement from time to time during the Term, subject to a minimum contribution of INR 50,00,000 (Indian Rupees Fifty Lakhs) or such other higher amount as may be specified by the Portfolio Manager in compliance with Applicable Laws, which is set forth in Schedule I of this Agreement. Subject to Applicable Laws, no such minimum Capital Contribution requirement shall be applicable to Accredited Investors.

(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) **Client / Investor:** means such person(s) whose money or portfolio is advised or directed or managed by the Portfolio Manager and is specified in Schedule I of the Agreement.

(g) **Custodian:** means one or more custodian appointed by the Portfolio Manager, from time to time, for maintaining custody of funds and/or Securities of the Client.

(h) **Disclosure Document** or **Document:** means this document filed by the Portfolio Manager with SEBI and issued to the Client as required under the Regulations and as may be amended by the Portfolio Manager from time to time.

(i) **Distributor:** means a Person empaneled by the Portfolio Manager which refers clients to the Portfolio Manager in lieu of commission/charges.

(j) **Eligible Investor:** means individuals, company, body corporate, partnership firm, association of persons, limited liability partnership, trust, hindu undivided family and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS, in accordance with the Applicable Laws.

(k) **Exit Load:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(l) **Investment Approach:** is a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current investment approach or such investment approach that may be introduced by the Portfolio Manager, from time to time.

(m) **Management Fee:** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(n) **Performance Fee:** means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(o) **Portfolio or Client Portfolio:** means the total holdings of Securities and goods belonging to the Client in accordance with the Agreement.

(p) **Portfolio Entity:** means companies, enterprises, bodies corporate, or any other entities in the Securities of which the monies from the Client Portfolio are invested subject to Applicable Laws.

(q) **Portfolio Investments:** means investments in Securities of one or more Portfolio Entity/ies made by the Portfolio Manager on behalf of the Client under the PMS from time to time.

(r) **Portfolio Manager:** means Arthya Wealth and Investments Private Limited, a private limited company incorporated under the provisions of the Companies Act, 2013 and having its registered & correspondence office at 712, THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra, which pursuant to a contract or arrangement with a Client/Investor, advises or directs or undertakes on behalf of the Client/Investor (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client/Investor, as the case may be.

(s) **Principal Officer:** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:

(i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the funds of the Client, as the case may be; and

(ii) all other operations of the Portfolio Manager.

(t) **PMS:** means the portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement, this Document and subject to Applicable Laws.

(u) **PML Laws:** means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.

(v) **Regulations:** means the SEBI (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

(w) **Securities:** shall mean and include securities listed or traded on a recognized stock exchange, money market instruments, units of mutual funds or other securities as specified by SEBI from time to time.

(x) **SEBI:** shall mean the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.

(y) **Term:** means the term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

3. Description

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

The Portfolio Manager is a private limited company incorporated under the Companies Act, 2013 on June 15, 2020 at Mumbai. It has a portfolio manager license (registration number INP000007225) to offer discretionary portfolio management services, non-discretionary portfolio management services, and advisory services to high net-worth individuals (HNIs), institutional clients, corporates and other permissible class of investors.

(ii) Promoters of the Portfolio Manager, Directors, Principal officer and their background

(a) Mr. Gaurav Arora

Mr. Gaurav Arora completed his post-graduation programme in management from Indian Institute of Management, Bangalore in 2003. At ASK Wealth Advisors Private Limited (July 2016 to May 2020) and Religare Private Wealth (November 2014 to June 2016), he worked as a Chief Investment Officer. He led product management and strategy for the wealth management and advisory business. He helped in formulating views across various asset classes like equity/ fixed income/ gold/ overseas investments/ real estate/ venture capital-private equity investments/ other alternative assets. He has been an expert at identifying suitable investment strategies/products across asset classes for investors across market cycles. He led a team of product specialists and research analysts to offer the best investment options to clients, and to perform detailed due diligence on a vast universe of investment alternatives on an ongoing basis. He played an active role in engaging with high networth individuals/ ultra-high networth individuals/ family offices/ corporate clients on their investment portfolios, helping them navigate and understand various investment products, and helping manage their portfolios on an ongoing basis.

At IIFL Wealth Management (May 2008 to November 2014), he set up the product proposition from scratch to enable a highly competitive and fast-growing business. His expertise across a diversified product platform includes mutual funds, portfolio management services, equity advisory products, arbitrage products, fixed income trading, structured products (equity linked notes), commodities, private equity, securitisation, structured credit and real estate. As co-fund manager, structured credit at IIFL alternative investment fund, he managed the entire value chain of investing into non-real estate structured credit transactions (sourcing, credit evaluation, structuring, investments, compliance & monitoring, risk management). At Standard Chartered Bank (May 2005 to May 2008), he helped in building the investment and portfolio strategy at the private bank from the inception of the business in India in May 2007.

(b) Ms. Smitha Jain Arora

Ms. Smitha Arora completed her PGDBA in Finance from MCIM, Bangalore. She has around 8 years of banking experience. She started with investment banking at HSBC in trust operations where she assisted the United States' team with mutual funds trading operations. After over 2 years, she joined Deutsche Bank for their OTC derivatives settlements team, where she managed the entire value chain of OTC derivative settlements across 3 overseas entities (New York, Frankfurt, London) including pre and post settlements of Nostro Accounts. In 2007, she moved to corporate banking with Kotak Mahindra Bank in the risk division where she designed, implemented the credit rating system (K-RAM: Kotak risk assessment model) for rating wholesale banking customers across industries, a key requirement for credit appraisal proposals bank wide. She was also a part of the ICAAP team to assess and measure Basel Pillar II - credit concentration risk across the bank.

(c) Mr. Bhaskar Bukrediwala

Mr. Bhaskar has more than 18 years experience in capital markets, largely in investment management and equity research. Prior to joining Arthya, he was a part of the fund management team at ASK Investment Managers for 4 years, where he was managing more than Rs. 1000 Cr. AUM across two multi-cap PMS schemes and a large cap focused AIF strategy as Portfolio Manager. His expertise lies in identifying strong emerging businesses with superior compounding potential.

Prior to that, Bhaskar worked with CRISIL for more than 7 years as lead of the equity research vertical and was recognised with Outstanding Employee Award in 2011 for excellence in work. His strong equity research pedigree is spread across marquee institutions like Crisil, Edelweiss, CARE and Irevna.

Bhaskar is a Chartered Accountant and holds an MBA degree from T.A.Pai Management Institute, Manipal. He is currently pursuing CFA Program (US), and has cleared the second level. During his free time he loves to read books, follow sports and plays poker.

(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis (latest audited financial statements may be used for this purpose)

Not applicable.

(iv) Details of the services being offered: Discretionary, Non-Discretionary and Advisory

The Portfolio Manager proposes to primarily carry on discretionary portfolio management services and if opportunity arises thereafter, then it also proposes to render non-discretionary portfolio management services and advisory services.

The key features of all the said services are provided as follows:

(a) Discretionary Services:

Under the discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/divested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time except on the ground of fraud, malafide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the Agreement and the Regulations.

(b) Non - Discretionary Services:

Under the non-discretionary PMS, the assets of the Client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the Client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager, *inter alia*, manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

(c) Advisory Services:

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the Portfolio Investment Approach and investment and divestment of individual securities on the Client Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors. The Portfolio Manager shall be solely acting as an advisor to the Client Portfolio and shall not be responsible for the investment/divestment of Securities and/or any administrative activities on the Client Portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and/or directives issued by the regulatory authorities and/or the Client, from time to time, in this regard.

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

i. All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or rules or regulations made thereunder.

None.

ii. The nature of the penalty/direction.

None.

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

None.

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

None.

v. Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.

None.

vi. Any enquiry/ adjudication proceedings initiated by SEBI 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 SEBI Act or rules or regulations made thereunder.

None.

5. Services Offered

(i) The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.

(a) Investment Objective

The investment objective of the Portfolio Manager is to endeavor to deliver superior risk adjusted returns for the Client.

The Portfolio Manager seeks to deliver superior portfolio performance without taking undue risk thereby benefiting the Clients and helping them achieve their goals. Keeping the Clients' interests before its own, the Portfolio Manager intends to focus on best business practices of the fund management industry.

(b) Type of securities in which Portfolio Manager will invest

The Portfolio Manager may invest Capital Contributions in Securities and any other permissible securities/instruments/products as per the Applicable Laws, in such manner and through such markets as it may deem fit in the interest of the Client. Subject to Applicable Laws, the investment in Securities shall primarily comprise of (not an exhaustive list, and may be updated from time to time):

- Listed equity and preference shares of Indian companies,
- Listed debentures, bonds and secured premium notes, including tax exempt bonds of Indian companies and corporations;
- Units and other instruments of mutual funds;
- Exchange Traded Funds (ETFs);
- Sovereign Gold Bonds (SGBs);
- Money market instruments such as government securities, commercial papers, trade bill, treasury bills, certificate of deposit and usance bill;
- Listed Options, Futures, Swaps and such other derivatives as may be permitted from time to time;
- Pass Through Certificates (PTCs);
- Units of Real Estate Investment Trusts (REITs) & Infrastructure Investment Trusts (InvITs);
- Security receipts issued by banks/asset reconstruction companies;
- Units of alternative investment funds;
- Such other securities/instruments as specified by SEBI from time to time.

Under the non-discretionary PMS, the Capital Contribution of the Client shall be invested in listed and/or unlisted securities (provided that investment in unlisted securities shall not exceed 25% (twenty-five percent) of the assets under management of such Client) and managed in consultation with the Client.

(ii) Investment Approach of the Portfolio Manager

Please refer to **Annexure** I for more details.

(iii) The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines.

The Portfolio Manager does not have any associates/group companies and hence, will not be making investments on behalf of the Client in its associates/group companies.

6. Risk factors

General Risk:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.

- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on June 09, 2021. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich, relevant and cumulative individual experience in the domain of investments.

- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.

- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.

