



## Zerodha Fund House

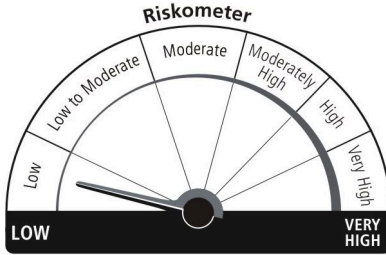
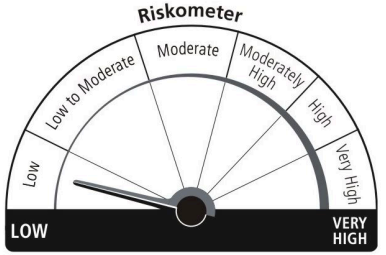
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### Scheme Information Document

#### **Zerodha Nifty 1D Rate Liquid ETF**

(An open-ended Exchange Traded Fund replicating/ tracking Nifty 1D Rate Index. A relatively low interest rate risk and relatively low credit risk)

**BSE Symbol / Scrip Code** : LIQUIDCASE / 544089 , **NSE Symbol** : LIQUIDCASE

This product is suitable for investors who are seeking*:	Risk-o-meter of the scheme	Risk-o-meter of the Benchmark (Nifty 1D Rate Index)
Short Term savings solution		
Investment in securities covered by NIFTY 1D Rate Index.		
	Investors should understand that their principal will be at <b>Low Risk</b>	

*\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.*

The product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

(Offer for face value of ₹ 100/- per unit during New Fund Offer and at continuous offer for units at NAV based prices)

#### **Potential Risk Class ('PRC') Matrix of the Scheme**

Credit Risk	Relatively Low (Class A)	Moderate (Class B)	Relatively High Class (Class C)
Interest Rate Risk			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High Class (Class III)			



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New Fund Offer opens on	January 08, 2024
New Fund Offer closes on	January 12, 2024
Scheme reopens on	Scheme will reopen for continuous Sale and Repurchase within 05 Business Days from the date of allotment of units under NFO
Name of Sponsor	Zerodha Broking Limited
Name of Mutual Fund	Zerodha Mutual Fund
Name of Asset Management Company	Zerodha Asset Management Private Limited
Name of Trustee Company	Zerodha Trustee Private Limited
Address	Indique Penta, New No. 51 (Old No. 14), Richmond Road, Bangalore - 560 025
Website	<a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a>

The units of the Scheme are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE). All investors including Market Makers and Large Investors can subscribe (buy) / redeem (sell) units on a continuous basis on the NSE/BSE on which the Units are listed during the trading hours on all the trading days. In addition, ongoing purchases directly from the Mutual Fund would be restricted to Market Makers (MM) provided the value of units to be purchased is in Creation Unit size and in multiples thereof. Large investors can transact directly with the Fund for an amount greater than ₹25 crores.

The SID sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this SID after the date of this Document from the Mutual Fund or its Website.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Zerodha Mutual Fund, Tax and Legal issues and general information on [www.zerodhafundhouse.com](http://www.zerodhafundhouse.com).

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the SAI, please visit our website or send email to [support@zerodhafundhouse.com](mailto:support@zerodhafundhouse.com).**

**The SID should be read in conjunction with the SAI and not in isolation.**

The Scheme Information Document is dated December 28, 2023.



## Zerodha Fund House

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### TABLE OF CONTENTS

Particulars	Page no.
<b>HIGHLIGHTS/ SUMMARY OF THE SCHEME</b>	<b>6-10</b>
<b>I. <u>Introduction</u></b>	<b>11-36</b>
A. Risk factors	<b>11-20</b>
B. Requirement of minimum investors in the scheme	<b>20</b>
C. Special Considerations, if any.	<b>20-25</b>
D. Definitions	<b>25-34</b>
E. Abbreviations	<b>34-35</b>
F. Due Diligence by Asset Management Company	<b>36</b>
<b>II. <u>Information about the scheme</u></b>	<b>37-53</b>
A. Type of scheme	<b>37</b>
B. What is the investment objective of the scheme?	<b>37</b>
C. How will the scheme allocate its assets?	<b>37-40</b>
D. Where will the scheme invest?	<b>40</b>
E. What are the investment strategies?	<b>40-41</b>
F. Fundamental attributes	<b>41-42</b>
G. How will the scheme benchmark its performance?	<b>42-43</b>
H. Who manages the scheme?	<b>43-44</b>
I. What are the investment restrictions?	<b>45-48</b>
J. How has the scheme performed?	<b>49</b>
K. Scheme Portfolio Holdings	<b>49</b>
L. Investment by Board of Directors, Fund Managers and Key Personnel	<b>49</b>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

M. Creation of segregated Portfolio in the Scheme	49-53
III. <b><u>Units and Offer</u></b>	54-80
A. New Fund Offer	54-61
B. Ongoing Offer Details	61-71
C. Periodic Disclosures	71-80
D. Computation of NAV	80
IV. <b><u>Fees and Expenses</u></b>	80-85
A. New Fund Offer	81
B. Annual Scheme Recurring Expenses	81-84
C. Transactions Charges	84
D. Load Structure	84
E. Waiver of Load for Direct applications	85
V. <b><u>Rights of Unitholders</u></b>	85
VI. <b><u>Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken or is in the Process of being taken by any Regulatory Authority</u></b>	85-86



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Shantala Nagar Bangalore, 560025 India

### DISCLAIMER OF NSE:

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref No.: NSE/LIST/5622 dated December 01, 2023 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's Units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinised this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's Units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its Sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any Units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### DISCLAIMER OF BSE:

"BSE Ltd. ("the Exchange") has given its letter no. LO/IPO/AH/MF/IP/67/2023-24 dated December 21, 2023 permission to use the Exchange's name in this SID as one of the Stock Exchanges on which this Mutual Fund's Units are proposed to be listed. The Exchange has scrutinised this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to. The Exchange does not in any manner:-

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or
- ii) warrant that this scheme's units will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund.

and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange.

Every person who desires to apply for or otherwise acquires any unit of this Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.



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### **HIGHLIGHTS/ SUMMARY OF THE SCHEME**

Name of the Scheme	Zerodha Nifty 1D Rate Liquid ETF
Type of Scheme	An open-ended Exchange Traded Fund replicating/ tracking Nifty 1D Rate Index. A relatively low interest rate risk and relatively low credit risk.
BSE Symbol / Scrip Code	LIQUIDCASE / 544089
NSE Symbol	LIQUIDCASE
Scheme Code	ZERO/O/O/DET/23/12/0003
Category of Scheme	Other Schemes – ETF
Investment Objective	<p>The investment objective of the Scheme is to invest in Tri Party repo on Government securities or treasury bills (TREPS). The Scheme aims to provide investment returns that, before expenses, correspond to the returns of the NIFTY 1D Rate Index, subject to tracking error.</p> <p><b>There is no assurance or guarantee that the investment objective of the scheme would be achieved.</b></p>
Liquidity	<p><b>On the Exchange</b></p> <p>The units of the Scheme can be bought / sold on all trading days on the National Stock Exchange of India Limited or BSE Limited where the Scheme is listed.</p> <p><b>Directly with the Mutual Fund</b></p> <p>The Scheme offers units for subscription / redemption directly with the Mutual Fund in creation unit size to Market Makers / and Large Investors, on applicable NAV prices on all Business Days during an ongoing offer period.</p>
Benchmark Index	Nifty 1D Rate Index



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Transparency/ NAV Disclosure	<p>The NAV will be calculated by the AMC for each Business Day. The first NAV shall be calculated and declared within 05 business days from the date of allotment. As mandated by SEBI, the NAV shall be disclosed in the following manner:</p> <ul style="list-style-type: none"><li>(i) Displayed on the website of Mutual Fund (<a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a>)</li><li>(ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (<a href="http://www.amfiindia.com">www.amfiindia.com</a>)</li><li>(iii) Any other manner as may be mandated by SEBI from time to time.</li></ul> <p>Mutual Fund/ AMC will provide facility of sending latest NAVs to unitholders through SMS, upon receiving specific requests. AMC shall update NAV on the website of the Fund and Association of Mutual Funds in India (AMFI) by 11.00 p.m. every Business Day. In case of any delay in uploading on AMFI website, the reason for such delay will be explained to SEBI and AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs. The Mutual Fund / AMC will disclose the portfolio (along with ISIN and other prescribed details) of the Scheme in the prescribed format, as on the last day of the month and half-year i.e. March 31 and September 30, on its website viz. <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a> and on the website of Association of Mutual Funds in India (AMFI) viz. <a href="http://www.amfiindia.com">www.amfiindia.com</a> within 10 days from the close of each month and half-year respectively.</p> <p>The Mutual Fund/AMC will send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month and half-year respectively. Mutual Fund / AMC will publish an advertisement every half-year in an all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the AMFI. Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from unitholders.</p> <p>The AMC will make available the Annual Report of the Scheme within four months of the end of the financial year.</p>
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New Fund Offer Price	Offer for Sale of Units at ₹100/- per unit (subject to statutory deductions, if any) as on the date of allotment for applications received during the New Fund Offer (NFO) period and at approximately indicative NAV based prices (along with applicable charges and execution variation) during the Ongoing Offer for applications directly received at AMC.
Creation/ Redemption unit size	5,000 units or multiples thereof
Loads	<p><b>Entry Load: Not Applicable</b></p> <p>Pursuant to SEBI circular no. SEBI/IMD/ CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme from the investor.</p> <p><b>Exit Load: Nil</b></p> <p>The Trustee reserves the right to change/ modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations.</p> <p>For further details on load structure refer to the section 'Load Structure' on page no. 84.</p>
Minimum Application Amount	<p><b>During NFO Period:</b></p> <p>₹500 per application and in multiples of ₹100 thereafter. Units will be allotted in whole figures and the balance amount will be refunded.</p> <p><b>On an on-going basis:</b></p> <ol style="list-style-type: none"> <li><b>Directly with Fund:</b> Only Market maker(s) and large investors subject to following: <ol style="list-style-type: none"> <li><b>Market Maker(s):</b> Market maker(s) can directly purchase / redeem units with the Fund in "Creation Unit Size". The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers.</li> </ol> </li> </ol>





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	<p>b. <b>Large Investor(s):</b> Large investors can directly purchase / redeem from the fund in “Creation unit size” subject to the value of transaction is greater than the threshold of ₹ 25 crores or such other amount as may be specified by SEBI from time to time.</p> <p>However, the above mentioned limit shall not be applicable to (i) schemes managed by Employee Provident Fund Organisation, India; and (ii) Recognized Provident Funds, approved Gratuity Funds and approved Superannuation Funds under Income-tax Act, 1961 till April 30, 2024 or any other date as may be communicated by SEBI.</p> <p>2. <b>On the Exchange:</b> All categories of Investors may purchase / redeem the units through secondary market on any trading day in minimum lot of 1 unit and in multiples thereof on the exchange(s) where the units are listed.</p>
Option/ Plan	<p>There are no plans under the Scheme.</p> <p>The scheme offers only Growth Option.</p> <p>The Trustees/ AMC reserves the right to introduce further Plan/ Options as and when deemed fit, subject to the SEBI (MF) Regulations.</p>
Transaction Charges	<p>SEBI vide its circular no. Cir/IMD/DF/13/2011 dated 22 August 2011 has allowed mutual funds to levy a transaction charge on subscriptions of Rs.10,000/- and above, which shall be deducted by the AMC from subscription amount and paid to the distributors.</p> <p>As there are no plans in the Scheme no transaction charges will be levied or deducted.</p>
Application Supported by Blocked Amount (ASBA)	<p>Investors may apply through the ASBA process during the NFO period of the Scheme by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the procedure specified therein.</p> <p>For complete details on ASBA process refer Statement of Additional Information (SAI) made available on our website <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a>.</p>



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Mandatory Quoting of Bank Mandate by Investors	As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications otherwise the applications are liable to be rejected.
Dematerialization of Units	<p>a. Units of the Scheme will be available in Dematerialized (electronic) form only.</p> <p>b. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.</p> <p>c. Units of the Scheme will be issued, traded and settled compulsorily in dematerialized form.</p> <p>Please note that the application without relevant details will be liable to be rejected.</p>

### IMPORTANT

**Before investing, investors are requested to also ascertain about any further changes pertaining to scheme such as features, load structure etc. made to this Scheme Information Document by issue of addenda/notice after the date of this Document from the AMC/ Mutual Fund/ Website, etc.**



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### I. INTRODUCTION

#### A. RISK FACTORS

##### Standard Risk Factors

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/ value/ interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsors and their affiliates / AMC / Mutual Fund does not guarantee future performance of the Scheme of the Mutual Fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of ₹1 lakh each made by them towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

##### Scheme Specific Risk Factors

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and / or ability to meet its investment objective. The specific risk factors related to the Scheme include, but are not limited to the following:

##### Risk associated with Exchange Traded Fund:

- a) **Absence of Prior Active Market:** Although the units of ETFs are listed on the Stock Exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.
- b) **Lack of Market Liquidity:** Trading in units of ETFs on the Stock Exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned Stock Exchange or Market Regulator, trading in the ETF Units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit breaker' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.



