SAMCO ASSET MANAGEMENT PRIVATE LIMITED

VALUATION POLICY & PROCEDURES

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Version 1.4

INTRODUCTION

The Eighth Schedule to the Securities and Exchange Board of India (SEBI) Mutual Funds Regulations, 1996, together with various circulars issued by SEBI from time to time, prescribed the norms, methodology and guiding principles for valuation of investments held by Mutual Fund schemes. Valuation of securities shall be determined in conformity with these valuation norms.

SEBI, vide Gazette Notification No. LAD-NRO/GN/2011-12/38/4290 dated February 21, 2012, has brought about certain amendments to Regulations 25 and 47 and to the Eighth Schedule to the Securities and Exchange Board of India (SEBI) Mutual Funds Regulations, 1996.The key highlights of these amendments are as below:

(a) The valuation of investments should be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be determined in good faith and in a true and fair manner, through appropriate valuation policies and procedures.

(b) The policies and procedures should identify the methodologies that will be used for valuing each type of security / asset held by the mutual fund schemes.

(c) The assets held by mutual funds should be consistently valued according to policies and procedures.

(d) The Valuation Policy approved by the Board of Directors of SAMPL should seek to address conflict of interest.

(e) The guidelines and procedures should describe the process to deal with exceptional events, where market quotations are no longer reliable for a particular security.

(f) Mutual Fund shall ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time.

(g) The Valuation Policy need to be periodically reviewed to ensure appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets.

(h) The Valuation Policy, guidelines and procedures may be reviewed at least once in a financial year, by an independent auditor, to assess and confirm their continued appropriateness.

While the amended regulations mandate SAMPL to establish Valuation Policy and procedures, it also allows SAMPL to deviate from these policies and procedures, where it is necessary and expedient to do so, to ensure a true and fair valuation. Accordingly, in the event of a conflict between the principles of fair valuation and valuation guidelines, the principles of fair valuation shall prevail.

VALUATION COMMITTEE COMPOSITION In accordance with the SEBI Circular MFD/CIR No.010/024/2000 dated January 17, 2000, every Asset Management Company (AMC) should formulate valuation committee to review investment valuation practices.

Valuation committee shall comprise of the following personnel:

(i) Chief Executive Officer
(ii) Chief Investment Officer
(iii) Fund Managers
(iv) Head – Operations
(v) Head – Compliance

The Fund Manager can be invited as and when required. This committee would review the valuation policies on periodic basis and as and when any change is proposed.

ROLE OF THE VALUATION COMMITTEE

1. Recommendation and drafting of the Valuation policy for AMC & Trustee Board approval.
2. Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any.
3. Recommend valuation method during exceptional events and report the same to the AMC & Trustee Board.
4. Recommend valuation methodology for a new type of security and seek approval of the AMC & Trustee Board.
5. Report to the Board regarding any deviation or incorrect valuation.

(i) Exceptional Events

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

a. Major policy announcements by the Central Bank, the Government or the Regulator.
b. Natural disasters or public disturbances that force the markets to close unexpectedly.
c. Absence of trading in a specific security not covered in this valuation policy or similar securities.
d. Significant volatility in the capital and debt markets.

e. A credit default event by the issuer, rating downgrade of any fixed income security will be considered as an exceptional event and the value of the security will be appropriately discounted by the valuation committee.

(j) Escalation Procedure:

a. Valuation Committee shall be responsible for monitoring Exceptional events and recommending appropriate valuation methods under the circumstances, with due reporting to the AMC board.

b. Under such circumstances, Valuation committee will be vested with powers by the AMC board in deciding the appropriate methodology for valuation of such securities.

c. In case of deviations from the valuation policy and principles if any, the detailed rationale for each instance of deviation shall be recorded and impact of such deviation on scheme NAV will be reported to the Board of AMC and Trustees. The rationale for the deviation along with details will be disclosed under a separate head on the website of the AMC and a link in respect of the same will be disclosed along with the monthly and half-yearly portfolio statements.

(k) Record keeping

Valuation Policy document will be updated in Statement of Additional Information (SAI), website and other documents as prescribed by the SEBI regulations and guidelines.