- The Client Portfolio may be affected by settlement periods and transfer procedures.

- The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies.The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.

- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.

- The group companies of Portfolio Manager may offer services in nature of consultancy, sponsorship etc., which may be in conflict with the activities of portfolio management services.

- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager

Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under:

Risks associated with investments in equity and equity linked securities

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.

- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.

- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.

- The value of the Client Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.

- Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

Risk factors associated with investments in derivatives

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

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

- As and when the Portfolio Manager on behalf of Clients would trade in the derivatives market there are risk factors and issues concerning the use of derivatives that the Client should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.

- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.

- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.]

Risks associated with investments in fixed income securities/products

Some of the common risks associated with investments in fixed income and money market securities are mentioned below. These risks include but are not restricted to:

- **Interest Rate Risk:** As with all debt securities, changes in interest rates affects the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of portfolios.

- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

- **Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. risk that the issuer will be unable to make timely principal and interest payments on the security). Due to this risk, debentures are sold at a yield spread above those offered on treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

- **Rating Risk:** Different types of debt securities in which the Client invests, may carry different levels and types of risk. Accordingly, the risk may increase or decrease depending upon its investment pattern, for instance corporate bonds carry a higher amount of risk than government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively riskier than bonds, which are AAA rated.

- **Price Volatility Risk:** Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher rated or more widely followed Securities.

Investment and Liquidity Risks: There may be no active secondary market for investments of the kind the Portfolio Manager may make for the Client Portfolio. Such investments may be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant approvals. However, there can be no guarantee that such realizations shall be achieved, and the Portfolio's investments may remain illiquid.

Since the Portfolio may only make a limited number of investments, poor performance by one or a few of the investments could severely adversely affect the total returns of the PMS.

Identification of Appropriate Investments: The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

Management and Operational risks

Reliance on the Portfolio Manager

- The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Entities and the structuring of investments. Furthermore, the team members of the Portfolio Manager may change from time to time. The Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.

- The investment decisions made by the Portfolio Manager may not always be profitable.

- Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, Investment Approach, investment strategy and asset allocation.

Exit Load: Client may have to pay a high Exit Load to withdraw the funds/Portfolio (as stipulated in the Fees and Term Sheet with the Client). In addition, they may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

Non-diversification risks: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.

No Guarantee: Investments in Securities are subject to market risks and the Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved. Further, the value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as delisting of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

Ongoing risk profiling risk: The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn’t have risk appetite, the Portfolio Manager may terminate the Agreement with the Client.

India-related Risks

Political, economic and social risks: Political instability or changes in the government could adversely affect economic conditions in India generally and the Portfolio Manager’s business in particular. The Portfolio Entity’s business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government’s economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager’s financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

Many countries have experienced outbreaks of infectious illnesses in recent decades, including severe acute respiratory syndrome and the COVID-19. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread “work from home” and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The ongoing spread of the COVID-19 has, had, and will continue to have a material adverse impact on portfolio entities, local economies and also the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. Additionally, the Portfolio Manager’s operations could be disrupted if any of its member or any of its key personnel contracts the COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect the Portfolio Manager’s ability to source, manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

Legal and Tax risks:

Tax risks: Clients/ Investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Client Portfolio are subject to change, and tax liabilities could be incurred by the Clients/ Investors as a result of such change. The government of India, state governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. The tax consequences of an investment in the Portfolio Entities are complex, and the full tax impact of an investment in the Portfolio Entities will depend on circumstances particular to each Client/ Investor. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes. Alternative tax positions adopted by the income tax authorities could also give rise to incremental tax liabilities in addition to the tax amounts already paid by the Client/Investors. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio’s profitability.

Bankruptcy of Portfolio Entity: Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a Portfolio Entity that experience financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Portfolio Investment to other creditors. If the PMS/Client holds equity securities in any Portfolio Entity that becomes insolvent or bankrupt, the risk of subordination of the PMS’s/Client’s claim increases.

Change in Regulation: Any change in the Regulation and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Risk pertaining to Investments

Investment in Securities/Instruments

- The Client Portfolio may comprise of investment in unlisted securities, fixed income securities, debt securities/products and in case of such securities, the Portfolio Manager’s ability to protect the investment or seek returns or liquidity may be limited.

- In case of in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio, the same could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Entities. If an in-specie distribution is received by the Client from the Portfolio Manager, the Client may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.

- Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Entity for such period as may be prescribed under the Applicable Law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal or there may not be enough market liquidity in the security to effect a sale and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.

- The Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.

The Portfolio Manager may also invest in portfolio entity/ies which are investment vehicles like mutual funds/trusts. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Provided investments in mutual funds shall be through direct plans only.

7. Client Representation:

(i) The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a certificate of registration to function as a portfolio manager only on June 09, 2021 and therefore has no record of representing any persons/entities in the capacity of a portfolio manager.

Category of clients	**No. of clients**	**Funds Managed (Rs. Cr.)**	**Discretionary/ Non Discretionary(if available)**
Associates /group companies **Last 3 years**	-	-	-
Others *(As on 30th June 2024)*	**53**	**64.38**	**Discretionary**
	4	**54.27**	**Advisory**
Total	**57**	**118.65**	

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

Not applicable.

8. Direct Onboarding of Clients:

Investors, if they so desire, can directly approach Arthya Wealth and Investments to invest in our Portfolio Management Services offerings, without routing through any Distributor or Channel Partner. For more details about the same, you are requested to write to us on pms@arthyainvestments.com / or contact us on +91 85913 14442.

9. Diversification Policy:

Portfolio Managers target to optimize risk associated with specific portfolios by virtue of Diversification. At Arthya Wealth and Investments, we look to diversify through the following:

- Out of the universe of listed companies of NSE and BSE, Arthya narrows down the investment universe by applying various internal qualitative and quantitative filters, ensuring quality of business and management. The team ensures adequate diversification amongst such quality businesses.

- We generally invest in 20-25 businesses in each investment approach, which ensures adequate portfolio diversity and also score high on internal qualitative and quantitative parameters.

- Basis our investment philosophy, we evaluate businesses on different parameters and construct portfolios primarily on bottom-up basis. This ensures that when we evaluate a business, we are not biased about its market capitalization, however we are concerned more about the size of opportunity that business can offer. Hence our portfolios are generally market cap agnostic, ensuring adequate diversity.

- Barring few portfolios which may be sectoral focused, our focus is to design portfolios which are not biased towards only few sectors. This is reflected in adequate sectoral diversification which the Portfolio Manager ensures in the portfolios, so that the performance is not skewed / dependent on only a few sectors.

10. The Financial Performance of Portfolio Manager (based on audited financial statements)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24#
Profit / (Loss) Before Depreciation & Taxation	**(0.43)**	**(0.72)**	**0.38**
Net Profit / (Loss) after Depreciation & Taxation	**(0.44)**	**(0.77)**	**0.31**
Shareholder's Funds	**7.13**	**6.36**	**6.25**
Share Capital	**0.81**	**0.81**	**0.82**
Reserves & Surplus	**6.32**	**5.55**	**6.11**
Net Worth	**7.13**	**6.36**	**6.93**

**All amounts in crs, #Provisonal Unaudited*

11. Performance of the Portfolio Manager

Strategy	FY 2022	FY 2023	FY 2024	01-Apr-2024 till Jun 24)
Arthya ALL-STAR Multicap Portfolio	0.03%	-4.68%	32.63%	16.75%
S&P BSE 500 TRI	11.12%	-0.91%	40.16%	11.66%
ARTHYA ALL-STAR Opportunities Portfolio	-	3.85%	39.69%	13.6%
NIFTY 50 TRI	-	5.26%	30.08%	8.13%
ARTHYA ALL-STAR Multi-Asset Portfolio	-2.26%	-2.47%	23.62%	8.76%
Nifty Multi Asset - EquityDebt : Arbitrage : REITs/InvITs (50:20:20:10) Index	5.74%	1.14%	23.61%	6.83%
ARTHYA ALL-STAR Multi Cap Shariah Portfolio	0.07%	-7. 19%	30.13%	-
S&P BSE 500 TRI	11.12%	-0.91%	40.16%	-
ARTHYA ALL-STAR Leaders Portfolio^	-	-	19.17%	12.87%
NIFTY 50 TRI	-	-	14.96%	8.13%
ARTHYA ALL-STAR Emerging Stars Portfolio^	-	-	18.72%	18.96%
NIFTY 50 TRI	-	-	14.96%	11.66%
Arthya All Star Core PMS#	-	-	-	-
Nifty 50 TRI	-	-	-	

^Launched on 3rd Aug 2023.
#Launched in June 24

Notes:

- Performance figures are net of all fees and expenses.
- Returns have been calculated using Time weighted rate of return method as specified by SEBI.
- The actual returns of the client may differ from the investment approach returns.

12. Audit Observations for preceding three years

Arthya Weath and Investments Pvt. Ltd. received SEBI registration on June 9, 2021 hence Internal Audit was conducted from June 2021 onwards.

There were a few audit observations for FY 2021-22 and FY 2022-23 related to below mentioned points and same have been complied with:

1. Non-maintenance of Upload date for investor complaints data uploaded monthly on the website.

2. Absence of CKYC registration of the portfolio manager for investor pre-onboarding (as this was being done by the custodian)

3. Benchmark and risk associated with investment approach, while disclosed in marketing material wasn't included in the disclosure document

4. Delay of 6 week in submission of firm level performance report and compliance certificate by principal officer to SEBI.

5. Diversification policy not included in the Disclosure Document.

Any further details regarding the same shall be provided to the investor on request.

