

PORTFOLIO MANAGEMENT SERVICES DISCLOSURE DOCUMENTS



DISCLOSURE

(As required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020)

We confirm that:

- I. The Disclosure Document (hereinafter referred to as “the Document”) has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- II. The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging SageOne Investment Advisors LLP as a Portfolio Manager.
- III. The necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- IV. The name, phone number, email address of the principal officer so designated by the Portfolio Manager is:

Name of the Principal Officer	Samit Vartak
Phone	+91 20 66279638
Email	sv@sageoneoneinvestments.com
Address	706, Tower 2, World Trade Center EON Free Zone, Kharadi Pune, Maharashtra 411014

Date: 27th April, 2020



Form - C

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

Name of the Portfolio Manager: SAGEONE INVESTMENT ADVISORS LLP

Regd. Office Address: PLOT NO. 56, CLOUD-9 SOC, SN-46/1/2

KONDHWA KD, MOHD. WADI, Pune MH 411048 IN

Phone No.: +91 20 66279638

Email: sv@sageoneinvestments.com

We confirm that,

- I. The Disclosure Document forwarded to Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- II. The disclosure made in the Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Off/Option.
- III. The Disclosure Document has been duly verified by an independent Chartered Accountant – B T N & Company, Chartered Accountant Firm, having office at G1A, Parmar Chambers, Sadhu Vaswani Circle, Pune - 411001, India, on, 27th April 2020.

For and on behalf of **Sage one Investment Advisors LLP**

Sd/-

(Samit Vartak)
Principal Officer
Date: 27th April 2020
Place: Pune

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1. Disclaimer: -

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document.

2. Definitions: -

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them here under respectively:

- a) "Act" means the Securities and Exchange Board of India, Act 1992 (15 of 1992)
- b) "Agreement" means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- c) "Application" means the application made by the Client to the Portfolio Manager with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- d) "Assets" means (i) the Portfolio and/or (ii) the Funds.
- e) "Body Corporate" shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.;
- f) "Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- g) "Board" means the Securities and Exchange Board of India established under sub-section (1) Of Section 3 of the Securities and Exchange Board of India Act.
- h) "Client" means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and/or funds.
- i) "Custodian" means any person who carries on or proposed to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- j) "Depository Account" means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered with the Client.
- k) "Discretionary Portfolio Management Services" means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- l) "Non-Discretionary services" shall mean an agreement entered into between a client and the portfolio manager pursuant to which the Portfolio Manager has agreed to provide Non - Discretionary Portfolio Management Services to the Client. Non-discretionary portfolio management services mean a services rendered to the client by the portfolio manager in accordance with the direction of the client with respect to investments or management of assets of the client.
- m) "Discretionary Portfolio Manager" means a Portfolio Manager who exercises or may, under a contract

relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.

- n) "Document" means this Disclosure Document.
- o) "Financial Year" means the year starting from April 1 and ending on March 31 of the following year.
- p) "Funds" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the portfolio Manager for being managed pursuant to Portfolio Investment Management Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- q) "Parties" means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
- r) "Person" includes any individual, partners in partnership, central or state government, Firm, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- s) "Portfolio" means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- t) "Portfolio Manager" shall have the same meaning as given in regulation 2(1)(o) of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.
- u) "Principal Officer" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
- v) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.
- w) "Scheduled Commercial Bank" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- x) "SEBI" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.
- y) "Securities" includes: "Securities" as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:

Types of Securities in which the funds are generally invested

- a) Equity and Equity related securities
- b) Units, Magnums and other instruments of Mutual Funds
- c) Bank Deposits

However, in addition to the above and subject to SEBI Regulations, the funds can also be invested in such securities, capital and money market instruments or in fixed income securities or variable securities of any description, by whatever name called including:

- a) Convertible Stock and Preference Shares of Indian Companies
- b) Debentures (Convertible and Non-Convertible), Bonds and Secured Premium Notes, Swaps, Futures and Options, Securitized Debt, Structured Products, pass through certificates and instruments which are quasi- debt instruments, Tax exempt Bonds of Indian and Corporations
- c) Government and Trustee securities
- d) Treasury Bills
- e) Commercial Papers, Certificates of Deposit and other similar Money Market instruments; and Derivatives. The Portfolio Manager may use derivative instruments like Stock Index Futures, Futures on Individual Stocks, Options on Stock Indices and Options on individual stocks, Interest rate swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time, as permitted by SEBI. However, in respect of investments in derivatives, the Portfolio Manager shall not leverage the Portfolio;
- f) Tradable or any other warrants;
- g) The Portfolio Manager may invest in private equity investment proposals (unlisted companies) considering their attractive fundamentals and possibility of unlocking significant gains in future on listing, subject to applicable regulations;
- h) Such other instrument(s) offered in private placements, arrangements, treaties, contracts or agreements for facilitating acquisition and/ or disposing of investments as the case may be;
- i) Any other eligible mode of investment within the meaning of the Regulations issued by SEBI and amended thereto from time to time.

Words and expression used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and SAGEONE. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and SAGEONE and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3) Description

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

SAGEONE INVESTMENT ADVISORS LLP (**LLP Identification Number: AAB-6772**) was incorporated on 29th July 2013. SAGEONE INVESTMENT ADVISORS LLP has not done any business activities till July 2014 since its incorporation. Promoters of SAGEONE INVESTMENT ADVISORS LLP have rendered corporate fund management, advisory services and Investment related services in the past and have collective experience and capabilities to render investment advice. Now, SAGEONE INVESTMENT ADVISORS LLP intends to offer portfolio management services after obtaining all the requisite regulatory approvals.

SAGEONE INVESTMENT ADVISORS LLP holds **Certificate of Registration No. INP000006943 dated 26th November, 2019** issued under SEBI (Portfolio Managers) Regulations, 1993 to act as a Portfolio Manager. The validity of the registration is perpetual.

SAGEONE INVESTMENT ADVISORS LLP also holds **Certificate of Registration No. INA000001498 dated 9th April 2014 issued under SEBI (Investment Advisers) Regulations, 2013** to act as a Investment Advisers. The validity of the registration is perpetual.

ii. Promoters of the Portfolio Manager, their background & Group Companies Information:

SageOne's full team profile will be found on the website: <http://sageoneinvestments.com/> under "People". The partners are listed below.