All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) will be maintained in electronic form or physical papers.

Above records will be preserved in accordance with the norms prescribed by the SEBI (Mutual Funds) Regulations 1996 and subsequent amendments thereto.

VALUATION METHODOLOGIES

The valuation of investment shall be based on the guiding principles of fair valuation as prescribed under SEBI Mutual Funds Regulations/circulars. The methodologies for valuing different type of securities are mentioned in Annexure I. As per SEBI (Mutual Fund) (Amendments) Regulation, 2022, Ind AS has become applicable to the Schemes of Mutual Fund and as per circular dated February 04, 2022, it is also mentioned that SEBI Regulation shall prevail over Ind AS wherever specific guidelines are available.

ANNEXURE – I

VALUATION METHODOLOGIES

A. EQUITY AND EQUITY RELATED SECURITIES:

Asset Class	Traded/ Non Traded/Thinly Traded/ Listed /Unlisted	Valuation Methodology
Equity, reference shares and Cumulative Convertible Preference Share	Traded	AMC has selected the National Stock Exchange (NSE) as the Principal Stock Exchange. In respect of the Index Funds, the Principal Stock Exchange would be the Exchange where the underlying benchmark index has been set up. a) Traded securities shall be valued at the day's closing price on the NSE. b) When, on a particular day a security is not traded on NSE, the closing price of the security on the Bombay Stock Exchange Limited (BSE) will be considered for valuation. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the National Stock Exchange or the Bombay 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 the valuation date c) For Index Funds, valuation shall be done at the closing prices of the underlying index.
	Non-Traded / Thinly Traded	Valuation of Non-Traded / Thinly Traded: Thinly Traded: When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5,00,000 and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security, the volumes traded only on the NSE and the BSE shall be considered. Where a security is identifies as a "thinly traded" securities by applying the above parameters for the preceding calendar month, the same will be valued by SAMPL as thinly traded security. If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the Fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly. Further, thinly traded securities would be monitored on calendar month basis and not on rolling basis. i.e. If a security in holding has been

		classified as thinly traded according to the criteria mentioned above, it would be fairly valued ignoring the primary and secondary stock exchange prices. 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. If an equity security is suspended for trading for more than 30 days, then it would be considered as Non-Traded and valued accordingly. Non Traded: If the equity securities are not traded on NSE and BSE for a period of thirty days prior to the valuation date, the scrip must be treated as `non-traded' scrip. For Equity Shares : i. Based on the latest available audited Balance Sheet, net worth shall be calculated as follows: Net Worth per share = [Share Capital + Reserves (excluding Revaluation Reserves) – Misc. expenditure and Debit Balance in P&L A/c] / No. of Paid up Shares. This shall be computed based on the latest available audited balance sheet. ii. Average capitalization rate (P/E ratio) for the industry based upon either NSE or BSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e.only 25% 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 10% for ill- liquidity so as to arrive at the fair value per share. Iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning. v. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. vi. In case an individual security accounts for more than 5% 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% 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.

		In order to ensure fair valuation, the valuation committee of the AMC may decide to value an unlisted security at a price lower than the value derived using the aforesaid methodology **Preference share:** Convertible preference shares shall be valued based on the intrinsic value of the preference shares considering the conversion ratio as adjusted for illiquidity on case to case basis and other relevant factors as applicable as on the valuation date with the approval of the Valuation Committee. Non-traded non-convertible redeemable preference shares, being similar to debt securities, valuation shall be on the same basis as is for debt instruments as approved by the Valuation Committee **Convertible Debentures:** In respect of convertible debentures and bonds, the non-convertible and convertible portion would be valued separately. The non-convertible portion would be valued on the same basis as is applicable to a debt instrument. The convertible component would be valued based 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 equity instrument which is traded, the value of the later instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether conversion is optional should also be factored in. The appropriate discount applied should be approved and factored in. The value of the optional conversion shall be determined as follows: • If the option to exercise rests with the issuer, the lower of the value when exercised or value when not exercised shall be taken. • If the option to exercise rests with the investor, the higher of the value when exercised or value when not exercised shall be taken. The valuation shall be approved by the Valuation Committee.

