MUKUND
M. CHITALE
& CO.

CHARTERED
ACCOUNTANTS

2nd Floor, Kapur House,
Paranjape B Scheme
Road No. 1, Vile Parle (E),
Mumbai 400057
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To,
The Board of Directors,
LIC Mutual Fund Asset Management Ltd.,
Industrial Assurance Bldg.,
4th Floor,
Opposite Churchgate Station,
Mumbai – 400 020.

Auditor's Certificate on Disclosure Document as on December 16, 2021.

Dear Sir/Madam,

1. This certificate is issued for review of disclosure document (the "Document") in accordance with the requirements of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (the "Regulations") to LIC Mutual Fund Asset Management Ltd.

Management's Responsibility for the Document

2. The preparation of the Document is the responsibility of the Management of LIC Mutual Asset Management Limited, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Document and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Pursuant to the requirements, it is our responsibility to review the Document as on December 16, 2021 for Portfolio Management Services provided by LIC Mutual Asset Management Limited prepared in accordance with the Regulations.

4. The procedures performed by us for this purpose are:

   a. We have reviewed the data and calculations provided to us by the respective team of LIC Mutual Asset Management Limited for details mentioned in the Document.
   b. We have relied on the representations given by the management about the penalties or litigations against the Portfolio Manager mentioned in the Document.

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5. We conducted our examination of the compliance of the Regulations in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1 - Quality Control for Firms that perform Audits and Reviews of Historical Financial Information and other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed as mentioned in Para 4 above and according to information and explanation given to us, we are of the opinion that Disclosure Document as on December 16,2021 is to be correct.

Restriction on Use

8. This certificate is addressed to and provided to the company with reference to the Regulations, as amended from time to time and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For MUKUND M. CHITALE & CO.
Chartered Accountants
Firm Reg. No. 106655W

Nilesh RS Joshi
Partner
M. No. 114749

UDIN: 21114749AAAABF1200

Place: Mumbai
Date: December 18, 2021

DISCLOSURE DOCUMENT

LIC MUTUAL FUND ASSET MANAGEMENT LTD.

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

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

(ii) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a portfolio manager.

(iii) The necessary information about the portfolio manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.

(iv) Details of Principal Officer:

Name	:	**Mr. Azeem Ahmad** Principal Officer
Address	:	**LIC Mutual Fund Asset Management Ltd.** Industrial Assurance Building 4th floor, Opp. Churchgate Station Mumbai-400 020
Contact No.	:	Tel No. 6601 6131 Fax No. 6601 6191
Email	:	azeem.a@licmf.com

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1. Disclaimer clause

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and amendments thereto as applicable and filed with SEBI. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

Highlights:

- LIC Mutual Fund Asset Management Ltd. (LIC MF AM Ltd.), the AMC, holds the license from SEBI for offering Portfolio Management Services. The Portfolio Management Services are being offered by LIC MF AM Ltd.
- Investors under the Portfolio Management are not being offered any guaranteed returns.

2. Definitions:

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

Asset Management Company or AMC or Portfolio Manager or Company	LIC Mutual Fund Asset Management Limited. (LIC MF AM Ltd.) Incorporated under the Companies Act, 1956 and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 2020 vide Registration No. INP000001694 dated April 18, 2006. Portfolio Manager means LIC MF AM Ltd. who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio Manager or otherwise) the management or administration of a portfolio of security or the funds of the client as the case may be.
AUM	Asset Under Management
Portfolio	Portfolio means the total holdings of securities belonging to any person/investor.
Discretionary Portfolio Management Services	Discretionary Portfolio Management Services means a Portfolio Management Services provided by the Portfolio Manager exercising its sole and absolute discretion to invest in respect of the Client's account in any type of security as per an Agreement relating to portfolio management and to ensure that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.
Advisory Portfolio Management Services	It shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy (asset allocation) and investment and disinvestment of individual securities on the clients portfolio
Non-discretionary Portfolio Management Services	Non-discretionary Portfolio Management Services mean a Portfolio Management Services, under which the portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client's account in any type of security entirely at the Client's risk and to ensure that all benefits accrue to the Client's Portfolio.

Investment Amount	The money or securities accepted by the Portfolio Manager from the Client in respect of which the portfolio management services are to be rendered by the Portfolio Manager.
NRI	Non-Resident Indian
Disclosure Document	This document issued by LIC MF AM Ltd. for offering portfolio management services, prepared in terms of Schedule V of SEBI (Portfolio Managers) Regulations, 2020.
RBI	Reserve Bank of India established under Reserve Bank of India Act, 1934, as amended from time to time.
SEBI	Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.
Securities	Securities and Exchange Board of India established under **"Securities"** includes such securities as defined under the Securities Contracts (Regulation) Act, 1956 but the same shall not be limited to shares, stocks, bonds government (central, state, municipal or provincial) securities, warrants, options, futures, foreign currency, commitments, hedges, swaps or netting off, derivatives of all kinds, convertible and/or non-convertible debentures, fixed and/or variable return investments, equity linked instruments, negotiable instruments including usance bills of exchange, deposits or other money market instruments, commercial paper, certificates of deposit, units of Unit Trust of India and Units or other instrument issued by any Mutual Funds, mortgage backed or other asset backed Securities issued by any institution and/or body corporate and/or corporation and/or trust, cumulative convertible preference shares issued by any incorporated company or body and Securities by whatever name called issued by any Government, Central or State for the purpose of raising pub loan as defined under the Pub Debt Act, 1944., Relief Bonds, Savings Bonds or any other capital or money market instruments that may be issued by any company/ corporation/ firm/ institution/ trust/ Government/ Municipality or the Reserve Bank of India, all money, rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidence or representing rights or interest therein and any other instruments or investments as may be permitted by applicable law from time to time.
The Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
The Agreement	The agreement executed between the Portfolio Manager and its clients in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India.

3. DESCRIPTION

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

LIC Mutual Fund Asset Management Ltd. is a public limited company incorporated under the Companies Act, 1956 on 20th April 1994, having its Registered Office at 4th Floor, Industrial Assurance Building, Opp. Churchgate Station, Mumbai – 400 020. LIC Mutual Fund Asset Management Ltd. is registered with SEBI as Portfolio Manager and the SEBI registration number for Portfolio Management Services is INP000001694.

LIC MF AM Ltd., the Investment Managers to LIC Mutual Fund is managing Rs. 21,148.26 crores as on 30/09/2021.

ii. Promoters of the Portfolio Manager, Directors and their background:

(a) Promoters:

Life Insurance Corporation of India set up LIC Mutual Fund in 1989. LIC Mutual Fund was constituted as a Trust in accordance with the provisions of Indian Trust Act 1882. LIC Mutual Fund Trustee Pvt. Ltd. is the Trustee and LIC Mutual Fund Asset Management Ltd. is the Investment Manager to LIC Mutual Fund.

The **Life Insurance Corporation of India**, founded in 1956, is the largest life insurance company in India and also the country's largest investor. It is fully owned by the Government of India. LIC of India has total assets of **Rs. 38.05 Lakh Crores as on 31.03.2021.**

Headquartered in Mumbai, which is considered the financial capital of India, the Life Insurance Corporation of India currently has 1 Central Office,8 Zonal Offices, 113 Divisional Offices, 2,048 Branches Offices, 1546 satellite offices, 1173 Mini Office and has a network of around 13,53,808 agents as at 31.03.2021for soliciting life insurance business from the public.

LIC of India happens to be the largest player in the Indian life insurance market. Over its existence of around 65 years, Life Insurance Corporation of India, created huge surpluses, and contributes to India's GDP. It also operates in other countries including Mauritius, Fiji, UK, Nepal, Sri Lanka, Singapore and many Gulf countries.

LIC Housing Finance Ltd is one of the largest Housing Finance Company in India. Incorporated on 19th June 1989 under the Companies Act, 1956, the company was promoted by LIC of India and went public in the year 1994. The Company launched its maiden GDR issue in 2004. The Authorized Capital of the Company is Rs.150 crores and its paid up Capital is Rs. 110.01 crores. The Company is recognizedby National Housing Bank and listed on the National Stock Exchange (NSE) & Bombay Stock Exchange Limited (BSE) and its shares are tradedonly in Demat format. The GDR's are listed on the Luxembourg Stock Exchange.

The main objective of the Company is providing long term finance to individuals for purchase / construction / repair and renovation of new / existing flats / houses. The Company also provides finance on existing property for business / personal needs and gives loans to professionals for purchase / construction of Clinics / Nursing Homes / Diagnostic Centres / Office Space and for purchase of equipments.

(b) Shareholders of Portfolio Manager (AMC):

Union Bank of India was established on 11th November 1919 with its headquarters in the city of Mumbai.

The Bank now operates through 9200+ domestic branches, 11600+ ATMs, 8216 BC Points serving over 120 million customers with 76000+ employees.

Union Bank has been playing a very proactive role in the economic growth of India and it extends credit for the requirements of different sectors of economy. Industries, exports, trading, agriculture, infrastructure and the individual segments are sectors in which the bank has deployed credit to spur economic growth and to earn from a well diversified portfolio of assets.

Resources are mobilized through Current, Savings and Term Deposits and through refinance and borrowings from abroad.

On the technology front, the Bank has taken early initiatives and 100% of its branches are computerized. The Bank has also introduced Core Banking Solution with connectivity between branches. 100% of the business of the Bank is under Core Banking Solution making it a leader among its peers in infusion of technology. Many innovative products are developed using the technology platform to offer an array of choices to customers, adding speed and convenience to transactions. Technology will also enable the Bank to derive substantial cost reduction while creating the requisite capacity to handle the ever increasing volume of business in a competitive environment that offers immense opportunities.