SAMIT VARTAK, CFA (CIO), Partner

Samit is founding partner and the Chief Investment Officer responsible for ensuring SageOne's adherence to its core investment philosophy and discipline of risk management. His focus is on building long term wealth for the clients even if it means sacrificing short term money making. He believes in risk management not by seeking extreme diversification or buying sub-par businesses at low multiples, but by building a reasonably diversified portfolio of high-quality businesses having long term competitive advantages in attractive and high growth industries. Samit returned to India in 2006 after spending a decade in the USA working initially in corporate strategy with Gap Inc. and PwC Consulting, and then with Deloitte and Ernst & Young advising companies on business valuation and M&A. This experience forms the backbone that helps him better understand businesses and their fair value. Samit is a CFA® charter holder, an MBA from Olin School of Business of the Washington University in St. Louis and holds a Bachelor of Engineering degree with Honors from Sardar Patel College of Engineering (SPCE), Mumbai University.

SONAL VARTAK, Partner

Education:

MBA (Jun '05), California State University, USA, BE in Computer Science (Jul '97), Bombay University, India

Experience:

Worked with international firms in strategic management and business analysis. Developed a system for the healthcare and fitness industry that connected exercise equipment (e.g. treadmills, exercise bikes etc.) to a common database. The system stored individual exercise history for registered users, offered customized training programs and sent motivational email reminders among other features. Led teams of 7/8 towards successful deliveries and tight deadlines on multiple projects.

SHARE HOLDING PATTERN OF SAGEONE INVESTMENT ADVISORS LLP as on date 30th September 2019 is as follows:

<i>Sr. No</i>	<i>Partners Name</i>	<i>Capital</i>	<i>% of Ownership</i>
1	Mr. Samit Vartak	23,79,750	95.00
2	Mrs. Sonal Vartak	1,25,250	5.00
	TOTAL	25,05,000	100.00

Group/Affiliate Companies

AFFILIATIONS OF SAGEONE INVESTMENT ADVISORS LLP

None

4) Penalties, pending litigations or proceedings, findings of inspection or investigations for which any action may have been taken or initiated by any regulatory Authority:

There are no penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority against Advisor, partners or its staff. No enquiry/ adjudication proceedings has been initiated by the Board against the Investment Advisor or its directors, principal officer or employee or any person directly or indirectly connected with the Investment Advisor or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.

5) Details of Services Offered:-

The Portfolio Manager offers Discretionary, Non – discretionary and Advisory services as per individual client agreement and discussions.

- Discretionary – the portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager.
- Non - Discretionary – the portfolio, which the Portfolio Manager manages in accordance with the directions and permission of the client.
- Advisory – the client is advised on buy/ sell decision within the overall risk profile without any back office responsibility for trade execution, custody or accounting functions.

Eligibility:

Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FPI and any other eligible investors.

Non-Residents are eligible to invest in this portfolio, subject to prevailing Reserve Bank of India and Securities Exchange Board of India requirement and after doing required paperwork with bank, custodian and broker.

Minimum Amount: 50 lakhs

Additionally, for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals from the account as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his position and refund the balance.

1. **Discretionary Services:** - Under these services, the discretion pertaining to investment/disinvestments decisions on an on-going basis rest solely with the Portfolio Manager. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per the Client agreement and make such changes in the investments and invest some or all of the Client's account in such manner and in such markets as it deems fit. The securities invested / disinvested by the Portfolio Manager for Clients in the same Offering may differ from one Client to another Client based on investment objectives, risks, time of inflow, valuations, nature of mandate etc. The Portfolio Managers' decision taken in good faith towards deployment of the Clients' account is absolute and final and can never be called in question or be open to review at any time during the currency of the Client agreement or any time thereafter except on the ground of malafide, intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Regulations. Periodical statements in respect of Client's Portfolio shall be made available to the respective Clients as per SEBI regulations. Investment objective may vary from client to client. The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. and any other benefits that accrues to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the agreement from time to time, entirely at the Client's risk. The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto.

2. **Non – Discretionary Services:** - The Client here appoints the Portfolio Manager to provide Non-Discretionary Portfolio management and administrative services for the funds / securities put in by the Client in accordance with the provisions of This Agreement. The Portfolio Manager accepts such appointment and agrees to provide the services herein set forth, on the terms and conditions herein mentioned. The Portfolio manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulation, and Guidelines issued under the Act and any other Laws, Regulations, Rules, and Guidelines etc. as may be applicable from time to time. The investments will be with the client's oral and / or written consents and Client will be wholly responsible for the decisions on the investments. The Portfolio Manager will provide Non-Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities with the client's oral and/or written consent. Additionally the Portfolio Manager will keep the safe custody of the securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk. The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto. Account consisting of investments, accruals and monetary and non-monetary corporate action & benefits, if any.
3. **Advisory Services:** - Under these services, the Portfolio Manager provides investment advice on a non-binding basis. The client may or may not adhere to the advice provided by the Portfolio manager and all other incidental activities pertaining to execution and settlement are solely the Client's responsibility.
4. **Structured Offerings:** - The Portfolio Manager from time to time at its discretion might introduce various types of structured notes as per the requirements of its clients. The funds would be invested and managed in accordance with the specifications provided by the Portfolio Manager to Client. The Portfolio Manager can construct portfolios with different names in the form of Series under the any of the above mentioned offerings / options from time to time. The terms of the tenure of the offerings / options, subscription and redemption etc. will be as per the Client agreement and other documents executed with the investor.

Investment Objectives, Philosophy and Strategy:

SageOne aims to find undervalued, under-researched companies and build a unique portfolio to benefit from underlying macro-economic trends in India as well as value creation through a combination of top line growth, margin expansion and multiple appreciation to fair value. The Investment Objectives of the SageOne PMS will be to achieve capital appreciation through investing primary small and mid- cap listed companies in India. The Portfolio Manager anticipates that a majority of the investments made by SageOne PMS will be underfollowed small and mid-cap companies which will provide good investment opportunity as they sell at a discount to , and in many cases have better growth prospects than , larger cap companies in India. Investment philosophy is general to obtain absolute and superior return. Multi-pronged strategy with shifting allocation based on Client's needs. Investments in opportunities that are growing in the line with growth of top corporate in India offering size, liquidity and ability to withstand downturn, typically offered by largecapitalized stocks. Investment in opportunities that are potential multi-baggers with focus on mid-cap and small cap companies. Occasionally they may also invest in Investments in special in special situations such as turnarounds, mergers, de-mergers, Corporate Restructuring, Open Offer, Arbitrage etc.

Although we seek superior returns, our first priority is that our advice produce consistency, protection of capital, and superior performance in bad times, we like:

High Returning Businesses: We look for businesses with long-term competitive advantage, in attractive industries from the point of view of long term value creation. Return on capital (ROCE) is a very good indicator of the quality of the management team and the competitive advantage of a business. Typically we look for sustainable ROCE and ROE of at least 20% but preferably above 30% that has been achieved without too much leverage (debt). The business should have long-term growth potential of above 20% per year and it should not require too much additional dilution (other than for financial companies) of equity to achieve such growth

Competent/Genuine Management: The most important factor in India is to stay away from managements that are

here to steal from investors; and believe us we know of many. Here we maintain “zero” tolerance policy and we prefer letting go of a good opportunity even if we have some doubts about the management’s integrity. Once the management passes the above hurdle, we look for their competence in running the business and allocating capital. We want to associate with managements who use capital wisely and return any excess capital to the shareholders (in form of dividends) if there is lack of highly profitable opportunities available to invest in.