Equity	Unlisted securities	The Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below: **A.** Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of the following: (i) 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 (ii) After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital plus consideration on exercise of Option and/or Warrants received/receivable by the Company plus Free Reserves (excluding Revaluation Reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by (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 (i) and (ii) above shall be used for calculation of Net Worth per share and for further calculation to be arrive at the fair value per share as stated in (-C) below: B. 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% i.e. only 25% of the Industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. C 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. In effect, the Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity. [(Net worth per share + Capitalized value of EPS) / 2] * 0.85 The above valuation methodology shall be subject to the following conditions: a) All calculations shall be based on audited accounts. b) If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. c) If the Net Worth of the company is negative, the share would

		be marked down to zero. d) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning. e) 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. In order to ensure fair valuation, the valuation committee of the AMC may decide to value an unlisted security at a price different than the value derived using the aforesaid methodology.
Initial Public Offering (IPO)		Prior to allotment, application money is accounted in the Fund books of account at the bid price paid. No holding position is created, until confirmed allotment is received. Post allotment, while awaiting listing, it will be valued at allotment price.
Equity and equity related securities under lock-in period Anchor Investment / pending listing		Equity shares under lock in for more than 3 months from the date of purchase / allotment, which are traded on the stock exchanges, the AMC may apply appropriate discount to the closing price quoted on the stock exchange as may be decided by the Investment Committee on a case to case basis.
Rights" entitlement/partly paid up rights shares	Traded Non Traded/Unlisted/ Thinly Traded	If the rights are traded, then the traded price will be considered for valuation. a) Until they are traded, post the rights renunciation period, the value of the "rights" entitlement would be calculated as per the SEBI prescribed formula stated below: Vr = n/m * (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 Ratio of Rights i.e. (n/m where n = No. of Rights offered and m = No. of original shares held) will be adjusted in the quantity directly while booking the Rights and hence not considered again for valuation. b) Where the rights are not treated pari-passu with the existing shares, suitable adjustments would be made to the value of rights.

		Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value. c) 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 recognised as investments. d) Where right entitlements are not traded and it was decided not to subscribe the rights, the right entitlements have to be valued at zero. e) In case the rights offer/exercise/issuance price is greater than the ex-rights/closing price of the underlying security, the value of the rights share to be considered as zero. f) Post payment of the subscription amount for the rights entitlement, it will be valued.
Partly Paid-up Equity Shares:	Traded	If the partly paid-up equity shares are traded in market separately then the same shall be valued at traded price (like any other equity instrument).
	Non - traded	Uncalled liability per share shall be reduced from the value of fully paid share, if traded, to derive price of non-traded partly paid shares.
	Thinly Traded	Partly paid shares should be valued at the lower of the following two prices: • Current closing price per share of fully paid up shares less uncalled amount per share of partly paid shares, and, • Closing price of the partly paid share if it has not been traded on any particular valuation day (not exceeding the last 30 days).
Shares tendered for Buyback		If a company offers to buy back hundred percent of the shares tendered, then shares will be valued at the price of buy back, if the shares are already tendered ignoring the market price. Else, market price of the security will be considered for valuation till the date of receipt of formal confirmation of acceptance of shares tendered under the buyback scheme.
Valuation of Shares on Merger, De-merger and Other Corporate Action Events		**Merger:** In case of merger, if the shares of the merged entity are not listed / traded, then valuation of the merged entity will be decided on case-to-case basis depending on the terms of merger and may be valued at previous day closing price of the respective companies prior to merger. E.g. If Company A and Company B merge to form a new Company C, then new company C would be valued at the previous day's price of A and B with appropriate inter-se weights as indicated in the scheme of merger. In case of a merger where the identity of one entity continues, valuation of merged entity would be at the closing price of the surviving entity. E.g. If Company A merges into Company B then merged entity would be valued at the price of Company B being the surviving Company. **De-merger**: On de-merger following possibilities arise which influence valuation:

		Both the shares are traded immediately on de-mrger: In this case, shares of both the Companies are valued at respective traded prices. Shares of only one company continued to be traded on de-merger: In case one entity is demerged into two or more entities and one of those entities continues to be listed, the value of unlisted entity(ies) will be difference between the closing price of the security on the ex-date (after demerger) and closing price of the security on previous trading day (before demerger) that continues to be listed. The difference in price of two dates will be the valuation price of the unlisted entity(ies) proportionately, till they are listed and traded on a stock exchange. The cost price of new entity/entities would be derived proportionately from the cost price of parent entity. In case the value of the traded security of de-merged entity is equal to or in excess of the value of that entity before de-merger, then the security of the non-traded entity will be valued at zero. In case an unlisted security is not listed within a period of 60 days from the ex-date, the valuation price derived for the demerged security will be reviewed on expiry of 30 days. Both the shares are not traded on de-merger: The price of the shares of the Company one day prior to ex-date of de-merger will be bifurcated over the de-merged shares in the ratio of cost of shares of each demerged entity or on the basis of net assets transferred if the same is available from the Company and any other relevant factors. In case shares of both the companies are not traded for more than 60 days, these are to be treated as unlisted security and valued accordingly. On merger/demerger, in case the company specifies any regulations/ method for cost bifurcation or valuation the same will be adopted. In case the above methodology does not derive the fair valuation of de-merged entities; the same may be determined by the Valuation Committee on case to case basis. Other corporate action event: In case of any other type of capital corporate action event, the same shall be valued at fair price on case to case basis as may be determined by the Valuation Committee.
Stock and Index Derivatives		Equity / Index Options Derivatives and Equity / Index Futures Derivatives Market values of traded open future/option contracts shall be determined with respect to the exchange on which it is contracted originally, i.e., a future/option contracted on the National Stock Exchange (NSE) would be valued at the Settlement price of

		future/option on the NSE. Futures & Options are considered as Non-Traded, when such Futures & Options are not traded on the respective stock exchange on the Valuation Date. Non-traded futures and options are valued based on the settlement price / any other equivalent price provided on the respective stock exchange.
Valuation of Warrants	Traded	If the warrants are traded, the traded price will be considered for valuation.
	Non Traded	Warrants can be valued at the value of the share which would be obtained on exercise of the Warrant after applying appropriate discount prorated on a monthly basis after reducing the exercise price / issuance price from the closing price of the underlying cash equity security. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.
Security Lending & Borrowing(SLB)		The lending fee received for the security lent would be amortized proportionately, until expiry of the contract.

B. **FIXED INCOME AND RELATED SECURITIES**

Asset Class	**Valuation Methodology**
For debt & money market securities (Including AT-1 and Tier – II issued under Basel III framework, Tri-party repo i.e. TREPS/Reverse Repo/Corporate Bond Repo) (excluding Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Overnight Repos etc.)	All money market and debt securities including floating rate securities having irrespective residual maturity shall be valued at average of security level prices obtained from valuation agencies entrusted by AMFI/SEBI from time to time. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield (Weighted) on the date of allotment/purchase. In case if the prices derived by the above methodology do not reflect the fair value of securities, Valuation Committee shall adopt such alternate procedures / methodologies in conformance with the guiding principles of fair valuation in good faith to arrive at a true and fair estimation of the realisable value of the security / asset under normal, business-as-usual circumstances.
Valuation of Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, etc.	Irrespective of the residual maturity, Government Securities (including T-bills, Cash Management Bills, State Development Loans, etc) shall be valued on the basis of security level prices obtained from valuation agencies.
Valuation of money market and debt securities classified as below investment grade or default	• All money market and debt securities which are rated below investment grade (if the long term rating below BBB- or if the short term rating of the security is below A3) shall be valued at the average of the security level price provided by valuation agencies. • 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 Credit Rating Agency (CRA). • Any extension in maturity of money market or debt security shall result in the security being treated as ‘Default’ for purpose of valuation. • Any changes to the terms of investment, including extension in the maturity of a money market or debt security, details shall promptly inform to the valuation agencies and the CRAs, • 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 by the valuation agencies on the basis of indicative haircuts. • In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, traded price will be