GIC Housing Finance Limited ("GICHF") was initially incorporated as 'GIC Grih Vitta Limited' on December 12, 1989. The name was changed to its present name vide a fresh Certificate of Incorporation issued on November 16, 1993. GICHF was formed with the objective of entering in the field of direct lending to individuals and other corporates to accelerate the housing activities in India. The primary business of GICHF is granting housing loans to individuals and to persons / entities engaged in construction of houses / flats for residential purposes. GICHF carried a vision for the future of Housing in India. And it is always believed at GICHF that its success and growth depend on its principles which are:

• To be a prominent Corporate Citizen in promoting housing activities through customer friendly finance Schemes within a service oriented atmosphere.

• To consolidate and grow in a competitive environment reflecting the ethical standard of a good corporate citizen.

• To create Wealth and Reward Shareholders.

GICHF was promoted by General Insurance Corporation of India and its erstwhile subsidiaries namely, National Insurance Company Limited, The New India Assurance Company Limited, The Oriental Insurance Company Limited and United India Insurance Company Limited together with UTI, ICICI, IFCI, HDFC and SBI, all of them contributing to the initial share capital.

GICHF has presence in 75 branches across the country for business. It has got a strong marketing team, which is further assisted by Sales Associates (SAs). It has tie-ups with builders to provide finance to individual borrowers. It also has tie-ups with corporates for various housing finance needs.

(c) Directors of Portfolio Manager & their Background:

Following is the list of Board of Directors and their Background:

PROFILE OF DIRECTORS OF LIC MUTUAL FUND ASSET MANAGEMENT LTD.

NAME	Age	Qualification	Brief Experience
Shri M.R. Kumar (Associate)	60	Bsc. Licentiate	• Shri M.R. Kumar, took charge as Chairman, LIC of India on 14th March 2019. He joined LIC of India in 1983 as a Direct Recruit Officer. In a career spanning more than three and a half decades, he has had the unique privilege of heading three Zones of LIC of India, viz, Southern Zone, North Central Zone and Northern Zone, head quartered at Chennai, Kanpur and Delhi, respectively. He headed two prestigious divisions i.e. Ahmedabad in Western Zone and Ernakulum in Southern Zone as Sr. Divisional Manger. He was also Regional Manager (Marketing) and Regional Manager (P&IR) at Kolkata and Chennai.

Shri Satish K Kamat (Independent)	64	B.com, Chartered Accountant	• Shri Satish Kamat is a Chartered Accountant with over thirty-eight years of corporate experience in finance and general management functions. • His significant employments have been with Glaxo India as its Corporate Treasurer, with Cargill Inc. as a member of its founding and leadership team in India as a Director of Cargill India. • He held senior positions in various businesses of Mahindra Group during 1999- 2017. • He is an independent Director on the board of LIC Mutual Fund Asset Management Limited. He has been associated with Indian Council on Global Relations - Gateway House, a foreign policy think tank from its inception and is a member of its Board. • He is currently associated with various not-for-profits institutions.
Shri Kailash Kumar Bang (Independent)	56	B.Com., F CA, DISA (ICAI)	• Partner in Trivedi & Bang, Chartered Accountants, Hyderabad for the last 31 years, in the field of Audit & Taxation.
Shri Sanjay Achyutrao Muthal (Independent)	63	Bsc., Masters in Business Management	• An HR Professional with a distinguished profile in different capacities.
Smt. Shobha Reddy (Associate)	58	M.Sc Foods & Nutrition and Fellow of Insurance Institute of India	• Smt. G. Shobha Reddy joined as a Direct Recruit Officer of The New India Assurance Company Limited after completing Post Graduation with ICAR Fellowship for Foods and Nutrition from Andhra Pradesh Agriculture University and having been awarded the H.E.H Nizams Prize for the highest aggregate overall G.P.A. She has worked pan India in various capacities in the insurance industry from 1985 in The New India Assurance Company Limited before moving to National Insurance Company Limited in the year 2018. She has been involved with some challenging and path breaking successful initiatives in her assignments which brought about paradigm shift in working in the area of her assigned functions. The Centralised claims hubs and the Alternate Business Channel Departments e-initiatives and e- commerce activities stand testimony to her efforts in New India

			Assurance. In National Insurance, her sustained efforts contributed towards significant improvement in the margins in the portfolios assigned to her. She has exposure in handling retail, large and corporate customers requirements emanating from various channels of distribution. • MD & CEO – GIC Housing Finance Ltd., Mumbai (12th April 2021 -till date).
Shri Vijay Sharma (Independent)	69	Masters in History, LLB	• Member and Vice Chairman- Income Tax Settlement Commission (ITSC) New Delhi. (May, 2012 - November, 2014) • Chief Commissioner of Income Tax (Administration) Bihar and Jharkhand - Income Tax Department, Patna (September 2011 - May, 2012) • Director General of Income Tax (Investigation) -Income Tax Department Bhopal. (April 2011 - August 2011) • Commissioner of Income Tax, Delhi-1 - Income Tax Department New Delhi (January 2008 - March 2011) • Deputy Director General (DDG) – Central Economic Intelligence Bureau (CEIB) New Delhi. (December 2005 - December 2007) • Member of Bihar State Bar Council (Enrl. No.: BR/141/2015). • He is also on the panel of arbitrators for NSE and BSE
Shri Y. Viswanatha Gowd (Associate)	57	B. Com	• Managing Director & CEO – LIC Housing Finance Ltd (01.02.2021 – till date) • Chief Operating Officer – LIC Housing Finance Ltd (10.12.2020– 31.01.2021) • Regional Manager, - LIC Housing Finance Ltd (29.04.2017 – 09.12.2020) • Senior Divisional Manager (Dharwad), LIC of India (25.04.2016 – 29.04.2017) • Senior Divisional Manager (Udupi), LIC of India (04.05.2013 – 25.04.2016) • Regional Manager (PGS), Zonal Office, Hyderabad–LIC of India (20.04.2009 – 04.05.2013)

Shri Raghunandan Maluste (Independent)	71	MBA (Manchester), FCA (England & Wales) and FCA (India)	• He is currently Honorary Secretary & Treasurer, Mumbai First and Angel investor. He has been a Director of listed companies and in top management of profits and not for profits since the early 1980s. He helped launch Kotak Mahindra Mutual Fund, Kotak Private Equity and Kotak Life Insurance. • Over 46 years in India, the United Kingdom and the Gulf, he has been public accountant, management consultant, journalist, advertising executive, entrepreneur, angel investor, board member of companies, trusts and societies, researcher and consultant in government, investment and private banker. Some of the organisations he has helped lead are Coopers & Lybrand (now Price Waterhouse Coopers), Lintas, HSBC Securities, Kotak Mahindra Bank, CRY-Child Rights & You, Confederation of Indian Industry, Bombay Natural History Society, Rotary Club of Bombay and Bombay Gymkhana. • Apart from speaking regularly at professional, industry and academic, events, he has presented to Parliament's Standing Committee on Finance. He has been published in R&D Management (Oxford), World Affairs (New Delhi), Business India (Mumbai), etc.; been interviewed for the press, TV and radio, and addressed live audiences on three continents.
Shri Dinesh Pangtey (Associate)	59	B.Sc.	• Chief Executive Officer - LICHFL AMC Ltd. (22.04.2016 - 30.04.2019) • Regional Manager (Pension & Group Schemes) Marketing - LIC of India, Mumbai (2015-2016) • Regional Manager (Marketing) - LIC of India, West Zone, Mumbai (2012-2015) • Regional Manager (Estate) Administration - LIC of India, West Zone, Mumbai (2010-2012) • Senior Divisional Manager (Marketing) - LIC of India, Delhi Divisional Office III (2008-2010)

iii. Top 10 Group companies/firms of the Portfolio Manager on Turn over basis:

Group Company
LIC of India
IDBI Bank Ltd.
LIC Housing Finance Ltd.
LIC Cards Services Limited
LICHFL Financial Services Limited
LIC Pension Fund Limited
LICHFL Asset Management Company Limited
LICHFL Care Homes Limited
LICHFL Trustee Company Private Limited

iv. Details of the portfolio management services being offered: Discretionary /Non-discretionary / Advisory

The Portfolio Manager shall be acting in a fiduciary capacity with regard to the Client's account consisting of investments, accruals, benefits, allotments, calls refunds, returns privileges, entitlements, substitutions and/or replacements or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any (represented both by quantity and in monetary value). The Portfolio Manager shall be acting both as an agent as well as a trustee of all types of the Client's account.

I DISCRETIONARY SERVICES:

The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.

The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per executed Agreement and make such changes in the investments and invest some or all the Client's account in such manner and in such markets as it deems fit would benefit the Client. The portfolio managers' decision (**taken in good faith**) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time.

II ADVISORY PORTFOLIO MANAGEMENT SERVICES:

The Portfolio Manager will provide Advisory Portfolio Management Services, in terms of the SEBI (Portfolio Manager) Regulations, 2020, which shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy (asset allocation) and investment and disinvestment of individual securities on the clients portfolio, for an agreed fee structure and for a period hereinafter described, entirely at the Client's risk.

The Portfolio Manager shall be solely acting as an advisor to the portfolio of the client and shall not be responsible for the investment/ disinvestment of securities and / or administrative activities on the client's portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and/ or the Client, from time to time in this regard.

III NON-DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES:

The Portfolio Manager will provide Non-discretionary Portfolio Management Services, as per express prior instructions issued by the Client from time to time, in the nature of investment advisory/consultancy/management, and may include the responsibility, as per client's instruction, of managing, renewing and reshuffling the Investment amount and portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so as to ensure that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

However the client will finally decide on its investments and the client's investment decision can never be called in question or shall not be open to review at any time during the currency of the agreement or any time thereafter. The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

v. Minimum Investment Amount

The minimum amount to be invested under each service to be provided is Rs.50,00,000/- (Rupees Fifty Lakhs only) for Equity and Rs.1,00,00,000/- (Rupees One Crore only) for Debt.