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- c) **Units of Exchange Traded Funds May Trade at Prices Other than NAV:** Units of Exchange Traded Funds may trade above or below their NAV. The NAV of Units of Exchange Traded Funds may fluctuate with changes in the market value of a Scheme's holdings. The trading prices of units of the ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that ETFs can be created / redeemed in Creation Units, directly with the fund and disclosure of iNAV as stipulated by regulations, large discounts or premiums to the NAVs may not be sustainable.
- d) **Regulatory Risk:** Any changes in trading regulations by the Exchange or SEBI may affect ability of the market maker to arbitrage resulting into wider premium/ discount to NAV. Although Zerodha Nifty 1D Rate Liquid ETF is proposed to be listed on Exchange, the AMC and the Trustees will not be liable for delay in listing of Units of the Scheme on Exchange / or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.
- e) **Political Risks:** Whereas the Indian market was formerly restrictive, a process of deregulation has been taking place over recent years. This process has involved removal of trade barriers and protectionist measures, which could adversely affect the value of investments. It is possible that the future changes in the Indian political situation, including political, social or economic instability, diplomatic developments and changes in laws and regulations could have an effect on the value of investments. Expropriation, confiscatory taxation or other relevant developments could affect the value of investments.
- f) **Right to Limit Redemptions:** The Trustees, in the general interest of the unit holders of the Scheme offered under this Scheme Information Document and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Business Day depending on the total "Saleable Underlying Stock" available with the fund.
- g) **Redemption Risk:** The Unit Holders may note that even though this is an open ended scheme, the Scheme would ordinarily repurchase Units in Creation Unit size. Thus, unit holdings less than the Creation Unit size can normally only be sold through the secondary market except situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID.
- h) **Asset Class Risk:** The returns from the types of securities in which a Scheme invests may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and underperformance in comparison of the general securities markets.



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- i) **Passive Investments:** As the Scheme is not actively managed, the underlying investments may be affected by a general decline in the Indian markets relating to its Underlying Index. The scheme invests in the securities included in its underlying index regardless of their investment merit. The AMC does not attempt to take defensive positions in declining markets. Further, the fund manager does not make any judgement about the investment merit nor shall attempt to apply any economic, financial or market analysis.
- j) **Tracking Error/ Tracking Difference Risk:** Tracking Error & Tracking Difference may arise including but not limited to the following reasons:
- Expenditure incurred by the fund.
  - The holding of cash positions. The fund may not be invested at all time as it may keep a portion of the funds in cash to meet redemptions.
  - The fund will deploy available funds into TRI-PARTY REPO at various points during the day, which may differ from weighted average rate published by CCIL at end of the day (considered for index return computation).
  - Execution of large buys / sell orders.
  - Transaction cost.
  - Realization of Unit holders funds.

### Risk specific to investing in securities forming part of Nifty 1D Rate Index:

- a. Zerodha Nifty 1D Rate Liquid ETF is a passively managed ETF i.e. the amount collected under the scheme is invested in securities comprising the underlying index in the same weightages as they have in the underlying index.
- b. The composition of the underlying index is subject to changes that may be affected periodically by the Index Service Provider.
- c. Performance of the underlying index will have a direct bearing on the performance of the scheme.
- d. The extent of the Tracking error may have an impact on the performance of the scheme.

**Tracking Error Risk:** The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the respective scheme, corporate actions, cash balance, changes to the underlying index and regulatory policies which may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index.

**Tracking Difference Risk:** The Fund Manager may not be able to invest the entire corpus exactly in the same proportion as in the underlying index or goods due to certain factors such as the fees and expenses of the scheme, corporate actions, cash balance, changes to



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the underlying index and regulatory policies which may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index. Tracking Difference is the Difference of returns between the Scheme and the Benchmark Index annualized over 1 year, 3 Year, 5 Year, 10 year and Scheme Since Inception period.

The fund manager will endeavour to limit the tracking difference over one-year period within 1.25%. In case the average annualized tracking difference over 1-year period for Scheme is higher than 1.25%, the same will be brought to the notice of trustees with corrective actions taken by the AMC. However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error/ difference relative to performance of the Underlying Index. Tracking Difference shall be disclosed only if the scheme has completed 1 year period. The Tracking difference shall be disclosed on a monthly basis on [www.zerodhafundhouse.com](http://www.zerodhafundhouse.com) and AMFI website [www.amfiindia.com](http://www.amfiindia.com).

### **Risks associated with Debt and Money Market Instruments or Fixed Income Securities**

**Credit Risk:** This is the risk associated with the issuer of a debenture/bond or a Money Market Instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government Securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

**Price-Risk or Interest-Rate Risk:** From the perspective of coupon rates, debt securities can be classified in two categories, i.e. Fixed Income Bearing securities and floating rate securities. In Fixed Income bearing securities, the coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - 'floats' - with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury Bill.

Fixed Income Securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) will be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices



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are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.

However, debt securities in the scheme are intended to be held till maturity. For such securities held till maturity, there will not be any interest rate risk at the end of the tenure.

Floating rate securities issued by a government have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimising interest rate risk on a portfolio.

**Liquidity Risk:** The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the scheme might have to incur a significant “impact cost” while transacting large volumes in a particular security.

**Reinvestment Risk:** Investments in fixed income securities carry reinvestment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

**Basis Risk:** The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements. This may result in loss of value of the portfolio.

**Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. During the tenure of the security this spread may move adversely or favourably leading to fluctuations in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

**Risk of Rating Migration:** It may be noted that the price of a rated security would be impacted with the change in rating and hence, there is risk associated with such migration. Following table illustrates the impact of change of rating on the price of a hypothetical ‘AA’ rated security with a maturity period of 3 years, a coupon of 9.00% p.a. and a market value of ₹ 100. If it is downgraded to ‘A’ category, which commands a market yield of, say, 10.00% p.a., its market value would drop to ₹ 97.51 (i.e. 2.49%) If the security is up-graded to ‘AAA’ category which commands a market yield of, say, 8.00% p.a. its market value would increase to ₹ 102.58 (i.e. by 2.58%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
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Rating	Yield (% p.a.)	Market Value (Rs.)
Existing Rating of AA	9.00	100.00
If upgraded to AAA	8.00	102.58
If downgraded to A	10.00	97.51

**Counterparty and Settlement Risk:** Counterparty and settlement risk is the probability that the other party may not fulfil its part of the deal and may default on the contractual obligations. This risk comprises credit and liquidity risk both. Corporate Bond Repo will be settled between two counterparties in the OTC segment unlike in the case of TREPS transactions where CCIL stands as central counterparty on all transactions (no settlement risk). Settlement risk in reverse repo will be mitigated by requiring the counterparty (entity borrowing funds from the Mutual Fund) to deliver the defined collateral in the account of the MF before the cash is lent to the counterparty. Further, the Mutual Fund will also have a limited universe of counterparties, but not limited to, comprising of Scheduled Commercial Banks, Primary Dealers, Mutual Funds and National Financial Institutions.

**Legislative Risk:** Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme.

**Prepayment risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

Different types of securities in which the scheme would invest as given in the SID carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively more risky than bonds, which are AAA rated.

### Risks associated with investing in Tri Party Repo through CCIL (TREPS)

The mutual fund is a constituent member of the securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus, reducing the settlement and counterparty risks considerably for transactions in the said segments.

CCIL maintains prefunded resources in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilised to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall".





## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilisation of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.

Thus, the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

Further, it may be noted that, CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

### Risks associated with investing in Government of India Securities

Market Liquidity risk with fixed rate Government of India Securities even though the Government of India Securities market is more liquid compared to other debt instruments, on certain occasions, there could be difficulties in transacting in the market due to extreme volatility leading to constriction in market volumes. Also, the liquidity of the Scheme may suffer in case the relevant guidelines issued by Reserve Bank of India undergo any adverse changes.

### Risk factors associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other authorised Stock Exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing /settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s). Accordingly, there could be negative impacts to the investors such as delay or failure in allotment / redemption of units. The Fund and the AMC are not responsible for the negative impacts.

### Risks associated with segregated portfolio:



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

The unit holders may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange.

The risks associated in regard to the segregated portfolio are as follows:

- The investors holding units of the segregated portfolio may not be able to liquidate their holdings till the time of recovery of money from the issuer.
- The security comprising the segregated portfolio may not realise any value.
- Listing units of the segregated portfolio on a recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units of the segregated portfolio on the stock exchange.
- The trading price of units on the stock exchange may be significantly lower than the prevailing Net Asset Value (NAV) of the segregated portfolio.

### RISK MITIGATION STRATEGIES:

The AMC incorporates necessary framework in place for risk mitigation at an enterprise level, and scheme level in accordance with the Risk Management Framework prescribed by the SEBI. The Risk Management division of the AMC is an independent division within the organisation. Internal risk thresholds are defined and judiciously monitored. Risk indicators on various parameters are computed and are monitored on a regular basis. The Risk Management Committee of the Board enables a dedicated focus on risk factors and the relevant risk mitigants from time to time. In addition, to minimise the major risks, the following measures are taken:

Risk description	Risk mitigation
<b>Debt and Money Market instruments</b>	<ul style="list-style-type: none"><li>• Credit Risk: Management analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer's financial statements will be undertaken.</li><li>• Price-Risk or Interest-Rate Risk: Securities invested in are short term in nature thereby mitigating the price volatility due to interest rate changes generally associated with long-term securities.</li><li>• Risk of Rating Migration: TREPS and Sovereign securities do not have rating and other eligible money market instruments</li></ul>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>and overnight funds the scheme have time to maturity lower than 91 days which results in a very low probability of rating migration. This risk is generally associated with long-term securities.</p> <ul style="list-style-type: none"><li>• <b>Basis Risk:</b> Securities invested in are fixed rate securities and hence basis risk does not apply. This risk is generally associated with floating rate securities and has a higher bearing on long-term securities.</li><li>• <b>Spread Risk:</b> Securities invested in are fixed rate securities and hence spread risk does not apply. This risk is generally associated with floating rate securities and has a higher bearing on long-term securities.</li><li>• <b>Reinvestment Risk:</b> Scheme will primarily invest in securities maturing below 91 days. Reinvestment risk becomes more prevalent in long-term securities and lower time to maturity reduces the impact for the scheme.</li><li>• <b>Liquidity Risk:</b> The Scheme will primarily invest in TREPS, government securities, overnight funds and other money market instruments thereby limiting liquidity risk. The liquidity risk for government securities and money market instruments may be low.</li></ul>
<b>Segregated Portfolio</b>	In such an eventuality it will be AMC's endeavour to realise the segregated holding in the best interest of the investor at the earliest.
<b>Tracking Errors</b>	Over a short period, the Scheme may carry the risk of variance between portfolio composition and Benchmark. The objective of the Scheme is to track the performance of the Underlying Index over the same period, subject to tracking error. The Scheme would endeavour to maintain a low tracking error by actively aligning the portfolio in line with the Index.
<b>Risks associated with investing in Tri Party Repo through CCIL (TREPS)</b>	As a member of the securities segment and Tri Party repo segment, maintenance of sufficient margin is a mandatory requirement. CCIL monitors these on a real time basis and requests the participants to provide sufficient margin to



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bengaluru, 560025 India

	enable the trades, etc. Also there are stringent conditions / requirements before registering any participants by CCIL in these segments. Since settlement is guaranteed the loss on this account could be minimal though there could be an opportunity loss.
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### B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

As per Paragraph 6.11 of Master Circular for Mutual Funds, this section is not applicable for Exchange Traded Funds (ETFs).

### C. SPECIAL CONSIDERATIONS

- The Sponsor is not responsible for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of ₹1,00,000 (Rupees One Lakh) collectively made by them towards setting up the Mutual Fund or such other accretions and additions to the initial corpus set up by the Sponsor.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- Prospective Investors should study this Scheme Information Document and the Statement of Additional Information carefully in its entirety and should not construe the contents as advice relating to legal, taxation, investment or any other matters Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest / redeem /hold Units.
- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in the Statement of Additional Information.



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

- The tax benefits described in this Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document and the Unit holders 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 Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his / her own professional tax advisor.
- In case the AMC or its Sponsor or its Shareholders or their affiliates/associates or group companies make substantial investment, either directly or indirectly in the Scheme. Redemption of Units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unit holders to redeem their units.
- Neither this Scheme Information Document nor the Units have been registered in any jurisdiction outside India. The Investors may take note that the Scheme may in future be registered/ recognized in any other applicable jurisdiction, by the AMC as and when it desires. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or totally prohibited due to registration requirements and accordingly, persons who come into possession of this Scheme Information Document are required to inform themselves about and to observe any such restrictions and or legal compliance requirements with respect to their eligibility for investment in the Units of the Scheme. Any person receiving a copy of this SID, SAI or any accompanying application form in such jurisdiction should not treat this SID, SAI or such application form as constituting an invitation to them to subscribe for Units. Such persons should in no event use any such application form unless in the relevant jurisdiction such an invitation to subscribe could lawfully be made to them and such application form could lawfully be used without complying with any registration or other legal requirements by the AMC/Mutual Fund/Trustee.
- Any dispute arising out of the Scheme shall be subject to the non-exclusive jurisdiction of the Courts in India. Statements in this Scheme Information Document are, except where otherwise stated, based on the law, practice currently in force in India, and are subject to changes therein.
- The Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory / Statutory entities as per the provisions of law.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

- The AMC and/ or its Registrars & Transfer Agent (RTA) reserve the right to disclose/share Unit holder's details of folio(s) and transaction details thereunder with the following third parties of fulfilling its obligations under PMLA and rules/guidelines issued thereunder without obtaining prior approval of the Unitholder/any other person. In this connection the Trustee / AMC reserves the right to reject any such application at its discretion.
- In terms of the Prevention of Money Laundering Act, 2002, the Rules issued thereunder and the guidelines/ circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identify and address(es) of investors. If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, failure to provide required documentation, information, etc. the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the folio(s) of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV.
- Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Scheme objectives will be achieved and the investment decisions made by the AMC may not always be profitable. Investors should study this Scheme Information Document and the Statement of Additional Information carefully in its entirety before investing.
- Levy of Stamp Duty on applicable mutual fund transactions

Investors are requested to note that, pursuant to Part I of Chapter IV of the Notification dated February 21, 2019, issued by the Legislative Department, Ministry of Law and Justice, Government of India, on the Finance Act, 2019, read with subsequent notifications including Notification dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, a stamp duty at the rate of 0.005% of the transaction value would be levied on applicable mutual fund investment transactions such as purchases (including switch-in, Reinvestment of IDCW option with effect from July 1, 2020). Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchases, switch-ins, Systematic Investment Plan (SIP) instalments, Systematic Transfer Plan (STP) instalments, Reinvestment of IDCW option etc. to the unit holders would be reduced to that extent. The stamp duty will be deducted from the net investment amount i.e. gross investment amount less any other deduction like transaction charge. Units will be created only for the balance amount i.e. Net Investment Amount as reduced by the



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

stamp duty. The stamp duty will be computed at the rate of 0.005% on an inclusive method basis.