13. Nature of expenses

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

i. **Management fee**:

The management fee relates to the portfolio management services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed as agreed in the Agreement.

ii. **Advisory fees**:

The advisory fees relates to the advisory services offered by the Portfolio Manager to the client. The fee may be a fixed charge or a percentage of the quantum of the funds being advised as agreed in the Agreement.

iii. **Performance fee**:

The performance fee relates to the share of profits charged by the Portfolio Manager, subject to hurdle rate and high water mark principle as per the details provided in the Agreement.

iv. **Exit Load**:

The Portfolio Manager may charge early withdrawal fee as a percentage of the value of the Portfolio /withdrawn Portfolio as per the terms and conditions of a particular Product as agreed in the Agreement.

v. Registrar and transfer agent fee

A fee payable to the Registrar and Transfer Agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits, courier, post etc.

vi. **Other fees and expenses**:

The Portfolio Manager may incur the following expenses which shall be charged/reimbursed by the Client:

(a) Transaction expenses including, but not limited to, statutory fees, documentation charges, statutory levies, stamp duty, registration charges, commissions, charges for transactions in Securities, custodial fees, fees for fund accounting, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
(b) Shariah portfolio will have additional charges including fees to be paid to the external agencies for complying with the Shariah norms.
(c) Brokerage shall be charged at actuals;
(d) Legal and statutory expenses including litigation expenses, if any, in relation to the Portfolio;
(e) Statutory taxes and levies, if any, payable in connection with the Portfolio;
(f) Valuation expenses, valuer fees, audit fees, levies and charges;
(g) All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above, whether agreed upon in the Agreement or not, arising out of or in the course of managing or operating the Portfolio.

Provided the Portfolio Manager shall not charge any up-front fees to the Client whether directly or indirectly. Notwithstanding the above, the Portfolio Manager may charge up-front costs and expenses so attributable to the Client in terms of the Agreement.

Arthya Wealth and Investments Private Limited has appointed “Orbis Financial Corporation Limited” as its Custodian and Fund Accountant.

14. Taxation

The general information stated below is based on the general understanding of the provisions of the Income tax Act, 1961, in force in India as of the date of the Disclosure Document and is provided only for general information to the Investor only vis-à-vis the investments made through the Portfolio Management Services of the Portfolio Manager. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Investor should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment, or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Investor is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the units. The Portfolio Manager accepts no responsibility for any loss suffered by any client as a result of current taxation law and practice or any changes thereto. Clients should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the client is advised to best consult their own tax consultant, with respect to specific tax implications arising out of their portfolio managed by the Portfolio Manager.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "**IT Act**"), the Income-tax Rules, 1962 (the "**IT Rules**") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Finance Act, 2020 and the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.

The Tax Rates for different entities for the Financial Year 24-25 (Assessment Year 2025-26) are as follows. The tax provisions mentioned below are prior to budgetary changes of 23rd July 2024. You are required to consult your tax advisor for calculation of taxes:

COMPANY:

Foreign Company: Taxed at 40%

Domestic Company: Taxed at 30%. Different rates are, however, applicable in the following cases:

- A domestic Company (where its total turnover or gross receipt in the previous year 2021-22does not exceeds Rs. 4000 Million) will be taxable at the rate of 25% for the Assessment Year 2024-25.

- A domestic company can opt for the alternative tax regime provided under section 115BA (taxed at 25%) or section 115BAA (taxed at 22%) or section 115BAB (Taxed at 15%).

Surcharge on Income Tax:

Net Income Range	Foreign Company	Domestic Company
If Taxable Income does not exceed Rs. 10 Million	Nil	Nil
If Taxable Income is in the range of Rs.10 Million to Rs.100 Million	2% of income tax	7% of income tax
If Taxable Income exceed Rs. 100 Million	5% of income tax	12% of income tax

Health and Education Cess (HEC): it is 4% of income tax including surcharge as applicable.

PARTNERSHIP FIRM AND LLP:

A firm is taxable at the rate of 30% for Assessment Year 2024-25.
Surcharge: Surcharge is 12% of income tax if the net income exceeds Rs.10 Million.
Health and Education Cess (HEC): it is 4% of income tax including applicable surcharge.

Individual, Hindu undivided families (HUF), AOPs, BOIs – The tax rates applicable to individuals are also applicable to a HUF, AOP, BOI or an artificial juridical person. The rates are as below:

Net Income Range	Income Tax Rates	Surcharge	Health and Education Cess (HEC)
Upto Rs.0.25 Million	Nil	Nil	Nil
Rs.0.25 Million -Rs.0.50 Million	5% of (total income minus Rs.2,50,000)	Nil	4% of income tax
Rs.0.50 Million to Rs. 1.00 Million	Rs.12500 + 20% of (total income minus Rs.5,00,000)	Nil	4% of income tax
Rs.1.00 Million to Rs. 5 Million	Rs.112500 + 30% of (total income minus Rs.10,00,000)	Nil	4% of income tax
Rs.5.00 Million to Rs.10 Million	Rs.13,12,500 + 30% of (total income minus Rs.50,00,000)	10% of total income tax	4% of income tax and surcharge
Rs.10.00 Million to Rs. 20.00 Million	Rs.28,12,500 + 30% of (total income minus Rs.1,00,00,000)	15% of total income tax	4% of income tax and surcharge
Rs.20 Million to Rs.50.00 Million	Rs.58,12,500 + 30% of (total income minus Rs.2,00,00,000)	25% of total income tax	4% of income tax and surcharge

Above Rs.50 Million	Rs.1,48,12,500 + 30% of (total income minus Rs.5,00,00,000)	37% of total income tax	4% of income tax and surcharge

Senior Citizen: Senior Citizen is a resident individual who is at least 60 years of age at the any time during the previous year but less than 80 years, the non-taxable limit is Rs.3,00,000.

Super Senior Citizen: Super Senior Citizen is a resident individual who is at least 80 years of age at the any time during the previous year, the non-taxable limit is Rs.5,00,000.

The Finance Bill, 2020 inserted a new section 115BAC in the IT Act. As per the said section, the Individual and HUF will have an option to pay tax on its total income at the reduced tax rates. The income would, however, must be computed without claiming prescribed deductions or exemptions.

Total Income (Refer notes below)	Tax rates (refer to notes below)
Up to INR 0.3Million	Nil
From INR 0.3Million – 0.6Million	5%
From INR 0.6Million – 0.9Million	10%
From INR 0.9Million – 1.2Million	15%
From INR 1.2Million – 1.5Million	20%
INR 1.5Million and above	30%

Note 1: The Central Government vide the Finance (No. 2) Act, 2019, has provided for a rebate on tax on total income of upto INR 5,00,000 for resident individual assessee. The Finance Act provided for a rebate on tax on total income of upto INR 7,00,000 for resident individual assessee if such individual is opting for the Default Tax Regime.

Note 2: In the case of a resident individual of the age of 60 years or more but less than 80 years at any time during the year, the basic exemption limit is INR 3,00,000.

Note 3: In the case of a resident individual of the age of 80 years or more at any time during the year, the basic exemption limit is INR 5,00,000.Rate of surcharge:

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

In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%

However, where the total income includes any income chargeable under section 111A and section 112 of the IT Act, the rate of surcharge on the amount of income tax computed on that part of income shall not exceed 15%.

Taxation in hands of investors

I. Taxation of resident investors

The tax implications in the hands of resident investors on different income streams are discussed below:

Dividend Income:

Before April 1, 2020, Indian companies were required to pay Dividend Distribution Tax at an effective rate of 20.56 percent on dividends declared and distributed by them. Consequently, the dividend was exempt in the hands of the shareholder—residents as well as non-residents. From a compliance perspective, the government was able to collect dividend tax from one source i.e. companies and even for companies it was not a compliance burden at all.

However, the Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1, 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. For resident shareholders, dividends would be taxed in their hands based on tax rates they are governed with. Companies will have to deduct or withhold tax at 10 percent for dividends paid to these resident shareholders.

Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act if such income is offered to tax under the head 'Income from Other sources' against such dividend income upto 20% of the dividend income.

Section 80M was introduced by the Finance Bill, 2020. As per Section 80M, in case any Indian company receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such recipient Indian company of so much of dividend received from such another Indian company.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rates mentioned above.

Interest Income

Under the IT Act, interest income should be taxable in the hand of resident investor as rates prescribed above.

Capital Gains

Capital Gain refer to any gain or profit earned by Investor from the sale of capital assets such as shares and securities of the Indian portfolio companies. The profit arises from the sale of the capital asset is taxed under the head of 'Capital Gains'. The profit is earned by selling the capital assets at a higher price than what it was bought for.

Types of Capital Gain Tax: The tax that is charged on the gains earned from the selling of capital assets is known as capital gains tax. The capital assets are generally categorized into two categories i.e. short-term capital asset and long- term capital asset.

Period of holding

Capital assets are classified as long-term assets ("**LTCA**") or short-term assets ("**STCA**"), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and securities are held, the gains would be taxable as short-term capital gains ("**STCG**") or long-term capital gains ("**LTCG**"). This is discussed below:

Nature of asset	STCA	LTCA
For assets being shares in a company or any other security listed on a recognized stock exchange in India (e.g., debentures), or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognized stock exchange in India)	Held for not more than 24 months	Held for more than 24 months
For assets other than those specified above	Held for not more than 36 months	Held for more than 36 months

How to Determine Period of Holding: In determining the period for which any capital asset is held by the Investor:

Different Situation	How to calculate the period of holding
Shares held in a company in liquidation	The period subsequent to the date in which the company goes into liquidation shall be excluded.
Allotment of shares in amalgamated Indian Company in lieu of shares held in amalgamating company	The period of holding shall be counted from the date of acquisition of shares in the amalgamating company.
Right Shares	The period of holding shall be counted from the date of allotment of right issue.
Right Entitlement	The period of holding will be considered from the date of offer to subscribe to shares to the date when such right entitlement is renounced by the person.
Bonus Shares	The period of holding shall be counted from the date of allotment of bonus shares.
Issue of Shares by the resulting company in a scheme of Demerger to the shareholders of the Demerged Company.	The period of holding shall be counted from the date of acquisition of shares in the Demerged company.
Conversion of Bonds or Debentures, Debenture-stock, or Deposit certificates in any form of a company into shares or debenture of that company.	The period of holding shall be considered from the date of acquisition of Bond, Debenture, Debenture-Stock or Deposit Certificate.
Conversion of Preference Shares into Equity Shares	The period of holding shall be considered from the date of acquisition of preference shares.