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

i. All cases of penalties imposed by the Board or the Directions issued by the Board under the Act or Rules or Regulations made there under: A penalty of Rs. 1 Lakh had been imposed on LIC MF AM Ltd. for violation of investment norms as per SEBI (Mutual Fund) Regulations, 1996 vide adjudication order dated 31/12/2002. The same had been paid by LIC MF AM Ltd. in February 2003.

ii. The nature of the penalty/direction: **NA**

iii. Penalties imposed for any economic offence and/or for violation of any Securities laws: **NIL**

iv. Any pending material litigation/legal proceedings against the Portfolio Manager/Key personnel with separate disclosure regarding pending criminal cases if any: **NIL**
Note: All material cases having liability in excess of Rs.5 Lakhs have been considered.

v. Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency: **NIL**

vi. Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its Directors, Principal officer or employees or any person directly or indirectly connected with the Portfolio Manager or its Directors, Principal officer or employee, under the Act or Rules or Regulations made thereunder: **NIL**

5. SERVICES OFFERED:

i. Investment Objectives:

The Portfolio Manager provides discretionary investment services based on the mandate given by the Client and subject to the scope of investments as agreed upon by the Portfolio Manager and Client in the Agreement. The investment objectives of the portfolio of the Client will depend on the Clients' needs and risk appetite and will seek to get returns from capital appreciation and / or regular returns by investing in various types of securities.

ii. Type of services / products offered

Investment objectives may vary from client to client. The investment requirement of the client is understood and captured by the use of an investment profile. The investment profile captures the client's expectation of returns and risk tolerance. Further depending on the individual Client requirements and the client's specification captured in the profile, the portfolio manager will advise the client accordingly. The same is used to arrive at the appropriate portfolio for the client. Also, Portfolio Manager would continuously monitor the client's investments on an ongoing basis and keep in touch regularly with the client about their performance, which allows for fine-tuning of the financial strategy of the client in the complex investment environment. However with the express prior instructions issued by the Client from time to time, the portfolio manager will assist the client in managing, renewing and reshuffling the Investment amount and portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so as to ensure that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

1. LIC MF Value Equity+ PMS

Investment Objective	To deliver long term capital appreciation by Investing in Equity assets with diversification in investment portfolio and try to ensure superior returns to clients over the long term at the reduced administration time and costs
Description of Securities	Listed Equity and Listed Mutual Funds.
Basis of Selection of type of security	Selection of stocks & allocation of on basis of Bottom-up strategy of stock selection, based on stringent evaluation parameters drawn from Value Investing Principles with extensive research and analysis for stock/sector selection
Allocation of portfolio across types of securities	80-100% Listed Equity and 0-20% in Mutual Fund, Cash and Cash Equivalents
Appropriate Benchmark to compare Performance	BSE Sensex
Basis for choice of benchmark	Majority of the portfolio will consist of large cap stocks. BSE Sensex is constructed from selection of stocks from predominantly represent the movement of large cap stocks.
Minimum investment	The minimum value of Funds/investments which will be accepted towards initial corpus under Equity Value+ Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than any amount as may be stipulated by the Regulations from time to time (Currently Rs.50 Lakhs). The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid fund schemes, exchange traded index funds, debt oriented schemes of mutual funds, gilt schemes, bank deposits and other short term avenues for investment.
Indicative tenure or investment horizon	Investment horizon of 3 years to 5 years

Minimum tenure/Lock-in period/ Exit loads	Minimum tenure not applicable under this investment approach however there will be levy of exit load on withdrawal of monies being managed under this approach. For withdrawal in first year it will be 2% and 1% in Second and Third year.
Redemptions / Partial withdrawals	Partial withdrawal shall be allowed only to such extent that portfolio value after recovery of fees, charges, and payment of withdrawal amount is not less than the minimum investment specified in the Minimum investment clause in this schedule
Use of derivatives	No use of derivatives

2. LIC MF Factor Advantage PMS

Investment Objective	To deliver long term capital appreciation by Investing in Equity assets by selection based on multiple factors and fundamentals to deliver risk adjusted return
Description of Securities	Listed Equity and Listed Mutual Funds.
Basis of Selection of type of security	Selection of stocks & allocation of weights is based upon risk weighted methodology and other fundamental aspects
Allocation of portfolio across types of securities	80-100% Listed Equity and 0-20% in Mutual Fund, Cash and Cash Equivalents
Appropriate Benchmark to compare Performance	MSCI India Domestic IMI Risk Weighted Top 25 Capped Index.
Basis for choice of benchmark	Market -cap agnostic in stock selection approach. MSCI India Domestic IMI RW Top 25 Index is constructed from selection of stocks from large/mid/small cap stocks based on risk weighted methodology.
Minimum investment	The minimum value of Funds/investments which will be accepted towards initial corpus under Risk Weighted Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than any amount as may be stipulated by the Regulations from time to time. The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid fund schemes, exchange traded index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits and other short-term avenues for investment.
Indicative tenure or investment horizon	Investment horizon of 3 years and above
Risk Associated with the investment approach	The investment is based on risk weighted methodology and hence concentration and selection of a sector or stock is dependent on the strategy.
Minimum tenure/Lock-in period/ Exit loads	1 Year (1%)
Redemptions / Partial withdrawals	Partial withdrawal shall be allowed only to such extent that portfolio value after recovery of fees, charges, and payment of withdrawal amount is not less than the minimum investment specified in the Minimum investment clause in this schedule
Use of derivatives	The Portfolio Manager might transact in derivatives in case it deems it necessary to protect the value of client's portfolios in periods of market instability. If the client does not want the Portfolio Manager to use derivatives at all in his/her portfolio, then, he/she can mention Derivatives as a negative security on account opening form and the Portfolio Manager would be barred from using derivatives in the client's portfolio

3. LIC MF All Weather Asset Allocator PMS

Type of Portfolio	Open Ended Discretionary Portfolio
Scheme Name	LIC MF All Weather Asset Allocator PMS
Investment objective	To generate long term capital appreciation from a portfolio of different asset classes
Description of types of securities	Listed Equity, Gold ETF, REITs, InvITs, Debt, MF, Bonds and Other Alternative Investments.
Basis of selection of such types of securities as part of the investme nt Approach	Allocation is done by combining active & passive investing in different asset class from defined securities universe powered by Bloomberg tools.
Allocation ofportfolio across types of securities	Based on model portfolio Selected*
Indicative tenure or investment horizon	Long Term Capital Appreciation (3 Years +)
Risks associated with the investme ntapproach	Based on the securities selected from defined universe and continues to have concentration and systematic risks
Minimum Investment Amount for New Account Opening	50 Lacs (as per regulations) or as decided by the portfolio manager atits sole discretion
Redemption	Daily
Minimum tenure/Lock-in period/ Exit loads	2 Years (1%)
Appropriate benchmark to compare performance an d basis for choice of benchmark	Based on model portfolio selected
Key Risk	Market Risk: Equity Investments are volatile and subject to market conditions. Capital Loss Risk: There is no capital protection guaranteedin this strategy and due to adverse market movements, client may incur capital loss. Execution Risk: There can be deviation from the benchmark index given cash allocation & time lag/price differentials in order executions. Please note that Investment made on the basis of Investment objective of the strategy may or may not match with Investment/risk profile of the client.

LIC MF All Weather Asset Allocator PMS	Aggressive Portfolio
Allocation of portfolio across types of securities	Debt : 0-40% ; Equity : 20-100%; Gold - 0-50% ; Cash & Cash equivalents (including arbitrage) 0-50%
Appropriate Benchmark to compare performance and basis of choice of benchmark	Crisil Aggressive 65% S&P BSE 200 TR Index + 15% S&P BSE Arbitrage Rate Index +15% CRISIL Short Term PSU Debt Index & Gold **.** The benchmark has higher allocation towards equity than Debt.
LIC MF All Weather Asset Allocator PMS	**Moderate Portfolio**
Allocation of portfolio across types of securities	Debt : 0-40% ; Equity : 10-80%; Gold - 0-50% ; Cash & Cash equivalents (including arbitrage) 0-50%
Appropriate Benchmark to compare performance and basis of choice of benchmark	Crisil Moderate : 40% S&P BSE 200 TR Index + 15% S&P BSE Arbitrage Rate Index + 30% CRISIL Short Term PSU Debt Index & gold The benchmark has a balanced allocation in equity and Debt.
LIC MF All Weather Asset Allocator PMS	**Conservative Portfolio**
Allocation of portfolio across types of securities	Debt : 0-70% ; Equity : 5-50%; Gold - 0-50% ; Cash & Cash equivalents (including arbitrage) 0-50%
Appropriate Benchmark to compare performance and basis of choice of benchmark	Crisil Conservative: 20% S&P BSE 200 TR Index + 20% S&P BSE Arbitrage Rate Index + 40% CRISIL Short Term PSU Debt Index & gold**.** The benchmark more allocation in Debt than Equity.

4. LIC MF STP Portfolio PMS

Investment Objective	To invest the client's capital in liquid or overnight funds.
Description of Securities	Under Liquid STP, client monies would primarily be invested in units of overnight funds or liquid funds and some part might be retained as bank balance in bank account.
Basis of Selection of type of security	The Liquid STP investment approach is based on investing money in units of liquid funds / overnight funds or simply as bank balance till the funds are invested in one of the other investment approaches of LICMF PMS.
Allocation of portfolio acrosstypes of securities	Type of security: Overnight funds/ Liquid funds/ Cash and Cash Equivalents — Allocation in portfolio: 0 - 100%
Appropriate Benchmark to compare performance	CRISIL Overnight Index
Basis for choice of benchmark	The portfolio will consist of units of overnight funds or liquid funds. Hence, CRISIL Overnight Index has been selected as the benchmark for comparing performance.