For instance: If the transaction amount is ₹ 1,00,100 /- and the transaction charge is ₹ 100, the stamp duty will be calculated as follows:  $[(\text{Transaction Amount} - \text{Transaction Charge}) / 100.005 * 0.005] = ₹ 5$ . If the applicable Net Asset Value (NAV) is ₹ 10 per unit, then units allotted will be calculated as follows:

$(\text{Transaction Amount} - \text{Transaction Charge} - \text{Stamp Duty}) / \text{Applicable NAV} = 9,999.50 \text{ units}$

### - Anti-Money Laundering and Know your Customer (KYC)

Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the unitholder the AMC shall have absolute discretion to report such suspicious transaction to FIU-IND (Financial Intelligence Unit – India) and/ or freeze the folios of the investor(s), reject any application(s)/ redemption(s)/ allotment of units.

- In terms of Prevention of Money Laundering Act, 2002 (PMLA) the rules issued thereunder and the guidelines/ circulars issued by SEBI all the intermediaries including mutual funds are required to formulate and implement a client identification programme and to verify and maintain the record of identity and addresses of investors.
- As per AMFI guidelines with effect from January 01, 2011 KYC formalities under the PMLA and related guidelines issued by SEBI must be completed by all the investors (including power of attorney and guardian in case of minor for individuals investors intending to invest any amount in the units of the mutual fund). This one time verification is valid for transactions across all mutual funds.

SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 05, 2011 had mandated (a) Standard KYC form with uniform KYC guidelines and supporting documents to be used by SEBI registered intermediaries; and (b) Centralised KYC registration through KYC Registration Agencies (KRAs) registered with SEBI, w.e.f. January 1, 2012, to bring about a uniform KYC process in the securities market, based on SEBI prescribed norms and the KYC details are shared with all SEBI registered intermediaries by the KRAs.





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Subsequently, SEBI, vide its circular no. MIRSD/Cir-5/2012 dated April 13, 2012 advised various intermediaries to upload KYC data of its existing customers into the KRA system. While uploading KYC data into the KRA system, intermediaries were also required to highlight such 'Missing/Not Available' KYC information of a customer, which was either not required or not taken previously, but was mandatory as per uniform KYC guidelines issued by SEBI.

In accordance with AMFI best practices guidelines circular no. 62/2015-16 dated September 18, 2015, it is mandatory for all new/existing investors to provide additional KYC information such as Income details, Occupation, association with politically exposed persons, net worth etc. as mentioned in the application form. Subscription requests, without providing these details, are liable to be rejected. No subscriptions (whether fresh or additional) and switches pertaining to 'KYC onhold' cases are accepted, unless the investor / unitholder also submits relevant KYC missing / updated information, which is appropriately updated on the KRA - KYC.

Further, it is mandatory for existing customers to complete the In-Person Verification process (including video KYC) and provide the missing KYC information failing which their applications / transaction requests for additional subscription (including switches) are liable to be rejected.

- Exit opportunity in case of ETF for investors other than Market Makers and Large Investors:

Investors other than Market Makers and Large Investors can directly approach the AMC for redemption of units of ETFs, for transaction of upto INR 25 crores or such other amount as may be specified by SEBI from time to time without any exit load or such other amount as may be specified by SEBI from time to time, in case of the following scenarios:

- a. Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days; or
- b. No quotes are available on stock exchanges for 3 consecutive trading days; or
- c. Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.

- Disclaimer of indices

The Product(s) are not sponsored, endorsed, sold or promoted by NSE INDICES LIMITED (India Index Services & Products Limited ("IISL")). NSE INDICES LIMITED does not make any representation or warranty, express or implied, to the owners of





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

the Product(s) particularly or the ability of the Nifty 1D Rate Index to track general stock market performance in India. The relationship of NSE INDICES LIMITED to the Issuer is only in respect of the licensing of the Indices certain trademarks and trade names associated with such Indices which is determined, composed and calculated by NSE INDICES LIMITED without regard to the Issuer or the Product(s). NSE INDICES LIMITED does not have any obligation to take the needs of the Issuer or the owners of the Product(s) into consideration in determining, composing or calculating the Nifty 1D Rate Index. NSE INDICES LIMITED is not responsible for or has participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. NSE INDICES LIMITED has no obligation or liability in connection with the administration, marketing or trading of the Product(s).

NSE INDICES LIMITED does not guarantee the accuracy and/or the completeness of the Nifty 1D Rate Index or any data included therein and NSE INDICES LIMITED shall have not have any responsibility or liability for any errors, omissions, or interruptions therein. NSE INDICES LIMITED does not make any warranty, express or implied, as to results to be obtained by the Issuer, owners of the product(s), or any other person or entity from the use of the Nifty 1D Rate Index or any data included therein. NSE INDICES LIMITED makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, NSE INDICES LIMITED expressly disclaim any and all liability for any damages or losses arising out of or related to the Product, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

An investor, by subscribing or purchasing an interest in the Product(s), will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clause above and will be bound by it.

## D. DEFINITIONS

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

AMC or Asset Management Company or Investment Manager	Zerodha Asset Management Private Limited, incorporated under the provisions of the Companies Act, 2013 and approved by SEBI to act as the Asset Management Company for the schemes of Zerodha Mutual Fund.
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Applicable NAV	<p><u>i) For Market Makers / Large Investors</u></p> <p>A. Subscription (Purchase)</p> <p>The number of Units of the Scheme that Investors can create on the basis of creation unit size of the Scheme. Units of the Scheme in less than Creation Unit size cannot be purchased directly with the Fund.</p> <p>The Fund may allow cash Purchases of Units (through RTGS/transfer/Cheque) of the Scheme in Creation Unit size by Large Investors/Market Makers. Purchase request for Creation Unit shall be made by such Investor to the Fund/AMC where upon the Fund/AMC will arrange to buy the underlying portfolio Securities on behalf of the Investor.</p> <p>B. Redemption (Sale)</p> <p>The Fund may allow cash Redemption of the Units of the Scheme in Creation Unit size by Large Investors/Market Makers. Such Investors shall make a Redemption request to the Fund/AMC whereupon the Fund/AMC will arrange to sell underlying portfolio Securities on behalf of the Investor. Accordingly, the sale proceeds of portfolio Securities, after adjusting necessary charges/costs, will be remitted to the Investor.</p> <p>In line with Para 8.7 of SEBI's Master Circular for Mutual Funds dated May 19, 2023, transactions in units of the Scheme by Market Makers / Large Investors, directly with the AMC, intra-day NAV, based on the executed price at which the securities representing the underlying index are purchased / sold, shall be applicable.</p> <p><u>ii) For investors others than Market Makers / Large Investors:</u></p> <p>Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which the application for redemption is received at Official Point of Acceptance (OPAs) and is considered accepted on that day. An application is considered accepted on that day, subject to it being complete in all respects and received prior to the cut-off time on that Business Day.</p>
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Beneficial Owner	Beneficial owner as defined in the Depositories Act, 1996 (22 of 1996) means a person whose name is recorded as such with a depository.
Business Day	<p>A day other than:</p> <ul style="list-style-type: none"><li>(i) Saturday and Sunday;</li><li>(ii) A day on which the banks in Mumbai and / or RBI are closed for business /clearing;</li><li>(iii) A day on which the National Stock Exchange of India Limited and/ or the Stock Exchange, Mumbai are closed;</li><li>(iv) A day which is a public and /or bank holiday;</li><li>(v) A day on which Sale / Redemption / Switching of Units is suspended by the AMC;</li><li>(vi) A day on which normal business cannot be transacted due to storms, floods, strikes or such other events as the AMC may specify from time to time.</li></ul> <p>The Trustee/ AMC reserves the right to declare any day as a Business Day or otherwise.</p>
Business Hours	Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time.
Creation Date	The date on which the ETF Units are created.
Creation Unit Size	<p>Creation Unit is a fixed number of the Scheme, which can be purchased/ redeemed by Investor(s) directly with the Fund in exchange for cash.</p> <p>Creation Unit Size for this scheme is 5000 units.</p>
Clearing Member or CM	Clearing Members are members of the Clearing Houses / Clearing Corporations who facilitate settlement of trades done on Stock Exchanges.
Consolidated Account Statement	Consolidated Account Statement is a statement containing details relating to all the transactions across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions, etc. (including transaction charges paid to the distributor) and holding at the end of the month.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	Securities Consolidated Account Statement ('SCAS') is a statement sent by the Depository that shall contain details relating to all the transaction(s) viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal advantage plan, systematic transfer plan, bonus transactions, etc. carried out by the Beneficial Owner(s) (including transaction charges paid to the distributor) across all schemes of all mutual funds and transactions in securities held in dematerialized form across demat accounts, during the month and holdings at the end of the month.
Credit Event	<p>Credit Event refers to issuer level downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:</p> <ul style="list-style-type: none"><li>a. Downgrade of a debt or money market instrument to 'below investment grade', or</li><li>b. Subsequent downgrades of the said instruments from 'below investment grade', or</li><li>c. Similar such downgrades of a loan rating; or</li><li>d. Any other scenario as specified by SEBI from time to time.</li></ul> <p>Note: In case of difference in rating by multiple CRAs, the most conservative rating shall be considered.</p> <p>Credit Event shall also include actual default of either the interest or principal of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments.</p>
Custodian	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which is Citibank, N.A. for this Scheme.
Depository	Depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Depository Participant or DP	A person registered as 'Depository Participant' under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Depository Records	Depository Records as defined in the Depositories Act, 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.
Exchange Traded Fund/ ETF	Exchange Traded Fund / ETF means a fund whose Units are listed on an Exchange and can be bought/ sold at prices, which may be close to the NAV of the scheme.
Exit Load or Redemption Load	Load on Redemption / Switch out of Units.
Floating Rate Debt Instruments	<p>Debt instruments issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund.</p> <p>The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields.</p>
Foreign Portfolio Investor or FPI	FPI means a person who satisfies the eligibility criteria prescribed under Regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
Gilts or Government Securities	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Government Securities Act, 2006, as amended or re-enacted from time to time.
Holiday	Holiday means the day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike / bandh call made at any part of the country or due to any other reason.
Investment Management Agreement	The agreement dated January 09, 2023 entered into between Zerodha Trustee Private Limited and Zerodha Asset Management Private Limited, as amended from time to time.
iNAV	iNAV i.e. the per unit NAV based on the current market value of the scheme portfolio during the trading hours of the scheme, will



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	be disclosed on a continuous basis on NSE and BSE and will be updated at least four times a day i.e. opening and closing iNAV and at least two times during the intervening period with minimum time lag of 90 minutes between the two disclosures. The NAV will be computed upto 4 decimal places.
Large Investor(s)	Large Investor means an Investor who is eligible to invest in the Scheme and who would be creating Units of the Scheme in Creation Unit size. Further Large Investor would also mean those Investors who would be Redeeming Units of the Scheme in Creation Unit size. The execution value shall be greater than ₹ 25 crores (except for Schemes managed by Employee Provident Fund Organisation (EPFO), India and Recognized Provident Funds, Approved Gratuity Funds and Approved Superannuation Funds under Income Tax Act, 1961, till April 30, 2024 or as specified in the Regulations time to time).
Load	In the case of Redemption / Switch-out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch-out and in the case of Sale / Switch-in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch-in of a Unit in addition to the Applicable NAV.
Main Portfolio (with respect to creation of a Segregated Portfolio, if any)	Scheme portfolio excluding the Segregated Portfolio, if any.
Money Market Instruments	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.
Mutual Fund or the Fund	Zerodha Mutual Fund, a trust set up under the provisions of the Indian Trust Act, 1882.
NAV or Net Asset Value	Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bengaluru, 560025 India

New Fund Offer or NFO	Offer for purchase of Units of the Scheme during the New Fund Offer Period as described hereinafter.
NSE Indices	NSE Indices Limited, a subsidiary of the National Stock Exchange of India, provides a variety of indices and index related products and services to Indian capital markets.
Non-Resident Indian or NRI	A person resident outside India who is either a citizen of India or a person of Indian origin.
Official Points of Acceptance (OPA)	Places, as specified/ designated by AMC from time to time where application for subscription / redemption / switch will be accepted on an ongoing basis. Refer page no. 87 for details.
Overseas Citizen of Indian or OCI	A person registered as an overseas citizen of India by the Central Government under section 7A of 'The Citizenship Act, 1955'. The Central Government may register as an OCI a foreign national (except a person who is or had been a citizen of Pakistan or Bangladesh or such other person as may be specified by Central Government by notification in the Official Gazette), who was eligible to become a citizen of India on 26.01.1950 or was a citizen of India on or at any time after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 and his/her children and grandchildren (including Minor children), provided his/her country of citizenship allows dual citizenship in some form or other under the local laws.
Person of Indian Origin	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).
Plans	Plans shall include and mean existing and any prospective Plan(s) issued by the Scheme in accordance with SEBI (MF) Regulations.
Rating	Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardised manner, assigned by a credit rating agency and used by the issuer of such



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.
RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934).
Redemption	Redemption of Units of the Scheme as permitted under the SID.
Registrar and Transfer Agent or RTA	Computer Age Management Services Limited (CAMS), Chennai, currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time.
Regulatory Agency	Government of India, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund.
Repo	Sale of Securities with simultaneous agreement to repurchase them at a later date.
Reverse Repo	Purchase of Securities with a simultaneous agreement to sell them at a later date.
Sale/ Subscription	Sale or allotment of Units to the Unit holder upon subscription by the investor / applicant under the Scheme.
Scheme	Zerodha Nifty 1D Rate Liquid ETF
Scheme Information Document or SID	This document issued by Zerodha Mutual Fund.
SEBI	The Securities and Exchange Board of India.
SEBI (MF) Regulations or Regulations	SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
Segregated Portfolio	A portfolio, comprising debt or money market instrument affected by a Credit Event that may be segregated in the Scheme optionally and at the sole discretion of the AMC.