Transfer in Shares and Securities not given above – -Date of purchase (through stock exchange) of shares and securities	Date of purchase by Broker on behalf of customer.
-Date of transfer (through stock exchange) of Shares and securities	Date of Broker's Note provided such transactions are followed up by delivery of shares and the transfer deed.
-Date of purchase / transfer of Shares and securities (Transactions taken place directly between parties and not through stock exchange)	Date of contract of sale as declared by the parties provided it is followed up by the actual delivery of shares and the transfer deed.
-Date of purchase/sale of share and securities purchased in several lots at different points of time but delivery taken of in one lot and subsequently sold in parts.	The First-in-first-out (FIFO) method shall be adopted to reckon the period of the holding of the security, in case where the dates of purchase and sale cannot be correlated through specific numbers of scripts. In other words, the assets acquired last will be taken to be remaining with the investor while assets acquired first will be treated as sold.
-Transfer of a security by a depository (i.e. Demat Account)	The period of holding shall be determined on the basis of the first-in-first-out method.

Tax Rate of Long-Term Capital Gain and Short Term: Depending on the classification of capital gains, the resident investors would be chargeable to tax as per the IT Act as under:

Nature of Income	**Tax Rate* for Domestic Companies**	**Tax*Rate for Firms, LLP**	**Tax*Rate for Individual/ HUF/AOP/BIO**
LTCG in Transfer of	10%	10%	10%
(i)Equity Shares Listed in recognized Stock Exchange (ii) To be listed Equity Shares sold through offer for sale, (iii)Units of Equity Oriented Mutual Fund and on which STT has been paid.	(without Indexation)	(without Indexation)	(without Indexation)
LTCG on Transfer of Listed Securities (Other than units of mutual Fund, listed Bonds and listed Debentures) and on which STT has not been paid.	10% (without Indexation)	10% (without Indexation)	10% (without Indexation)
LTCG on transfer of listed Bonds and Listed Debentures	10% (without Indexation)	10% (without Indexation)	10% (without Indexation)

LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund (with 35%-65% equity allocation)	20% (with Indexation)	20% (with Indexation)	20% (with Indexation)
LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund (with < 35% equity allocation)	As per IT Slabs applicable	As per IT Slabs applicable	As per IT Slabs applicable
LTCG on transfer of Unlisted Securities (other than unlisted Bonds and unlisted Debentures)	20% (with Indexation)	20% (with Indexation)	20% (with Indexation)
LTCG on transfer of unlisted Bonds and unlisted Debentures	20% (without Indexation)	20% (without Indexation)	20% (without Indexation)
STCG on transfer of (i) listed Equity shares on a recognized stock exchange (ii) to be listed shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	15%	15%	15%
Other STCG	As per IT Slabs applicable	As per IT Slabs applicable	As per IT Slabs applicable

*Plus, applicable surcharge and cess

Note 2: The Finance Act, 2018 has withdrawn exemption from tax on long-term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from April 1, 2018. As per section 112A of the IT Act, the long-term capital gains above INR 0.1 million on following transfers shall be taxable at 10%:

- Listed Equity Shares (STT paid on acquisition and transfer); and
- Units of Equity Oriented Mutual Fund (STT paid on Transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

The CBDT has issued a notification on October 1, 2018, clarifying that condition of paying STT at the time of acquisition shall not apply for all transactions of acquisition of equity shares other than the following negative list:

- where the acquisition of existing listed equity shares in a company whose equity shares are not frequently traded on a recognised stock exchange of India is made through a preferential issue, other than specified preferential issues;

- where transactions for acquisition of existing listed equity shares in a company is not entered through a recognised stock exchange, except in specified circumstances; and

- acquisition of equity share during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder.

Note 3: The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.

Deemed sale consideration on sale of unquoted shares (Section 50CA of IT Act):

As per Section 50CA of IT Act, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of Fair Market Value ("**FMV**") for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

Proceeds on Buy-back of shares by the company

Buy-back of shares mean the situation when the company repurchases its own shares. Buy-back of shares is one way to distribute companies' surplus profits, another way to distribute its surplus profits as dividend. Buy-back of shares by the Company is one of the preferred ways by which a company provides an exit route to the shareholders of the company i.e. the requisite number of shares are extinguished, agreed amount is paid to the shareholders.

As per the Section 10(34A) of the IT Act, gains arising on buyback of shares are exempt in the hands of investors as referred to in section 115QA.

However, as per section 115QA of the IT Act, The Company (both listed and unlisted) is liable to pay tax @ 20% plus surcharge and applicable cess on Distributed Income if the buyback is in accordance with the provisions of the Companies Act, 2013. For the purpose of this section: -

- "Buy-Back" means purchase by a company of its own shares in accordance with the provisions of any law for the time being in force relating to companies.

- "Distributed Income" means the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed.

In this regard, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

Deemed income on Investment in shares / securities of unlisted companies in India

Section 56(2)(x) of the IT Act, provides that any assessee receives any property (including shares, debentures, etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.

The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.

Accordingly, such Other Income would be chargeable to tax (i) at the rate of 30% (plus applicable surcharge cess) in case of Investors being resident companies (ii) at the rate of 30% (plus applicable surcharge cess) in case of firms; and (iii) as per applicable slab rates in case of individuals and others, maximum being 30% (plus applicable surcharge and cess).

Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax ("**MAT**") on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Portfolio Entities shall also be included to determine the MAT liability.

The Ordinance has introduced a new Section 115BAA in the Income Tax Act, 1961 to provide for a lower or concessional rate of corporate tax of 25% or a domestic company irrespective of any turnover limit without allowing certain exemptions and deductions. Section 115JB was amended to provide that a domestic company opting section 115BAA are not required to pay MAT. Hence, such companies are exempt from MAT Provisions and shall not entitled to avail the brought forward MAT credit.

If income is categorised as business income

If the gains are categorised as business income, it shall be taxable at the rate of 30% or IT Slabs applicable as mentioned above plus applicable surcharge and cess in case of resident investors.

II. Taxation of non-resident investors

Section 115A to 115AD prescribes tax rates for various types of investment income of different Non-Resident Entities. However, if the non-resident is covered by a particular DTAA, he may apply the rates prescribed under that DTAA, if beneficial, without considering any surcharge and education cess.

A non-resident investor would be subject to taxation in India only if;

- it is regarded a tax resident of India; or

- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management ("**POEM**") is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from April 1, 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

The CBDT had vide its circular dated January 24, 2017 issued guiding principles for determination of POEM of a company ("**POEM Guidelines**"). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated February 23, 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than Rs 500 million during the Financial Year.

Tax Treaty Benefits

As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ("**Tax Treaty**") between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor or the terms of the Tax Treaty would not be subject to amendment in the future.

Tax Residency Certificate ("TRC")

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

1) Status (individual, company, firm, etc.) of the assessee;
2) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
3) Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
4) Period for which the residential status, as mentioned in the TRC, is applicable; and
5) Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed below:

Dividend Income:

Before April 1, 2020, Indian companies were required to pay Dividend Distribution Tax at an effective rate of 20.56 percent on dividends declared and distributed by them. Consequently, the dividend was exempt in the hands of the shareholder—residents as well as non-residents. From a compliance perspective, the government was able to collect dividend tax from one source i.e. companies and even for companies it was not a compliance burden at all.

However, Indian Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1, 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. For non-resident shareholders—foreign shareholders, portfolio and institutional investors and even individuals (including NRIs)—the said dividend would be taxable in India either at the rates prescribed under the Indian tax laws or relevant tax treaties, whichever is beneficial to the taxpayer.

As per the current law, a tax rate of 20 percent (plus applicable surcharge and cess) is provided under the Indian local laws for dividends paid to non-residents or foreign companies. However, the tax treaties provide for lower rates, depending on the shareholding percentage and country of the investor.

The Indian Companies declaring dividend would be required to deduct tax at rates in force (in case of payment to non-resident).

Further, it is inserted that the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act if such income is offered to tax under the head 'income from Other sources' against such dividend income upto 20% of the dividend income.

Section 80M was introduced by the Finance Bill, 2020. As per Section 80M, in case any Indian company receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rates mentioned above.

Interest Income

Interest income would be subject to tax at the rate of 40% (plus applicable surcharge and cess) for beneficiaries who are non-resident companies. For beneficiaries being non-resident firms / company, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). For other non-resident beneficiaries, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). The above rates would be subject to availability of Tax Treaty benefits, if any.

Non-resident Indian ("**NRI**") Investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT

Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 20% (plus applicable surcharge and cess) on gross basis.

As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to Foreign Portfolio Investor ("**FPI**") would be subject to tax at the rate of 5% (plus applicable surcharge and cess) if following conditions are satisfied:

1) Such interest is payable on or after 1 June 2013 and 1 July 2020; and
2) Rate of interest does not exceed the rate notified by Central Government

If the above concessional tax rate is not available, then then the interest income would be subject to tax rate at the rate of 20% (plus applicable surcharge and cess) for FPI investors.