Minimum investment	The minimum value of Funds/investments which will be accepted towards initial corpus under Liquid STP Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than the amount stipulated by the Regulations from time to time. The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash. The minimum value of funds/investments which will be accepted towards any additional investment in Liquid STP Investment Approach will be decided by the Portfolio Manager from time to time
Indicative tenure or investment horizon	Standard of five months or as instructed by client in customized plan
Minimum tenure/Lock-in period/ Exit loads	Minimum tenure not applicable under this investment approach / DPMS Investments managed under Liquid STP Investment Approach shall not be subject to any lock-in period / There shall be no levy of exit load on withdrawal of monies being managed under this approach.
Redemptions / Partial withdrawals	The minimum amount of partial withdrawals shall be at the discretion of the portfolio manager and shall be allowed only to such extent that portfolio value after recovery of fees, charges, and payment of withdrawal amount is not less than the minimum investment specified in the Minimum investment clause.
Use of derivatives	The Portfolio Manager might transact in derivatives in case it deems it necessary to protect the value of client's portfolios in periods of market instability. If the client does not want the Portfolio Manager to use derivatives at all in his/her portfolio, then, he/she can mention Derivatives as negative security in the account opening form and the Portfolio Manager would be barred from using derivatives in the client's portfolio.

*** Change in allocation of portfolio:** Subject to PMS regulations, the asset allocation patternindicated above may change from time to time, keeping in view the market conditions, market opportunities, applicable regulations, political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that it may vary substantially, depending on the perception of investment manager. The intention being always to seek to protect the interest of investors. Such changes in the investment pattern will be for short term and defensive considerations.

Direct on-boarding of clients:

All clients have an option to invest in our products / investment approachesdirectly, without involvement of any person engaged in distribution services. In this mode, client will be charged management fees and portfolio operating expenses. No other charges will be levied.

iii. Policies including the types of securities in which Portfolio Manager will generally invest:

The same shall be always subject to the scope of investment objective as agreed upon between the Portfolio Manager and the Client in the Agreement.

<u>Investment approach for Equity</u>

The investment approach would vary depending upon the specific requirements of the client. The broad investment style portfolio is outlined below:

<u>a) Diversified Portfolio</u>

The Portfolio Manager shall endeavor that the portfolios are invested in baskets of stocks with no undue concentration in any stock.

b) Investment Style
The Portfolio Manager typically looks to invest in stocks which offer growth or an upside on account of a potential re-rating and which are available at reasonable valuations. The valuation measures typically used are P/E,Price/Book Value, RoCE & profitability ratio etc.

c) Filtering stock based on factors to control volatility
To ensure a stable portfolio, it is essential in today's volatile and dynamic times to construct portfolio after duly considering factors like, Quality, Value, Volatility, Momentum & growth etc. The Portfolio Manager will continue to look at factors to determine a sound portfolio for client.

d) Using tactical asset allocation
The Portfolio Manager may move between asset classes i.e. equity and fixed income and cash depending upon market conditions. This is done mainly with an objective of protecting capital when markets are uncertain or have a downward bias.

e) Use of derivatives
The portfolio manager may use derivatives with an objective of either hedging and / or balancing the portfolio. By the use of derivatives for the purpose of hedging, the Portfolio Manager attempts to protect the portfolio especially when markets are uncertain or have a downward bias.

Investment approach for Debt:
The approach to debt investments is primarily guided by the interest rate movements in the market. While following a bottom up approach to investments in debt papers due care is taken to reduce credit risk, liquidity risk and risk spreads. Further, as the debt instruments are not standardized, adequate analysis is done to understand the structure of the instruments and the risk-return potential before taking an investment decision.

Investment approach for Mutual Fund Schemes:
The approach to Mutual Fund investment is primarily guided by the consistent performance of the scheme with low volatility and also keeping in view structure of the scheme and the risk appetite of the client.

Type of securities:
Subject to the investment objectives chosen by the Client, the Portfolio Manager shall manage the Client's Account by investing in such capital and money market instruments or in fixed income securities or other securities of any description including: -

- Equity and Equity related securities, Convertible Stock and Preference Shares of Indian Companies
- Debentures, Bonds and Secured Premium Notes, Swaps, Options, Futures, Tax-exempt Bonds of Indian Companies and Corporations
- Government and Trustee Securities;
- Units, Magnums and other instruments of Mutual Funds
- Bank Deposits
- Treasury Bills
- Commercial Papers, Certificates of Deposit and other similar Money Market instruments; and
- Derivatives, both equity & fixed income as permitted under the Regulations
- Other eligible modes of investment and/or forms of deployment within the meaning of the Regulation issued by SEBI as amended from time to time (hereafter collectively referred to as "Securities")

Asset Classes for deployment shall be always subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement.

iv. The policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein subject to the applicable laws / regulations / guidelines

The Portfolio Manager may invest in Securities of the associate/ group companies including entire portfolio value / Net Asset Value in schemes of LIC Mutual Fund. These investments will be carried out to achieve the investment objectives and strategies and in the normal course of investment activity subject to the applicable laws/ regulations.

6. RISK FACTORS:

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

- Past performance of the Portfolio Manager in a portfolio may or may not be sustained in the future and does not indicate the future performance of the same service in future or any other future service of the portfolio manager.

- Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio as the Investments are subject to market risks.

- Investors may note that Portfolio Manager's investment in specific securities investments, investment strategy and asset allocation for achieving investment objectives may not be always profitable, as actual market movements may be at variance with anticipated trends.

- The valuation of the Portfolio's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other relevant policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make intended securities purchases due to settlement problems couldcause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well-developed and liquid secondary market for securities would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.

- The Portfolio Manager may, consider the overall level of risk of the portfolio, advice to invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.

- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may invest in unlisted securities that offer attractive yields. This may however increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.

- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.

- Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.

- Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.

- Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities, which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

- Settlement Risk: It refers to risk of default by counterparty during settlement of trade. This risk arises as soon as an institution makes the required payment until the balance part of the transaction is settled.

- Reinvestment Risk: This risk refers to the interest rate levels, at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- The Investment activity is exposed to various types of risks as referred above in "Risk Factors". The client unconditionally understands and agrees that the non-discretionary investment being made under this agreement to carry out investment objective of the respective scheme, have an inherent risk and the client shall under no circumstances whatsoever considered / hold the Portfolio Manager liable in a manner whatsoever as a result of services / transaction / investments made including for non-diversification.

- The Portfolio Manager may invest in various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include, the risk of miswriting or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- The Portfolio Manager may invest in derivatives instruments like Stock Index Futures, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives.

Risks attached with the use of derivatives:

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

Trading in derivatives

SEBI in terms of Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations, 2002, has permitted all the Portfolio Managers to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, the Portfolio Managers may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance the Clients' interest.
Accordingly, the Portfolio Manager may invest in derivatives instruments like Stock Index Futures, Options on Stocks and Stock Indices, Interest Rate Swaps, Forward Rate Agreements or other such derivative instruments as may be introduced from time to time, as permitted by SEBI.

The following information provides a basic idea as to the nature of the derivative instrument's investment and the benefits and risks attached there with.

i) Index Futures:

Benefits

a) Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.

b) One can sell futures to hedge against market movements effectively without actually selling the stocks it holds. The Stock Index futures are instruments designed to give exposure to the equity market indices. The National Stock Exchange has started trading in index futures of 1, 2 and 3-month maturities. The pricing of an index future is the function of the underlying index and interest rates.

Illustration:
Spot Index: 1070
1 month Nifty Future Price on day 1: 1075
Investor buys 100 lots
Each lot has a nominal value equivalent to 200 units of the underlying index
Let us say that on the date of settlement, the future price = Closing spot price = ` 1085
Profits for the Portfolio = (1085-1075) * 100 lots * 200 = ` 200,000
Please note that the above example is given for illustration purposes only.

The net impact for the Portfolio will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the Portfolio will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

ii) Buying options:

Benefits of buying a call option:
Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration:
For example, if the investor buys a one month call option on Company 'A' at a strike of Rs.150, the current market price being say Rs.151. The Investor will have to pay a premium of say Rs.15 to buy this call. If the stock price goes below Rs.150 during the tenure of the call, the investor avoids the loss itwould have incurred had it straightaway bought the stock instead of the call option. The investor gives up the premium of Rs.15 that has to be paid in orderto protect the Portfolio from this probable downside. If the stock goes above Rs.150, it can exercise its right and own Company 'A' at a cost price ofRs.150,thereby participating in the upside of the stock.

Benefits of buying a put option:
Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration:
For example, if the portfolio owns Company 'B' and also buys a three month put option on Company 'B' at a strike of Rs.150, the current market price being say Rs. 151. The Investor will have to pay a premium of say Rs. 12 to buy this put. If the stock price goes below Rs.150 during the tenure of the put, the investor can still exercise the put and sell the stock at Rs. 150, avoiding therefore any downside on the stock below Rs.150. The investor gives up the fixed premium of Rs.12 that has to be paid in order to protect the Portfolio from this probable downside. If the stock goes above Rs.150, say to Rs. 170, it will not exercise its option. The investor will participate in the upside of thestock, since it can now sell the stock at the prevailing market price of Rs. 170.

iii) Writing options:

(a) **Benefits of writing an option with underlying stock holding** (Covered call writing)Covered call writing is a strategy where a writer (say the investor) will hold a particular stock and sell in the market a call option on the stock. Here the buyer of the call option now has the right to buy this stock from the writer (the investor) at a particular price, which is fixed by the contract (the strike price). The writer receives a premium for selling a call, but if the call option is exercised, he has to sell the underlying stock at the strike price. This is advantageous if the strike price is the level at which the writer wants to exit his holding / book profits. The writer effectively gains a fixed premium in exchange for the probable opportunity loss that comes from giving up any upside if the stock goes up beyond the strike price.