	considered 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. • 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 will be revised accordingly. • 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 agency(ies) appointed by AMFI by recording detailed rationale for such deviation with the approval of Valuation Committee. b) Treatment of accrued interest, future interest accrual and future recovery: The indicative haircut that has been applied to the principal shall be applied to any accrued interest. 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. The following shall be the treatment of how any future recovery shall be accounted for in terms of principal or interest: a. 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. b. Any recovery in excess of the carried value (i.e. the value recognized in NAV) shall then be applied first towards amount of interest written off and then towards amount of principal written off.
Valuation of Short Term Deposits with Banks (pending deployment)	Investments in short term deposits with banks will be valued at cost plus accrual
Valuation of Bills Rediscounting, Market Linked Debentures and OTC derivatives	The bills purchased under rediscounting scheme shall be valued based on average of security level prices provided by the agencies appointed by AMFI/SEBI. Where any scheme of Mutual Fund has purchased such securities and security level price from the agencies appointed by AMFI/SEBI is not available, such securities shall be valued at purchase yield on the date of allotment / purchase. All market linked debentures shall be valued at prices obtained from the Valuation Agencies.
Valuation of Overnight Repos	Overnight Repos will be valued at cost plus accrual basis.
Interest Rate Swap (IRS)/Forward Rate Agreement (FRA)	Interest rate swaps or Forward Rate Agreements shall be valued based on average security level prices provided by the agencies appointed by AMFI/SEBI

Securities with Put/Call Options	The option embedded securities would be valued as follows: Securities shall be valued as per following methodology & based on average of prices provided by the agency(ies) appointed by AMFI. Securities with call option: The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument. Securities with Put option: The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instrument. Securities with both Put and Call option on the same day: Only securities with put / call options on the same day and having the 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 said Trigger Date. In case both Trigger Dates are available, then valuation would be done to the earliest date. If the put option is not exercised by a Mutual Fund, while exercising the put option would have been in favour of the scheme in such cases the justification for not exercising the put option shall be provided to the Board of AMC and Trustees. 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, 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. 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
Interest Rate Futures	Traded-The exchange traded Interest Rate Futures shall be valued based on the last quoted closing price on the stock exchange. Non-Traded - Non Traded IRF shall be valued based on settlement price / any other equivalent price provided by the stock exchange.

C. MUTUAL FUND UNITS, ETFS AND GOLD

Mutual Fund Units	Traded	Traded units of mutual fund shall be valued based on the last quoted closing price on the stock exchange.
	Not- traded	If units are not traded on a day the same shall be considered as non-traded units. Non-traded units shall be valued based on latest declared NAV per unit of respective underlying schemes.
ETFs	Traded	ETF units shall be valued at closing traded price on the principal stock exchange as on the valuation date.
	Non-traded	If the units are not traded on a particular valuation day, they shall be valued at the quoted closing price on other recognised stock exchange.
Units of InvITs / ReITs	Traded	Valuation of units of InvITs and ReITs will be based on the last quoted closing price on the principal stock exchange where such security is listed. The AMC has selected National Stock Exchange (NSE) as principal stock exchange. If no trade is reported on the principal stock exchange on a particular valuation date, units of InvITs and ReITs shall be valued at the last quoted closing price on other recognised stock exchange.
	Non-Traded	When units of InvITs and ReITs are not traded on any stock exchange on a particular valuation day, the value at which these were traded on the selected stock exchange or any other stock exchange, as the case may be, on any day immediately prior to valuation day, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date. Where units of InvITs and ReITs are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvITs and ReITs will be determined by the Valuation Committee in consultation with the Internal Auditors or independent valuation agencies as deemed appropriate by the Valuation Committee from time to time. In addition to the above, if the valuation of units of InvITs and REITs is provided by the independent agency as approved by AMFI, AMC may get into an arrangement with such agency to provide security level price for Valuation. Where the valuation for units of InvIT and REIT is not available from any independent valuation agency(ies), the valuation will be determined by the Valuation Committee based on the principles of fair valuation.

