ANGEL ONE ASSET MANAGEMENT COMPANY LIMITED

VALUATION POLICY

ANGEL ONE MUTUAL FUND

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1. INTRODUCTION

1.1 The objective of this policy ("**Valuation Policy**") is to specify methodology and the manner in which valuation of various instruments and investments undertaken by the Angel One Asset Management Company Limited ("**AMC**") should be carried out.

1.2 This Valuation Policy incorporates the various provisions as to valuation issued by the Securities and Exchange Board of India ("**SEBI**") including Regulation 22 (9) (b) and the Seventh Schedule of the SEBI (Mutual Funds) Regulations, 2026 ("**Mutual Fund Regulations**" or "**SEBI MF Regulations**"), SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026 and any other circulars, regulations and guidelines as regards to valuation issued by SEBI from time to time and any amendments thereto. Further, this Valuation Policy also incorporates various circulars issued by the Association of Mutual Funds in India ("**AMFI**") pertaining to best practices in relation to valuation, as issued from time to time.

1.3 The AMC shall ensure that valuation of investments is in accordance with principles of fair valuation so as to ensure fair treatment to all investors i.e. existing investors as well as investors seeking to subscribe or redeem units.

1.4 The AMC shall ensure the valuation shall be reflective of the realizable value of securities and shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures approved by the Board of the AMC and Trustee Board.

1.5 In case of any conflict between the principles of fair valuation and valuation guidelines as per Seventh Schedule and circulars issued by SEBI, the principles of fair valuation shall prevail.

1.6 The AMC shall take all measures necessary to ensure that the values of various investments reflects true market value. The valuation methods shall be objective, fair, transparent, simple and to the extent possible, employ publicly available information.

1.7 The responsibility of true and fairness of valuation and correct NAV shall be of the AMC, irrespective of disclosure of the approved valuation policies and procedures i.e. if the established policies and procedures of valuation do not result in fair/ appropriate valuation, the asset management company shall deviate from the established policies and procedures in order to value the assets/ securities at fair value.

2. POLICY COVERAGE

2.1 This Valuation Policy shall cover the following:

2.1.1 Valuation methodologies for particular type of securities

2.1.2 Segregated portfolio

2.1.3 Composition and role of the Valuation Committee

2.1.4 Periodic review

2.1.5 Exceptional events

2.1.6 Record keeping

2.1.7 Deviations

3. VALUATION METHODOLOGIES

3.1 Annexure I describes the methodologies for valuing each type of security held by the schemes.

3.2 Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the Boards of the AMC and Trustee.

3.3 The AMC shall ensure that assets held by the Mutual Fund are consistently valued in accordance with this Valuation Policy.

3.4 The AMC shall ensure that any changes to the terms of investment, which may have an impact on valuation, shall be reported to the valuation agencies immediately.

3.5 The methodology adopted for valuation of securities / assets is drawn in conformance with the principles of fair valuation and the SEBI Valuation Guidelines and valuation is done in good faith in a true and fair manner to reflect the realizable value of the security / asset.

4. SEGREGATED PORTFOLIO VALUATION

The valuation of any segregated portfolio, if created, shall be carried out in accordance with the Segregated Portfolio Policy of the AMC.

5. VALUATION COMMITTEE

5.1 Valuation Committee comprises of the below members:

- Interim Chief Executive Officer (Chairman)
- Chief Investment Officer
- Fund Manager
- Chief Risk Officer
- Chief Compliance Officer
- Interim Head – Operations

5.2 Scope of the Valuation Committee:

5.2.1 recommend and draft the Valuation Policy for approval of the Boards of the AMC and Trustee and ensure its periodic review.

5.2.2 review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any.

5.2.3 prescribe procedures to prevent incorrect valuation.

5.2.4 recommend valuation method to be adopted during exceptional events.

5.2.5 recommend valuation methodology for new type of security.

5.2.6 report to the Boards of the AMC and Trustee, any deviations or incorrect valuations.