Illustration:
Let us take for example Company ‘C’, where the Portfolio holds stock, the current market price being Rs. 3600. The investor holds the view that the stock should be sold when it reaches Rs. 3700. Currently the one month 3700 calls can be sold at sayRs.150. Selling this call gives the call owner the right to buy from the portfolio, Company C at Rs. 3700.

Now the investor by buying / holding the stock and selling the call is effectively agreeing to sell Company ‘C’ at Rs. 3700 when it crosses this price. So the investor is giving up any possible upside beyond Rs. 3700. However, the returns on the Portfolio are higher than what it would have got if it just held the stock and decided to sell it at Rs. 3700. This is because the investor by writing the covered call gets an additional Rs. 150 per share of Company C. In case the price is below Rs. 3700 during the tenure of the call, then it will not be exercised and the investor will continue to hold the shares. Even in this case the returns are higher than if the Portfolio had just held the stock waiting to sell it at Rs. 3700.

(b) **Benefits of writing put options with adequate cash holding:**
Writing put options with adequate cash holdings is a strategy where the writer (say, the investor) will have an amount of cash and will sell put options on a stock. This will give the buyer of this put option the right to sell stock to the writer (the investor) at a pre-designated price (the strike price). This strategy gives the put writer a premium, but if the put is exercised, he has to buy the underlying stock at the designated strike price. In this case the writer will have to accept any downside if the stock goes below the exercise price. The writer effectively gains a fixed premium in exchange for giving up the opportunity to buy the stock at levels below the strike price. This is advantageous if the strike price is the level at which the writer wants to buy the stock.

Illustration:
Let us take, for example, that the investor wants to buy Company D at Rs.3500, the current price being Rs. 3600. Currently the three-month 3500 puts can be sold at say Rs.100. Writing this put gives the put owner the right to sell to the portfolio, Company D at Rs. 3500. Now the Writer by holding cash and selling the put is agreeing to buy Company D at Rs.3500 when it goes below this price. The investor will take on itself any downside if the price goes below Rs. 3500. But the returns on the Portfolio are higher than what it would have got if it just waited till the price reached this level and bought the stock at Rs.3500, as per its original view. This is because the investor by writing the put gets an additional Rs. 100 per share of Company D. In case the price stays above Rs.3500 during the tenure of the put, then it will not be exercised and the

investor will continue to hold cash. Even in this case the returns are higher than if the Portfolio had just held cash waiting to buy Company D at Rs. 3500.

(iv) **Interest Rate Swaps and Forward Rate Agreements**

Benefits

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Portfolio remains in call market for the liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

Illustration:

The following are illustrations how derivatives work:

Basic Structure of an Interest Rate Swap

Floating Interest Rate

Counter Party 1

Counter Party 2 ⟶

Fixed Interest Rate

In the above illustration

Basic Details	:	Fixed to floating swap
Notional Amount	:	Rs. 5 Crores
Benchmark	:	NSE MIBOR
Deal Tenure	:	3 months (say 91 days)
Documentation	:	International Securities Dealers Association (ISDA)

Let us assume the fixed rate decided was 10%

At the end of three months, the following exchange will take place:

Counter party 1 pays : compounded call rate for three months, say 9.90%

Counter party 2 pays fixed rate : 10%

In practice, however, the difference of the two amounts is settled. Counter party 2 will pay:

Rs.5 Crores *0.10%* 91/365 = Rs. 12,465.75

Thus, the tradeoff for the investor will be the difference in call rate and the fixed rate payment and this can vary with the call rates in the market. Please note that the above example is given for illustration purposes only and the actual returns may vary depending on the terms of swap and market conditions.

Disclosure regarding transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations, if found having conflict of interest with the transactions in any of the client's portfolio

The personal securities transaction of employees of the Portfolio Manager are governed by **the Code of Conduct** framed by AMC which incorporates requirements specified under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. Employees who are directly involved in investment operations of portfolio management services provided by Portfolio Manager are required to obtain approval from Compliance officer for trade in securities. The approval for trades are given for trades in securities which satisfies conditions specified in the Policy to address instances of conflict of interest.

There are no transactions in purchase and sale of securities by specified employees and Portfolio Manager which requires disclosures.

Disclosure of conflicts of interest related to services offered by group companies or associates of the Portfolio Manager:

The Portfolio Manager may avail the services of group companies as may be deemed necessary, from time to time.

The Client's Funds may be invested in schemes of mutual funds managed by the AMC, which may earn fees on such investment as stated in the respective scheme information document.

In such scenarios, the Portfolio Manager shall act in a fiduciary capacity in relation to the Client's Funds and shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates, in a manner which is not detrimental to the Client.

7. CLIENT REPRESENTATION:

i.

Category of Clients	No. of Clients	Funds Managed (Rs. in crores)	Discretionary/Non-Discretionary
Associate/Group Companies			
As on 30/09/2021	1	1299.18	Discretionary
As on 31/03/2021	1	1254.91	Discretionary
As on 31/03/2020	1	1190.38	Discretionary
As on 31/03/2019	1	1114.08	Discretionary
Others			
As on 30/09/2021	11	445.24	Discretionary
As on 31/03/2021	11	433.28	Discretionary
As on 31/03/2020	14	368.59	Discretionary
As on 31/03/2019	24	347.83	Discretionary

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

i) Related parties for the financial year 2020-21:

Associate Companies:
Life Insurance Corporation of India (LIC)
LIC Housing Finance Limited*

Key Management Personnel (KMP):
Dinesh Pangtey, Chief Executive Officer
Pawan Baheti, Chief Financial Officer (up to October 26, 2020)
M. Govindaraju, Chief Financial Officer
Mayank Arora, Company Secretary

Kailash Bang, Independent Director
Raghunandan Maluste, Independent Director
Sanjay Muthal, Independent Director

Satish K Kamat, Independent Director
Vijay Sharma, Independent Director

* No transactions during the year

ii) The related party transactions are as under:

	Amount in Rs. ('000)	
Particulars	**As at March 31,**	
	2021	**2020**
Life Insurance Corporation of India (LIC)		
Transactions:		
Rent, rates and taxes & electricity charges	20,881.97	22,907.16
Other operating expenses	60.93	94.87
Contribution to provident and other funds	787.52	679.34
Gratuity	496.84	548.66
Insurance expenses	1,151.65	264.71
Contribution to Gratuity Fund	15,000.00	-
Receivables and deposits:		
Advance recoverable in cash or kind	728.27	993.82
Key Management Personnel (KMP)		
Transactions:		
Remuneration paid#	11,623.44	10,060.78
Independent Directors of AMC		
Sitting fees to Independent Directors	600.00	800.00
# The above figures do not include liability towards gratuity and leave encashment as separate figure for KMP are not available. Perquisites have been valued in accordance with the provisions contained in the Income Tax Rules,1962.		

8. THE FINANCIAL PERFORMANCE OF AMC (Based on audited financial statements)

(Rs. in Lakh)

Particulars	Period ended 31/03/2021	Period ended 31/03/2020	Period ended 31/03/2019	Period ended 31/03/2018
Total Income	5,260.05	4,306.09	5,467.85	6001.43
Profit/(Loss) Before Tax	596.30	(223.19)	340.08	452.16
Less : Provision for Tax	-	-	-	-
Add: Tax provision written back pertaining to prior year	-	-	-	180.02
Less : Provision for Wealth Tax	-	-	-	-
Deferred Tax Liability/(Asset)	-	-	-	-
Net Profit/(Loss)	596.30	(223.19)	340.08	632.18

Full Financial Statement of LIC Mutual Fund AM Ltd (AMC) is available on https://www.licmf.com/statutory-disclosure under AMC Financials.

9. PERFORMANCE OF PORTFOLIO MANAGER:

DISCRETIONARY PORTFOLIO MANAGEMENT

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

Returns (%)						
Client Name	**2018 - 2019**		**2019 – 2020**		**2020 - 2021**	
	Portfolio	**Benchmark**	**Portfolio**	**Benchmark**	**Portfolio**	**Benchmark**
Insurance Institute of India (III)	8.52%	N.A.	5.91%	N.A.	7.42%	N.A.
National Skill Development Fund (NSDF)	8.26%	N.A.	7.04%	7.14%	3.98%	6.48%
VALUE EQUITY +	1.66%	17.30%	-15.33%	-23.80%	39.90%	68.01%

Notes: -

1) All above returns are calculated as per TWRR methodology.
2) The above returns are on firm level for Value Equity + which are in existence as on 31st March 2021. The returns for each client may differ.
3) The hurdle rate for NSDF will be calculated annualized yield as simple average of 10 years G-sec for specific financial year plus a spread of 50 basis point.
4) LIC MF Factor Advantage PMS, LIC MF All Weather Asset AllocatorPMS strategies and Jawaharlal Nehru Port Trust (JNPT) data is not included as the same has not completed a year.

10. AUDIT OBSERVATIONS

There were no material observations made by the auditors in preceding 3 years. Minor observations made by them were addressed suitably.