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Securities	Securities shall include securities as defined under the Securities Contracts (Regulation) Act, 1956.
Sponsors or Settlers	Zerodha Broking Limited
Stock Lending	Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.
Statement of Additional Information or SAI	The document issued by Zerodha Mutual Fund contains details of Zerodha Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
Total Portfolio (with respect to creation of segregated Portfolio, if any)	Scheme portfolio including the securities affected by a Credit Event.
Tracking Error (TE)	<p>“Tracking Error” is defined as the standard deviation of the difference between daily total returns of the underlying index and the NAV of the Scheme.</p> <p>Thus, TE is the extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Scheme’s benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, whole cash not invested at all times as the Scheme may keep a portion of funds in cash to meet redemption etc.</p>
Tracking Difference (TD)	“Tracking Difference” is defined as the annualised difference of daily returns between the index and the NAV of the Scheme.
Trust Deed	The Trust Deed dated January 09, 2023 made by and between Zerodha Broking Limited (“Sponsor”) and Zerodha Trustee Private Limited (“Trustee”).
Trustee or Trustees or Trustee Company	Zerodha Trustee Private Limited, a company incorporated under the Companies Act, 2013 and appointed as the Trustee to Zerodha Mutual Fund.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Underlying Index or Index	Nifty 1D Rate Index
Unit	The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.
Unit holder or Investor	A person holding Units in the Scheme of Zerodha Mutual Fund offered under this Scheme Information Document.

### INTERPRETATION

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

- all references to the masculine shall include the feminine and all references to the singular shall include the plural and vice-versa.
- all references to "₹" refer to Indian Rupees and a "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).

### E. ABBREVIATIONS

In this Scheme Information Document, the following abbreviations have been used:

AMC	Asset Management Company
AMFI	Association of Mutual Funds in India
BSE	BSE Limited
GOI	Government of India
GST	Goods and Services Tax
KRA	KYC Registration Agency
KYC	Know Your Customer
NAV	Net Asset Value
NFO	New Fund Offer



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangaluru, 560025 India

NSE	National Stock Exchange
PAN	Permanent Account Number
RBI	Reserve Bank of India
SID	Scheme Information Document
SAI	Statement of Additional Information
TREPS	Tri-Party Repo on Government Securities or treasury bills

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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### F. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

A Due Diligence Certificate duly signed by the Compliance Officer of Zerodha Asset Management Private Limited has been submitted to SEBI, which reads as follows:

It is confirmed that:

- (i) This Scheme Information Document has been prepared in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the proposed Scheme.
- (iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- (v) The contents of the Scheme Information Document including figures, data, yield, etc. have been checked and are factually correct.
- (vi) The AMC has complied with the set of checklists applicable for Scheme Information Document.

Place: Bangalore  
Date: December 28, 2023

Signed: Sd/-  
Name: Chandra Bhushan Singh  
Designation: Head Legal & Compliance  
(Compliance Officer)

*Note: The due diligence certificate as stated above was submitted to the SEBI on December 28, 2023.*



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Shantala Nagar Bangalore, 560025 India

## II. INFORMATION ABOUT SCHEME

### A. TYPE OF SCHEME

An open-ended Exchange Traded Fund replicating/ tracking Nifty 1D Rate Index. A relatively low interest rate risk and relatively low credit risk.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The investment objective of the Scheme is to invest in Tri Party repo on Government securities or treasury bills (TREPS). The Scheme aims to provide investment returns that, before expenses, correspond to the returns of the NIFTY 1D Rate Index, subject to tracking error.

**There is no assurance or guarantee that the investment objective of the scheme would be achieved.**

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

#### Asset Allocation

Under the normal circumstances, the asset allocation (% of Net Assets) of Scheme's portfolio will be as follows:

Types of Instruments	Minimum Allocation (% of Total Assets)	Maximum Allocation (% of Total Assets)	Risk Profile
Tri-Party Repo on Government Securities or T-bills, Reverse repo & Cash and Cash equivalents	95%	100%	Low
G-sec(s) and/or T-bills with a residual maturity of upto 30 days#	0%	5%	Low

*# In accordance with the provisions of Para 2.6 of the Master Circular, as amended from time to time, the scheme may deploy upto 5% of its net assets in G-secs and/or T-bills with a residual maturity of upto 30 days for the purpose of placing the same as margin and collateral for certain transactions.*

The Scheme would invest all its funds in Tri-Party Repo on Government Securities or T-bills/Repo & Reverse Repo predominantly and other money market instruments\*.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bengaluru, 560025 India

*\*Money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and Private Sector Corporate Entities, Term Money, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with unexpired maturity of one year or less and other Money Market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.*

The Scheme does not intend to undertake/ invest/ engage in:

- Derivatives;
- Securitised Debt
- Short selling of securities;
- Stock lending and Borrowing
- Repo in corporate debt
- Unrated instruments (except TREPs/ Government Securities/ SDL / Repo in Government Securities);
- Foreign securities/ADR/GDR;
- REITs and InvITs
- Fund of Fund Schemes;
- Instruments having Special Features as defined in SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021;
- Credit Enhancements & Structured Obligations; and
- Credit Default Swaps.

The cumulative gross exposure through TREPS, and such other securities/assets as may be permitted by the Board from time to time shall not exceed 100% of the net assets of the scheme.

However, cash and cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

As per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/101 dated September 20, 2019, Liquid Funds and Overnight Funds shall not park funds pending deployment in short term deposits of scheduled commercial banks.

As per SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, the Scheme shall be considered to be replicating the index if the duration of the portfolio of the Scheme replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.

The scheme may invest upto 5% of net assets in Overnight schemes of the Mutual Fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the management of Zerodha Asset Management Private Limited or in



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No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

schemes under the management of any other asset management company shall not exceed 5% of the net asset value of Zerodha Mutual Fund. The AMC shall not charge any investment management fees with respect to such investment.

### **Portfolio Rebalancing:**

As per SEBI Circular dated May 23, 2022, the Scheme shall be considered to be replicating the index if the duration of the portfolio of the Scheme replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.

Post any transactions undertaken in the scheme portfolio, in order to meet the redemption and subscription obligations, it shall be ensured that replication of the portfolio with the index is maintained at all points of time, subject to permissible deviations.

The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimise the Tracking Error to the maximum extent possible.

The annualised tracking difference averaged over one year period shall not exceed 2%. In case the average annualised tracking difference over one year period is higher than 2%, the same shall be brought to the notice of trustees with corrective actions taken by the AMC, if any.

- In case of change in constituents of the index due to periodic review, the portfolio of the scheme shall be rebalanced within 7 calendar days.
- In case the rating of any security is downgraded to below the rating mandated in the index methodology (including downgrade to below investment grade), the portfolio can be rebalanced within 30 calendar days.
- In case the rating of any security is downgraded to below investment grade, the said security may be segregated in accordance with SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 on "Creation of segregated portfolio in mutual fund schemes.

### **Change in Asset Allocation:**

The above mentioned investment pattern is indicative and subject to the SEBI (MF) Regulations, the asset allocation pattern indicated above may vary from time to time, on account of receipt of maturity proceeds, interest and/or receipt of subscription. As per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021, the Fund Manager, may deviate from the above investment pattern for short term period on defensive considerations. The same will be rebalanced within 7 Business Days and further



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time.

### **Short term defensive consideration:**

Subject to SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 and circulars issued thereunder, the asset allocation pattern indicated above may change for a short term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be rebalanced within 7 calendar days from the date of deviation and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time.

### **D. WHERE WILL THE SCHEME INVEST?**

The Scheme will invest in securities which are constituents of Nifty 1D Rate Index, Tri-Party Repo on Government Securities or T-bills/Repo & Reverse Repo, other money market instruments\* and Cash & Cash equivalents.

*\*Money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and Private Sector Corporate Entities, Term Money, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with unexpired maturity of one year or less and other Money Market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.*

### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

The Scheme will track Nifty 1D Rate Index and will use a “passive” or indexing approach to endeavour to achieve the scheme's investment objective. The AMC does not make any judgments about the investment merit of a particular security nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark.

The fund manager's endeavor would be to rebalance the portfolio in order to mirror the index; however, there may be a short period where the constituents of the portfolio may differ from that of the asset allocation of the scheme. In case of any deviation from the asset allocation pattern, the portfolio shall be rebalanced by AMC within 7 days from the date of said deviation.





## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee does not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

### **PORTFOLIO TURNOVER:**

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio during a given time period. The scheme being a passively managed open-ended exchange traded fund, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Hence, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in the Index. The Scheme has no specific target relating to portfolio turnover. The effect of higher portfolio turnover could be higher brokerage and transaction costs.

Portfolio Turnover Ratio: Not Applicable

### **F. FUNDAMENTAL ATTRIBUTES**

Following are the fundamental attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of scheme: An open-ended Exchange Traded Fund replicating/ tracking Nifty 1D Rate Index.

(ii) Investment Objective:

- a) Main Objective - Please refer "What is the Investment Objective of the Scheme?"
- b) Investment Pattern - Please refer "How will the scheme allocate its assets?"

(iii) Terms of Issue:

- a) Liquidity provisions such as listing, repurchase, redemption. Please refer to the section "Units and Offer."
- b) Aggregate fees and expenses charged to the Scheme. Please refer, section "Fees and Expenses."
- c) Any safety net or guarantee provided - Not Applicable.

### **Change in Fundamental Attributes:**



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

In accordance with Regulation 18 (15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme and the Option thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme and the Option thereunder and affect the interest of Unit holders is carried out unless:

- SEBI has reviewed and provided its comments on the proposal.
- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.
- The consent or approval of unitholders can also be done through the Postal Ballot mechanism i.e., voting by post or through any electronic mode.
- The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any Exit Load.

### **G. HOW WILL SCHEME BENCHMARK ITS PERFORMANCE?**

The performance of the scheme will be benchmarked against the Nifty 1D Rate Index.

#### **About the Index**

The objective of the Nifty 1D Rate Index is to measure the returns generated by market participants lending in the overnight market. The index uses “Tri-Party Repo on Government Securities or T-bills” overnight rate for computation of index values.

The index uses the overnight rate published on “Triparty Repo Dealing System (TREPS)”, platform of CCIL, with government securities as underlying, for computation of index values. The details of TREPS are available on CCIL.

#### **Index Methodology:**

- 1) Annualised weighted average rate published by CCIL at end of the day is considered for computation of index
- 2) The annualised rate is converted to the daily rate for index calculation, by dividing the annual rate by 365 days
- 3) The daily rate is added to the index value of the previous day
- 4) TREPS with T+0 settlement is considered
- 5) If next day is a working day then rate with 1-day maturity is considered
- 6) If the next day is a holiday or Saturday, the rate of “n” days maturity is considered, where “n” is the number of days until the next working day.
- 7) The index is computed daily at end of the day



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangaluru, 560025 India

8) The base date for index is January 03, 2011 and base value is 1000

### Index Calculation

$$Index\ Value_T = \left\{ Index\ value_{T-1} * \left( 1 + \frac{Rate_T}{36500} * Number\ of\ days \right) \right\}$$

Where: T = current working day and T-1 is previous working day

Rate = TREPS Rate

### Index Service Provider

NSE Indices Limited (NSE Indices), a subsidiary of NSE Strategic Investment Corporation Limited was setup in May 1998 to provide a variety of indices and index related services and products for the Indian capital markets. NSE Indices provides a broad range of services, products and professional index services.