CAPITAL GAIN:

Period of holding

Capital assets are classified as long-term assets ("**LTCA**") or short-term assets ("**STCA**"), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and securities are held, the gains would be taxable as short-term capital gains ("**STCG**") or long-term capital gains ("**LTCG**"). This is discussed below:

Nature of asset	STCA	LTCA
For assets being shares in a company or any other security listed on a recognised stock exchange in India (i.e. equity shares, preference shares or debentures), or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero-coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognised stock exchange in India)	Held for not more than 24 months	Held for more than 24 months
For assets other than those specified above	Held for not more than 36 months	Held for more than 36 months

Depending on the classification of capital gains, the non-resident investors would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate* for offshore investors being Foreign company	Tax rate* for offshore investors being Firms / LLPs/FPI	Tax rate* for any other offshore investors
	%	%	%
Short-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund, and on which STT has been paid	15	15	15
Other short-term capital gains	40	30	30
Long-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid (Refer Note 1)	10 (without indexation)	10 (without indexation)	10 (without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid (Refer Note 2 & 3)	10 (without indexation)	10 (without indexation)	10 (without indexation)
LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund (with 35%-65% equity allocation)	20% (with Indexation)	20% (with Indexation)	20% (with Indexation)

Nature of Income	Tax rate* for offshore investors being Foreign company	Tax rate* for offshore investors being Firms / LLPs/FPI	Tax rate* for any other offshore investors
	%	%	%
LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund (with < 35% equity allocation)	As per IT Slabs applicable	As per IT Slabs applicable	As per IT Slabs applicable
Long-term capital gains on transfer of unlisted securities	10 (without indexation)	10 (without indexation)	10 (without indexation)

*Plus, applicable surcharge and cess

Note 1: The Finance Act, 2018 has withdrawn exemption from tax on long-term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from April 1, 2018. As per section 112A of the IT Act, the long-term Capital Gains above INR 0.1 million on following transfers shall be taxable at 10%:

- listed equity shares (STT paid on acquisition* and transfer); and
- units of equity oriented mutual fund (STT paid on transfer)

Note 2: Based on judicial precedents, non-residents may avail the concessional tax rate (as mentioned above). However, the possibility of Indian Revenue Authorities disregarding the said position and applying a tax rate of 20% (plus applicable surcharge and cess) cannot be ruled out.

*The CBDT has issued a notification on October 1, 2018, clarifying that condition of paying STT at the time of acquisition shall not apply for all transactions of acquisition of equity shares other than the following negative list:

- where the acquisition of existing listed equity shares in a company whose equity shares are not frequently traded on a recognised stock exchange of India is made through a preferential issue, other than specified preferential issues;

- where transactions for acquisition of existing listed equity shares in a company is not entered through a recognised stock exchange, except in specified circumstances; and

- acquisition of equity share during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder.

Note 3: Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

Further, the CBDT has clarified by way of FAQs that long-term capital gains in case of FPIs will be determined in the same manner as in the case of resident taxpayers.

NRI Clients/Investors are entitled to be governed by special tax provisions under Chapter XII-A of the ITA and if the NRI investors opt to be governed by these provisions under the ITA, (i) any long-term capital gains should be taxable at the rate of 10% (plus applicable surcharge and cess) and (ii) any investment income should be taxable at 20% (plus applicable surcharge and cess).

Other Provisions

Carry-forward of losses and other provisions (applicable to both Equity products irrespective of the residential status):

In terms of Section 70 read with Section 74 of the IT Act, short-term capital loss arising during a year can be set-off against short-term as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during the subsequent 8 assessment years.

Securities Transaction Tax ("STT"):

Delivery based purchases and sales of equity shares traded on recognised Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of the purchase or sale. Further, STT at the rate of 0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller at the rate of 0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.

General Anti Avoidance Rule ("GAAR"):

GAAR provisions have been introduced in chapter X-A of the IT Act (effective from Financial Year beginning on April 1, 2017), which provides that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified test as mentioned below, can be declared as an 'impermissible avoidance arrangement'.

1. Arrangement creates rights or obligations, which are not ordinarily created between persons dealing at arm's length price;
2. Arrangement directly or indirectly results in the misuse or abuse of the provisions of the IT Act;
3. Arrangement lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
4. Arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bonafide purposes.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 30 million.

On January 27, 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

1. Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
2. GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
3. GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 million cannot be read in respect of a single taxpayer only.

Multilateral Instrument to implement Tax Treaty Related Measures to prevent base erosion and profit shifting ("MLI"):

The Organisation of Economic Co-operation and Development ("**OECD**") released the MLI. The MLI, amongst others, includes a "principal purpose test", wherein treaty benefits can be denied if one of the principal purposes of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit.

The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive.

Further, treaty benefits availed under various tax treaties with India will also be subject to provisions of MLI. MLI will enter into effect for the tax treaty signed between India and various countries from financial year beginning 1 April 2020.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on residential status, the facts and circumstances of each case. The Client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his income or loss and the expenses incurred by him as a result of his investment as offered by the Portfolio Manager.

15. Accounting policies/investment policies

Following key accounting policies/investment policies shall be followed:

- All investments will be marked to market.
- In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
- The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note.
- Reporting norms prevalent in the portfolio management services industry and as may be

prescribed/applicable from time to time.

16. Investor services

The Portfolio Manager seeks to provide the Clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Client servicing essentially involves:

(a) Reporting portfolio actions and client statement of accounts at pre-defined frequency;
(b) Attending to and addressing any client query with least lead time;
(c) Ensuring portfolio reviews at predefined frequency.

(i) Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:

Name	Ms. Smitha Jain Arora
Designation	Compliance Officer
Address	712 THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra
Telephone No.	+91 9833823622
Email id	smitha@arthyawealth.com

(ii) Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle Client complaints. The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the Client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action** – As soon as any grievance comes to the knowledge of the aforesaid personnel, it would be identified and resolved. This will lower the detrimental effects of the grievance.
2. **Acknowledging grievance** – The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts** – The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance** – The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision making** – After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly

decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.

6. **Review** – After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Ms. Smitha Jain Arora and subject to the Regulations. The Compliance Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Ms. Smitha Jain Arora
Address	712 THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra
Telephone No.	+91 9833823622
Email id	smitha@arthyawealth.com

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The Portfolio Manager and the Client shall jointly appoint a sole arbitrator mutually acceptable to them. In the event of failure to agree upon a sole arbitrator for a period of 15 (fifteen) days of receipt of notice, the arbitration shall be before 3 (three) arbitrators, where the Portfolio Manager and the Client shall appoint an arbitrator each for themselves and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The courts of Mumbai shall have the exclusive jurisdiction to adjudicate upon the claims of the parties.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which the complaint will be either routed to the Portfolio Manager or to SEBI (as applicable), which may then forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at http://scores.gov.in.

The Client also has the option to raise an arbitration request using the online dispute resolution mechanism notified by SEBI and amendments issued thereon from time to time. The number of arbitrators to be appointed, the seat of arbitration and the language to be used for arbitration and the costs and expenses of arbitration would be as prescribed under the notifications and circulars issued in this regard from time to time.

http://smartodr.in/ by clicking on “complaint registration”
In case of any grievances the investors may email to pms.grievances@almondz.com.

17. General

Prevention of Money Laundering

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other Applicable Law in force and the investor is duly entitled to invest the said funds.

To ensure appropriate identification of the Client(s) under its Know Your Client ("**KYC**") policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client, holding the funds/securities in his name, is legally authorised/entitled to invest the said funds/securities through the services of the Portfolio Manager, for the benefit of the beneficiaries.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KYC Registration Agency ("**KRA**") compliant except the information required under any new KYC requirement. The Clients who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Client's account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy. If the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws, then it will report the same to FIU-IND.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

For and on behalf of Arthya Wealth and Investments Private Limited

Gaurav Arora **DIN: 08762837** **Director**	**:**	
Smitha Jain Arora **DIN: 08331255** **Director**	**:**	

Place: **Mumbai**
Date: **8th August, 2024**

FORMAT I

(Account Opening Form)

Information about the Client

1. **General information about the client**

KYC AND APPLICATION FORM - FOR INDIVIDUAL		
PERSONAL DETAILS		
PAN Number		
Name (Name on ID proof)		Photo
Maiden Name (If any)		
Father / Spouse Name		
Mother Name		
Date of Birth		
Gender		
Marital Status		
Citizenship		
Country Code		
Residential Status		
Occupation Type		
PEP Status		
ADDRESS - CURRENT / PERMANENT / OVERSEAS ADDRESS DETAILS		
Line 1		
Line 2		
Line 3		
City/Town/Village		
Zip/Postal Code		
State/UT		
Country Code		
Country		
Address Type		
ADDRESS - CORRESPONDENCE/LOCAL ADDRESS		
Line 1		
Line 2		
Line 3		
City/Town/Village		
Zip/Postal Code		
State/UT		
Country Code		
Country		

CONTACT DETAILS	
Tel (Off).	
Tel (Res).	
Mobile :	
Email	
Fax No.	
PROOF OF IDENTITY (POI) and PROOF OF ADDRESS (POA) DETAILS	
PAN Number	
CKYC Number (If Avl)	
POI Type	
POI Ref Number	
POI Expiry (If Avl)	
POA Type	
POA Ref Number	
POA Expiry (If Avl)	
(Self-Certified copy of any Identity & Address proof to be submitted separately)	
FATCA/CRS INFORMATION	
Residence Outside India	
Country of Residence	
Country Code	
TIN or Equivalent	
Place of Birth	
Country of Birth	
Country Code (of Birth)	
ADDRESS - OUTSIDE INDIA	
Line 1	
Line 2	
Line 3	
City/Town/Village	
Zip/Postal Code	
State/UT	
Country Code	
Country	
Address Type	