5.2.7 address and assess areas of conflict of interest in relation to the valuation practices and thereafter recommend changes if any are required.

5.2.8 engaging with the independent auditor to ensure regular review of the valuation policy, procedures and methodology including rationale for deviations.

6. PERIODIC REVIEW

6.1 The Valuation Committee is responsible for periodic review of this Valuation Policy in terms of its appropriateness and accuracy in determining the fair value of each security and its effective implementation in valuing the securities/assets.

6.2 The Boards of AMC and Trustee shall be updated of these developments at appropriate intervals.

6.3 The valuation policies and procedures shall be regularly reviewed (at least once in a financial year) by an independent auditor to seek to ensure their continued appropriateness.

7. EXCEPTIONAL EVENTS

7.1 Following types of events could be classified as exceptional events where current market information may not be available / sufficient for valuation of securities:

7.1.1 Major policy announcements by the Central Bank, the Government, or the regulator.

7.1.2 Natural disasters or public disturbances force the markets to close unexpectedly.

7.1.3 Absence of trading in a specific security or similar securities.

7.1.4 Significant volatility in the capital markets.

7.1.5 Monetary/Credit policy

7.1.6 Union Budget

7.1.7 Material statements on sovereign ratings

7.1.8 Central Government election days.

7.1.9 Liquidity crunch in debt markets;

7.1.10 Heavy redemption pressures.

7.1.11 Credit events affecting a company or sector falling below the investment grade.

7.1.12 Quarter end days.

7.2 **Escalation Procedure:**

7.2.1 The AMC shall have policies and procedures to detect and prevent incorrect valuation. Valuation Committee shall be responsible for monitoring exceptional events and recommending appropriate valuation methods under the circumstances with due guidance from the Board of the AMC.

7.2.2 Under such circumstances, the Valuation Committee shall seek the guidance of the Boards of the AMC and Trustee in deciding the appropriate methodology for valuation of affected securities.

8. DEVIATIONS

8.1 Any deviation from the Valuation Policy and procedures shall be reported to the Boards of AMC and Trustee and appropriately disclosed to investors.

8.2 The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustee.

8.3 The rationale for deviation along with details as mentioned under paragraph 8.28.2 above shall be disclosed immediately and prominently, under a separate head on the website of AMC.

8.4 Further, while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the AMC shall also provide the exact link to its website for accessing the above information.

9. RECORD KEEPING

9.1 This Valuation Policy shall be updated in Scheme Information Document ("**SID**") / statement of additional information ("**SAI**") on the website of the AMC and at and in such manner as mandated by SEBI.

9.2 All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) shall be maintained in electronic form or physical papers. Documentation of rationale for valuation including inter scheme transfers shall be maintained and preserved by the asset management company as per regulation 72 of the SEBI MF Regulations to enable audit trail.

9.3 Above records will be preserved in accordance with the norms prescribed by the SEBI MF Regulations and guidelines.

10. POLICY REVIEW AND UPDATION

The Valuation Policy will be reviewed annually. The Valuation Policy may also be updated on a need basis where a change in valuation guidelines warrants an immediate updation in the policy to ensure its relevance.

On an annual basis, the updated policy will be placed before the Board of Directors of the AMC and Trustee for approval.

Updated versions of the Valuation Policy will be circulated to the relevant stakeholders once approved.

Annexure I

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SECURITIES LENDING

22) Valuation of securities lent under Securities lending scheme

EQUITY , EQUITY RELATED INSTRUMENTS, ETF & UNITS OF MUTUAL FUND

1) Traded Equity and Equity Related Securities:

(a) Traded Securities are to be valued at the last quoted closing price on the primary Stock Exchange.

(b) When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded.

(c) Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the asset management company.

(d) Where security is not traded on the primary stock exchange, the last quoted closing price of another Stock Exchange may be used.

(e) If 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 day may be used, provided such date is not more than thirty days prior to valuation date.

(f) Process followed for valuation of traded equity and equity related securities would be as follows:

For valuation purposes, National Stock Exchange (NSE) has been selected as appropriate stock exchange for equity and equity related securities held by all the schemes.