Risk-Reward Trade-off: Our primary focus is on superior businesses and would not buy a weak business irrespective of its price. For a weak business which has no competitive advantage and which cannot sustain its returns (ROE/ROCE) above its cost of capital, no valuation multiple is low enough. We believe that the most important factor that drives value of any business is the “duration” over which the company can sustain its competitive advantage and hence superior returns. It is our overriding belief that, especially in the opportunistic markets in which we work, “if we avoid the losers, the winners will take care of themselves.” We would rather not invest than make a bad investment for the sake of it.

Process – We follow rigorous quantitative and qualitative processes to control risk

There are more than 7000 companies listed on NSE and BSE, out of which only about 500 are of investible size. We have used comprehensive filtering to shortlist about 150 (this has expanded over time) companies that met our stringent requirements. We not only went through quantitative parameters over past several years but also manually eliminated companies with suspect management. This forms our fishing pond to build portfolios. We like “fishing in a pond where the fish is of high-returning variety”.

6) Risk Factors:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the investments will be achieved.
- Past Performance of the portfolio manager does not indicate the future performance.
- As with any investments in securities, the Net Asset Value (NAV) of the Portfolio can go up or down on the factors and forces affecting the capital market.
- The Investment made by the portfolio manager is subject to the risk arising from the investment objective, investment strategy and asset allocation.
- The Investment made by the Portfolio Manager is subject Risk arising out of non-diversification or inadequate diversification if any.
- Securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investments made by the portfolio manager. The various factors which may impact the value of the portfolio manager’s investment include but are not limited to fluctuations in the equity and bonds markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to issuer of securities, tax laws, liquidity of underlying instruments, settlements periods, trading volumes etc... The portfolio manager does not guarantee or assure any returns.
- Investment decisions made by the Portfolio Manager may not be profitable.
- The tax implications described in the disclosure document are available under the present taxations laws to conditions. The information given is for general purpose only and based on advice received by the Portfolio Manager on the prevalent laws and practice in India. Such laws or their interpretation are subject to change. However, each individual investor / client is advised to consult his/her/their own professional taxadvisor.
- Prospective Investors should review / study this disclosure documents carefully in its entirety and shall not construe its contents hereof or regard the summaries contained herein as advice relating to legal, taxation, financial / investment matters and are advised to consult their own professional advisors on the various aspects of their investments / holdings / disposal along with its tax implications before making an investment decision.

- The Investment in Indian capital market involves above average risk for investors compared with other of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of investment and the income from there from falling as well as rising depending upon the market situation. There is also of total loss of value of an asset, possibilities of recovery of loss in investments only through legal process.
- The investments made are subject to external risks such as war, natural calamities. Technology updation/obsolescence's, policy changes in local and international markets and the like.
- The client has perused and understood the disclosures made by the portfolio manager in the disclosure made by the Portfolio Manager in the disclosure documents before entering into this Agreement.
- The Portfolio manager is neither responsible nor liable for any losses resulting from the operations of the PMS products.
- According, currency risk in relation to Indian Rupee remains a significant factor risk factor for our investment program, the cost of hedging this currency risk (if available) could reduce our client's investment returns. Decreases in the value of Indian rupee relative to other currencies (particularly the US dollar) should be adversely affect investment returns and such a decrease may be likely given India's current inflation and its budget deficits.
- The Indian securities markets are smaller and more volatile when compared to the securities markets of the United Kingdom, the U.S. and certain other OECD Countries. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the NAV of our client's portfolio. Indian Stock Exchanges utilize circuit breaker systems under which trading in particular stock or entire trading could be potentially suspended on account of excessive volatility in a stock or a market. Such disruptions could significantly impact our ability to sell client's investments. Factors like these could adversely affect our client portfolio.
- The Portfolio Manager is also acting as the investment manager of a Category III Alternative Investment Fund - SageOne India Opportunity Trust ("AIF") and its scheme/s. SageOne India Opportunity Trust is registered with the Securities and Exchange Board of India, SEBI with the registration number: IN/AIF3/19-20/0711. The validity of this certificate is from June 26, 2019 till perpetual. The team members of the Portfolio Manager in addition to their responsibilities towards the PMS may have responsibilities towards other funds, including the AIF.

Asset class Risk:

Equities are last contingent claims on company's assets and financials after all other obligations discharged.

Investing in equities as an asset class entails following risk:

Macro-economic growth

Geo political disruptions Currency

and Interest rate risk

Liquidity risk for midcap and small caps Event risk

Adverse taxation risk

We also invest temporary funds pending investment in liquid, debt and money market funds and there could be extremely small probability of loss of capital inherent to default and interest risk inherent in fixed income investing.

Portfolio Level Risks

Company Level Risks: We conduct a very thorough company level diligence to reduce company level risks. For a detailed due diligence, we first list out people we must connect with to get a holistic view of the business and its owners/management. This list includes top and second level management, key competitors, distributors, key suppliers, other industry participants and plant level operational executives. We maintain checklists for this and do not make an investment we have completed all the checks. Sometimes this process may take several quarters.

One of the main goal of the diligence exercises is to eliminate companies that pose any type of risk. The typical risks for which we eliminate companies from our target list include:

- Allocation risk: cash/equity, sector exposure etc.
- Financial risk
- Concentration risk
- Competitive risk
- Technology risk
- Regulatory risk
- Corporate governance or reputational risk

Since we are constantly monitoring and discussing our portfolio businesses, we will act on changes at the company level on regular basis. This is a culture we have created and look to continue going forward, which goes a long way in mitigating company specific risks at the portfolio level.

Firm Level Risks

Counterparty Default Risk: We execute transactions only on NSE/BSE which are well regulated and capitalized with well-defined counter party risk mitigation but there could be disruption and issues in rare circumstances. Our Custodian is also ring-fenced entity with no other business than custodianship of assets owned by largest bank in the country.

Trade Execution: On the trade execution end, outlined below is a list of areas where risk may arise.