## H. WHO MANAGES THE SCHEME?

The detail of the Fund Manager of the scheme is as follows:

Name and Age	Educational Qualification	Experience (in years)	Fund (s) Managed
Mr. Apurv Parikh  28 Years	Chartered Accountant (CA)	5.5 years  <u>August 2023 to Present</u> Zerodha Asset Management Private Limited - Fund Manager - Debt  Zerodha Trustee Private Limited - Trustee Officer  Zerodha Asset Management Private Limited - Investments Team	-



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangaluru, 560025 India

		<p><u>May 2022 to July 2023</u> Equirus Securities Pvt Ltd. - Equity Research Analyst</p> <p><u>January 2022 to May 2022</u> Blend Financial Services Limited - Investment Banking Analyst</p> <p><u>June 2021 to January 2022</u> NDX P2P Pvt Ltd. (Liquiloans) - Fund Raising Team</p> <p><u>August 2019 to June 2021</u> Navi Asset Management Company Limited - Debt Fund Management</p> <p><u>May 2019 to August 2019</u> Volkswagen Finance Pvt Ltd - Fund Raising Team</p> <p><u>May 2018 to May 2019</u> L&amp;T Finance Group - Investment Analyst</p>	
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments.

As per Clause 1 of the Seventh Schedule of MF Regulation, the Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.

Within the limits specified in clause 1 of the Seventh Schedule of MF Regulation, a mutual fund scheme shall not invest more than:

- a. 10% of its NAV in debt and money market securities rated AAA issued by a single issuer;  
or
- b. 8% of its NAV in debt and money market securities rated AA issued by a single issuer; or
- c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in clause 1 of the Seventh Schedule of MF Regulation.

**Provided that above limit shall not be applicable for investments in Government Securities, treasury bills and tri party repo on Government securities or treasury bills.**

**Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the SEBI from time to time.**

1. The Scheme may invest in another scheme under the same AMC without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund.
2. The Scheme shall not make any investments in:



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

- a. any unlisted security of an associate or group company of the Sponsors; or
  - b. any security issued by way of private placement by an associate or group company of the Sponsors; or
  - c. the listed securities of group companies of the Sponsors which is in excess of upto 5% of the net assets.
3. The Scheme shall not invest in any Fund of Funds Scheme.
4. Transfer of investments from one scheme to another scheme in the same Mutual Fund, shall be allowed only if:
  - a. such transfers are made at the prevailing market price for quoted Securities on spot basis (spot basis shall have the same meaning as specified by Stock Exchange for spot transactions.)
  - b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
  - c. IST purchases would be allowed subject to the guidelines as specified in SEBI Circular SEBI/HO/IMD/DF4/CIR/P/2020/202 dated October 08, 2020.
5. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
6. No loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Schemes for the purpose of payment of interest or IDCW to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each of the Schemes and the duration of such borrowing shall not exceed a period of six months.
7. The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.
8. The mutual fund shall get the securities purchased / transferred in the name of the fund on account of the concerned scheme, where investments are intended to be of long term nature.
9. In accordance with the guidelines as stated under SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019, investments in following instruments as specified in the said circular, as may be amended from time to time, shall be applicable:



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

- i. The scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instrument and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.
  - ii. All fresh investments by mutual fund schemes in CPs would be made only in CPs which are listed or to be listed.
  - iii. Further, investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall be subject to the conditions as specified in the said circular:
    - a. Investments should only be made in such instruments, including bills rediscounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.
    - b. Exposure of mutual fund schemes in such instruments shall not exceed 5% of the net assets of the schemes. All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.
10. Pursuant to SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 replication of the Index by the Scheme shall be as follows:
- i. The duration of the portfolio of ETF/ Index Fund replicates the duration of the underlying
  - ii. index within a maximum permissible deviation of +/- 10%.
  - iii. ETFs/Index Funds replicating a Constant Maturity index may invest in securities with residual maturity within +/- 10% of maturity range of the index.
  - iv. In case of Target Maturity (or Target Date) ETFs/ Index Funds, the following norms for permissible deviation in duration shall apply:
    - a) For portfolio with residual maturity of greater than 5 years: Either +/- 6 months or +/- 10% of duration, whichever is higher.
    - b) For a portfolio with residual maturity of up to 5 years: Either +/- 3 months or +/- 10% of
    - c) duration, whichever is higher.
    - d) However, at no point of time, the residual maturity of any security forming part of the
    - e) portfolio shall be beyond the target maturity date of the ETF/ Index Fund.
  - v. For an index based on G-Sec and SDLs, a single issuer limit shall not be applicable.

The Scheme shall endeavour to follow the guidelines prescribed under SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 and circular issued thereunder from time to time.



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

These investment restrictions shall be applicable at the time of investment. Changes, if any, do not have to be effected merely because, owing to appreciating or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any Schemes of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall as soon as possible take appropriate corrective action, taking into account the interests of the Unit holders.

In addition, certain investment parameters may be adopted internally by AMC, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for Mutual Funds to achieve its investment objective. As such all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996.

The AMC may alter these above stated restrictions from time to time to the extent the SEBI (MF) Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective. The Trustee may from time to time alter these restrictions in conformity with the SEBI (MF) Regulations. Further, apart from the investment restrictions prescribed under SEBI (MF) Regulations, the Fund may follow any internal norms vis-à-vis restricting / limiting exposure to a particular scrip or sector, etc.

### **Investment by AMC:**

In terms of sub-regulation 16(A) in Regulation 25 of SEBI (MF) Regulations, 1996 read along with SEBI circular no. SEBI/ HO/IMD/IMD - IDOF5/P/CIR/2021/624 dated September 02, 2021 and AMFI Best Practice Guidelines Circular No.100 /2022 - 23 on 'Alignment of interest of AMCs with the Unitholders of the Mutual Fund schemes', the AMC shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by the SEBI from time to time. However, as per the circular, ETFs, Index Funds, Overnight Funds, Funds of Funds (FoF) scheme(s) are exempted from the purview of the aforesaid circular.

In line with SEBI Regulations and circulars issued by SEBI from time to time, the AMC may invest its own funds in the scheme(s). Further, the AMC shall not charge any fees on its investment in the Scheme (s), unless allowed to do so under SEBI Regulations in the future.





## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### **J. HOW HAS THE SCHEME PERFORMED?**

This is the new scheme and accordingly does not have any performance record.

### **K. Scheme Portfolio Holdings**

This scheme is a new scheme and does not have any portfolio holdings.

Monthly holding portfolio statement are available at [www.zerodhafundhouse.com](http://www.zerodhafundhouse.com)

### **L. Investment by Board of Directors, Fund Managers and Key Personnel**

This scheme is a new scheme and hence this disclosure is currently not applicable.

### **M. Creation of Segregated Portfolio in the Scheme**

#### Conditions for creation of Segregated Portfolio:

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

- 1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
  - a. Downgrade of a debt or money market instrument to 'below investment grade', or
  - b. Subsequent downgrades of the said instruments from 'below investment grade', or
  - c. Similar such downgrades of a loan rating.
- 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.
- 3) Creation of a segregated portfolio is optional and is at the discretion of the AMC.
- 4) AMC has a written policy on Creation of segregated portfolio which is approved by the Trustees.

#### Definitions

1. The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

2. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.
3. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

In accordance with SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019, creation of segregated portfolio in mutual fund schemes has been permitted in respect of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments, subject to the following terms:

- a. Segregated portfolio of such unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount. As per SEBI circular dated December 28, 2018, credit event is considered for creation of segregated portfolio, however for the purpose of SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019, 'actual default' by the issuer of such instruments shall be considered for creation of segregated portfolio.
- b. AMCs shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer in terms of SEBI circular dated December 28, 2018.
- c. All other terms and conditions as stated in SEBI circular dated December 28, 2018 shall remain the same.

### Process for Creation of Segregated Portfolio

1. On the date of credit event, AMC should decide on creation of a segregated portfolio. Once AMC decides to segregate portfolio, it should:
  - a. seek approval of trustees prior to creation of the segregated portfolio.
  - b. immediately issue a press release disclosing its intention to segregate such debt and money market instruments and its impact on the investors.
  - c. Zerodha Mutual Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC.
  - d. ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions.



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

2. Once Trustee approval is received by the AMC:
  - a. Segregated portfolio will be effective from the day of credit event.
  - b. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
  - c. An e-mail or SMS will be sent to all unit holders of the concerned scheme.
  - d. The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
  - e. All existing investors in the scheme as on the day of the credit event will be allotted an equal number of units in the segregated portfolio as held in the main portfolio. The AMC shall work out with the Registrar & Transfer Agent viz., Computer Age Management Services Limited (CAMS). The mechanics of unit creation to represent the holding of a segregated portfolio and the same shall appear in the account statement of the unitholders.
  - f. No redemption and subscription will be allowed in the segregated portfolio. However, upon recovery of any money from the segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.
  - g. AMC should enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
  - h. Investors redeeming their units will get redemption proceeds based on the NAV of the main portfolio and will continue to hold the units of the segregated portfolio. Investors subscribing to the Scheme will be allotted units only in the main portfolio based on its NAV.
3. If the trustees do not approve the proposal to segregate the portfolio, AMC will issue a press release immediately informing investors of the same.
4. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of the total portfolio.

### Valuation and Processing of Subscription and Redemption Proceeds

The valuation would take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (MF) Regulations, 1996 and Circular(s) issued thereunder from time to time.



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:

a) Upon trustees' approval to create a segregated portfolio -

i- Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.

ii- Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

b) In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

### Disclosures

1. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
2. Adequate disclosure of the segregated portfolio shall appear in all schemes related documents, in monthly and half yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.
3. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
4. The information regarding number of segregated portfolios created in the Scheme shall appear prominently under the name of the Scheme at all relevant places such as SID, KIM, Application Form, Advertisement, AMC and AMFI websites, etc.
5. The performance of the Scheme required to be disclosed at various places shall include the impact of creation of segregated portfolio and shall clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
6. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/written-off.
7. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

### Monitoring by Trustees



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

In order to ensure timely recovery of investments of the segregated portfolio, Trustees shall ensure that:

1. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
2. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of the amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
3. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every meeting of the Trustees till the investments are fully recovered/ written-off.
4. The Trustees shall monitor the compliance of the SEBI circular in respect of creation of the segregated portfolio and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid mis-use of segregated portfolio, Trustees shall ensure to have put in place a mechanism to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs) etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of AMC, including claw back of such amount to the segregated portfolio of the scheme.

### TER for the Segregated Portfolio

1. AMC will not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in a segregated portfolio.
2. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence. In addition to the TER mentioned above, the legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio as mentioned below.
3. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

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## Zerodha Fund House

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Shantala Nagar Bangalore, 560025 India

### III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

#### A. NEW FUND OFFER /(NFO)

<p>New Fund Offer Period</p> <p><i>(This is the period during which a new scheme sells its units to the investors)</i></p>	<p>NFO Opens on January 08, 2024</p> <p>NFO Closes on January 12 , 2024</p> <p>In case the NFO Opening/ Closing Date is subsequently declared as a non-Business Day, the following Business Day will be deemed to be the NFO Opening/ Closing Date. Any modification to the New Fund Offer Period shall be announced by way of an Addendum uploaded on the website of the AMC.</p> <p>The Trustees/ AMC reserves the right to close the NFO before the above-mentioned date by giving notice as per the norms provided under SEBI (MF) Regulations.</p>
<p>New Fund Offer Price</p> <p><i>(This is the price per Unit that the investors have to pay to invest in NFO)</i></p>	<p>Offer of Units at ₹ 500/- each during the NFO period of the Scheme.</p>
<p>Minimum Amount for Application in NFO</p>	<p>₹ 500/- and in multiples of ₹ 100/- thereafter.</p>
<p>Minimum Target Amount</p> <p><i>(This is the minimum amount required to operate the Scheme and if this is not</i></p>	<p>The minimum target amount to be raised during the NFO Period shall be ₹ 10 crores.</p>



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No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bengaluru, 560025 India

<p><i>collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 Business Days from the closure of NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 Business Days from the date of closure of the subscription period.)</i></p>	
<p>Maximum Amount to be raised (if any)</p> <p><i>(This is the maximum amount, which can be collected during the NFO period, as decided by the AMC.)</i></p>	<p>There is no maximum subscription (target) amount for the Scheme to be raised and therefore, subject to the applications being in accordance with the terms of this offer, full and firm allotment will be made to the Unit holder.</p>
<p>Plans/ Options offered</p>	<p>There are no plans under the Scheme.</p> <p>The scheme offers only Growth Option.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	The Trustees/ AMC reserves the right to introduce further Plan/ Options as and when deemed fit, subject to the SEBI (MF) Regulations.																		
Allotment	<p>All Applicants whose monies towards purchase of Units have been realised by the Fund will receive a full and firm allotment of Units, provided also the applications are complete in all respects and are found to be in order.</p> <p>For applicants applying through 'APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA)', on allotment, the amount will be unblocked in their respective bank accounts and account will be debited only to the extent required to pay for allotment of Units applied in the application form.</p> <p>The AMC shall allot units within 05 Business Days from the date of closure of the NFO period. Units will be allotted upto 3 decimals.</p> <p>Units will be allotted in whole figure. Offer for Sale of Units at ₹ 100/- as on the date of allotment for applications received during the New Fund Offer (“NFO”) period and at approximately indicative NAV based prices (along with applicable charges and execution variations) during the Ongoing Offer for applications directly received at AMC. Balance amount will be refunded to the investor.</p> <p>Example of issue of Unit during the NFO:</p> <table><tr><th colspan="3">Example of Units allotted to the Investor (Amt. in ₹)</th></tr><tr><td>Net amount invested by investor</td><td>A</td><td>10,000</td></tr><tr><td>Allotment Price</td><td>B</td><td>100</td></tr><tr><td>Units allotted rounded off to nearest lowest integer</td><td><math>C=A/B</math></td><td>100</td></tr><tr><td>Value of units allotted</td><td><math>D=B \times C</math></td><td>10,000</td></tr><tr><td>Balance fractional units refunded to investor</td><td><math>E=A-D</math></td><td>0</td></tr></table> <p>The AMC/ Trustee retains the sole and absolute discretion to reject any application.</p>	Example of Units allotted to the Investor (Amt. in ₹)			Net amount invested by investor	A	10,000	Allotment Price	B	100	Units allotted rounded off to nearest lowest integer	$C=A/B$	100	Value of units allotted	$D=B \times C$	10,000	Balance fractional units refunded to investor	$E=A-D$	0
Example of Units allotted to the Investor (Amt. in ₹)																			
Net amount invested by investor	A	10,000																	
Allotment Price	B	100																	
Units allotted rounded off to nearest lowest integer	$C=A/B$	100																	
Value of units allotted	$D=B \times C$	10,000																	
Balance fractional units refunded to investor	$E=A-D$	0																	