(g) Valuation of securities held by Exchange Traded Funds (ETFs) and Index Funds which are benchmarked to indices relating to a particular stock exchange, the principal stock exchange will be that exchange, e.g. for a scheme which is benchmark against Sensex index, the principal stock exchange will be the BSE.

2) Valuation of Foreign Securities & ADR/GDR:

(a) Exchange to be considered for valuation of foreign securities and ADRs/GDRs is to be approved by the Valuation Committee.

(b) Process of valuation to be followed by Angel One Mutual Fund would be as follows:

i) Receiving last quoted price:

If the security is listed in a time zone ahead of Indian Standard Time then the same day’s closing price would be used for valuation. If the security is listed in the time zone behind Indian Standard Time then the previous day’s closing price would be used for valuation

ii) Converting the price in Indian Rupees

Since these prices are in foreign currency these are to be converted in Indian Rupees by applying the exchange rate as per RBI reference rate. If the security is listed in currency for which RBI reference rate is not available, the exchange rate available from Reuters (at 5.00 p.m. IST) will be used. In case the direct exchange rates are not available on Reuters then cross currency rate with US$ would be considered and converted as per the INR/USD RBI reference rate.

3) Stock And Index Derivatives:

(a) Stock / Index Options Derivatives

(i) Market values of traded open option contracts shall be determined with respect to the exchange on which it is contracted originally, i.e., an option contracted on the National Stock Exchange (NSE) would be valued at the Traded price on NSE. The price of the same option series on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the option itself has been contracted on the BSE.

(ii) The Exchanges give daily settlement prices in respect of all derivatives positions. These settlements prices would be adopted for the position and the same will be used for valuation which are not traded.

(b) Stock / Index Futures Derivatives

The Exchange gives daily settlement prices in respect of Futures positions. These settlements prices shall be used for the purpose of valuation of Futures.

4) Valuation Of Rights Entitlements

(a) When a company announces rights to the existing equity shareholders, under its Listing Agreement with Stock Exchange, it has to declare ex-right date for the purpose of trading onthe Stock Exchange. Ex-right date is a date from which the underlying shares, which are traded on the Stock Exchange, will not be entitled to the rights. These rights entitlements can also be renounced in favour of a willing buyer. These renunciations are in some cases traded on the stock exchange. In such cases, these should be valued as traded equity related securities.

(b) Till the rights are subscribed, the entitlements as per the Mutual Fund Regulations have to be valued as under: Valuation of non-traded rights entitlement is principally the difference between the right price and ex-right price. The Mutual Fund Regulations have explained this with the help of following formula:

$$Vr = n / m \times (Pex - Pof)$$

Where Vr = Value of Rights

n = Number of rights offered

m = Number of original shares held

Pex = Ex-right price

Pof = Rights offer price

(c) The following issues while valuing the rights entitlements have to be addressed:

(i) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognized as investments.

(ii) When rights are not treated pari passu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate.

(iii) Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value.

(iv) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero.

(v) In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero.

5) Valuation Of Suspended Security:

(a) In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security.

(b) If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly.

6) Valuation Of Units of Mutual Funds:

Mutual Fund Units listed and traded would be valued at last quoted closing price. Unlisted Mutual Fund units and to be listed units or those for which no traded price is available would be valued at the last declared NAV on AMFI website as on the valuation date.

7) Valuation of Units of Investment Trust/REITs:

(a) On a particular valuation day, these securities will be valued at the last quoted closing price on the National Stock Exchange (NSE).

(b) If a security is not traded on NSE, it will be valued at the last quoted closing price on the Bombay Stock Exchange (BSE).

(c) If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE (in the order of priority) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.

(d) If the security cannot be priced as per the aforementioned criteria, then the valuation will be determined by the Valuation Committee based on the principles of fair valuation.

(e) While fair valuing the security, the Valuation Committee will also consider if the price of the security is available on any other recognized stock exchange other than NSE and BSE and if the same is reliable/ can be considered for fair valuation.

