

investors should understand. Derivatives require the maintenance of adequate controls to monitor such transactions and the embedded market risks that a derivative adds to the portfolio.

13. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. Other risks in using derivatives include but are not limited to:
- Credit Risk:** This occurs when a counterparty defaults on a transaction before settlement and therefore, the portfolio manager is compelled to negotiate with another counterparty at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge.
 - Market Liquidity Risk:** This is where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
 - Model Risk:** This is the risk of mis-pricing or improper valuation of derivatives.
 - Basis Risk:** This is when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/ industry assets.

Risks associated with Securities Lending:

The risks in lending portfolio Securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of Securities, and the approved intermediary. Such failure to comply can result in a possible loss of rights in the collateral put up by the borrower of the Securities, the inability of the approved intermediary to return the Securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the Securities deposited with the approved intermediary. The portfolio manager may not be able to sell such Securities and this can lead to temporary illiquidity.

SPECIAL CONSIDERATIONS:

- The portfolio manager or its associates are not responsible or liable for any loss or shortfall resulting from the operation of the Portfolio.
- Before investing, prospective investors should review/ study this Document carefully and in its entirety and shall not construe the contents thereof or regard the summaries contained therein as advice relating to legal, taxation or financial/ investment matters. Investors should consult their own professional advisor(s) as to the legal, tax or financial implications resulting from (i) Subscription, gifting, acquisition, holding, disposal (by way of sale, switch or Redemption or conversion into money) and (ii) to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their Subscription, acquisition, holding, capitalisation, disposal (by way of sale, transfer, switch, Redemption or conversion into money) of portfolio within their jurisdiction or under the laws of any jurisdiction to which they may be subject to possible legal, tax, financial or other consequences.
- The portfolio manager have not authorized any person to give any information or make any representations, either oral or written, not stated in this document in connection with investment under the Product. Prospective investors are advised not to rely upon any information or representations not incorporated in this document as the same have not been authorised by the Portfolio manager. Any Subscription or Redemption made by any person on the basis of statements or representations which are not contained in this document or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- From time to time, the affiliates/associates of the portfolio manager may invest either directly or indirectly in the Securities. Their investment may be the same or differ from the investment made by the portfolio manager for its clients. The investment made by these affiliates/ associates may acquire a substantial portion and collectively constitute a major investment in the Scrip. Accordingly, Redemption of such scrips may have an adverse impact on the value of the portfolio because of the timing of any such Redemption and may affect the ability of other investors to redeem their investments.
- As the liquidity of the portfolio investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the portfolio manager for Redemption of securities may be significant in the event of an inordinately large number of Redemption requests or of a restructuring of the portfolio.
- The tax benefits described in this document are as available under the prevailing taxation laws. Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the portfolio Product will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her/ their own professional tax advisor.
- Redemptions due to a change in the fundamental attributes of the portfolio or due to any other reason may entail tax consequences. Such tax shall be borne by the investor and the Portfolio manager shall not be liable for any tax consequences that may arise.
- Portfolio Manager invests in Securities which may not always be profitable and there can be no guarantee against loss resulting from investing in the Portfolio Product. The portfolio value may be impacted by fluctuations in the bond markets, fluctuations in interest rates, prevailing political, economic and social environments, changes in government policies and other factors specific to the issuer of the securities, tax Laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- Investors are urged to study the terms of the offer carefully before investing in the Portfolio Product and to retain this Document for future reference.

10. DUTIES AND OBLIGATIONS OF THE CLIENT

- 10.1 The Client shall maintain utmost secrecy with regard to investment made by the Portfolio Manager on its behalf. In no case shall the Client replicate for its or for the benefit of others, the investments made by the Portfolio Manager.
- 10.2 The Client shall disclose to the Portfolio Manager from time to time whether it is privy to price sensitive information in any company, such that a conflict of interest may arise were the Portfolio Manager to buy Securities of that company on behalf of the Client. The Client agrees to timely update the