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>Applicants under the Scheme can be held only in dematerialized form. For holding the units in dematerialized mode investors will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL.</p> <p>The Units allotted will be credited to the DP account of the Unit holder as per the details provided. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically.</p> <p>An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 05 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number.</p> <p>Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.</p>
Refund	<p>If the application is rejected, the full amount will be refunded within 05 business days from the closure of NFO. If refunded later than 5 business days, interest @ 15% p.a. for a delay period will be paid and charged to the AMC.</p>
Who Can Invest  <i>(This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile)</i>	<p>The following persons are eligible and may apply for subscription to the Units of the Scheme provided they are not prohibited by any law/Constitutive documents governing them:</p> <ol style="list-style-type: none"><li>1. Resident adult individuals either singly or jointly (not exceeding three) or on an anyone or survivor basis;</li><li>2. Karta of Hindu Undivided Family (HUF);</li><li>3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding with minor investments. Further, all other requirements for investments by minor and process of transmission shall be followed in line with SEBI Master Circular dated May 19, 2023 read with SEBI Circular dated May 12, 2023 as amended from time to time.</li></ol>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Note: For folios where the units are held on behalf of the minor, the account shall be frozen for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till the requisite documents for changing the status of the account from 'minor' to 'major' are submitted.

4. Proprietorship in the name of Sole Proprietor;
5. Partnership Firms & Limited Liability Partnerships (LLPs);
6. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860, Co-Operative Societies registered under the Co-Operative Societies Act, 1912;
7. Banks & Financial Institutions;
8. Mutual Funds/ Alternative Investment Funds registered with SEBI;
9. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;
10. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO)/ Overseas Citizen of India (OCI) on repatriation basis or on non-repatriation basis;
11. Foreign Portfolio Investors (FPI) registered with SEBI in accordance with applicable laws;
12. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions;
13. Scientific and Industrial Research Organizations;
14. Council of Scientific and Industrial Research, India;



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>15. Multilateral Financial Institutions/ Bilateral Development Corporation Agencies/ Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;</p> <p>16. Provident/ Pension/ Gratuity Fund to the extent they are permitted;</p> <p>17. Qualified Foreign Investor (QFI);</p> <p>18. Other Schemes of Zerodha Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations;</p> <p>19. Such other category of investors as may be decided by the AMC / Trustee from time to time provided their investment is in conformity with the applicable laws and SEBI (MF) Regulations.</p> <p>Anyone specified above can invest in the Scheme.</p> <p>The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list.</p>
Who cannot invest	<p>1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FPI or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority;</p> <p>2. Overseas Corporate Bodies (OCBs);</p> <p>3. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF);</p> <p>4. U.S. Persons and Residents of Canada as defined under the applicable laws of U.S. and Canada;</p> <p>5. Such other persons as may be specified by AMC/ Trustee from time to time.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Where can you submit filled up applications	<p>The application under NFO can be submitted through the following modes:</p> <ul style="list-style-type: none"><li>→ Direct point of online contact for the AMC, such as the website, mobile application, WhatsApp, or any other online mode of communication by enabling transactions directly or indirectly (by redirecting to any other relevant partner platform).</li><li>→ Website/ Mobile App of various aggregator platforms/ channel partners/ business partners/ investment advisers/ execution only platform with whom AMC has entered or may enter into specific arrangements.</li></ul>
How to Apply	<p>Investors can submit the application for purchase and redemption transactions in the schemes of Zerodha Mutual Fund at the Official Points of Acceptance (OPA).</p> <p>The Investor may also reach out to the investor support email id <a href="mailto:support@zerodhafundhouse.com">support@zerodhafundhouse.com</a> for details/ help in investing.</p>
Listing	<p>The Units of the Scheme shall be listed on the capital market segment of NSE and BSE.</p>
Special Products/ facilities available during the NFO	<p>No special products available under the scheme.</p>
Policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	<p>Not Applicable.</p>



Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p>The Units of the Scheme held in electronic (demat) mode are transferable. The Mutual Fund at its sole discretion reserves the right to suspend sale and switching of Units in the Scheme temporarily or indefinitely when any of the following conditions exist. However, the suspension of sale of Units either temporarily or indefinitely will be with the approval of the Trustee.</p> <p>a. When one or more stock exchanges or markets, which provide a basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.</p> <p>b. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme are not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.</p> <p>c. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.</p> <p>d. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Scheme.</p> <p>e. In case of natural calamities, strikes, riots and bandhs.</p> <p>f. In the event of any force majeure or disaster that affects the normal functioning of the AMC.</p> <p>g. If so directed by SEBI.</p> <p>The AMC/ Trustee reserves the right in its sole discretion to withdraw the facility of Sale option of Units into the Scheme, temporarily or indefinitely, if AMC views that changing the size of the corpus further may prove detrimental to the existing Unit holders of the Scheme.</p>
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### B. ONGOING OFFER DETAILS

On-going Offer Period	The Scheme will reopen for continuous subscription, redemption within 05 Business Days from the date of allotment.
<p>Ongoing price for subscription (purchase) by investors.</p> <p>This is the price you need to pay for purchase.</p>	<p><b>Directly with Fund:</b> Only Market maker(s) and large investors subject to following:</p> <p><u>Market Maker(s):</u> Market maker(s) can directly purchase units with the Fund in “Creation Unit Size”. The limit of ₹25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers.</p> <p><u>Large Investor(s):</u> Large investors can directly purchase from the fund in “Creation unit size” subject to the value of transaction is greater than the threshold of ₹25 crores or such other amount as may be specified by SEBI from time to time.</p> <p>However, the above mentioned limit shall not be applicable to (i) schemes managed by Employee Provident Fund Organisation, India; and (ii) Recognized Provident Funds, approved Gratuity Funds and approved Superannuation Funds under Income-tax Act, 1961 till April 30, 2024 or any other date as may be communicated by SEBI.</p> <p>Creation Unit Size is 5000 Units. Units of the Scheme in less than Creation Unit size cannot be purchased directly with the Fund.</p> <p>Pursuant to SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/0606 dated July 30, 2021, transactions in units of the Scheme by Market Makers / Large Investors directly with the AMC, applicable NAV, shall be applicable for creation of units.</p> <p>The Fund may allow cash Purchases of Units of the Scheme in Creation Unit size by Large Investors/Market Makers. Purchase request for Creation Unit shall be made by such Investors to the Fund/ AMC where upon the Fund/ AMC will arrange to buy the underlying portfolio Securities on behalf of the Investor. Accordingly, the purchase price of portfolio securities at the time of execution of the trade, necessary charges/costs, will be collected from the Investor.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>The AMC / Trustees reserves the right to change the size of Creation of units in order to equate it with marketable lot of the underlying instrument.</p> <p><u>Note :</u></p> <p>a) In addition to the NAV, any person transacting with the fund will have to reimburse charges pertaining to the transaction - brokerage, STT, NSDL charges, CCIL charges etc.</p> <p>b) Charges related to transactions as stated in point (a) payable by the investor is per creation request and will be as determined by the AMC at the time of transaction.</p> <p>c) The units are listed on NSE/ BSE to provide liquidity through the secondary market. All categories of Investors may purchase the units through the secondary market on any trading day.</p> <p>d) The AMC will appoint Market Maker(s) to provide liquidity in the secondary market on an ongoing basis. The Market Maker(s) would offer daily two-way quote in the market.</p> <p><b>On the Exchange:</b> All categories of Investors may purchase the units through the secondary market on any trading day in a minimum lot of 1 unit and in multiples thereof on the exchange(s) where the units are listed.</p>
<p>Ongoing price for redemption (sale) by investors.</p> <p>This is the price you will receive for redemptions.</p>	<p><b><u>Directly with Fund:</u></b> Only Market maker(s) and large investors subject to following:</p> <p><u>Market Maker(s):</u> Market maker(s) can directly redeem units with the Fund in “Creation Unit Size”. The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers.</p> <p><u>Large Investor(s):</u> Large investors can directly redeem from the fund in “Creation unit size” subject to the value of transaction is greater than the threshold of ₹ 25 crores or such other amount as may be specified by SEBI from time to time.</p> <p>However, the above mentioned limit shall not be applicable to (i) schemes managed by Employee Provident Fund Organisation, India; and (ii) Recognized Provident Funds, approved Gratuity Funds and approved Superannuation Funds under Income-tax Act, 1961 till April 30, 2024 or any other date as may be communicated by SEBI.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>The AMC / Trustees reserves the right to change the size of Creation of units in order to equate it with marketable lot of the underlying instrument.</p> <p><b>For Redemption of units directly with the Mutual Fund: (Other than Market Makers) in exceptional circumstances:</b></p> <p>Investors can directly approach the Fund for redemption of units, for transaction of upto ₹ 25 crores without any exit load, in case of the following exceptional circumstances:</p> <ol style="list-style-type: none"> <li>Traded price (closing price) of the ETF units is at a discount of more than 1% to the day end NAV for continuous 7 trading days or</li> <li>No quotes available on exchange for 3 consecutive trading days or</li> <li>Total bid size on the exchange is less than half of the creation units size daily, averaged over a period of 7 consecutive trading days.</li> </ol> <p>In case of the above scenarios, applications received from investors for redemption up to 3.00 p.m. on any trading day, shall be processed at the closing NAV of the day.</p> <p>As required under the Regulations, the fund shall ensure that the repurchase price of an open ended scheme is not lower than 95% of the Net Asset Value.</p> <p><b>On the Exchange:</b> All categories of Investors may redeem (sale) the units through secondary market on any trading day in minimum lot of 1 unit and in multiples thereof on the exchange(s) where the units are listed.</p>				
<p>Cut off timing for subscriptions/ redemptions</p> <p>This is the time before which your application (complete in all respects) should reach the official</p>	<p>Investors / Unit holders to note that the below mentioned Cut-off time are <u>not applicable to transactions undertaken on a recognised stock exchange</u> and are only applicable to transactions undertaken at the Official Points of Acceptance.</p> <p><b>Cut off timing for Subscriptions:</b></p> <table border="1" data-bbox="459 1906 1385 1977"> <thead> <tr> <th data-bbox="459 1906 1078 1977">Particulars</th><th data-bbox="1078 1906 1385 1977">Applicable NAV</th></tr> </thead> <tbody> <tr> <td data-bbox="459 1977 1078 2029"></td><td data-bbox="1078 1977 1385 2029"></td></tr> </tbody> </table>	Particulars	Applicable NAV		
Particulars	Applicable NAV				





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

points of acceptance.

1. Where the application is received up to cut-off time of 2:30 p.m. on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase are available for utilization before the cut-off time.	NAV at the close of the day immediately preceding the day of receipt of application shall be applicable.
2. Where the application is received at the official point(s) of acceptance on a Business Day, irrespective of the time of receipt of subscription/purchase application, and the funds are not available for utilization before the cut-off time of 2:30 p.m. on the same Business Day.	NAV at the close of the day immediately preceding the Business Day on which the funds are available for utilization shall be applicable.
3. Where the application is received after 2:30 p.m. on a day at the Official Point(s) of Acceptance and the entire funds are available for utilization on the same day without availing any credit facility, whether, intra-day or otherwise.	NAV at the close of the day immediately preceding the Business Day

The above provisions of Cut-off timings for Subscriptions are applicable for Purchase of Units directly with Fund. However, Zerodha Nifty 1D Rate Liquid ETF, being an Exchange Traded Fund (ETF), the above provisions will not be applicable for Purchase of Units on the stock exchanges in which case the timings of the stock exchange will be applicable.