- 1) an order not being received by a broker
- 2) an order not being executed
- 3) order being executed at a wrong price
- 4) lack or incorrect cash settlement of order
- 5) settlement of order not executed
- 6) physical settlement of order
- 7) incorrect recording and reconciliation of trades

To mitigate risks at the trade execution level, as part of our Reconciliation process our custodian (as well as SageOne) practices a three-way matching process by matching orders from SageOne, contract note from the Broker and the trade report from the Custodian. Custodians checks if the trade quantity, price, settlement amount and broker name match. In case of a discrepancy, Custodian sends a trade mismatch report first thing in morning. Both custodian and SageOne Investment Advisors LLP look into it.

- The custodian reconciles broker contract note and custodian trade report to SageOne Investment Advisors LLP order.
- Trades are reconciled.

Three-way confirmations allow identifying where the problem is. SageOne team then looks into it and gets it corrected before confirmation. As explained above, all trade executions are done by our Custodian and verified by us. In addition, we have a long term buy and hold strategy resulting in sporadic trade activity, which enables diligent check without significant time commitment. Due to the above factors, we have never had any trade related or system errors. Our approach is to keep trading and system error at zero level going forward.

Service Providers

We do outsource some of our operations to the most reliable and reputable third-party service providers, even when it costs more. This is the first and most important step in terms of minimizing operational risks. HDFC Bank Ltd and Edelweiss Custodial Services Limited are our custodians –they are amongst the largest custodians in the country with a very good reputation for quality and integrity. Each of the team members is aware of potential reputation damage from unprofessional activity and their behavior has been exemplary from the start.

RISK MANAGEMENT TOOLS AND PARAMETERS

Our risk management policy is one which is engrained in our investment philosophy – generate attractive returns over the long-term without taking undue risks. We constantly remind ourselves of our policy and ensure that our process, conduct and portfolio conform to it. We have incorporated practices and procedures to eliminate risk where possible failing which we try to mitigate and minimize impact of same. A number of risks come into play by virtue of a firm's operation in a given field/industry. For SageOne this includes risks resulting from breakdowns in procedures, people and systems related to making and managing a portfolio of investments.

These risks can be related to multiple areas/parties as indicated below:

- Portfolio Level Risks
 - Company Risks
 - Portfolio Risk Management
- Firm Level Risks
 - Regulatory Risk
 - Trade Execution
 - Compliance
 - Systems
 - Investor Redemption
 - External Service Providers
 - Team Stability

Our view has been to focus on our core competency, which is to find value investment opportunities in India. We have therefore outsourced some of our operations to highest qualified service providers in their respective fields. We therefore conduct internal as well as external monitoring of the underlying risks in our business model. A successful risk management framework relies on clearly identifying and constantly monitoring risks.

We do not intend to take any leverage or borrowing in its ordinary course. Any borrowing or leverage shall be within limits prescribed by SEBI and we shall disclose information regarding the overall level of leverage employed, level of leverage arising from borrowing of cash, level of leverage arising from position held in derivative securities and main source of such leverage to the Unit-holders and SEBI, as required under SEBI Regulations from time to time. We seek to invest primarily in instruments which, in its view, have reasonable liquidity but it may also invest in less liquid instruments. There can be no guarantee or assurance that we will achieve its investment objectives. The objectives set out are the targeted and the proposed objectives and they shall be subject to the risks inherent in undertaking such investment opportunities. The investment and trading policies and strategies are based on future performance of underlying business which is inherently uncertain and entail significant risk. The foregoing description is general, is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investments due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the market conditions of India. Finally, it shall be in the sole discretion of the Portfolio manager to pursue additional strategies to meet the manager's objective, in accordance with Applicable Law. In addition, new types of investment techniques with new or existing instruments are developed from time to time and the manager expects, and reserves the right, to employ these techniques where the Fund Manager determines that this may help to achieve its Investment Objective. For detailed explanation and understanding of above please do not hesitate to contact us and seek additional clarification prior to undertaking investment.

7) Client Representation:

Category of Clients	No. of Clients	Funds Managed (Rs.in Crores)	Discretionary / Non-Discretionary
As on 31/03/2018			
Individual – Resident	95	148.32	Discretionary
Individual – Non Resident	1	1.04	Discretionary
Corporate Resident	20	77.53	Discretionary
Total	116	226.89	Discretionary

Category of Clients	No. of Clients	Funds Managed (Rs.in Crores)	Discretionary / Non-Discretionary
As on 31/03/2019			
Individual – Resident	185	269.46	Discretionary
Individual – Non Resident	-	-	Discretionary
Corporate Resident	43	114.03	Discretionary
Total	228	383.49	Discretionary

Category of Clients	No. of Clients	Funds Managed (Rs.in Crores)	Discretionary / Non-Discretionary
As on 31/03/2020			
Individual – Resident	224	319.24	Discretionary
Individual – Non Resident	3	5.60	Discretionary
Corporate Resident	56	135.42	Discretionary
Total	283	460.26	Discretionary

8) Financial Performance of Portfolio Manager :-(Based on Audited Statements)

Particulars	Year End 31 st March 2020 (Unaudited)*	Year End 31 st March 2019 (Audited) (Rs. In Lakhs)	Year End 31 st March 2018 (Audited) (Rs. In Lakhs)
Profit before depreciation & tax & after Exceptional & Extraordinary	231.47	140.55	413.48
Item (Net of tax)			
Less: Depreciation	(14.88)	(16.23)	(6.11)
Less: Provision For Tax	(75.67)	(43.67)	(139.05)
Profit/(Loss)For the year after tax	140.90	80.64	268.33
Balance carried to Balance Sheet	140.90	80.64	268.33

***Un-Audited Statements**
Balance Sheet (Based on Audit Statements, * Based on Un-Audited Statements)

Particulars	Year Ended 31 st March 2020 (unaudited)*	Year Ended 31 st March 2019 (audited) (Rs. In Lakh)	Year Ended 31 st March 2018 (Audited) (Rs. In Lakh)
Contribution & Liabilities :	430.31	289.41	561.27
Total	430.31	289.41	561.27
Assets (A) (Including all Fixed Assets,	902.81	726.19	911.81
Less: Current liabilities (B) (Including Sundry Creditors &	(472.49)	(436.77)	350.54
Total (A-B)	430.31	289.41	561.27

9) Performance of Portfolio Manager

Period (as of Dec 31, 2020)	Absolute returns			Annualized Returns				
	1 month	3 months	6 months	1-year	2-year	3-year	5-year	Since Inception (Apr 2009)
SageOne Core Portfolio (SCP)	-29.15%	-27.66%	-21.95%	-25.59%	-18.05%	-3.63%	NA	30.6%
	Absolute returns			1-year	2-year			
SageOne Diversified Portfolio (SDP)	-28.13%	-26.92%	-24.87%	-28.52%	-19.64%			-5.76%
SageOne Small/Micro Portfolio (SSP)	-24.47%	-17.15%	-14.23%	-17.88%	-13.10%			-13.10%

Performance numbers of SageOne Core Portfolio (SCP) are those of a “representative” actual portfolio of the CIO of SageOne Investment Advisors LLP (SOIA) in INR terms. Performance/ Return numbers mentioned are net of fees, costs, and taxes. Performance numbers from FY2017 onwards are inclusive of dividends while for FY2010-2016 do not include dividends. Performance numbers are based on KPMG’s report for financial years ended 31st Mar 2010 to 31st Mar 2017. Post Mar’17 they are based on SEBI PMS filings. Past performance is not an indication or promise of future performance.