APPLICANT DECLARATION
• I/We hereby declare that the details furnished in the form are true and correct to the best of my/our knowledge and belief. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it. I hereby authorize Arthya Wealth and Investments Pvt. Ltd. (“Arthya”) to disclose, share, remit in any form, mode or manner, all/any of the information provided by me/us, including all changes, updates to such information as and when provided by me/us to issuers, brokers, banks and other relevant parties (“Authorised Parties”) or any Indian or foreign governmental or statutory or judicial authorities/agencies including but not limited to the Financial Intelligence Unit - India (FIU-IND), the tax/revenue authorities in India or outside India wherever it is legally required and other investigation agencies without any obligation of advising me/us of the same. I/We undertake to keep Arthya informed in writing about any changes/modification to the above information in future promptly, i.e., within 30 days of such change being effected and also undertake to provide any other additional information as may be required by Arthya or any domestic or overseas regulators/tax authorities I/We hereby declare that I/we am/are not making this application for the purpose of contravention of any act, rules, regulations or any statute of legislation or any notifications/directions issued by any governmental or statutory authority from time to time. I/We hereby provide consent to Arthya and the Authorised Parties to fetch my/our KYC data from Central KYC Registry and also hereby consent to receiving information from Central KYC Registry through SMS/Email on the above registered number/email address. I/We hereby undertake to produce all such documents as may be required to satisfy the compliance under Prevention of Money Laundering Act, 2002 and SEBI (Portfolio Managers) Regulations, 2020, should the same be required by any regulatory authority at a future date. I/We agree to abide by the terms and conditions, rules and regulations as stipulated in the portfolio management services agreement. I/We hereby declare that the amount given by me/us to Arthya for investing on my/our behalf is through legitimate sources only and does not involve and is not designed for the purpose of contravention or evasion of any act, rules, regulations, statute, legislation, notifications or directions including provisions of Income Tax Act, 1961, Prevention of Money Laundering Act, 2002, or any other applicable laws enacted by the Government of India or statutory authority from time to time. In case of non-resident Indians, I/We confirm that I am/we are non-residents of Indian nationality/origin and I/we have entered into the portfolio management service agreement as per FEMA rules and regulations, which are in force and as may be amended, from time to time.
• I hereby consent to receiving information from Central KYC Registry through SMS/Email on the above registered number/email address

IPV DETAILS	
Name of person doing IPV:	
Designation	
Emp Code:	
Branch Code	
Signature:	
Seal	

(2) Risk Profiler

Part 1: ABOUT YOU, AND YOUR RISK CAPACITY

1. The age group you belong to:
   - a) 60 years & above
   - b) 45-60 years
   - c) 30-45 years
   - d) Less than 30 years

2. What is your employment status:
   - a) Self Employed
   - b) Service
   - c) Retired
   - d) Student
   - e) Unemployed/Home Maker

3. What is your projection of your total income over the next 5 years?
   - a) Go down
   - b) Remain more or less the same
   - c) Go up by a conservative 10%-20% p.a.
   - d) Go up by a decent 20%-30% p.a.
   - e) Go up by an aggressive 30%+ p.a.

4. How long would you consider investing to achieve your financial goals without requiring to withdraw any funds? These goals could include children's education, marriage, retirement &/or others
   - a) Up to 1 year
   - b) 1 - 3 years
   - c) 3 - 5 years
   - d) 5 - 10 years
   - e) 10 years+

5. Which investment assets classes do you have understanding of and/or have exposure to:
   - a) No understanding, or
   - b) Only Fixed Deposits/Govt Bonds/PPF/NSC or similar
   - c) (b) + Mutual Funds and Shares
   - d) (c) + PMS/AIF, Private Equity/Venture Capital/Real Estate Funds or investments
   - e) (d) + Derivatives/Commodities/Overseas Investments/Leveraged investing

6. What proportion of your assets would you wish to invest in instruments other than risk free deposits (or similar)?
   - a) Less than 25%
   - b) Between 25% and 50%
   - c) Between 50% and 75%
   - d) More than 75%

7. Proportion of your financial net worth that you would invest through this engagement
   - a) Less than 25%
   - b) Between 25% - 50%
   - c) More than 50%

8. How would you describe your level of investment confidence?
   - a) Not Confident - I'm not very confident with investing
   - b) Somewhat Confident - I'm comfortable with some investments but still need somethings explained to me
   - c) Confident - I'm comfortable with investing and have a reasonable understanding of the potential risk and rewards

Part 2: YOUR RISK ATTITUDE

1. What is the main reason for you investing in the financial markets?
    a) To preserve capital
    b) To generate moderate capital growth with your income
    c) To generate long term capital growth, no regular income needed
    d) To generate aggressive capital growth over long term

2. What would be the ideal return expectation from your investments over the long term [indicative range mentioned in brackets, before taxes]?
    a) Capital protection and matching inflation [4-6% p.a.]
    b) Marginal capital growth over inflation [7-9% p.a.]
    c) Moderate capital growth over inflation [10-12% p.a.]
    d) Dynamic capital growth over inflation [13-15% p.a.]
    e) Aggressive capital growth over inflation [16-20% p.a.]

3. In investing, higher return expectations usually require assuming higher risks, also increasing the probability of incurring losses. Basis your assessment of your risk appetite, which of the following return scenarios is the closest to your comfort for your investment portfolio?
    a) - 02% to + 08%
    b) - 10% to + 20%
    c) - 20% to + 30%
    d) - 30% to + 40%
    e) - 45% to + 50%

4. What would be your reaction if the value of your Portfolio fell sharply (15%-25%) in a 1-year period?
    a) Flight to Safety - redeem your investments and move to cash.
    b) Concern - coupled with significant rejig of the investment strategy.
    c) Patience & Confidence - to continue to stick to your investment strategy.
    d) Aggression - increase allocation to benefit from the fall.

9. Which of the below mentioned statements best describes the amount of risk fluctuation you will tolerate in the value of your investments?
    a) Safety oriented - minimum fluctuations in portfolio over one year rolling period and buy investments which have a high certainty of selling quickly and near to current market value
    b) Conservative - Can see small portfolio losses over one year rolling period and buy Investments which have a high certainty of selling quickly and near to current market value. Investor may at times buy individual investment that entails greater risk.
    c) Moderate - Can see moderate portfolio losses over one year rolling period in attempting to enhance long-term returns. Investor may at times buy individual investment that entails greater risk and less liquidity.
    d) Aggressive - Prepared to accept greater portfolio losses while attempting to enhance long term performance. May also look at investments which are close ended in nature or have uncertain realizable value at any given time.
    e) Very Aggressive - Prepared to put a large part of portfolio at risk to enhance long term returns. May also look at investments which are close

ended in nature or have uncertain realizable value at any given time.

Part 3: YOUR INVESTMENT INCLINATION

10. Which of the below combinations best describe your desired Portfolio Constitution:
    a) Debt + Gold Only
    b) Debt + Gold + Equity
    c) Debt + Gold + Equity + Alternatives (Real Estate/Private Equity/Venture Capital Funds)
    d) Debt + Gold + Equity + Alternatives (RE/PE/VC) + Overseas investments
    e) Debt + Gold + Equity + Alternatives + Overseas + Derivatives + Direct VC investing

Date: ________________________

Place: ________________________

____

Signature of the client

Annexure I

PMS INVESTMENT APPROACH

At Arthya Investments, we call our Portfolio Management Services Platform: ALL-STAR.

For, the endeavor is to create Portfolios made to Perform - comprising of securities across asset classes (primarily listed stocks of great businesses, with long term growth potential) - while at the same time striking the right balance in portfolio constitution to achieve the desired investment objectives.

Thus, while creating our All-Star Portfolios, we are driven by the Three Golden Goals:

BALANCE – PERFORMANCE – ADHERENCE

The Portfolio Manager proposes to offer portfolio management services to high net-worth individuals (HNIs), institutional clients, corporate and any other permissible class of investors in respect of investment in Indian securities and capital markets (and/or in overseas instruments as per specific regulations in this regard).

The Portfolio Manager proposes employing fundamentals driven investment strategies to make investments with the objective of delivering superior risk-adjusted returns to its clients. **Any/all of these strategies shall be offered through Discretionary and/or Non-discretionary and/or Advisory Portfolio format to various investors.**

This is meant to be achieved across following major set of broad strategies:

I. MULTI-ASSET STRATEGIES

Model portfolio driven strategy across permissible asset classes and permissible instruments.

I-A. Investment Approach - Arthya ALL-STAR Multi-Asset Portfolio:

The Portfolio Manager proposes to build and manage model portfolio driven strategies for various categories of clients, classified by risk profiles. These (indicative) model portfolios will consist of investments across asset classes and products/instruments as permissible under the SEBI Regulations. The portfolio Manager may also offer customised portfolios construct as per specific clients risk profiles / investment requirements. The asset classes would/could include (subject to the SEBI Regulations on an ongoing basis, thus not an exhaustive list):

FIXED INCOME:

Fixed Deposits/ Debt Mutual Funds/ Bonds & Debentures/ Market Linked Debentures.

EQUITY:

Equity Mutual Funds/ Equity Stocks (Listed)/ Equity Structured Products/ Derivative instruments/ Unlisted Equity (NDPMS only)

ALTERNATIVES:

Gold (through ETFs/Funds/Bonds)/ Listed REITs & InvITs/ Commodities/ Investments in overseas instruments under RBI-LRS scheme (as permissible under regulations).

Portfolio construct:

The model portfolios would be constructed from the above, in various combinations for various investor risk profiles. Alternatively, portfolio manager may create customized portfolios for investors basis their specific investment objectives and risk assumptions, as a combination of one or more of the above specified asset classes/instruments.

An indicative allocation profile for the portfolio construction is as tabulated below:

	Conservative	**Moderate**	**Balanced**	**Assertive (Growth)**	**Aggressive**
Fixed Income Assets (including Cash & Gold)	75%	65%	55%	45%	30%
Growth Assets (including Equity)	25%	35%	45%	55%	70%

Benchmark: NSE Multi Asset Index 2 (Old Benchmark: Nifty 50 TRI)

Suggested Investment Horizon

The minimum suggested investment horizon to investors shall be 3 years.

STRATEGY RISK FACTORS:

General Risk:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the strategy/portfolio will be achieved.
- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on June 09, 2021. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich, relevant and cumulative individual experience in the domain of investments.
- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.
- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.
- The group companies of Portfolio Manager may offer services in nature of consultancy, sponsorship etc., which may be in conflict with the activities of portfolio management services.
- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which

are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager

- Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under

Equity:

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- The value of the Client Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

Fixed Income:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- Mutual Funds being vehicles of securities, investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the scheme. The various factors which impact the value of scheme’s investments include but are not limited to fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of securities, tax laws, liquidity of the underlying instruments, settlements periods, trading volumes etc. and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- As the liquidity of the Scheme’s investments could at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme’s portfolio. In view of this the Trustee has the right, at their sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled “Right to limit Redemptions”.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.