**Cut off timing for Redemptions:**

Particulars	Applicable NAV
Where the application is received upto 3.00 p.m.	The closing NAV of the day immediately preceding the next



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<table> <tr> <td></td><td>business day.</td></tr> <tr> <td>Where the application is received after 3.00 p.m.</td><td>The closing NAV of the next business day.</td></tr> </table> <p><i>Note: In case the application is received on a Non-Business Day, it will be considered as if received on the Next Business Day.</i></p> <p>As the units issued under the scheme are listed, the provisions of the Cut-off timing are not applicable for transactions on the stock exchange.</p> <p>Pursuant to SEBI circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, the aforesaid cut off timing shall not be applicable for direct transaction with AMCs by Market-Makers and other eligible investors.</p> <p><b>Purchase/Sale of Units of the Scheme on NSE/ BSE:</b> An investor can buy/sell Units on a continuous basis on the NSE / BSE or any other stock exchange on which the Units are listed during the trading hours on all trading days like any other publicly traded stock at prices which may be close to the NAV of the Scheme. Therefore, the provisions of Cut-off timing for subscriptions/ redemptions will not be applicable.</p>		business day.	Where the application is received after 3.00 p.m.	The closing NAV of the next business day.
	business day.				
Where the application is received after 3.00 p.m.	The closing NAV of the next business day.				
Where can the applications for purchase/redemption be submitted?	Investors can submit the application for subscription or redemption at any of the Official Points of Acceptance as mentioned on page no. 87.				
Minimum amount for purchase/redemption	<p><b>Directly with Fund by Market makers and Large investors:</b></p> <p>Purchase: 5,000 Units and in multiples thereof provided amount is greater than ₹ 25 Crore.</p> <p>Redemption: 5,000 Units and in multiples thereof provided amount is greater than ₹ 25 Crore.</p> <p>The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers.</p>				



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Shantala Nagar Bangalore, 560025 India

	<p><b>On the Exchange:</b> The Units of the Scheme can be Purchased/ sold in minimum lot of 1 Unit and in multiples thereof.</p> <p>The AMC/ Trustee reserves the right to change/ modify the terms of minimum purchase/redemption amount provision offered under the Scheme of the Fund.</p>
Minimum balance to be maintained and consequences of non-maintenance.	Currently, there is no minimum balance requirement.
Special Products features available	No special products available under the scheme.
Account Statement	<p>An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 05 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number.</p> <p><b>ACCOUNT STATEMENTS DURING ONGOING OFFER PERIOD</b></p> <ol style="list-style-type: none"> <li>1. The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).</li> <li>2. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically.</li> <li>3. A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or e-mail on or before 10th of the succeeding month.</li> </ol>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

4. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 10th day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable.
5. Half yearly CAS will not be sent to those Unit holders who do not have any holdings in the schemes of mutual fund during the concerned half-year period.
6. The periodical CAS will be sent by the Depositories to investors holding demat accounts (whether or not units are held in demat form) referred to as “SCAS” and by Mutual Fund Industry to other investors referred to as “MF-CAS”.
7. The periodical CAS are issued on the basis of Permanent Account Number (PAN). Thus, CAS shall not be received by the Unit holders for the folios not updated with PAN and / or KYC details. Unit holders are therefore requested to ensure that the folios are updated with their PAN / KYC details.
8. In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/ account statement.
9. In case of investors opting to hold the Units in physical mode, the Unit holder may request for a physical account statement without any charges by writing to the AMC. The Mutual Fund/ AMC shall dispatch an account statement within 5 Business Days from the date of receipt of request from the Unit holder.

Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, the following additional disclosures will be provided in the CAS issued to the investors:

- Each CAS/SCAS shall also provide the total purchase value / cost of investment in each scheme.
- CAS/SCAS issued for the half-year (ended September / March) shall also provide the scheme’s average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees and Other expenses for the half-year period for the scheme.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p><b>Further information pertaining to SCAS sent by Depositories:</b></p> <ul style="list-style-type: none"><li>- In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent.</li><li>- In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical.</li><li>- Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received.</li><li>- The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS.</li><li>- In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statements to investor(s) in terms of regulations applicable to Depositories.</li></ul> <p><b>Account Statement on creation of Segregated Portfolio, if any:</b></p> <p>A statement of holding indicating units held by a unit holder in the Segregated Portfolio, if any, along with the NAV of both Segregated Portfolio and Main Portfolio as on the day of the Credit Event shall be sent to the unit holder within 5 working days of creation of the Segregated Portfolio, if any.</p> <p>The AMC will send the account statement to the Unitholders on registered email.</p>
Dividend	Not Applicable.
Redemption	<p><b>Payment of Redemption Proceeds</b></p> <p>Redemption payments may be made through electronic modes such as RTGS, NEFT, IMPS, direct credit, etc. as permitted by RBI or in any other manner specified by SEBI from time to time.</p> <p>Redemption proceeds will be paid to the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>As per SEBI (MF) Regulations, the Mutual Fund shall dispatch Redemption proceeds within 03 Business Days of the Redemption date. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid by the AMC in case the Redemption proceeds are not dispatched within 03 Business Days of the Redemption date.</p> <p>Redemption requests may not be processed if KYC compliant status is not updated in the folio.</p> <p><b>For Units held in demat form</b></p> <p>The redemption proceeds will be credited to the bank account of the Unitholder, as per the bank account details recorded with the DP.</p> <p><b>Multiple Bank Account Registration</b></p> <p>The AMC/ Mutual Fund provides a facility to the investors to register multiple bank accounts (currently upto 5 for Individuals and 10 for Non - Individuals) for receiving redemption by providing necessary details. Investors must specify any one account as the "Default Bank Account". The investor, may however, specify any other registered bank account for credit of redemption proceeds at the time of requesting for redemption.</p> <p><b>Change in Bank Account</b></p> <p>The facility for change in Bank Account in both demat and non-demat mode is available. The investors are requested to reach out to the respective Depository Participant or AMC as the case may be.</p> <p><b>Email ID for communication</b></p> <p>First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.</p>
Delay in payment of redemption/	The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the redemption/ repurchase proceeds are not dispatched within



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

repurchase proceeds	the prescribed time. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the investor / unit holders verification of identity or such other details relating to subscription for Units under any applicable law or as may be requested by a regulatory body or any government authority, which may result in delay in processing the application.
Treatment of Unclaimed redemption amount	Please refer SAI for details.

### C. PERIODIC DISCLOSURES

<p>Net Asset Value</p> <p><i>(This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance)</i></p>	<p>The AMC will calculate and disclose the first NAVs of the Scheme not later than 05 Business Days from the date of allotment of units under the NFO Period.</p> <p>Subsequently, the NAVs will be calculated and disclosed at the close of every Business Day in the following manner:</p> <ul style="list-style-type: none"> <li>(i) Displayed on the website of the Mutual Fund (<a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a>)</li> <li>(ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (<a href="http://www.amfiindia.com">www.amfiindia.com</a>)</li> <li>(iii) Any other manner as may be specified by SEBI from time to time.</li> </ul> <p>The Net Asset Value (NAV) of Segregated Portfolio, if any, shall be declared on every business day.</p> <p>Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.</p> <p>AMC shall update the NAVs on the website of the Fund and AMFI by 11.00 p.m. every Business Day. In case of any delay in uploading on AMFI website, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund</p>
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.
Indicative Net Asset Value (iNAV)	iNAV i.e. the per unit NAV based on the current market value of the scheme portfolio during the trading hours of the scheme, will be disclosed on a continuous basis on NSE and BSE and will be updated at least four times a day i.e. opening and closing iNAV and at least two times during the intervening period with minimum time lag of 90 minutes between the two disclosures. The NAV will be computed upto 4 decimal places.
Portfolio Disclosure	<p>The Mutual Fund/ AMC will disclose the portfolio (along with ISIN) of the Scheme, including Segregated Portfolio, if any, in the prescribed format, as on the last day of the month/ half-year i.e. March 31 and September 30, on its website viz. <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a> and on the website of Association of Mutual Funds in India (AMFI) viz. <a href="http://www.amfiindia.com">www.amfiindia.com</a> within 10 days from the close of each month/ half-year respectively. The Mutual Fund / AMC will send via mail, to the registered email address of the unitholders, both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month / half-year respectively.</p> <p>Mutual Fund / AMC will publish an advertisement every half-year in an all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder.</p>
Monthly disclosures	<p>The AMC/Mutual Fund shall disclose the following on monthly basis:</p> <ol style="list-style-type: none"> <li>1. Name and exposure to top 7 issuers and stocks respectively as a percentage of NAV of the scheme.</li> <li>2. Name and exposure to top 7 groups as a percentage of NAV of the scheme.</li> <li>3. Name and exposure to top 4 sectors as a percentage of NAV of the scheme.</li> </ol> <p>Change in constituents of the index, if any, shall be disclosed on the website of Mutual Fund (<a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a>) on the day of change.</p>





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Risk-o-meter	<p>The risk-o-meter of the Scheme shall be evaluated on a monthly basis and shall be disclosed along with portfolio disclosure on the AMC website and on AMFI website within 10 days from the close of each month.</p> <p>The risk level of the Scheme as on March 31 of every year, along with the number of times the risk level has changed over the year, shall be disclosed on the AMC website and AMFI website.</p> <p>The scheme wise changes in Risk-o-meter shall be disclosed in scheme wise Annual Reports and Abridged summary.</p>
Monthly Average Asset under Management (Monthly AAUM) Disclosure	<p>The Mutual Fund shall disclose the Monthly AAUM under different categories of Schemes as specified by SEBI in the prescribed format on a monthly basis on its website viz. <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a> and forward to AMFI within 7 working days from the end of the month.</p>
Half Yearly Results	<p>The Mutual Fund shall host half yearly disclosures of the Scheme's' unaudited financial results in the prescribed format on its website viz. <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a> within one month from the close of each half year i.e. on 31<sup>st</sup> March and on 30<sup>th</sup> September and shall publish an advertisement in this regard in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.</p>
Annual Report	<p>Scheme Annual report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. <a href="http://www.zerodhafundhouse.com">www.zerodhafundhouse.com</a> and on the website of Association of Mutual Funds in India (AMFI) viz. <a href="http://www.amfiindia.com">www.amfiindia.com</a> as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI).</p> <p>Mutual Fund / AMC will email the Scheme Annual Report or Abridged Summary thereof to the unitholders registered email address with the Mutual Fund. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI).														
Associate Transactions	Kindly refer to SAI.														
Taxation  <i>(The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes)</i>	<p>Zerodha Mutual Fund is a Mutual Fund registered with SEBI and hence the entire income of the Mutual Fund will be exempt from income tax in accordance with the provisions of Section 10(23D) of the Act.</p> <p>The applicability of tax laws, if any, on Zerodha Mutual Fund/ Scheme(s)/ investments made by the Scheme(s) /investors/ income attributable to or distributions or other payments made to Unit holders are based on the understanding of the current tax legislations</p> <p>Capital gains on specified mutual funds</p> <p>Capital Gains ON NON-EQUITY ORIENTED MUTUAL FUNDS</p> <p>1) FOR INVESTMENTS IN SPECIFIED MUTUAL FUNDS MADE ON OR AFTER APRIL 1, 2023</p> <p>“Specified Mutual Fund ” means a Mutual Fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. The percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures. Investments in Specific Mutual Funds on or after April 1, 2023 shall be deemed to be short term capital assets irrespective of holding period.</p> <table><tr><td>Condition</td><td colspan="2">% of Equity holding in MF up to 35%</td></tr><tr><td>Type of Capital Gain</td><td colspan="2">Short Term Capital Gains</td></tr><tr><td>Period of Holding</td><td colspan="2">Irrespective of Holding period</td></tr><tr><td>Status of Investor</td><td>Income Tax Rate</td><td>TDS</td></tr></table>			Condition	% of Equity holding in MF up to 35%		Type of Capital Gain	Short Term Capital Gains		Period of Holding	Irrespective of Holding period		Status of Investor	Income Tax Rate	TDS
Condition	% of Equity holding in MF up to 35%														
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## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	(A) Resident Investor	Normal tax rates applicable to investor <sup>3</sup>	NIL		
	(B) Foreign Institutional Investors (FII)	30% <sup>3</sup>	NIL		
	(C) Non-Resident (other than FII)	Normal tax rates applicable to investor <sup>3</sup>	30% <sup>3 4</sup>		
	2) FOR INVESTMENTS IN NON-EOF [OTHER THAN (I) ABOVE] MADE ON OR AFTER APRIL 1, 2023				
	CONDITION	% of Equity Holding in MF is more than 35% - up to 65%			
	Type of Capital Gain	SHORT TERM CAPITAL GAINS		LONG TERM CAPITAL GAINS (Section 112)	
	Period of Holding	Up to 36 months		More than 36 months	
	Status of Investor	INCOME TAX RATE	TDS	INCOME TAX RATE	TDS
	(A) Resident Investor	Normal tax rates applicable to investor <sup>3</sup>	NIL	20% <sup>1 3</sup>	NIL
	(B) Foreign Institutional Investor (FII)	30% <sup>3</sup>	NIL	10% <sup>2 3</sup>	NIL
	(C) Non-Resident (other than FII)	Normal tax rates applicable to investor <sup>3</sup>	30% <sup>3 4</sup>	Listed: 20% <sup>1 3</sup> Unlisted: 10% <sup>2 3</sup>	Listed: 20% <sup>1 3 4</sup> Unlisted: 10% <sup>2 3 4</sup>
Tax on Income distribution (IDCW Option)					



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Status of Investor	INCOME TAX RATE	TDS
(A) Resident Investor	Normal tax rates applicable to investor <sup>3</sup>	10% (if income distributed > Rs.5,000 during FY) <sup>3 4</sup>
(B) Non-Resident Investors (including FII)	20% <sup>3</sup>	20% <sup>3 4</sup>

**Notes**

(1) With indexation benefit

(2) Without indexation and foreign exchange fluctuation benefit

(3) Levy of Surcharge and Health & Education Cess:

If taxpayer (Individual/HUF/AOP/BOI/AJP) opts for Old Tax Regime, then Surcharge to be levied on basic tax at:

- 37% where specified income exceeds Rs.5 crore;
- 25% where specified income exceeds Rs.2 crore but does not exceed Rs.5 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.