11. NATURE OF EXPENSES:

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services will form part of the terms agreed upon between the Client and Portfolio Manager in the PMS Agreement at the time of execution of the agreement.

i) Portfolio Management Fees:

The portfolio management fees relate to the portfolio management services offered to the Clients and will be as per the terms agreed upon between the client and the Portfolio Manager in the PMS agreement. The fees may be fixed charge **or** a percentage of the quantum of the funds being managed **or** linked to portfolio returns achieved **or** a combination of any of these. In case where a performance fees is charged the performance shall be computed on the basis of high water mark principle over the life of the investment.

a) Fixed Fees: Upto 3% per annum (Exclusive of all indirect taxes and / or other Statutory Levies as applicable). The fixed fee shall be calculated on daily Assets under Management and shall be charged to the portfolio on quarterly basis, in arrears.
In case, the client makes full withdrawal during the year, fixed fee will be charged on a pro-rated basis on the date of withdrawal.

b) Performance Fee: Upto 20% (Exclusive of all indirect taxes and / or other Statutory Levies as applicable) of returns generated above the specified hurdle rate per annum which shall be charged annually every year from the date of initial investment. In case, the client makes full/ partial withdrawal before the end of the year of the client anniversary OR during the year in any subsequent year, the performance fee will be calculated and charged on a pro-rated basis, on the date of withdrawal. The hurdle rate for the calculation of Performance Fee in such cases shall be reduced on a pro rata basis. The amount of returns generated above the hurdle rate shall be arrived at after charging of the applicable fees and other expenses. Performance Fees shall be computed on the basis of high water mark principle. All indirect taxes and/ or other taxes/ statutory levies shall be charged over and above the fee mentioned above.

ii) Custodian, Depositary & Fund Accounting Charges:

The Portfolio Manager may appoint any suitable Custodian-Cum Clearing agents, Depositary Participant and Fund Accountant for custody of securities, settlement of trades and fund accounting. Currently the portfolio manager has appointed Citibank NA, HDFC Bank, ICICI Bank and Stockholding Corporation of India Limited for these services. The expenses incurred on these services are payable on actual and as certified by the internalauditors of the Portfolio Manager. The expenses payable for these services willform part of the terms agreed upon between the client and Portfolio Manager in the PMS agreement.

iii) Brokerage, Transaction Costs and other Services:

The brokerage and other charges like stamp duty, transaction cost and statutory levies such as service tax, securities transaction tax, turnover fees and such other levies as may be imposed upon from time to time.

iv) Registrars and Transfer Agents' Fees:

Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges.

v) Fees, entry/exit loads and charges in respect of investment in mutual funds:

Mutual Funds including LIC Mutual Fund may be recovering expenses or management fees, entry/exit loads and other incidental expenses along with service tax, if any, on such recoveries and such fees, entry/exit loads and charges including tax on such recoveries, as per the relevant regulationshall be paid to the Asset Management Company of these Mutual Funds on theClients account. Such fees and charges are in addition to the Portfolio Management Fees described above.

vi) Upfront Fees:

The Portfolio Manager will not levy any charges as Up-front Fees or Subscription Fees as directed in PMS regulation 2020.

vii) Exit Charge:

The Portfolio Manager may levy an Exit charges / Early withdrawal fee as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions agreed for a particulars Portfolio Product agreement and revise as per Regulation and Circular issued.

viii) Certification charges or professional charges:

The charges payable for outsourced professional service like accounting, taxation and any legal services, notarization, etc. shall be borne by the Clients.

ix) Securities lending and borrowing charges:

The charges pertaining to the lending of securities, costs associated with transfer of securities connected with the lending and borrowing transfer operations.

x) Any other incidental or ancillary expenses:

All incidental and ancillary expenses not covered above but incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client.

Other Fees

Type of Fees	Limit
i. Custodian Fees	Upto 0.50% per annum of the client's daily Assets under Management (AUM).
ii. Fund Accounting	
iii. Fees charged by the Registrar	
iv. Demat Account Opening and Maintenance Charges	
v. Certification Fees and Professional Fees (including audit fees)	
vi. Other Expenses	

Risk Profile of the Client

Client shall complete the risk profile section furnished in the PMS application form which interalia includes investment experience of the client, overall investment goals, risk tolerance and clients preferred asset allocation.

Central KYC

Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity. KYC means the due diligence procedure prescribed by the Regulator for identifying and verifying the proof of address, proof of identity and compliance with rules regulations, guidelines and circulars issued by the Regulators or Statutory authorities under the Prevention of Money Laundering Act, 2002. The Central Govt. vide notification dt. Nov, 26, 2015 has authorised Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) to act as and to perform the functions of the CKYC Registry including receiving, storing, safeguarding and retrieving the KYC records in digital form of a Client. A 14 digit CKYC identification Number (KIN) would be issued as identifier of each client.

As per PMLA (Maintenance of Records) Amendment Rules, 2015, Rule 9(IA), every reporting entity shall within three days after the commencement of an account based relationship with an individual, file the electronic copy of the client's KYC records with the Central KYC Registry. Institutions need to upload the common KYC template along with the scanned copy of the certified supporting documents (PoI/PoA), cropped signature and photograph. Since the records are stored digitally, it helps institutions de-duplicate data so that they don't need to do KYC of customers multiple times. It helps institutions find out if the client is KYC compliant based on Aadhaar, PAN and other identity proofs. If the KYC details are updated on this platform by one entity, all other institutions get a real time update. Thus, the platform helps firms cut down costs substantially by avoiding multiplicity of registration and data upkeep.

Please note that PAN is mandatory for investing in PMS. If CKYC is done without submission of PAN, then he/she will have to submit a duly self-certified copy of the PAN card alongwith KIN.

First time investing Financial Sector (New investor) New to KRA-KYC: While on boarding investors who are new to the PMS & do not have KYC registered as per existing KRA norms, such investors should fill up CKYC form. This new KYC form is in line with CKYC form guidelines and requirements and would help to capture all information needed for CKYC as well mandatory requirements for PMS. Investors should submit the duly filled form along with supporting documents, particularly, self-certified copy of the PAN Card as a mandatory identity proof. If prospective investor submits old KRA KYC form, which does not have all information needed for registration with CKYC, such customer should either submit the information in the supplementary CKYC form or fill the CKYC form. Investors who have obtained the KIN through any other financial intermediary, shall provide the 14 digit number for validation and updating the KYC record.

Ultimate Beneficial Owner:
Pursuant to SEBI Master Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and to Guidelines on identification of Beneficial Ownership issued vide SEBI circular no. CIR/MIRSD/2/2013 dated January 24, 2013, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO'). The Ultimate Beneficial Owner means 'Natural Person', who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of / entitlements to:

i. More than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
ii. More than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
iii. More than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
In case of a Trust, the settler of the trust, the trustees, the protector, the beneficiaries with 15% or more of interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership is considered as the UBO.

The provisions w.r.t. Identification of UBO are not applicable to the investor or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a listed company. If you are classified as a passive Non-Financial Foreign Entity (NFFE) for FATCA purposes, while completing the "Declaration for Ultimate beneficial Ownership (UBO)" form please provide details of all the person(s) (excluding those having tax residency in India) having controlling interest in your entity in the "foreign country information" column along with Country of birth, Country of citizenship / Nationality, Country of Tax Residency and Foreign Tax Reference Number for FATCA purposes.

Arbitration
All dispute, differences, claims and questions whosoever which shall arise either during the subsistence of the agreement with a Client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising therefrom or the interpretation of any provision therein shall be in the first place settled by mutual discussion, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Mumbai and be conducted in English language.

The agreement with the Client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the agreement by either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the state of Maharashtra.

12. TAXATION

Investors are advised to consult their Legal/tax and other Professional advisors with regard to tax/legal implications relating to their investments under portfolio Management and before making decision to avail of any services offered under this disclosure document.

Tax rates reflected in the Disclosure Document are for the Financial Year 2020-21

It may be noted that the information given hereinafter is only for general information purposes and is based on the advice received by the Portfolio Manager regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change, or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the PMS will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest whether directly from the Portfolio Manager or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor is advised to consult his / her or its own professional tax advisor with respect to the specific tax implications arising out of its participation in the PMS as an investor.

In view of the above, it is advised that the investors appropriately consult their investment / tax advisors in this regard.

12.1 Tax implications

12.1.1 Income arising from purchase and sale of securities under Portfolio Management Services can give rise to business income or capital gains in the hands of the Client. The issue of characterization of income is relevant as the tax computation and rates differ in either of the two situations.

The said issue is essentially a question of fact and depends on whether the shares are held as business/trading assets or on capital account. Based on judicial decisions, the following factors need to be considered while determining the nature of assets as above:

a. Motive for the purchase of securities
b. Frequency of transactions
c. Length of period of holding of the securities
d. Treatment of the securities and profit or loss on their sale in the accounts of the assessee and disclosure in notes thereto
e. Source of funds out of which the securities were acquired – borrowed or own
f. Existence of an objects clause permitting trading in securities - relevant only in the case of corporate.
g. Circumstances responsible for the sale of securities
h. Acquisition of the securities – from primary market or secondary market
i. Infrastructure and set – up employed for undertaking the securities transactions by the client

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously.
Investors may refer to CBDT instruction no. 1827 dated August 31, 1989 read with CBDT Circular no. 4 dated June 15, 2007 for further guidance on the matter.

12.1.2 In the following paragraphs, we have considered the broad implications under the Income Tax Act, 1961 ("IT Act") arising in the hands of the Clients (resident as well as the non-resident) under both the scenarios, viz:

a. Securities in the Portfolio held as business asset; and
b. Securities in the Portfolio held on capital account.

Additionally, non-residents (including FIIs) are entitled to be governed by the applicable Double Tax Avoidance Agreement ("DTAA"), which India has entered into with the country of residence of the non-resident, if that is more beneficial. The same would have to be considered on a case-to-case basis depending upon the applicable DTAA. Ordinarily, capital gains and interest income are taxable in India in the manner and at the rates prescribed under the relevant DTAA or the relevant rates applicable in India, whichever is beneficial to the assessee. Further, business income is normally not taxable in India if there is no permanent establishment of the non-resident in India.

12.2 Securities Transaction Tax ("STT")

STT is applicable on certain specified transactions (on the stock exchange or redemption of equity oriented units), which are tabulated below:

Sr.No.	***Taxable Securities Transactions***	***Rates***	***Payable by***
1	Purchase of an equity share in a company, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share is settled by the actual delivery or transfer of such share.	0.1%	Purchaser
2	Sale of an equity share in a company, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share is settled by the actual delivery or transfer of such share.	0.1%	Seller
2A	Sale of a unit of an equity oriented fund, where; a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such unit is settled by the actual delivery or transfer of such unit.	0.001%	Seller

3	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4	(a) Sale of an option in securities	0.017%	Seller
	(b) Sale of an option in securities where option is exercised	0.125%	Purchaser
	(c) Sale of a futures in securities	0.01%	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	0.001%	Seller
6	Sale of unlisted equity shares under an offer for sale to public	0.2%	Seller

The above STT is payable, irrespective of whether the securities are characterized as business assets or as capital assets.