Liquidity Risk –

Debentures are listed on exchange, however liquidity in these bonds may or may not be available at all time. The issuer does not guarantee any liquidity in these bonds before maturity. Liquidity risk could also arise due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost, or of appropriate tenure, to meet company's business requirements.

Credit Risk –

While the repayment of sums due at maturity is provided by the Issuer, receipt of any coupon payment and principal amount at maturity on the Debentures is subject to the credit risk of the Issuer. Investors assume the risk that the Company will not be able to satisfy their obligations under the Debentures and Investor may or may not recover all or part of the Principal Amount in case of default by the Issuer. If bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures may be substantially reduced or delayed.

Downgrade in Credit rating –

Any adverse revisions of company's credit rating may adversely impact companies' ability to raise additional financing, the interest rates, and other commercial terms at which such additional financing is available. This could have a material adverse effect on their business and financial performance and their ability to obtain financing for lending operations.

Various other risk such as interest rate risk, reinvestment risk, basis risk, spread risk may be associated with this investment.

II. EQUITY STRATEGIES

Fundamentals driven, Listed Equity/Equity Mutual Fund Portfolio offerings for long term wealth creation for investors.

Almost all kind of investors want to participate in the India growth opportunity by investing in Indian listed equity markets. The intention is to achieve long term growth in their investments through the price appreciation in the stocks of listed Indian companies.

The Portfolio Manager proposes to improve the investment experience for investors who find it difficult to get the right quality advice and guidance on picking the right stocks/businesses, and mostly end up with sub-optimal returns on their investments in the medium to long term. This is proposed to be done by the Portfolio Manager offering to its clients, portfolio strategies focused on generating long-term alpha by investing in good quality businesses listed on Indian stock exchanges.

Investment Philosophy and Architecture (Listed Equities):

The approach towards building portfolios to achieve the above results is appended below:

- Well-crafted portfolio of high-quality stocks which would result in healthy value creation while keeping the risks well in control and managed
- Investing in companies after deep research - including on-ground research (scuttlebutt, channel-checks) - and hence ones where there is high conviction
- Investment philosophy is governed by four core principles – investing in mega trends, companies with superior investment attributes, during their high growth phase, and at an appropriate valuation.
- Combining macro i.e. top down with micro i.e. bottom up approach. Macro would help identify long term mega themes – emanating from social, economic or technological trends - while micro would help pick companies with right business models that would grow within these themes or opportunities
- Companies with superior investment characteristics are companies with high return on invested capital, have strong competitive moat which would help them protect their ROICs, high quality of earnings (operating and free cash flow conversion), disciplined capital allocation and distribution

policy which is rewarding for minority shareholders, and a transparent and ethical management team

- Among companies with superior investment attributes, identify companies which are in their right growth phase – visibility of high growth over the next 3-5 years. Quality of growth is also critical – growth backed by cash flows and without commensurate rise in capital investments
- Within companies which meet the above quality and growth criteria, investing in ones that are available at reasonable valuations which improves the risk reward significantly. Such scalable businesses can create value through compounding over a medium to long term period
- Avoiding companies with high risks such as balance sheet risks, capital allocation issues, governance risks or risks of disruptions
- Using a mix of proprietary quantitative evaluation criteria (filtering and selection), as well as extensive fundamental research basis various parameters like management quality, business scale and opportunity, management policies, competitive landscape etc.

Suggested Investment Horizon:

The minimum suggested investment horizon to investors shall be 3 years.

Equity investment strategies – suited to meet diverse needs of investors.

Guided by the investment philosophy outlined above, different equity investment portfolios will be offered to clients. The brief outlines of the individual portfolio strategies are as below –

II-A. Investment Approach - Arthya ALL-STAR Multi-cap Portfolio:

- A market capitalisation agnostic, actively managed multi-cap portfolio
- Invest in companies benefitting from mega trends, with superior investment characteristics, in their right growth phase, and available at reasonable valuations
- Aim to create substantial alpha over benchmark indices over a period of 3-5 years.

Portfolio construct:

A balanced mix between large-cap, mid-cap and small-cap companies to generate optimal risk-adjusted returns for investors.

Typically, the portfolios shall comprise of 20-25 stocks, with allocation managed across stocks and sectors to achieve optimum diversification, while avoiding over-concentration or over-diversification.

Strategic portfolios with Dynamic bias:

While the portfolios are proposed to be constructed for long term compounding, the portfolio manager proposes to dynamically enhance the medium-term alpha generation potential for investors. This can be done in the following ways:

- Overweight/underweight view on certain sectors from time to time
- Increasing/decreasing cash levels in the portfolio to some extent
- Profit booking/trimming positions from certain stocks at suitable opportunities, etc.

This shall be done to try and build some complementarity to the other equity investment allocations that the investors may have across other funds/strategies and create certain degree of differentiated risk-return outcome in the medium term as compared to pure long-only equity strategies, with an intention to deliver superior risk-adjusted-returns to investors.

Benchmark: BSE 500 TRI

II-B. Investment Approach - Arthya ALL-STAR Opportunities Portfolio:

Portfolio targeted at identifying stocks that have potential of generating attractive returns over short to mid-term time horizon. The strategy is to identify fundamentally sound companies, mostly large caps / large midcaps with near term triggers and that possess divergence between price & value.

Portfolio construct:

Under this strategy, we evaluate companies having superior business characteristics, with decent return catalysts visible over the next 2-3 quarters. Strategy is to capture mispricing of business value at opportune time caused by varied market phenomenon.

Benchmark: Nifty 50 TRI

II-C. Investment Approach - Arthya ALL-STAR Multicap Shariah Portfolio:

- A carefully curated portfolio of companies which are compliant with the Islamic Canonical law of Shariah
- Aimed at investors who do not wish to invest in companies that engage in activities that they deem to be against their faith - lending and other financial services, non-halal foods and beverages, gambling, among others
- Partnering with one of the leading Shariah advisory companies in India to ensure the product meets all Shariah investing guidelines
- Shariah advisory partner to regularly monitor and certify operations as Shariah compliant. Partner will also provide universe of Shariah compliant companies in the listed equities space in India.

Portfolio construct:

The portfolio under this strategy is largely proposed to be multi-cap. However, stocks of all companies which form a part of this portfolio must comply with all financial and business screening parameters under the Shariah investing law.

Typically, the portfolio shall comprise of 20-25 stocks with allocation managed across stocks and sectors to achieve optimum diversification, while avoiding over-concentration or over-diversification.

Benchmark: BSE 500 TRI (Old Benchmark: S&P BSE 500 Shariah TRI)

II-D. Investment Approach - Arthya ALL-STAR Emerging Stars Portfolio:

- Portfolio designed to invest in companies that fit our investment philosophy and might have the potential to create long term superior returns for investors
- This mid and small cap-oriented portfolio shall consist of 14-16 high quality emerging businesses with high growth potential. Focus is to create a well-diversified portfolio with high conviction concentrated bets
- Portfolio is designed to invest in businesses that capture growth opportunities across domestic and global economies
- Suitable for investors with higher risk appetite over medium-long time horizon
- Generate superior alpha over 3-5 year period.

Portfolio construct:

Emerging Stars portfolio is constructed with a focus on mid-size companies that have competitive advantage and longevity of earnings growth. Under this strategy, we evaluate companies with a focus on quality and that have passed the test of our strong research filter criteria. The portfolio aims to deliver superior returns over medium and long term. Superior return objective is achieved by investing in high-quality, growth-oriented companies with strong fundamentals.

Benchmark: BSE 500 TRI

II-E. Investment Approach - Arthya ALL-STAR Leaders Portfolio:

- The portfolio objective is to generate sustained compounding of returns with capital preservation over long term.
- Portfolio constructed primarily of large caps and larger midcaps with some exceptions
- The portfolio shall consist of 14-16 high quality businesses, providing a well-diversified portfolio that is suitable for investors with lower risk appetite
- Potential substitute for Index/MFs/pure long only Large Cap strategies; with better risk-return positioning

Portfolio construct:

The portfolio is constructed with a focus on investing in high-quality companies (sector leaders) that have a proven track record of success and are positioned for sector leading growth. Portfolio aims to identify companies which have strong management pedigree, sustainable competitive moats, superior capital allocation and distribution. With its focus on quality and the right risk-reward balance, this approach can potentially achieve consistent risk adjusted alpha.

Benchmark: Nifty 50 TRI

II-F. Investment Approach - Arthya ALL-STAR Core Portfolio:

- The All-Star Core portfolio is designed to provide investors exposure to superior quality businesses, with a judicious mix of large/mid/small cap companies. Objective is to generate sustained compounding of returns over medium to long term period.
- The portfolio manager shall create a portfolio of high conviction ideas, with relatively higher concentration, and a relatively longer investment horizon, with a view of generating outsized long-term compounding.
- This may consist of some deep researched, relatively under owned businesses which the portfolio manager believes may create significant long-term alpha for investors.
- The portfolio shall consist of 12-16 high quality, high conviction businesses, providing a diversified yet focused investment opportunity to investors.

Portfolio construct:

The portfolio is constructed with a focus on investing in high-quality companies that have a proven track record of success and are positioned for sector leading growth in their respective sectors. Portfolio aims to identify companies which have strong management pedigree, sustainable competitive moats, superior capital allocation and distribution. With its focus on quality and the right risk-reward balance, this approach can help deliver consistent risk adjusted returns.

Benchmark: Nifty 50 TRI

II-G. Investment Approach - Arthya ALL-STAR Growth Plus Portfolio

Portfolio manager will create a portfolio of predominantly equity mutual funds/ETFs to generate long term capital appreciation.