11) Nature of Expenses:-

- i. **Investment Management & Advisory Fees:** Management and Advisory fees charged may be a fixed fee or a return based fee or a combination of both as detailed in the Schedule to the Portfolio Management Services agreement. The Fees may be charged upfront and/or at the end of a specified tenure as agreed between the Client and the Portfolio Manager. (The details description of the fees, expenses and compliance with SEBI IMD/DF/13/2010 dated October 5, 2010 relating to Fixed Fees and Performance Fees including high water mark principle is given in Annexure 1: Fees and Charges of the Client Member Agreement).
- ii. **Custodian Fees:** As may be decided between the Portfolio Manager and custodian at the actuals as mentioned in the agreement and revised from time to time.
- iii. **Registrar & Transfer Agent Fees:** Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges cost of affidavits, notary charges, postage stamp and courier charges etc. if at all any. These charges will be charged based on actuals.
- iv. **Brokerage & Transaction Cost:** The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker at actuals and revised from time to time. Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients.
- v. **GST:** GST implication was done with effect from 01st July 2017. Currently GST Rates are 18% and going onwards as applicable from time to time.
- vi. **Depository Charges:** As may be decided between the portfolio manager and custodian at actuals as

- vii. mentioned in the agreement and revised from time to time.
- viii. **Entry Load /Exit Load:** As may be mutually agreed to between the Client and the Portfolio Manager.
- ix. **Certification and professional charges:** Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.
- x. **Incidental expenses:** Charges in connection with day-to-day operations like courier expenses, stamp duty, GST, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.

12) Taxation Implications for Clients:-

In view of the individual nature of tax consequences, each client is advised to consult his/her/its tax advisor with respect to the specific tax consequences to him/her/it of participation in the schemes. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client’s tax obligations. The information given below is not comprehensive and exhaustive and clients are required to consult their CA and tax counsel for definitive advice on taxation matter. The portfolio manager shall not be liable for adverse outcome in tax matters of clients and its responsibility of client to study, compute and discharge their own taxation liabilities. Also clients are urged to seek additional information about changes and explanation and guidance is available on <http://www.incometaxindia.gov.in/Pages/default.aspx> form timeto time.

Characterization of Income: Gains on transfer of listed shares/ debentures (the transaction is subject to Securities Transaction Tax).The Fund will purchase listed shares/ debentures with the intention to hold them for reasonably long duration. Accordingly, gains on transfer of such shares/ debentures ought to be characterized as capital gain and taxable under the head “Capital gains”. Further CBDT vide its Circular No.6 of 2016 dated February 29, 2016 has instructed the Assessing Officers that in respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as capital gains, the same shall not be put to dispute by the Assessing Officer. Issue of taxability of surplus on sale of shares and securities - Capital Gains or Business Income has been under litigation in past but CBDT circular No.6 /2016 under sub-section (14) of section 2 of the Income Tax Act, 1961 has imparted clarity and reliance can be made on same by clients for their tax assessment.

Capital asset: Long term or short term: The meaning of short-term capital asset and long-term capital asset is summarized below:

Sr. No.	Period of holding to qualify as short-term capital asset	Assets
1	Short Term: 12 months or less, Long term: More than 12 months	<ul style="list-style-type: none"> • Equity or preference shares in a company which are listed in any recognized stock exchange in India; • Other listed securities; • Units of unit trust of India(‘UTI’); • Units of equity-oriented funds; or • Zero Coupon Bonds.

2	Short term : 24 months or less, Long term: More than 24 months	<ul style="list-style-type: none"> • Unlisted shares;and • Immovable property* <p>* Finance bill 2017 has proposed to reduce the holding period for immovable property to be treated as long term capital asset.</p>
3	Short term: 36 months or less, Long term: More than 36 months	All other assets

The applicable tax rates for capital gains with STT paid would be as under:-

Period of holding (in months)	Characterization of the gain	Tax rates (inclusive of surcharge and education cess)
12 months or less	Short term capital gains	17.7675%
More than 12 months	Long term capital gains	11.85%

Dividend income

Dividend declared by Indian companies is exempt from tax in the hands of the Investors under section 10(34) of the ITA. This is to be read with the provisions of section 115BBDA of the ITA providing for tax at 11.845% (inclusive of surcharge and cess) on dividend received in any year in excess of Rs.10 lakhs by an individual or a firm, resident in India. As the status of the Fund for tax purposes will be considered as an “individual”, the Fund will be liable to tax under section 115BBDA of the ITA at 11.845% (inclusive of surcharge and cess). As per the provisions of the Finance Bill, 2017, it is proposed that taxation under section 115BBDA of the ITA will apply to all except domestic companies and specified funds/ institutions/ charitable trusts and thereby leaving out any ambiguity with regard to non-taxability of dividend income in the hands of the trusts.

The Indian companies distributing dividend would be liable to pay Dividend Distribution Tax (“DDT”) at the rate of 20.357% (inclusive of surcharge and cess).

Bank Interest

The Fund will be taxable at 35.535% (inclusive of surcharge and cess) in respect of bank interest earned by it.

Dividend from liquid schemes of mutual funds

Dividend income received from liquid schemes of mutual funds will be exempt from tax in the hands of the Fund. The Mutual funds will pay applicable tax on distributed income. In the event the Fund is held to be carrying on business, its entire income could be taxable at MMR (35.535%). In respect of listed shares/ debentures held for more than 12 months, the Fund could however rely on CBDT Circular and seek exemption from tax in respect of long-term capital gain. The Fund could also contend that MMR in respect of dividend income ought to be 11.845% (inclusive of surcharge and cess). In the event the status of the Fund as fixed and determinate trust is not accepted, the Fund could be assessed on its entire income at MMR (35.535%). However, where the Fund is held to be investor in shares/ securities, it could contend that MMR in respect of short-term capital gain on listed shares/ debentures will be 17.7675% (as above), the dividend income would

be 11.845% (as above) and the long-term capital gain on listed shares and securities ought to be exempt from tax.