12.3 Tax Implications where securities are business assets,Profits and Gains of Business or Profession

12.3.1 The following are the various income streams that can arise from securities held in the Portfolio:

a. Gains on sale of securities;
b. Dividend income on shares / Income-distribution on units; and
c. Interest income on debt securities.

12.3.2 If the securities in the Portfolio are regarded as a business/trading asset, then any gain / loss arising from sale of such securities would be taxed under the head "Profits and gains of business or profession" under section 28 of the IT Act. The gain / loss is to be computed under the head "Profits and gains of business or profession" after allowing normal business expenses (inclusive of the expenses incurred on transfer).

12.3.3 However, dividend on shares (referred to in section 115-O of the IT Act) and income distributed by mutual funds are exempt under the Act. In terms of section 14A of the IT Act, the Assessing officer has been given the power to make disallowances of expenses relating to earning exempt income.

The Finance Act, 2020 has amended the provisions of Section 10(34) to provide that this clause shall not apply to any income, in respect of shares, received on or after 1st April 2020. Hence, with effect from 1st April, 2020, dividend or income distribution by a domestic company is taxable in the hands of unit holders at the applicable rates.Dividend received after 1st April, 2020, which was subject to DDT i.e. company has paid DDT on dividend, such dividend will not be liable to tax in the hands of shareholders though received after 1st April, 2020.
Section 115O has been abolished in the Finance Act 2020 w.e.f. 01.04.2020. The companies distributing dividends are not required to pay Dividend Distribution Tax.

Further TDS under section 194& 194K on dividend, tax at the rate of ten per cent shall be deducted on payment exceeding Rs 5,000/- at PAN level. If the dividend is paid to Non-resident, TDS will be deducted @ 20% without any threshold limit.

TDS provisions for Business Trust (AMC) as per Finance Act 2020.

Dividend is exempt in hands of Business Trust (AMC/REIT). Dividend will be taxable in the hands of Unit holders only if the SPV opts to pay tax underConcessional Tax scheme @ 22% u/s 115BAA.

As per Section 194LBA, if dividend income is distributed by a business trust(AMC) to its unit holder and amount exceeds Rs. 5,000/- in a financial year, (resident and non-resident), the business trust shall deduct TDS @10%.

If SPV pays tax under Normal Tax Regime, dividend is exempt in hands ofunit holders and TDS provisions will not be applicable.

12.3.4 Interest income arising on securities may be categorized as 'Business income' or 'Income from other sources'. Any expenses incurred to earn such interest (such as interest expense) would be available as deduction.

12.3.5 STT paid on securities held on business account is allowable deduction in computing business income.

12.3.6 Business income is chargeable to tax at the following rates:

Assesse	% of Income tax
Individuals, HUF, Association of Persons	Applicable slab rates
Partnership firms (including Limited Liability Partnerships)) & Indian Corporate	30%
Indian Corporate (turnover uptoRs.400 crores in F. Y. 2017-18)	25%
Indian Corporate (turnover exceeding `400 crores)	30%
Foreign company*	40%

*@ 50% of on so much of the taxable income as consist of (a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government.

With the introduction of Section 115BAA and Section 115BAB, following are the tax rates for companies w.e.f 01.10.2019.

Assesse	% of Income tax
Indian Corporate can opt to pay tax @22% and forgo certain deductions/incentives such as Deduction u/s 10AA, additional depreciation @20% etc.	22%
Indian Corporate engaged in manufacturing activities incorporated on or after 01.10.2019 on fulfilment of certain conditions	15%

12.3.7 The slab rates for individuals / HUF / AOPs / BOI as per Finance Act, 2018 are as under:

Total Income	Tax rates
Up to ` 2,50,000 subject to Note (a) & (b) below	Nil
From ` 2,50,001 to ` 5,00,000	5%
From ` 5,00,001 to ` 10,00,000	20%
` 10,00,001 and above	30%

(a) In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is ` 3,00,000.

(b) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is ` 5,00,000.

(c) Health and Education cess is shall be applicable @ 4% on aggregate of base income tax plus surcharge.

(d) The Finance Act, 2019 provides to allow a standard deduction of uptoRs. 50,000 or the amount of salary received, whichever is less to the salaried taxpayers. Consequently, exemption in respect of Transport Allowance (except in case of differently abled persons) and reimbursement of medical expenses shall be withdrawn.

Finance Act 2020 provides for Optional Income Tax regime under section 115BAC applicable to Individual / HUF taxpayers

New tax slab rates u/s.115BAC without claiming certain deduction under chapter VIA:

Income	Tax rates
Up to ` 2,50,000	NIL
From ` 2,50,001 to ` 5,00,000	5%
From ` 5,00,001 to ` 7,50,000	10%
From ` 7,50,001 to ` 10,00,000	15%
From ` 10,00,001 to ` 12,50,000	20%
From ` 12,50,001 to ` 15,00,000	25%
Above ` 15,00,000	30%

1) This option of selecting of tax slabs is available every year to Individual / HUF having income other than from business/profession from A.Y.2021-22.

2) No deductions/exemptions will be available under this option. However, deduction for Normal Depreciation, 80JJAA and 80CCD(2) can be claimed.

3) An individual/HUF having business / profession income can exercise option of new tax regime only once in any year commencing on and after A.Y. 2021-22. Once this option is exercised, the same will automatically apply to all subsequent years. However, such individual/HUF are allowed one- time exit from new tax regime after that they cannot again change to new tax regime unless such individual/HUF ceases to have any business/ professional income. As per Finance Bill proposal, this section was applicable to individual/HUF having business income. Now this section brought individual/HUF with professional income on same footing with individual having business income.

4) No deductions/exemptions will be available under this option. However, deduction for Normal Depreciation, 80JJAA and 80CCD (2) can be claimed.

12.3.8 The income tax rates specified above and elsewhere in this Disclosure Document are exclusive of the applicable Surcharge & Cess.

For the financial year 2020-21, the applicable rates for surcharge are given below:

Assessee	% of Income Tax
Individual (including proprietorships), HUF, Association of persons (if income exceeds ` 5 Crore)*	37%
Individual (including proprietorships), HUF, Association of persons (if income exceeds ` 2 crore but less than 5 Crore)*	25%
Individual (including proprietorships), HUF, Association of persons (if income exceeds ` 1 crore but less than 2 Crore)	15%
Individual (including proprietorships), HUF, Association of persons (if income exceeds ` 50 lacs but less than 1 Crore)	10%
Firms/Local Authority (if income exceeds ` 1 Crore)	12%
Indian corporate (if income exceeds ` 1 Crore but below ` 10 crore)	7%
Indian corporate (if income exceeds ` 10 Crore)	12%
Foreign company (if income exceeds ` 1 Crore but below ` 10 crore)	2%
Foreign company (if income exceeds ` 10 crore)	5%

* The rate of surcharge in case of income from dividend and income from capital gains u/s 111A and u/s 112A will be restricted to 15%.

Health and Education cess is shall be applicable @ 4% on aggregate of base income tax plus surcharge.

Losses under the head Profits and gains of business or profession

12.3.9 In the case of loss under the head 'Profits and gains of business or profession' (other than speculative loss), it can be set off against the income from any other source under the same head or income under any other head (except certain exceptions) in the same assessment year. If such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business (other than speculative loss), within the period of 8 subsequent assessment years.

In case the loss is in the nature of speculation loss, set-off would be available in the same assessment year only against speculation gain. In terms of explanation to section 73, in case of a company, other than a company whose gross total income consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources", or a company the principal business of which is the business of banking or the granting of loans and advances, loss on sale of shares forming part of the business of the company (even if delivery based) is considered as speculation loss. Such loss can be carried forward for set-off against speculative gains within a period of 4 subsequent assessment years.

The IT Act has been amended to exclude derivatives transactions traded on a stock exchange from being treated as a speculative transaction. The gain/loss from derivatives transaction would be treated as income from business.

12.4 **Tax implications where securities are capital assets**

12.4.1 The following are the various income streams that can arise from securities forming part of the portfolio:

a. Gains on sale of securities;

b. Dividend income on shares / Income-distribution on units; and
c. Interest income on debt securities.

12.4.2 Dividend on shares (referred to in section 115-O of the Act) and income distributed by mutual funds (referred to in section 115-R of the Act) is now taxable in the hands of recipient and subject to TDS under section 194 & 194K of the Act.

12.4.3 Dividend distribution tax @ 30% (without grossing up taxes) u/s 115O shall be payable by the domestic company on deemed dividends u/s 2 (22) (e) of the Act. This provision is deleted as per Finance Act 2020 w.e.f. 01.04.2020.

12.4.4 An Equity Oriented Mutual fund is liable to deduct income tax @ 10% under section 194K on income distributed to its unit holders like Dividend distribution tax u/s 115O.

12.4.5 Interest income arising on securities would be categorized as 'Income from other sources. Any expenses incurred wholly and exclusively for the earning of such (such as interest expense) would be available as deduction.

12.4.6 Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a company and any other securities listed on a recognized stock exchange in India or units of UTI / mutual fund / zero coupon bonds are considered as long-term capital assets if these are held for a period exceeding 1 year. Other securities would be considered as long-term capital asset if held for a period exceeding 3 years.