8) Non-Traded Equity And Equity Related Securities:

(a) Two distinct definitions for recognition as non-traded securities are noted.

If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as `non-traded' scrip.

(b) Basic Conditions of valuation of Non-traded Securities

The Regulations prescribe following conditions for valuation of non-traded securities:

(i) Non-traded securities shall be valued based on realizable value on the basis of the valuation principles adopted by the Board of AMC.

(ii) The basis should be appropriate valuation methods on the principles approved by the Board of AMC. Such basis should be documented in Board minutes.

(iii) Methods used to arrive at good faith valuation should be periodically reviewed by the Trustee.

(iv) Methods used to arrive at" realizable value" should be such that the auditors report the same as `fair and reasonable' in their report on the annual accounts.

(c) Additional conditions to be adhered to for valuation of non-traded securities:

(i) The same price needs to be considered for the particular security across the schemes.

(ii) Valuation needs to be done on trade date itself and not on settlement date.

(iii) Prices to be computed up to 4 decimals.

(d) Application Money for Primary Market Issue:

i) Application money should be valued at cost up to 30 days from the closure of the issue. If the security is not allotted within 30 days from the closure of the issue, application moneyis to be valued as per the directives of valuation committee. Rationale of valuing such application money should also be recorded.

ii) Equity securities allotted and proposed to be listed, but not listed, are to be valued at costtill two months from the date of allotment and after two months, are to be valued as unlisted securities. Method of valuing unlisted equity is stated at para below.

(e) Non-Traded / Thinly Traded Equity

Thinly traded equity/ equity related security is defined in SEBI (Mutual Fund) Regulations as follows:

When trading in an equity/equity related security (such as convertible debentures, equitywarrants, etc.) in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly.

In line with the guidelines issued by SEBI, non-traded / thinly traded securities should be valued as follows:

i) Net worth per share is computed as follows:

- Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure, debit balance in Profit and Loss account and certain contingent liabilities.

- Net worth per share = (Net worth of the company / Number of paid-up shares).

ii) Computation of capitalized value of earning per share (EPS):

- Determination of the Industry Price Earning Ratio (P/E) to which the company belongs.

- Classification of industries provided by AMFI should be adopted.

- Presently Industry P/E Ratio used is provided by NSE on a monthly basis. However, the P/E ratio data if not available from BSE/NSE, P/E provided by the Capital Market, Prowess (CMIE), Bloomberg etc. should be taken.

- Compute EPS from the latest audited annual accounts. In case the EPS is negative,

- EPS value shall be considered as zero

- Compute capitalized value of EPS at 75% discount (P/E*0.25) * EPS

iii) Computation of fair value per share to be considered for valuation at 10 % discount for illiquidity.

iv) [(Net worth per share + Capitalized value of EPS) / 2] * 0.90

v) In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.

vi) In case an individual non-traded / thinly traded security as valued aforesaid, accounts for more than 5% of the total asset of the scheme, AMC should appoint an independent valuer. The security shall be valued on the basis of the valuation report of the valuer.

vii) To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.

(f) Valuation Of Unlisted Equity:

Methodology for Valuation - unlisted equity shares of a company shall be valued "in good faith" on the basis of appropriate valuation methods based on the principles approved by the Board of the AMC as below:

i) Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of item (1) and (2) below:

- Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares.

- After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.

- The lower of (1) and (2) above shall be used for calculation of Net Worth per share and for further calculation in (iii) below.

ii) Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 per cent. i.e. only 25 per cent of the industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.

iii) The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share.

The above valuation methodology shall be subject to the following conditions:

- All calculations shall be based on audited accounts.

- If the latest Balance Sheet of the company is not available within nine months of the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

- If the Net Worth of the company is negative, the share would be marked down to zero.

- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.