Dividend Stripping

According to the provisions of section 94(7) of the Act, losses arising from the sale / redemption of securities or units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months (in case of units) / 3 months (in case of securities) after such date, is disallowed to the extent of income on such securities or units (other than / redemption) is claimed as tax exempt.

Bonus Stripping

According to the provisions of Section 94(8) of the Act, if an investor purchases within 3 months before the record date (for entitlement of bonus) and sells / redeems the units within 9 months after the date and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

Securities Transaction Tax (STT)

Finance Act, 2017 amended section 10(38) of the Income-tax Act, 1961 (the Act) stating that long term capital gains from transfer of listed equity shares acquired on or after 01 October, 2004, would be exempt from tax under section 10(38) of the Act only if the Securities Transaction Tax (STT) was paid at the time of acquisition of such shares. However, to protect the exemption in respect of genuine cases, it was proposed to notify transfers for which the pre-condition of chargeability to STT on acquisition would not be applicable. In light of the above, the Central Board of Direct Taxes (CBDT) has issued a press release along with draft notification under section 10(38) of the Act seeking comments/ suggestions from the stakeholders by 11 April, 2017. However, this amendment would also disadvantage certain genuine cases. Therefore, the memorandum to the Finance Bill, 2017 mentioned that transactions in which the STT could not have been paid, such as acquisition of shares in IPOs, FPOs, and bonus or rights issue by a listed company, acquisition by non-resident in accordance with the foreign direct investment policy of the government, etc., would be carved out by issuance of separate notification. The Central Government would notify the transfers for which the condition of chargeability to STT shall not apply.

CBDT's move to provide a restricted negative list instead of providing exhaustive list is a rather positive approach, not limiting the exemption to the specified transactions only.

The draft notification provides negative list suggesting the following transactions of acquisitions of equity shares for which condition of chargeability to STT would not be requisite for availing the exemption:

1. The exemption will not be available in case of acquisition by way of preferential issue of listed equity share in a company whose equity shares are not frequently traded in a recognized stock exchange of India. However, the exemption would be available to those preferential issues to which the provisions of chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not apply.
2. Purchase of listed equity shares in a company, not entered through a recognized stock exchange would not be eligible for exemption.
3. The equity shares acquired during the intermediary period starting from the date on which the company is delisted and ending on the date on which the company is re-listed on a recognized stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956, read with Securities and Exchange Board of India Act, 1992 and any rules made there under. Explanation – For the purpose of this notification:
 - i. “Frequently traded shares” means shares of a company, in which the traded turnover on a recognized



stock exchange during the twelve calendar months preceding the calendar month in which the transfer is made is at least 10% of the total number of shares of such class of the company. Provided the share capital of a particular class of shares of the company is not identical throughout such period, the weighted average number of total shares of such class of the company shall represent the total number of shares.

- ii. "Listed" means listed in a recognized stock exchange in India, in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rule made there under.
- iii. "Recognized stock exchange" shall have the same meaning as in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956). Furthermore, CBDT has invited public comment on same and we expect final notification to come post hearing on same and investors are urged to examine implication of same on their tax computation and liabilities.

Sr. No.	Taxable securities transaction	Rate %	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where (a) the transaction of such purchase is entered into in a recognized stock exchange;and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit	0.125	Purchaser
2	Sale of an equity share in a company or a unit of an equity oriented fund, where- (a) the transaction of such sale is entered into in a recognized stock exchange;and (b) the contract for the sale of such share or unit is settled by the actual delivery or transfer of such share or unit	0.125	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund, where- (a) the transaction of such sale is entered into in a recognized stock exchange;and (b) the contract for the sale of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit	0.025	Seller
4	(a) Sale of an option in securities (b) Sale of an option in securities, where option is exercised	0.017	Seller
5	(c) Sale of a futures in securities Sale of a unit of an equity oriented fund to the Mutual Fund	0.125	Purchaser
		0.017	Seller
		0.25	Seller

The above-mentioned rates of STT are applicable on the transactions undertaken on or after June 1, 2006. The investor would be liable to pay STT at the above rates on the value of the securities purchased on a recognized stock exchange in India. The securities, in respect of which such tax is leviable, include:-

- Shares, bonds, debentures, etc. or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- Derivatives;
- Units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- Units or any other such instrument issued to the investors under any mutual fund

scheme; The value of taxable securities transaction—

- (a) In the case of a taxable securities transaction relating to an option in securities, shall be—
 - i. the option premium, in respect of transaction of sale of an option in securities
 - ii. the settlement price, in respect of transaction of sale of an option in securities, where option is exercised.
- (b) in case of a taxable securities transaction relating to a derivative, being “futures”, shall be the price at which such futures is traded; and in the case of any other taxable securities transaction, shall be the price at which such securities are purchased or sold:
 - Any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be
 - Security receipts defined under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - Government Securities; and
 - Other notified instruments

The value of taxable securities transaction—

- (a) In the case of a taxable securities transaction relating to an option in securities, shall be—
 - i. the option premium, in respect of transaction of sale of an option in securities
 - ii. The settlement price, in respect of transaction of sale of an option in securities, where option is exercised.
- (b) in case of a taxable securities transaction relating to a derivative, being “futures”, shall be the price at which such futures is traded; and
- (c) in the case of any other taxable securities transaction, shall be the price at which such securities are purchased or sold:

STT is not available as a deduction in computing capital gains. However, from the assessment year 2009-10, where income from taxable securities transactions referred to above is treated as business income, the person will be eligible for deduction u/s 36(1)(xv), for the amount of STT paid.

We have appointed a custodian to settle clients trade using pooling methodology and as such the buy and sell orders are placed by custodian and STT paid by custodian on behalf of clients. The custodian allocates transactions to clients on pro rata basis across clients as decided by the portfolio manager. As contract notes for purchase and delivery are issued by broker in name of the custodian

and custodian issues statement of client account indicating transactions undertaken on client behalf and STT details to clients which can be used by clients for their tax documentation.

Transactions in other securities or transactions not on recognized stock exchanges.

(a) Tax on Long Term Gain

✧ For Indian Companies:

Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess - see note).

✧ For Resident Individuals and HUFs

Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus Education Cess and Secondary and Higher Education Cess - see note).

Where the taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess see note).

✧ For any other Resident:

Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus Education Cess and Secondary and Higher Education Cess - see note).

✧ For Foreign Companies:

Long Term Capital Gains will be subjected to the income tax at the rate of 20% (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess, see note). However, no benefit of Cost Inflation Index is available in case of shares and debentures.

✧ For non-residents other than foreign companies:

Long Term Capital Gains will be subjected to the income tax at the rate of 20% (plus Education Cess and Secondary and Higher Education Cess, see note). However, no benefit of Cost Inflation Index is available in case of shares and debentures.