Portfolio construct:

Based on the economic situation and market outlook, the portfolio manager arrives at an allocation between various categories of Equity mutual funds such as Large-Cap, Flexi cap, Multicap, Mid-Cap, Small-Cap, Micro-Cap, Value, Growth, Contra, Thematic, international Funds, etc. Subsequently, based on comprehensive qualitative and quantitative analysis, the portfolio manager will select the ideal funds/ETFs within these categories. Fund manager may also take sectoral/tactical exposures based on view on markets/specific sectors/themes. The portfolio shall endeavor to create reasonable risk adjusted alpha for investors through intelligent selection of various mutual funds/ETFs. The portfolio manager will follow a balanced approach to risk and returns, and thus the portfolio is suitable for almost all risk category investors through appropriate sizing of allocation from investors in their overall financial portfolio. Cash available in portfolio may be temporarily invested in Overnight / Liquid / Ultrashort or Arbitrage mutual funds by the portfolio manager.

Benchmark: BSE 500 TRI

Suggested Investment Horizon:
The minimum suggested investment horizon to investors shall be 3 years.

STRATEGY RISK FACTORS:

General Risks:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS strategies will be achieved.
- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on June 09, 2021. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich, relevant and cumulative individual experience in the domain of investments.
- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.
- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.
- The group companies of Portfolio Manager may offer services in nature of consultancy, sponsorship etc., which may be in conflict with the activities of portfolio management services.
- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager

Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under

Equity:

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- The value of the Client Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

III. DEBT STRATEGIES

Curated portfolio of Fixed Income instruments including Bonds, Debentures, Debt Mutual Funds, REITs/InvITs etc to enable investors achieve higher yield on their fixed income investments over medium term investment horizon.

III-A. Investment Approach - Arthya ALL-STAR Yield Plus Portfolio

Investment Objective - The objective of the portfolio is to achieve higher gross yield on investor's fixed income allocation compared to fixed deposits, G-Secs and/or other comparable debt instruments, while at the same time managing the investment risk (primarily credit and duration risk) efficiently. The portfolios can also have investor specific investment objective and risk assumptions to create a portfolio aligned accordingly.

Investment Approach -
The portfolio shall consist primarily of Bonds, Debentures and Debt Mutual Funds, and/or other permissible fixed income securities/instruments as permissible under PMS Regulations. Based on the macro/micro economic situation, credit environment and outlook on the yield curve, the portfolio manager will outline the targeted Duration Risk and Credit Risk to be assumed in the portfolio. Basis the above, portfolio manager will identify suitable investment options across the credit/yield curve to achieve the desired investment objective over a medium term (2-3 years) investment horizon. The portfolio will largely be constructed with a hold to maturity orientation, with tactical investments based on secondary market trading opportunities and/or yield curve opportunities from time to time. Cash available in portfolio may be temporarily invested in Overnight / Liquid / Ultrashort or Arbitrage mutual funds by the portfolio manager.

Portfolio construct:

The Portfolio Manager uses quantitative and qualitative parameters to select the investment securities and assign weightages.

Indicative Asset allocation bands: (in %)

	Bonds/NCD/G-Sec/Preference Shares/Fixed Income mutual fund units / ETF / PTC /Tbills / SDL / CP / CD	Cash	Others including InvIT/ REIT

Min	0	0	0
Max	100	100	25

The portfolio will consist primarily of investment grade Bonds/Debentures issued by various entities, (or till permissible definition of investment grade instruments). The most likely tenure of these instruments will be 12-30 months.

Benchmark: CRISIL COMPOSITE BOND FUND INDEX

Suggested Investment Horizon:
The minimum suggested investment horizon to investors shall be 2-3 years.

III-B. Investment Approach - Arthya ALL-STAR Liquid Portfolio

Investment Objective - The objective of the portfolio is to enable investors to make staggered allocation to equities, through one or more strategies as offered by the portfolio manager, thus helping the investors navigate market volatility by not investing all the funds at one go. This can be done by investing in Arthya ALL-STAR Liquid Portfolio and subsequently transferring funds to other strategies offered by the portfolio manager over a period – either through pre-stated STP mandate, or by allowing the portfolio manager to discretionally decide the allocation from liquid to other strategy(s) over a period of time basis view on markets/stocks.

Investment Approach -
The portfolio shall consist primarily of Overnight and Liquid Mutual Funds, and any other money market mutual funds including liquid ETFs and/or other permissible instruments for achieving the investment objective.

Benchmark - CRISIL COMPOSITE BOND FUND INDEX

Suggested Investment Horizon:
The minimum suggested investment horizon to investors shall be 1 week.

STRATEGY RISK FACTORS:

General Risk:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the strategy/portfolio will be achieved.
- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on June 09, 2021. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich, relevant and cumulative individual experience in the domain of investments.
- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS

may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.

- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.
- The group companies of Portfolio Manager may offer services in nature of consultancy, sponsorship etc., which may be in conflict with the activities of portfolio management services.
- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology, updates / obsolescence of technology would affect the investments made by the Portfolio Manager
- Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under.

Fixed Income:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- Mutual Funds being vehicles of securities, investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the scheme. The various factors which impact the value of scheme's investments include but are not limited to fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of securities, tax laws, liquidity of the underlying instruments, settlements periods, trading volumes etc. and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- As the liquidity of the Scheme's investments could at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio. In view of this the Trustee has the right, at their sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled "Right to limit Redemptions".
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.

Liquidity Risk –

Debentures are listed on exchange, however liquidity in these bonds may or may not be available at all time. The issuer does not guarantee any liquidity in these bonds before maturity. Liquidity risk could also arise due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost, or of appropriate tenure, to meet company's business requirements.

Credit Risk –

While the repayment of sums due at maturity is provided by the Issuer, receipt of any coupon payment and principal amount at maturity on the Debentures is subject to the credit risk of the Issuer. Investors assume the risk that the Company will not be able to satisfy their obligations under the Debentures and Investor may or may not recover all or part of the Principal Amount in case of default by the Issuer. If bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures may be substantially reduced or delayed.

Downgrade in Credit rating –

Any adverse revisions of company's credit rating may adversely impact companies' ability to raise additional financing, the interest rates, and other commercial terms at which such additional financing is available. This could have a material adverse effect on their business and financial performance and their ability to obtain financing for lending operations.

Various other risks such as interest rate/duration risk, reinvestment risk, Valuation risk, operational risk, concentration risk, settlement risk, basis risk, spread risk, prepayment risk may be associated with this investment strategy.

FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020
[Regulation 22]

Name	Arthya Weatlh and Investments Private Limited
Address	712 THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra.
Phone	+91 99206 38399
Fax Number	*Not applicable*
Email	bhaskar@arthyainvestments.com

We confirm that:

(i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;

(ii) the disclosures made in the Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager;

(iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, as on August 8, 2024. The details of the Chartered Accountants are as follows:

Name of the Firm	:	Shah and Ramaiya Chartered Accountants
Firm Registration Number	:	126489W
Partner	:	Mr. Shardul Shah
Membership Number	:	118394
Address:	:	36/227, RDP 10, Sector 6, Charkop, Kandivali (West), Nr. Ambe Mata Mandir Mumbai: 400067.

(*Enclosed is a copy of the Chartered Accountants' certificate to the effect that the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision*).

For and on behalf of Arthya Wealth and Investments Private Limited

Date: **8th August, 2024**

Signature of the Principal Officer: Bhaskar

Mr. Bhaskar Bukrediwala

ARTHYA WEALTH AND INVESTMENTS PVT. LTD. MUMBAI

Place: **Mumbai**

Address: 712 THE SUMMIT-BUSINESS BAY,
7th Floor, Near Western Express Highway,
Off Andheri-Kurla Road, Andheri (East),
Mumbai – 400069, Maharashtra

36/227, RDP 10, Sector 6, Charkop, Kandivali (West), Mumbai – 67
+91 81081 11531 / 98692 65949 / info@secmark.in

SHAH & RAMAIYA
CHARTERED ACCOUNTANTS

CERTIFICATE

We have verified the Disclosure Document ("the Document") for Portfolio Management Services prepared by **Arthya Wealth and Investments Private Limited**, a Portfolio Manager registered with SEBI under the SEBI (Portfolio Managers) Regulations, 2020 (SEBI Reg. No. PM/ INP000007225), dated June 9, 2021 having its Registered Office at 712 THE SUMMIT-BUSINESS BAY, 7th Floor, Near Western Express Highway, Off Andheri-Kurla Road, Andheri (East), Mumbai – 400069, Maharashtra.

The disclosure made in the document is made on the model disclosure document as stated in Schedule V of Regulation 23 of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020.

Our certification is based on the Balance sheet of the Company as on 31st March, 2024 (Unaudited) by Statutory Auditors, Amrutesh Durga & Co. Chartered Accountants and examination of other records, data made available and information & explanations provided to us.

Based on such examination we certify that:

a) The Disclosure made in the document is true, fair and correct and
b) The information provided in the Disclosure Document is adequate to enable the investors to make well-informed decisions.

The enclosed document is initialled / signed by us for the purpose of identification.

For Shah & Ramaiya.
Chartered Accountants
FRN.: 126489W

SHARDUL JASHWANTLAL SHAH

Digitally signed by SHARDUL JASHWANTLAL SHAH
DN: C=IN, PostalCode=400091, S=MAHARASHTRA, STREET=201 A WING SHREE CHS YOGI NAGAR BLDG NO 36 BORIVALI WEST, L=MUMBAI, O=Personal,
SERIALNUMBER=ad6966eb7c810af69a088d4c2ab1c08b8c1f62fb8ddbfd102cfddf94b885663f, OID.2.5.4.65=f63fbec0685f44378ad206d721ee394c,
Phone=7d4dbf3148a5cefd9b0b5bafc6a72abea9e11f285221fcf1a46c79a6a0df025e, E=SHARDUL@SECMARK.IN, CN=SHARDUL JASHWANTLAL SHAH
Reason: I am the author of this document
Location: Mumbai
Date: 2024-08-08 17:17:07
Foxit PhantomPDF Version: 9.5.0

CA Shardul Shah
Partner
M No.: 118394
UDIN No: 24118394BKALAG6300

Place: Mumbai
Date: August 8, 2024