- In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation.

iv) At the discretion of the AMC and with the approval of the Trustee, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.

v) Principles for such valuation

- Such decision of the board of the AMC must be documented in the board minutes and the supporting data in respect of each security so valued must be preserved. The methods used to arrive at values "in-good faith" shall be periodically reviewed by the trustees and reported upon by the auditors as "fair and reasonable" in their report on the annual accounts of the fund.

- For the purpose of valuation of non-traded securities, the following principles should be adopted:—

  equity instruments shall generally be valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity;

  in respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in;

(i) Valuation Of Warrants

- Traded Warrants

Traded warrants will be valued at the last closing price in the primary exchange.

- Non Traded Warrants

i) Warrants are the entitlements to subscribe for the shares at a predetermined price at a later date in future.

ii) In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued similarly to the valuation of convertible portion of debentures as mentioned in the paragraph 19.2, as reduced by the amount which would be payable on exercise of the warrant.

iii) However, as the warrants can be converted only after few years, it would be appropriate to discount the value of this entitlement and find out the present value of the warrants. (The benchmark that can be considered for discounting could be interest rate for the comparable period, prevailing in the market.)

iv) Value of Warrant = Present Value of [Value of underlying shares - exercise price]

v) If the amount payable for the exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

(g) Valuation Of Preference Shares:

i) Convertible preference shares should be valued like convertible debentures.

ii) Non-convertible preference shares should be valued like debentures. However, if a company does not pay dividends in any year, it would be treated like non-performing debentures.

(h) Valuation Of Illiquid Security in Excess Of 15% Of Total Assets of the Scheme

i) Illiquid security means securities defined as non-traded, thinly traded and unlisted equity shares.

ii) As per the SEBI Regulations aggregate value of Illiquid securities should not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

- In respect of close-ended funds, for the purpose of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively.

(i) Valuation Of Shares on De-Merger:

On de-merger following possibilities arise which influence valuation these are:

(i) Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.

(ii) Shares of only one company continued to be traded on de-merger: Traded shares is to be valued at traded price and the other security is to be valued at traded value on the day before the de merger less value of the traded security post de merger. In case value of the share of de merged company is equal or in excess of the value of the pre de merger share, then the non-traded share is to be valued at zero.

(iii) Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex- date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares.

(iv) In case shares of both the companies are not traded for more than 30 days, the AMC may continue to value the same as per the fair valuation method stated above or as decided by valuation committee.

(v) In case such equity securities are held under ETF / Index fund then it would be valued at price at which it carried in respective index.

COMMODITIES

9) Valuation of physical Gold & Silver ascertained as per SEBI guidelines:

The Gold & Silver held by the Mutual Fund scheme shall be valued at the latest polled spot price of Gold & Silver as published by MCX, a recognized stock exchange and which is used for the settlement of physically delivered gold and silver derivative contracts. In case MCX latest polled spot price is not available for the day, any other appropriate sources may be used post approval by the Valuation Committee to determine domestic price.

Valuation of investments in Gold Monetization Scheme (GMS) of banks, having gold held by the Fund as underlying, the valuation of such gold would follow the same principles as provided for valuation of physical gold in this policy. Interest received on such GMS shall be accrued in proportionate manner till the maturity of the deposit.

10) Valuation of Exchange Traded Commodity Derivatives

Valuation will be done at end of day closing /settlement price published on the MCX/NCDEX/NSE/BSE and value the commodity on the exchange on which it got transacted. There might be variants of commodities based on the lot size which may be launched going forward by different exchanges such as Gold, Gold Mini etc., for such cases we will be taking the closing/settlement price on which it gets transacted

In case the ETCDs gets converted into physical commodities then upon the receipt of physical commodity at the exchange accredited warehouse in the allocated location the commodity can be valued daily as per the valuation methodology used for physical gold and silver.

11) Valuation methodology of Gold & Silver stored at different locations

SEBI guidelines require that addition of transportation & other charges that may be normally incurred at the actual place of storage be considered while calculating the value of gold & silver. Accordingly, the valuation of gold & silver would be arrived at location wise. While arriving at the location wise value of physical gold & silver, due care for the costs normally incurred for delivery upto that specific location would be considered. The location wise commodity value accordingly, could differ due to charges which may be dependent on each location. If any set off or duty credit is allowed against any indirect taxes, these taxes would not be included (added) in the valuation.