Units of Corporate Debt Market Development Fund, an Alternative Investment Fund ("AIF")		Units of Corporate Debt Market Development Fund (CDMDF), an Alternative Investment Fund (AIF) shall be valued based on the latest Net Asset Value ("NAV") per unit declared by Investment Manager of CDMDF
Valuation of Exchange Traded Commodity Derivatives (ETCDs):		**Exchange Traded Commodity Derivatives (ETCDs) - Futures and Options**: 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 ahead 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. **Exchange Traded Commodity Derivatives (ETCDs) - Physical**: Upon the receipt of physical stocks at the exchange accredited warehouse in the allocated location the commodity shall be valued daily. The pooled physical price of the respective location is published by the respective commodity exchanges. If on any day the spot/pooled prices as above are not available due to holiday, then the prices of immediately preceding day will be considered for the purpose of valuation of such commodity. Example: Pooled price of Gold ex-Ahmedabad is published by 12:00 noon every day at the MCX website which shall be referred for valuation of stocks lying in Ahmedabad warehouse / designated vaults under MF Schemes. These published prices will be considered for valuation.
Gold		Gold acquired by a scheme is in the form of standard bars and its value as on a particular day is determined as under: (1) AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, subject to the following: a) adjustment for conversion to metric measure as per standard conversion rates; b) adjustment for conversion of US dollars into Indian rupees as per the reference rate declared by the Financial Benchmark India Limited (FBIL). c) Addition of- (i) transportation and other charges that may be normally incurred in bringing such gold from London to the place

		where it is actually stored on behalf of the mutual fund; and (ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund.Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund; Provided further that where the gold held by a scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph. 2) AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 999.0 parts per thousand, subject to the following: a) adjustment for conversion to metric measure as per standard conversion rates. b) adjustment for conversion of US dollars into Indian rupees as per the reference rate declared by the Financial Benchmark India Ltd (FBIL). c) Addition of- (I) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and (II) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund. Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund; Provided further that where the gold held by a scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph. (3) If the gold acquired by the Scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued like standard bars. If on any day the LBMA AM fixing or FBIL reference rate is not available due to holiday, then the immediately previous day's prices are applied for the purpose of calculating the value of gold.

D. INTER SCHEME TRANSFER

Asset Class	Traded/Not Traded	Valuation Methodology
Inter Scheme Transfer	Equity and related securities	a. Any Inter-scheme transfer of Equity and Equity related instruments shall be valued at the prevailing spot market price for the quoted instrument at the time the transfer is affected. b. For this purpose, at the time of effecting the inter-scheme transfer, a record of the prices for the security quoted in the relative stock exchange (i.e. NSE/BSE) or Bloomberg/Eikon Terminal in which it is traded or reported would be obtained, which would indicate the date, time, and the currently quoted price. The price given in the quotation of the stock exchange would be the price for inter-scheme transfer.
	Fixed Income securities including Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, etc	AMC shall seek prices for Inter-scheme Transfer of any money market or debt security (irrespective of maturity), from the valuation agencies. (SEBI/HO/IMD/DF4/CIR/P/2019/102) If prices from the valuation agencies are received within the pre-agreed TAT, 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 one of the valuation agencies, within the agreed TAT, AMCs may determine the price for the IST, as per Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations,1996