Non Resident Indians ("NRI"s) can opt for taxation of Long Term Capital Gains u/s 115E at the rate of 10% (plus Education Cess and Secondary and Higher Education Cess see note) in case of foreign exchange assets. No benefit of Cost Inflation Index is available

in such a case. NRIs may opt for computation of Long-Term Capital Gains as per section 112 if it is more beneficial.

(b) Tax on Short Term Capital Gain:

Short-term capital gains are chargeable to tax as per the relevant rates applicable to various assesses. Capital loss can be set off against capital gains as follows:

Long-term capital loss of a tax year, which is chargeable to tax, cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both short-term and chargeable long-term capital gains of the same year.

Unabsorbed short term and long-term capital loss of prior years' shall be separately carried forward. However, short-term capital loss shall be eligible for set off against the chargeable long-term capital gains.

Other relevant provisions under the ITA

The other relevant provisions of the ITA are as below:

Treaty benefits for non-resident investors

As per section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ("Treaty") between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below). However, no assurance can be provided that the Treaty benefits will be available to the non-resident investor or the terms of the Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Treaty benefits or where the non-resident investor is from a country with which India has no Treaty, would be as per the provisions of the ITA.

In order to claim Treaty benefits, the non-resident investor has to obtain the Tax Residency Certificate ('TRC') as issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The income-tax authorities may grant Treaty benefit (after verifying the TRC) based on the facts of each case.

General Anti-Avoidance Rules

General Anti Avoidance Rules ('GAAR') introduced in the ITA will apply from financial year 2017- 2018. GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements.

The provisions contained in the Income-tax Rules, 1962 have been amended vide Notification dated June 22, 2016 to provide that GAAR will not be applicable to income accruing, arising or received from transfer of investments made before April 1, 2017.

A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four tests mentioned below:

- (a) Creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
 - (a) It results in directly / indirectly misuse or abuse of the ITA;
 - (b) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
 - (c) It is entered into or carried out in a manner, which is not normally employed for bona fide business purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or re-characterize or disregard the arrangement. Some of the illustrative powers are:

- (a) Disregarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- (b) Ignoring the arrangement for the purpose of taxation law;
- (c) Deeming persons who are connected persons in relation to each other to be one and the same person for the purposes of determining tax treatment of any amount
- (d) Relocating place of residence of a party, or location of a transaction or sites of an asset to a place other than provided in the arrangement;
- (e) Looking through the arrangement by disregarding any corporate structure; or
- (f) Re-characterizing equity into debt, capital into revenue, etc.

The above terms should be read in the context of the definitions provided under the ITA. Further, in case the GAAR provisions are invoked then inter alia the treaty entitlement could be denied.

Further, the ITA provides that an arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

Also, any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement.

Tax Deduction at Source

Dividend income distribution on securities and units is not taxable in the hands of receiver. TDS is deductible on interest income and would be deducted by the issuer of such security.

13) Accounting Policies / Valuation:

The Accounting of client's portfolio valuation and returns is done in house by Portfolio manager using software provided by Wealth Spectrum. The following Policy will be applied for the investments of Clients. The same is audited by external appointed CA firm as per Sebi norms to double check the same and provide redundancy.

The following accounting policy will be applied for the valuation of investment portfolio being advised:

- Investment in listed equities will be valued at the closing market prices of the Bombay Stock Exchange

Limited. If securities are not listed on Bombay Stock Exchange Limited then closing market prices of National Stock Exchange of India Limited or the other exchange where the securities are listed, will be considered for the purpose of valuations. Investment in unlisted securities will be valued as determined by Investment Advisor. Investments in the units of mutual funds will be valued at latest repurchase Net Asset Value (NAV) declared for the relevant scheme on the date of valuation of portfolio investments. Investments in debt instruments will be valued at the market value of the debt instrument at the cut-off date.

- Realized gains / losses will be calculated by applying the First in first out (FIFO) method. For example, the earliest purchased quantity will be reckoned for the current/ most recent sale at the respective prices at both points in time.
- Transactions for purchase or sale of securities will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year.
- For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- Unrealized gains/losses are the differences between the current market values or NAV of even date and the cost of acquisition of the securities.
- Dividend on shares and units in mutual funds, interest, stock lending fees earned etc. shall be accounted on accrual basis.
- The Investment Advisor and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- The client may contact the official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.
- Dividend on equity shares shall be counted ex-date basis and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD etc. shall also be accounted on receipt basis.
- Bonus Shares shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. For purpose of taxation, date of purchase would be date of allotment of shares in Demat Account.
- Right entitlement shall be recognized only when the original shares on which the right entitlement accrues are traded on stock exchange on an ex-right basis. For purpose of taxation, date of purchase would be date of allotment of shares in Demat Account.

Execution:

Appointment of Custodian: We have appointed HDFC BANK LTD and Edelweiss Custodial Services Ltd as custodians for our PMS Service and use the depository services of HDFC Bank Ltd and Edelweiss Broking who are depository participants of NSDL/CDSL as case may be. The purchase and sale operations shall be operated on "Client Level" basis for domestic Investors. All investors' Assets will be in the pooled account of custodian and Depository Account for domestic investors. The Portfolio Manager may at its discretion ordinarily purchase or sell Securities in aggregate for economy of scale and thereafter inter se allocate the same amongst its client on prorata basis under pooled custodian method. The custodian shall purchase shares or sale them as case may be in their account using their PAN no and pay STT later allocate the trades undertaken to various clients. In case of NRI Clients all buying and selling would be done through Non- Pooled by Custodian basis using client's PAN No and STT would be reflected in their individual name.

Additionally, through this Agreement the investor shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations and take fees and pay statutory dues and obligation in due course of regulatory and market requirements. Additionally, through this Agreement the investor shall provide a Power of Attorney authorizing the custodian to keep custody of assets and execute



trade as advised by portfolio manager from time to time and take fees and pay statutory dues and obligation in due course of regulatory and market requirements.

i.Prevention of Money Laundering and Know your client:-

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act (PMLA 2002). The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said Funds. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account. Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable. Clients are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

14) Investor Services

Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the Principal Officer	Samit Vartak
Phone	91-20-66279638
Email	sv@sageoneinvestments.com
Address	706, Tower 2, World Trade Center EON Free Zone, Kharadi Pune, Maharashtra 411014

ii. Conflict of Interests

SageOne is employee owned and operated firm and does not engage in any other financial services such as broking, custodianship etc. which would conflict with interest of its clients. As a Portfolio manager, we act as agents for customers, making investment decisions in financial markets on client's behalf. Confidence in the integrity of managers when acting on behalf of customers is central to the relationship of trust and this means that when making investment decisions, or buying products and services for customers, we as portfolio managers must always act in customers' best interests and put customers 'interests ahead of their own. Similarly, we as portfolio managers must treat all their customers fairly. In general being standalone asset manager with no diversified financial activities under its fold or area of operations, we do not derive ancillary benefits from servicing clients via brokerage or commission etc. or have interest in broker/counterparty selection, fair allocation & participation in investment opportunities etc. which could hurt interest of clients. However, SageOne retains right to pay Referral/ Distribution Fees out of its pocket to service providers (distributors, advisors etc. as per mutually agreed upon terms at no incremental cost to clients. We do not pay excessive commissions or fees for brokerage or custodial activity or use of an affiliated party for brokerage or custodianship at less favorable rates than available elsewhere.