12) Valuation of Sovereign Gold Bonds

Sovereign Gold Bonds are listed on National Stock Exchange. Since these bonds are listed and traded on exchange, these bonds will be valued at closing price given by exchange. In case if these bonds are not traded on a particular day then previous day price will be considered.

13) Valuation of Debt, GSec, Treps and Money Market Instruments :

Asset Class	Valuation Policy
Fixed income securities	All money market and debt securities, including floating rate securities, shall be valued at average of security level prices obtained from valuation agencies. If security level price for new security purchased (primaryallotment or secondary market) is not available from Valuation Agencies, the valuation of such securities shall be done at the purchase yield/price on the date of allotment/purchase.Prices of trades of same security or similar security reported at all available platforms will be considered.
Market Linked Debentures & OTC Derivatives	Market Linked debentures and OTC derivatives to be valued based on the aggregate of security level prices received from the Valuation agencies.
Valuation of short term deposits with banks (pending deployment)	Short term deposits with banks to be valued at cost plus accrual in line with the SEBI directives
Tri Party Repo (TREPS) / REPO / Corporate Debt Repo/ Bill rediscounting	Investments in repurchase (repo) transactions (including tri-party repo i.e., TREPS) except for overnight repos shall be valued at the average of security level prices as provided by the valuation agencies, appointed by AMFI. Investments in overnight repurchase (repo) transactions (including tri-party repo i.e., TREPS), shall be valued at the purchase yield/price on the date of allotment/purchase In case security level prices given by valuation agencies are not available (which is currently not held by any Mutual Fund), then such securities will be valued at purchase yield on the date of purchase. Valuation of bills purchased under rediscounting scheme shall be as per the guidelines mentioned for valuation of money market instruments as mentioned previously.

Valuation of Government Securities	Irrespective of residual maturity, Government securities, State development Loans (including T-Bills, Cash management Bills) shall be valued at average of security level prices obtained from valuation agencies.

14) Valuation Of Securities with Put / Call Option:

The option embedded securities shall be valued as follows:

(a) Securities with call option

(i) The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity date and call option date. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date shall be taken as the value of the instrument.

(ii) In line with the recommendation of NFRA, since market practice for AT-1 bonds has been observed to usually trade at or quote prices closer to Yield to Call (YTC), AT-1 Bonds shall be valued on Yield to Call basis (adjusted with appropriate risk spreads), consistent with the principles of market-based measurement under Ind AS 113.

(iii) NFRA, in its report, has further stated that the above recommendation on YTC methodology is confined only to the interpretation of Ind AS 113 with reference to the valuation of AT-1 bonds and the issue of deemed maturity date for other purposes is outside NFRA's remit.

(b) Securities with Put option

(i) The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity date and put option date. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date shall be taken as the value of the instruments.

(c) Only securities with put/call options on the same day and having same put and call option price,shall be deemed to mature on such put/call date and shall be valued accordingly. In all other cases, the cash flow of each put/call option shall be evaluated and the security shall be valued on the following basis:

(i) Identify a "Put Trigger date", a date on which "price to put option" is the highest when compared with price to other put options and maturity price.

(ii) Identify a "Call Trigger date" a date on which "price to call option" is the lowest when compared with price to other call options and maturity price.

(iii) In case no Put Trigger date or Call Trigger date (Trigger Date) is available, then valuation would be done to maturity price. In case one Trigger Date is available, then valuation would be done as to the same Trigger Date. In case both Trigger Dates are available, then valuation would be done to the earliest date.

(d) In respect of valuation of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, the following is decided.

If the put option is not exercised by a Mutual Fund, while exercising the put option would have been in favour of the scheme.

(i) A justification for not exercising the put option shall be provided by the Mutual Fund to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period.

(ii) The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security.

(e) The put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.

(f) Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.