E. FOREIGN SECURITIES

Asset Class	Valuation Methodology
Listed Foreign Securities (including ADR / GDR, units of overseas mutual funds and Index Fund, Exchange Traded Funds (ETFs) listed on overseas stock exchange etc.)	These shall be valued as below: **(i) Traded Securities:** These shall be valued based on the last quoted closing prices of T-day, at the Overseas Stock Exchange on which the respective securities are listed. However, the AMC shall select the appropriate stock exchange in case a security is listed on more than one stock exchange and the reasons for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reasons for such change being recorded in writing by the AMC. However, in case of extreme volatility in other markets post the closure of the relevant markets, the AMC shall value the security at suitable fair value. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange* or last quoted closing price on selected stock exchange or any other stock exchange, as the case may be, shall be used provided such date is not more than thirty days prior to the valuation date. *(only the stock exchange(s) of the country where the securities were purchased will be considered while considering any other stock exchange. On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on the relevant business day in India. If required the AMC may change the source for determining the exchange rate. (ii) Unlisted/ Non Traded Foreign securities a. Unlisted/Non traded foreign securities shall be valued by AMC at fair value after considering relevant factors on case to case basis and obtaining approvals from valuation committee. b. Unlisted/Non-traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. Valuation committee shall decide the appropriate discount for illiquidity. c. Units of Unlisted/Non traded Overseas Mutual Fund would be valued at their last Published net asset value (NAV) as on the valuation date.

ANNEXURE II

Part A: valuation of Money Market and Debt Securities other than G-Secs

1. Waterfall Mechanism for valuation of Money market and debt securities:

SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 has laid down broad principles for considering the traded yields for valuation of Debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities. The extract from AMFI best practices circular (135/BP/83/2019-20) dated November 18, 2019 pertaining to the waterfall mechanism is as under:

The broad principles of the said waterfall approach, for arriving at the security level prices are as follows:

i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building of fixed price) and secondary trades in the same ISIN
ii. VWAY of primary issuances through book building of same issuer; similar maturity (Refer Note 1 below)
iii. VWAY of secondary trades of same issuer, similar maturity
iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity
v. VWAY of primary issuance through book building of similar issuer, similar maturity (Refer note 1 below)
vi. VWAY of secondary trades of similar issuer, similar maturity
vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity
viii. Construction of matrix (polling may also be used for matrix construction)
ix. In case of exceptional circumstances, polling for security lever valuation (Refer note 2 below)

Note 1: Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

Note 2: Some examples of exceptional circumstances would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action of such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/ updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 months.

Further, the exact details and reasons for the exceptional circumstances, which led to polling, shall be documented and reported to AMCs. Further, a record of all such instances shall be maintained by AMCS and shall be subject to verification during SEBI inspections.

Note 3: All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding inter- scheme transfers) should be considered for valuation on that day.

Note 4: It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAY of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trade shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events

i. Monetary / Credit Policy
ii. Union budget
iii. Government Borrowing / Auction Days
iv. Material Statements on Sovereign Rating
v. Issuer of Sector Specific events which have a material impact on yields
vi. Central Government Election Days
vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below

Residual Tenure of Bond to be priced	Criteria for similar maturity
Upton 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1 year	Calendar Monthly Bucket
Greater than 1 year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly of Greater Bucket

In addition to the above:

a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events/ nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.

b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1 year and above). However, the yields should be adjusted to account for steepness of the yield curve across maturities.

c. The changes / deviations mentioned in clauses a and b, above, should be documented, along with the detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

3. Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered.

i. Issuers within same sector/industry and/or
ii. Issuers within same rating band and/or
iii. Issuers with same parent/ within same group and/or
iv. Issuers with debt securities having same guarantors and/or
v. Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification. Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

4. Recognition of trades and outlier criteria

i. Volume criteria for recognition of trades (marketable lot)

Paragraph 1.1.1.(a) of SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under. The following volume criteria shall be used for recognition of trade by valuation agencies

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25 cr for both Bonds/NCD/CP/CD and other money market instruments
Secondary	INR 25 cr for CP/CD, T-Bills and other money market instruments
Secondary	INR 5 cr for Bonds/NCD/G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

ii. Outlier criteria

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and my potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi- liquid, Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.
b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of matrix. Relative movement ensures that general market movements are accounted offer in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.
c. Potential outlier trades which are identified through objective criteria defined above will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.
d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity classification	BPS criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)		
	Upto 15 days	15-30days	Greater than 30 days
Liquid	30 bps	20 bps	10 bps
Semi-liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

Liquidity classification criteria liquid semi –Liquid, semi-liquid and Illiquid definition

Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi- liquid and illiquid basis the following two criteria

a. Trading volume
b. Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with

AMFI. Trading volume (Tradedays) based criteria:

Number of unique days an issuer trades in the secondary market or uses a new security in the primary market in a calendar quarter

- Liquid >=50% of trade days
- Semi liquid >=10% to 50% trade days
- Illiquid <10% of trade days

Spread based criteria:

Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid. For bonds thresholds are defined as up to 15 bps for liquid; >15-75 bps for semi-liquid; >75bps fir illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/CD - upto 25 bps for liquid; >25- 50 bps for semi liquid; >50bps for illiquid. (Here, spread is computed as average spared of issuer over A1+/AAA CD Bank matrix).