12.4.7 The mode of computation of capital gains would be as follows:

Sale consideration		xxx
Less: Expenses on transfer (Note 2)	(xx)	
Net consideration		xxx
Less: Cost of acquisition/Indexed cost of Acquisition (Note 1)		(xxx)
Capital gains (Note 3)		xxx

Note 1: In case of the computation of long-term capital gains, option of indexation of cost is available on all securities (other than bonds and debentures). Indexation benefits are generally not available to non-residents from transfer of shares or debentures of an Indian company.

Note 2: This would include only expenses relating to transfer of securities such as brokerage, stamp duty, etc. Normal business expenses would not be allowable. Further, STT is not allowable as a deduction in computing taxable capital gains.

Note 3: In case of non-residents (other than FIIs), capital gains from sale of shares or debentures acquired in foreign currency, will be computed in foreign exchange by converting the sale consideration, cost of acquisition & expenses on transfer into foreign currency at the rates (average of telegraphic transfer buying and selling rates prevailing on the date of purchase / sale, as the case may be) and re-converting such gains into Indian currency (at telegraphic transfer buying rate on date of transfer).
The provisions of the Act, in relation to taxation of long term and short-term capital gains are provided in the following paragraphs.

Long term capital gains
Long-term capital gains are taxable in the hands of different categories of assesses as under:

12.4.8 Resident individuals (including proprietorships) / HUF / partnership firms & Indian companies:

Finance Act, 2018 terminates the exemption granted under section 10(38) to long term capital gains arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A to provide that long term capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% without indexation and without foreign currency fluctuation benefit of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if securities transaction tax (STT) has been paid on both acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust. Further, the amendment to section 55 of the Act provides for a grandfathering provision upto January 31, 2018.

Under the provisions of section 112 of the Act, long-term capital gains (other than those exempt as above) are subject to tax @ 20% (plus applicable surcharge and cess as mentioned in Para 11.3.8), in case where indexation benefit is claimed. However, in case the indexation benefit is not availed for the purpose of calculation of cost of acquisition, the income tax would be levied @ 10% (plus applicable surcharge and cess as mentioned in Para 11.3.8). Such an option is available only in case of long-term capital gains arising on sale of listed securities or mutual fund units or zero coupon bonds.

12.4.9 **Non-resident Indians**

Non-resident Indians are permitted to be governed by the general provisions of the Act (same as above except for indexation) or the special provisions contained in section 115E of the Act.

Under section 115E of the IT Act for non-resident Indians, income by way of long-term capital gains in respect of specified assets purchased in foreign currency as defined under section 115C (which includes shares, debentures, deposits in an Indian company and security issued by central govt.) is chargeable at the rate of 10% (plus applicable surcharge and cess as mentioned in para 11.3.8)

The benefit of indexation is not available to non-resident Indians from transfer of shares or debentures of an Indian company.

12.4.10 **Foreign institutional investors**

Long-term capital gains arising on transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% if such capital gains exceeds one lakh rupees.

Under Section 115AD of the IT Act, long-term capital gains (other than those exempt as above) arising from transfer of securities, shall be taxable at the rate of 10% (plus applicable surcharge and cess as mentioned in Para 11.3.8). With effect from 1st June 2013, interest earned on a rupee denominated bond of an Indian Company and b) Government Security is chargeable to tax @ 5 % (plus applicable surcharge and cess as mentioned in Para 11.3.8). Such capital gains would be computed without giving effect of indexation and foreign currency conversion.

Short term capital gains

12.4.11 Under Section 111A of the IT Act, income from short term capital gains arising from transfer of equity shares in a company or a unit of equity oriented fund (on which STT is paid) are taxable @ 15 % (plus applicable surcharge and cess as mentioned in para 11.3.8).

12.4.12 The tax rates applicable to different categories of assesses on short term capital gains (other than those referred above) would be the normal slab rates as provided in para 11.3.6 and para 11.3.7 above) except for FIIs who would be taxable on short term capital gains @ 30% plus applicable surcharge and cess as mentioned in para 11.3.8) under Section 115AD of the IT Act.

Capital loss

12.4.13 Losses under the head ‘capital gains’ cannot be set off against income under any other head. Further, within the head ‘capital gains’, long-term capital losses cannot be adjusted against short-term capital gains. However, short-termcapital losses can be adjusted against any capital gains.
Unabsorbed long-term capital loss can be carried forward and set off against the long-term capital gains arising in subsequent eight assessment years.
Unabsorbed short-term capital loss can be carried forward and set off against the income under the head capital gains in subsequent eight assessment years.

13 ACCOUNTING POLICIES

Accounting policies followed by the Portfolio Manager while accounting for the portfolio investments of the clients-

Accounting under the respective portfolios is being done in accordance with general accounting principles and more specifically in line with the SEBI (Mutual Fund) Regulations, as amended from time to time and also in accordance with the agreement with the PMS client (As SEBI (Portfolio Managers) Rules and Regulations do not explicitly lay down detailed accounting policies, such policies, which are laid down under SEBI (Mutual Fund) Regulations, are being followed). The existing policy is: -

a) Dividend income earned by the Portfolio shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognized on the date of declaration of dividend.

b) In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

c) In determining the holding cost of investments the “Weighted average price (WAP)” method shall be followed for each security and the gains or loss on sale of investments, “First in first out (FIFO)” method shall be followed.

d) Transactions for purchase or sale of investment shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

e) Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the Stock Exchange, Mumbai on an ex-bonus basis. Similarly, rights entitlements shall be recognized only when the right entitlement is exercised and/or on the date on which the application money is paid.

f) The cost of investments acquired or purchased shall include grossed-up brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment.

g) Underwriting commission shall be recognized as revenue only when there is no devolvement on the Portfolio. Where there is devolvement on the Portfolio, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

h) Traded Securities shall be valued on the basis of closing market rates on the Bombay Stock Exchange (BSE) or National Stock Exchange (NSE) as applicable as on the relevant valuation date. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the primary stock exchange or any other stock exchange as the case may be on the earliest previous days may be used provided such date is not more than 30 days prior to the valuation date.

i) In case of corpus received in form of equity stock, the same is accounted for in PMS accounts at the closing price of the stock on BSE/NSE on the previous day of inflow.

j) In case of corpus redeemed in the form of equity stock, the same is accounted for in the portfolio accounts at the closing price of the stock on BSE/NSE on the previous day of outflow.

k) Mutual Fund units received towards corpus are valued and accounted at the latest available NAV on the date of addition to the portfolio. Mutual fund units withdrawn are valued and accounted at the latest available NAV on the date of withdrawal.

l) Mutual fund units shall be valued at the latest available net asset value closest to the valuation date.

m) Rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis. Upon application made for rights shares, entitled quantity is recognized as purchase on the date of application. Additional shares applied, if any, is recognized upon allotment. Rights entitlements for shares shall be valued at the market price of the share, reduced by the exercise price payable, and further discounted for dividend element, wherever applicable.

n) In cases of corporate action like stock split, date of acquisition is construed as date on which such stock starts traded at the split face value for the purpose of computing short term/long term gain. Further, cost of the split stocks is arrived at by taking average cost of stocks held prior to the split.

o) In cases of corporate action of demerger, the ex-date is reckoned as date of acquisition for demerged stock. Further, cost of the demerged stocks is arrived at by taking average cost of stocks held prior to the demerger. The apportionment of cost between old share and new share is made based either on the allocation formula if provided by the company or based on the ratio of cum and ex market price of the demerged company.

p) The debt securities invested in shall be valued on a cost plus accrual basis.

q) In the event, the quoted value of a security is not available or a security is no longer listed, the Portfolio Manager may in consultation with the client, determine the value of the security as per applicable established norms.

r) Government Securities will be valued on amortization basis.

s) Management Fees, Custody fees and other expenses are recognized /accrued in accordance with the Portfolio Management Services Agreement.

t) The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.

14 INVESTORS SERVICES:

i) The name, address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints to Mr. Saket Kumar Assistant Manager at

LIC MF Asset Management Ltd.
Industrial Assurance Building
4th Floor, Opp. Churchgate Station
Mumbai-400 020
Tel. No. (022) 6601 6132/33 Fax No. (022) 2283 5606
E-Mail – pms@licmf.com

ii) All disputes whatsoever arising will be resolved as per the dispute resolution mechanism of arbitration as more appropriately stated in the Portfolio Management Services Agreement to be entered with the client.

iii) For investors who are not satisfied with the Portfolio Manager reply can approach SEBI at SEBI SCORE URL: - http://scores.gov.in/

DISCLAIMER

This document is purely for the purpose of providing information and every effort has been made to truly represent the facts and circumstances herein. Incorrect information if any is by accident and the publisher of this document will not be liable in any manner whatsoever and in any circumstances whatsoever for the same.

Notwithstanding anything contained in this Disclosure Document, the provisions of SEBI (Portfolio Managers) Regulations 2020 and the rules shall be applicable.

Date: 16/12/2021

Place: Mumbai

Sd/-	**Sd/-**
Mr. Dinesh Pangtey	**Mr. Y. Viswanatha Gowd**
Director	**Director**

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 2020

LIC Mutual Fund Asset Management Ltd.
Industrial Assurance Building
4th floor, Opp. Churchgate Station
Mumbai-400 020
Tel. No. 66016001
Email: azeem.a@licmf.com

We confirm that:

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

ii. The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to LIC MF AM Ltd., in its Portfolio Management Services.

iii. The Disclosure Document has been duly certified by an Independent Chartered Accountant, M/s Mukund M Chitale & Co., Chartered Accountants, 2nd Floor, Kapur House, Paranjape B Scheme Road No. 1, Vile Parle (East), Mumbai – 400057. Telephone No.022-26633500 Firm Registration No: 106655W with ICAI.

Date: 16/12/2021

Place: Mumbai

Sd/-
Mr. Azeem Ahmad
Principal Officer,
LIC Mutual Fund Asset Management Limited- Portfolio Managers
Industrial Assurance Building,
4th floor, Opp. Churchgate Station, Mumbai-400 020