15) Valuation of money market and debt securities which are rated below investment grade and default :

(a) A money market or debt security shall be classified as "below investment grade" if the long-term rating of the security issued by a SEBI registered Credit Rating agency is below BBB- or if the short-term rating is below A3.

(b) A money market or debt security shall be classified as "Default" if the interest and/or principal amount has not been received, on the day such amount was due or when such security has been downgraded to "Default" grade by a CRA.

(c) Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default", for the purpose of valuation.

(d) If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as "Default" for the purpose of valuation.

(e) The Mutual Fund will inform the CRAs of any such instance.

(f) For valuation of money market and debt securities rated below investment grade, the following has process will be followed:

(i) All money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies.

(ii) Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.

(g) Consideration of traded price for valuation:

(i) In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, the AMC shall consider such traded price for valuation if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies.

(ii) In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.

(iii) The trades referred above shall be of a minimum size as determined by valuation agencies

(h) The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

(i) The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.

(ii) The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Boards of AMC and Trustee.

(i) The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:

(i) The indicative haircut that has been applied to the principal should be applied to any accrued interest.

(ii) In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.

16) Treatment and disposal of illiquid securities classified as default at the time of maturity/closure of the scheme:

(a) In case of closed-ended schemes, some of the investment made by Mutual Fund may become default at the time of maturity of the schemes. Further, at the time of winding up of a scheme, some of the investments made by Mutual Fund may become default or illiquid. In due course of time after the maturity or winding up of the schemes, such investments may be realized. In such cases the Mutual Fund will distribute such an amount, if it is substantial, to the concerned investors. In case the amount is not substantial, it may be used for the purpose of investor education. The decision regarding the determination of a substantial amount shall be taken by the Trustee of the Mutual Fund after considering the relevant factors.

(b) The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest: (i)Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV. (ii) Any recovery in excess of the carried value (i.e. the value recognized in NAV) should then be applied first towards the amount of interest written off and then towards amount of principal written off.

(c) The aggregate value of illiquid securities shall not exceed 15 per cent of the total assets of the scheme and any illiquid securities held above 15 per cent of the total assets shall be valued in the same manner as set out herein.

(d) Reclassification of assets from non-performing to performing

The AMC will follow the norms of SEBI regulation in cases of reclassification of assets from non- performing to performing as decided from time to time.

17) Valuation of Perpetual Bonds:

(a) SEBI, vide para 10.4 of the Master Circular, has inter alia stated that the deemed maturity of all perpetual bonds shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.

(b) Further, AMFI has issued detailed guidelines with respect to valuation of bonds issued under Basel III framework (Refer Annexure II)

18) Waterfall Approach In Valuing Debt Securities :

The valuation agencies will apply the waterfall approach in valuing debt securities as specified in the AMFI circular no. 135/BP/83/2019-20 dated November 18,2019.

19) Valuation Of Convertible Debentures:

(a) As per the Seventh Schedule of Mutual Fund Regulations method of valuation of convertible debentures is prescribed. Non-convertible and convertible components are valued separately.

(b) The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument.

(c) The convertible component to be valued as follows:

i) Ascertain

- The number of shares to be received after conversion.
- Whether the shares would be pari passu for dividend on conversion.

- The rate of last declared dividend.
- Whether the shares are presently traded or non-traded/thinly traded.
- Market rate of shares on the date of valuation

ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares.

iii) In case the shares to be received on conversion are not non-traded or thinly traded onthe date of valuation and would be traded pari passu for dividend on conversion:

- Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate
- Determine the discount for non-tradability of the shares on the date of valuation. (This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by Valuation Committee. Prevailing interest rate for the similar period could be considered as benchmark for determining the discount)

  Value = (a)*market rate [1-(b)]

iv) In the case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.

- If the option rests with the issuer, the lower of the two values shall be taken as thevaluation of the optionally convertible portion, and;
- If the option rests with the investor, the higher of the two values shall be taken.