The thresholds shall be periodically reviewed and updated having regard to the market.

The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments (CP/CDs) and bonds.

5 Process for construction of spread matrix which is considered by rating agencies while determining valuation

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix:

Steps	Detailed Process
Step 1	Segmentation of corporates- The entire corporate sector is first categorized across following four sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket: 1. Public Sector Undertakings/ Financial Institutions/ Banks; 2. Non-banking Finance Companies - except Housing Finance Companies; 3. Housing Finance Companies 4. Other Corporates

Step 2	Representative issuers- For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating (i.e. “AAA” or AA+) Benchmark/Representative issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/ liquidity premium. Benchmark issuers can be single or multiple for each sector. It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should be suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spread is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on.
Step 3	Calculation of benchmark curve and calculation of spread- 1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1 month till 20 years and above. 2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector. 3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants 4. Yield curve for Representative issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the the sector, parentage and characteristics. Spared over the benchmark curve for each security is computed using latest available trades/ primaries/polls for respective maturity bucket over the Benchmark Issuer. 5. Spreads will be carried forward in case no data points in terms of trades/ primaries/polls are available for any issuer and respective benchmark movement will be given.
Step 4	1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/ primary issuances. 2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative issuers, new Representative issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered. 3.Residual tenure of the securities of representative issuers shall be used for construction of yield curve.

Part B: Valuation of G-Secs (T-Bill, Cash management bills, G-sec and SDL)

The following is the waterfall mechanism for valuation of Government securities:

- VWAY of last one-hour subject to outlier validation
- VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quote, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

Note:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. Outlier criteria: Any trade deviating by more than +/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

ANNEXURE III
Valuation of AT-1 Bonds and Tier II Bonds Valuation as per SEBI circular dated March 22, 2021 and AMFI best practice guidelines dated March 24, 2021

I. Deemed Residual Maturity of Bonds
Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual bonds issued under Basel III framework will be as under:

Time Period	Deemed Residual Maturity of Basel III AT-1 Bonds (years)	Deemed Residual Maturity of Basel III Tier 2 Bonds (years)
March 31, 2023 onwards	100*	Contractual maturity

* 100 years from the date of the issue of the bond

The residual maturity will always remain above the deemed residual maturity proposed above.

Macaulay Duration shall be calculated based on deemed residual maturity as mentioned above:

1. If the issuer does not exercise call option for any ISIN, then maturity of bonds to be considered as 100 years from the date of issuance of AT-1 bonds and contractual maturity of Tier II Bonds for all the ISINs of the said issuer for the purpose of valuation and calculation of Macaulay Duration.

2. If the non-exercise of call option is due to financial stress or if there is any adverse news, the same must be reflected in the valuation.

II. Guidelines for Valuation

1. Form two types of ISINs:
  a) Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)
  b) Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).

2. Take a look back period for trade recognition as under:
  a) 15 working days for benchmark ISINs
  b) 30 working days for non-benchmark ISINs
  c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non-benchmark ISINs from October 01, 2021.

Note 1

a) If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation.

b) If 1 ISIN of the issuer trades, all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM.

c) 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 YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen.

d) If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.

Note 2

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

Note 3

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

Note 4

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.

Annexure – IV Upfront
Fees on Trade

1. Upfront fees on all trade (including primary market trades), by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of the security.
2. Details of such upfront fees should be shared by the AMCs on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date.
3. For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that made the investment.
4. In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes.

Notes:

The policy will stand modified whenever any new regulatory pronouncements hereafter.