In the absence of effective Chinese walls, the creation of the potential for front-running. Hence, we have clear Segregation of duties which are designed to ensure that clear segregation of duties is maintained between staff, employees and processes involved in investment decision making and those involved in monitoring investment restrictions, investment risk and execution of transactions are distinct and function independently.

Apart from advising our domestic client, SageOne also provides investment advisory services in normal course of its business operations to host of domestic clients on discretion, non-discretion and advisory basis apart from few offshore funds, resident and overseas individuals and family offices for investing in Indian equities. However, discretion to act on same is exercised by concerned Fund managers and owners/principals located overseas. There could be slight conflicts of interest when it renders investment advisory services to several clients and, from time to time, provides similar investment advice to different clients. However, SageOne retains rights to include/exclude securities which form part of investor portfolio to the above set of investors and we do not have any financial or other incentive to favor the interest of another client or group of clients over the interests of the client. Also, if a business with two functions within investment team would lead to conflicts of interest, it may separate the functions into two separately managed businesses or ensure that they are managed by different senior members of staff.

Our team and Staff in all business lines are encouraged to be aware of the potential for conflicts of interest to arise within areas of our operations. They receive training to create awareness of conflicts and of our responsibilities as its clients' agent, to manage conflicts appropriately. Where they believe that they may have identified a conflict, staff are required to report details to both the manager in their department and to the Compliance Officer who will decide and act on same. Apart from doing extensive research work and taking buy and sell decision, SageOne has outsourced the majority of key function to third parties with terms and condition of their engagement decided on arm's length basis on behalf and in best interest of clients.

For PMS services rendered on discretionary basis:

- Funds of clients are received, managed and supervised by custodian on behalf of client
- Securities are held by custodian in the client's demat account
- Trades are executed through brokers on terms comparable with market practice with aim to balance the fees with level of Independent research, statistical information and other research services provided by brokers.
- Accounting of client's portfolio is handled by Wealth spectrum by direct import of broker's confirmations and further checked by in house staff as well as independent CA.
- The trades are executed at pooled level giving same pricing points to all clients for all domestic investors where we exercise discretion.
- All trades across accounts are pre-allocated with trades that are partially filled allocated pro-rata
- We don't do securities lending out of assets held at custodian level and in case done it would be done with intimation to client and benefits of same would accrue to client's only.

SageOne has clearly spelt out compliance manual where team is not permitted to buy and sell shares in conflict with client's interest and adheres to SEBI norms on insider trading. Employees are notified of the prohibitions that apply and the legal consequences of insider dealing. Investment staff are required to make investment decisions only on the basis of information that are available in the public domain. If an employee acquires (or believes they have acquired) inside information about a security or its issuer, they are required to promptly discuss the matter only with the Compliance Officer. The Compliance Officer will assess and determine any particular course of action to be taken and whether or not the security (and any related securities) on to the group wide restricted list. The portfolio manager and any of its partners, key man personnel, officers, agents or employees, face conflicts of interest when transacting in securities for their own accounts because they could benefit by Purchasing or selling ahead or trading in the same securities, which could have an adverse effect on client's trade execution. Our partners, Key man personnel, officers or employees, may also buy, sell, or very rarely trade securities for their own accounts or the proprietary accounts of SageOne. To address this concerns, we maintain a black list of Stocks including derivatives which are part of client's portfolio. Any Employee or KMP is not allowed to take any kind of position in Derivatives in Black List Securities without taking approval of compliance officer who ensures that we cannot buy any securities before clients do and cannot sell securities before clients do with provision

to buy or sell once client's completes the transactions in normal course of business. At time of initiating fresh purchase in a security or complete exit of existing position in a stock client's shall have first preference of trade execution. Once a position is initiated, rebalancing and trimming of position by SageOne, it's officers, KMP or Employees will take prior approval of compliance officer, whose key responsibility is to ensure that the approval of trades do not conflict with economic interests of the clients. Only in rare cases would contra trade be allowed after recording of reasons thereon at discretion of compliance officer. In addition to above, Team at SageOne is encouraged to put significant amount of their investable capital in same strategies to align the interest with client. Since the portfolio managers own capital and that of key staff is also invested in same securities as that of clients trades have to be done on pro rata basis or after clients as need be to ensure fair treatment to client's economic interest.

Mis-selling: We at SageOne encourage clients with long term buy and hold orientation with aim to compound capital over long term time horizon and periodically communicate clients to inform them about market developments and our views on same and same is sent via newsletters, memos and other forms of communication. Further to prevent mis-selling we pay distributor out of our own pocket and share extensive material on risk and reward to customers to enable them to take well informed decisions. At time of client onboarding detailed disclosure document is shared and risk highlighted to avoid mis-selling.

We feel there is a strong correlation between a firm's culture and its ability to recognize conflicts of interest and address same. Other good practice included firms conducting periodic reviews of operations to look for evidence of new conflicts, using discussions involving operations staff (who understand how processes actually work) and legal and compliance staff (who facilitate discussions and often have a better understanding of how conflicts arise). This 'bottom-up' approach to identifying conflicts is in addition to separately considering the inherent conflicts that most asset managers face.

Note:-The Fund Managers at SageOne Investment Advisors LLP reserve's right the build a portfolio based on our assessment of client's risks and liquidity needs, require diversification, allocation based on prevalent risk rewards etc.

Referral & Distribution Fees:

SageOne retains right to pay Referral/ Distribution Fees out of its pocket to service providers as per mutually agreed upon terms at no incremental cost to clients.

ii) Grievance redressal and dispute settlement mechanism:

Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

For grievances, the point of contact will be Mr. Alok Nagpurkar (an@sageoneinvestments.com)

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms: -

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

Investor may also register / lodge complaints online on SCORES (Sebi Complaints Redress System) portal, i.e. <http://scores.gov.in/> by clicking on "Complaint Registration" under "Investor Corner"

For SageOne Investment Advisors LLP

Names of Partners	Signature
Mr. Samit Vartak	Sd/-

Place: Pune

Date: 27th April 2020