20) Valuation of Inter Scheme Transfers

Inter-scheme transfers shall be carried out in accordance with the investment policy of the AMC and the valuation of such transfer shall be in the manner laid out in this Valuation Policy.

Inter-scheme transfers shall be done at the prevailing market price for quoted instruments on spot basis and the securities so transferred are in conformity with the investment objective of the scheme to which such transfer has been made.

In order to address possible mis-use, the AMC shall ensure that the Mutual Fund does not use its own trades for valuation of debt and money market securities and for Inter-scheme transfers.

With respect to Inter-scheme transfers:

- the AMC shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies.

- If prices from the valuation agencies are received within the pre-agreed turn around time ("**TAT**"), set by AMFI, an average of the prices so received shall be used for IST pricing.

- If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.

If prices are not received from any of the valuation agencies within the agreed TAT, the AMC may determine the price for the IST, in accordance with para 13.19.1 of the SEBI Master Circular for Mutual Funds dated March 20, 2026.

21) Valuation Of Segregated Portfolio :

Based on the paragraph 5.5 of Master Circular on creation of segregated portfolio in Mutual fund schemes. Notwithstanding the decision to segregate the debt and money market instrument, the valuation should consider the credit event and the portfolio shall be valued based on the principles of fair valuation. (i.e. realizable value of the assets) in terms of relevant provisions of Mutual Fund Regulations, and Circular (s) issued thereunder.

22) Valuation of securities lent under Securities lending scheme :

The valuation of securities lent under Securities Lending Scheme shall be valued as per the valuation guideline of the respective security as mentioned in this document. The lending fees received for the securities lent out would be accrued in a proportionate manner till maturity of the contract.

Annexure II

Guidelines for Valuation of AT 1 Bonds and Tier 2 Bonds:

1. Currently a bond is considered traded, if there is at least one trade in market lot in that ISIN. If the bond does not get traded there is a defined waterfall mechanism for valuation of that bond as per AMFI Best Practice Guideline circular no. NO.83 / 2019-20 dated November 18, 2019.

2. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT1 Bonds is currently done based on adjusting appropriate risk spread in line with NFRA's recommendations.

3. To improve existing valuation of these bonds and implement the defined waterfall, following is being done:

   a. Form two types of ISINs:

      i. Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happen to be the benchmark ISINs across all maturities for AT1 Bonds.)

      ii. Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).

      iii. The groups will be decided on in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.

   b. Look back period for trade recognition as under:

      i. 15 working days for benchmark ISINs

      ii. 30 working days for non-benchmark ISINs

      iii. This will be revised to 7 working days for benchmark ISIN and 15 working days for non- benchmark ISINs from October 01, 2021.

4. If the ISIN gets traded, the traded YTC will be taken for the purpose of valuation of Tier-1 bonds and the traded YTM will be taken for the purpose of valuation of Tier- 2 bonds. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTC/YTM (as applicable). If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTC/YTM (as applicable) of similar issuer similar maturity. If none of the ISIN in a group gets traded on any day, an actual trade in a look back period will be seen. If there is an actual trade in the look back period, the security will be considered as traded and valued with necessary adjustment of spread to YTC/YTM (as applicable). According to this valuation will be done based on the trade of the issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTC/YTM (as applicable) will be taken without any adjustment of modified duration to call.

5. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread is adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.

6. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period, the valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

7. The maturity of all perpetual bonds shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.

8. Valuation methodology, as mentioned above, for AT-1 Bonds is to be followed for the valuation of tier II bonds also. Further, the Macaulay Duration is proposed to be calculated as under for Tier II bonds:

Time Period	**Deemed Residual Maturity for all securities (Years)**
April 01, 2021 – March 31, 2022	10 years or contractualmaturity whichever is earlier
April 01, 2022 onwards	Actual Maturity

9. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.

10. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 and 8 above to reflect the duration risk and the Yield to Call methodology will be used for AT-1 Bonds for valuation purposes.

11. Further, henceforth mutual funds will disclose Yield to Call for AT-1 bonds and Yield to Maturity for Tier-2 bonds.