If taxpayer (Individual/HUF/AOP/BOI/AJP) pays tax as per default New Tax Regime u/s. 115BAC(1A), then maximum rate of Surcharge will be 25% where income exceeds Rs.2 crore.

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

Surcharge for companies to be levied on basic tax:

- Domestic Company: 12% where income exceeds Rs.10 crore and 7% where income exceeds Rs.1 crore but less than Rs.10 crore. If domestic company opts for concessional tax regime u/s. 115BAA/115BAB: then flat rate of 10% on basic tax
- Non-resident Company: 5% where income exceeds Rs.10 crore and 2% where income exceeds Rs.1 crore but less than Rs.10 crore



Enhanced surcharge of 25% or 37%, as the case may be, will not apply in case of income by way of dividend or capital gains on securities covered under Section 111A (STCG on EOF), Section 112 (LTCG on non-EOF acquired up to March 31, 2023 and LTCG on non-EOF acquired from April 1, 2023 where equity exposure in such non-EOF > 35%), Section 112A (LTCG on EOF) & Section 115AD (tax on income earned by FIIs).

Health & Education Cess @ 4% is applicable on aggregate of basic tax & surcharge.

Please note that surcharge and cess shall not be applied on basic tax while deducting TDS, if any, on income of resident investors only.

(4) The Mutual Fund will pay/deduct taxes at source ("TDS") as per the applicable tax laws on the relevant date considering the provisions of the Income-tax Act, 1961 read with the Income-tax Rules, 1962 and any circulars or notifications or directives or instructions issued thereunder. Please note that grant of DTAA benefit, if any, is subject to fulfilment of stipulated conditions under the provisions of the Income-tax Act, 1961 and the relevant DTAA as well as interpretation of relevant Article of such DTAA.

TDS at higher rates: TDS at twice the applicable rate in case of payments to specified persons (excluding non-resident who does not have a Permanent Establishment in India) who has not furnished the Income Tax Return (ITR) for the assessment year relevant to previous year immediately preceding the financial year in which tax is required to be deducted, for which time limit for filing ITR has expired and the aggregate of TDS in his case is Rs.50,000 or more in the said previous year. In case PAN is not furnished, then TDS at higher of the rates as per Section 206AB or Section 206AA would apply.

In case of FII: As per provisions of Section 196D of the Act, TDS is applicable at lower of 20% or rate of income-tax provided in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY.

In case of non-resident investors (other than FII): As per provisions of Section 196A of the Act, TDS is applicable on any income in respect of units of a Mutual Fund at lower of 20% or rate of income-tax provided



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	<p>in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY. Tax will be deducted on Short-term/Long-term capital gains at the tax rates (plus applicable Surcharge and Health and Education Cess) specified in the Finance Act 2023 at the time of redemption of units in case of Non-Resident investors (other than FIIs) only.</p> <p>The above income-tax/TDS rates are in accordance with the provisions of the Income-tax Act, 1961 as amended by Finance Act 2023. The above rates are based on the assumption that the mutual fund units are held by the investors as capital assets and not as stock in trade.</p> <p>Transfer of units upon consolidation of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity-oriented fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.</p> <p>Investors are requested to note that the tax position prevailing at the time of investment may change in future due to statutory amendment(s). The Mutual Fund will pay/deduct taxes as per the applicable tax laws on the relevant date considering the provisions of the Income-tax Act, 1961. Additional tax liability, if any, imposed on investors due to such changes in the tax structure, shall be borne solely by the investors and not by the AMC or Trustee.</p> <p><b>For further details on taxation, please refer to the clause on Taxation in the Statement of Additional Information (SAI).</b></p>
Stamp Duty	<p>Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, stamp duty @0.005% of the transaction value would be levied on applicable mutual fund transactions.</p>



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

	Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions to the unitholders would be reduced to that extent.
Investor Services	<p>Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, etc. by sending an email to <a href="mailto:support@zerodhafundhouse.com">support@zerodhafundhouse.com</a></p> <p>The investor service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.</p> <p>Any complaints should be addressed to the Investor Relations Officer.</p> <p>Address:</p> <p>Investor Relations Officer Zerodha Asset Management Private Limited New No.51, IndiQube Penta, 2nd Floor, Richmond Road, Bangalore - 560025 Email - <a href="mailto:iro@zerodhafundhouse.com">iro@zerodhafundhouse.com</a></p> <p>For any grievances with respect to transactions through BSE StAR/ NMF/ MFSS, the investors / Unit Holders should approach either the stockbroker or the investor grievance cell of the stock exchange.</p> <p>Investors may escalate to the Compliance Officer at <a href="mailto:compliance@zerodhafundhouse.com">compliance@zerodhafundhouse.com</a> and/ or CEO at <a href="mailto:ceo@zerodhafundhouse.com">ceo@zerodhafundhouse.com</a> if they do not receive a response/ not satisfied with the response from the Investor Relations Team.</p>
Tracking Error (TE)	The Fund shall disclose the tracking error based on past one year rolling data, on a daily basis, on the website of respective Mutual Fund and AMFI.
Tracking Difference (TD)	The annualized difference of daily returns between the index and the NAV of the Fund shall be disclosed on the website of the Mutual Fund and AMFI, on a monthly basis, for tenures 1 year, 3 year, 5 year, 10 year and since the date of allotment of units.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

Scheme Summary Document	The AMC will provide on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme viz. Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc.
Principles of incentive structure for Market Makers	AMC currently does not provide any performance based incentive to its Market Makers (MMs). However, performance based incentives structure, as and when, provided to MMs shall be charged to the Scheme within the maximum permissible limit of TER and the necessary disclosure as per the Circular shall be made in this regard.

### D. COMPUTATION OF NAV

The Net Asset Value (NAV) per Unit of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding under the Scheme on the valuation date. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time.

In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

NAV of Units of under the Scheme shall be calculated as shown below:

NAV (₹) per Unit =

$$\frac{\text{Market or Fair Value of the Scheme's Investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under each Scheme}}$$

The NAV of the Scheme will be calculated and disclosed at the close of every Business Day.

The NAV of the Scheme will be calculated up to 4 decimal places.

### IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme and also about the transaction charges to be borne by the investors. The information provided under this Section seeks to assist the investor in understanding the expense structure of the Plan(s) and types of different fees / expenses/ loads and their percentage the investor is likely to incur on purchasing and selling the Units of the Plan(s).





## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### A. NEW FUND OFFER

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution, marketing and advertising, registrar expenses, printing and stationery, bank charges etc. The NFO expenses shall be borne by the AMC.

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses incurred for the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs, listing fee, etc.

The AMC has estimated that the following expenses will be charged to the Scheme as permitted under Regulation 52 of SEBI (MF) Regulations. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund viz. [www.zerodhafundhouse.com](http://www.zerodhafundhouse.com)

Expense Head	% of daily net assets (estimated) (p.a.)
Investment Management and Advisory Fees	Upto 1.00%
Trustee Fees and Expenses <sup>1</sup>	
Audit Fees and Expenses	
Custodian Fees and Expenses	
RTA Fees and Expenses	
Marketing and Selling Expenses	
Cost related to Investor Communication	
Cost of fund transfer from one location to another	
Cost of providing account statements	
Cost of Statutory Advertisements	
Cost towards investor education and awareness <sup>2</sup>	
Brokerage and Transaction cost over and above 0.12% and 0.05% on value of trades for cash and derivative market trades only	
GST on expenses other than Investment Management and Advisory Fees <sup>3</sup>	
GST on brokerage and transaction cost <sup>3</sup>	
Other Expenses	
Maximum Total Expense Ratio (TER) permissible under Regulation 52 (6) <sup>4</sup>	Upto 1.00%

<sup>1</sup> Trustee Fees and Expenses



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

*In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges, and expenses, a yearly fee of ₹ 1. Such fee shall be paid to the Trustee within seven working days of the end of every year. The Trustee may charge further expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.*

### <sup>2</sup> Investor Education and Awareness initiatives

*As per Para F of the SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 read with SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, the AMC shall annually set apart at least 1 basis points p.a. (i.e. 0.01% p.a.) on daily net assets of the Plan(s) under the Scheme within the limits of total expenses prescribed under Regulation 52 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken.*

### <sup>3</sup> Refer Point (3) below on GST on various expenses.

<sup>4</sup> *The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively.*

*The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor in the Plan(s) under the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.*

## GST

As per Para B of the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, GST shall be charged as follows: -

- a. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
- b. GST on other than investment management and advisory fees, if any, shall be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
- c. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52 of the SEBI (MF) Regulations.

The total expenses of the Scheme including the Investment Management and Advisory Fee shall not exceed the limits stated in Regulation 52 of the SEBI (MF) Regulations.



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

The mutual fund would update the current expense ratios on the website ([www.zerodhafundhouse.com](http://www.zerodhafundhouse.com)) at least three working days prior to the effective date of the change and update the TER under the Section titled “Statutory Disclosures” under the sub-section titled “Total Expense Ratio of Mutual Funds”.

### Illustration: Impact of Expense Ratio on Scheme's return

Expense ratio, normally expressed as a percentage of Average Assets under Management, is calculated by dividing the permissible expenses under the Regulations by the average net assets.

To further illustrate the above, for the Scheme under reference, suppose an Investor invested ₹ 10,000/- (after deduction of stamp duty) under the Direct Plan, the impact of 1% expenses charged will be as under:

Particulars	Direct Plan
Amount invested at the beginning of the year (Rs.)	10,000
Returns before expenses (Rs.)	1,500
Expenses (Rs.)	115
Returns after expenses at the end of the year (Rs.)	11,385
Returns (per annum in %)	13.85%

Note(s):

- The purpose of the above illustration is to purely explain the impact of expense ratio charged to the Plan(s) under the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year.
- Calculations are based on assumed NAVs, and actual returns on your investment may be more, or less.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to seek appropriate advice.

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate,



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

sponsor, trustees or any other entity through any route in terms of SEBI circulars, subject to the clarifications provided by SEBI to AMFI vide letter dated February 21, 2019 on implementation of SEBI Circular dated October 22, 2018 on Total Expense Ratio (TER) and performance disclosure for Mutual Fund.

### C. TRANSACTION CHARGES

For details refer to the section '**Highlights / Summary of the Scheme(s)**' on **Page 6-10**.

### D. LOAD STRUCTURE

Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.zerodhafundhouse.com](http://www.zerodhafundhouse.com))  
Details of Load Structure:

Entry/ Sales Load	Not Applicable.
Exit / Redemption Load	Nil.

The Trustee / AMC reserves the right to modify / change the Load structure if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund.

Any imposition or enhancement of Exit Load in the load shall be applicable on prospective investments only. At the time of changing the load structure the AMC / Mutual Fund may adopt the following procedure:

- (i) The addendum detailing the changes will be attached to Scheme Information Document and Key Information Memorandum and displayed on our website [www.zerodhafundhouse.com](http://www.zerodhafundhouse.com).
- (ii) The introduction of the Load along with the details will be mentioned in the acknowledgement issued to the investors on submission of the application and will also be disclosed in the Account Statement or in the covering letter issued to the Unit holders after the introduction of such Load.
- (iii) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.
- (iv) Any other measures which the mutual funds may feel necessary.



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### **E. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all mutual fund schemes.

Therefore, the procedure for waiver of load for direct applications is no longer applicable.

### **V. RIGHTS OF UNITHOLDERS**

Please refer to 'Statement of Additional Information ('SAI')' for details.

### **VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

This section shall contain the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

**Not Applicable.**

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

**Not Applicable.**

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors



## Zerodha Fund House

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bengaluru, 560025 India

and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

### **Not Applicable.**

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

### **Not Applicable.**

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

### **Not Applicable.**

***Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Scheme Information Document.***

***The Scheme under this Scheme Information Document was approved by the Trustee in their meeting held on November 15, 2023.***

***Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (MF) Regulations, guidelines and circulars issued by SEBI from time to time will be applicable.***

For and on behalf of  
Zerodha Asset Management Private Limited

Sd/-

(Vishal Jain)  
Chief Executive Officer  
[ceo@zerodhafundhouse.com](mailto:ceo@zerodhafundhouse.com)

Date: December 28, 2023

Place: Bangalore



## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangalore, 560025 India

### **Official Point of Acceptances**

Zerodha Fund House is focused on delivering a completely online experience. Accordingly, the Official Point of Acceptance (OPAs) will be online/ electronic mode only, unless specifically specified under the SEBI (MF) Regulations.

The investors can undertake any transaction(s), including purchase/redemption and avail of any service(s) from time to time through the online/electronic modes via various sources like:

- ➔ Direct point of online contact for the AMC, such as the website, mobile application, WhatsApp, or any other online mode of communication by enabling transactions directly or indirectly (by redirecting to any other relevant partner platform)
- ➔ Website/ Mobile App of various aggregator platforms/ channel partners/ business partners/ investment advisers/ execution only platform with whom AMC has entered or may enter into specific arrangements

The investors can also submit the application by placing the order with the members (stock brokers) of stock exchanges.

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## **Zerodha Fund House**

No 51, 2nd Floor, Le Parc Richmond, Richmond Road,  
Shantala Nagar Bangaluru, 560025 India

[Last Page]

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