

**NAFA ASSET MANAGERS PRIVATE LIMITED**  
**CIN: U74140MH2008PTC179329**

**DISCLOSURE DOCUMENT**

**PORTFOLIO MANAGEMENT SERVICES**

**DISCLOSURE DOCUMENT**  
**FOR**  
**PORTFOLIO MANAGEMENT SERVICES**  
**BEING OFFERED BY**  
**NAFA ASSET MANAGERS PRIVATE LIMITED**  
**(Formerly known as “Crest Wealth Management Private Limited”)**

**KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES UNDERTAKEN BY NAFA ASSET MANAGERS PRIVATE LIMITED**

1. The Disclosure Document for Portfolio Management Services by NAFA Asset Managers Private Limited, registered with SEBI to act as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020, bearing Registration No.INP000006989.
2. This Disclosure Document has been filed with the Board along with a certificate in the prescribed format in terms of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
3. The purpose of this Disclosure Document is to provide essential information about the portfolio services in a manner to assist and enable the Investors in making informed decisions for engaging a Portfolio Manager.
4. This Disclosure Document contains necessary information about the Portfolio Manager, required by an Investor before investing, and the Investor is advised to retain this Disclosure Document for future reference.

Investors should carefully read the entire document before making a decision to invest and should retain it for future reference.

The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

<b>Name of the Principal Officer</b>	Mr. N. Balaji Vaidyanath
<b>Designation</b>	Director, CEO & CIO
<b>Phone number</b>	+91 22 68478383
<b>Email address</b>	balajivaidyanath@nafaassetmanagers.com
<b>Website of Portfolio Manager</b>	www.nafaassetmanagers.com

**Date: 20.01.2023**

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## 1. Disclaimer

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (including amendments thereto) and has been filed with the Securities and Exchange Board of India (SEBI). This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

## 2. Definitions

In this Disclosure Document, unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:-

- a) “**Act**” means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) “**Agreement**” or “**Portfolio Management Services Agreement**” or “**PMS Agreement**” means the agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and amendments to the regulations from time to time.
- c) “**Application**” means the application made by the Client to the Portfolio Manager to place its funds and/or securities 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.
- d) “**Assets**” means the Portfolio and/or Funds.
- e) “**Board**” means the Securities and Exchange Board of India.
- f) “**Bank**” Bank means HDFC Bank Limited or such other scheduled commercial bank, with which the Portfolio Manager will open and operate the Bank Accounts for the purpose of Portfolio Management Services.
- g) “**Body Corporate**” shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.
- h) “**Client**” or “**Investor**” means any person who registers with the Portfolio Manager and enters into an agreement with the Portfolio Manager for availing the services of Portfolio Management.
- i) “**Custodian**” means any entity appointed as Custodian by the Portfolio Manager from time to time and on case to case basis to provide custodial services and to act as a Custodian on the terms and conditions agreed between the Custodian and the Portfolio Manager.
- j) “**Depository**” means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

- k) **“Disclosure Document”** means this disclosure document issued by NAFA Asset Managers Private Limited for offering Portfolio Management Services prepared in terms of Regulation 22 and Schedule V of the SEBI (Portfolio Managers) Regulations 2020.
- l) **“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 the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- m) **“Financial year”** means the year starting from 1<sup>st</sup> April and ending on 31<sup>st</sup> March of the following year.
- n) **“Funds”** means the moneys placed by the Client with the Portfolio Manager and any accretions thereto including the proceeds of the sale or 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.
- o) **“Initial Corpus”** means the value of the funds and the value of readily realizable securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.
- p) **“Non-discretionary Portfolio Management Services”** means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and ensure that all benefits accrue to the Client’s Portfolio.
- q) **“Person”** includes an individual, a Hindu Undivided Family, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
- r) **“Portfolio”** means the total holdings of securities managed by the Portfolio Manager on behalf of the client, on the terms and conditions contained in the agreement and includes any further securities placed by the client with the Portfolio Manager for being managed pursuant to the Agreement, securities acquired by the Portfolio Manager through Investment of Funds and bonus and rights shares in respect of securities forming part of the portfolio, so long as the same is being managed by the Portfolio Manager.
- s) **“Portfolio Manager”** means NAFA Asset Managers Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at 302, Naman Centre, Plot No. C - 31, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and shall have the same meaning as given in regulation 2(o) of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.
- t) **“Principal Officer”** means a person who has been designated as Principal Officer by the Portfolio Manager as required under the SEBI (Portfolio Managers) Regulations, 2020 and he will be responsible for the activities of Portfolio Manager.
- u) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including rules, guidelines or circulars issued in relation thereto from time to time.

- v) “SEBI” 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, 1992.
- w) “Securities” means and includes Securities as defined under Securities Contracts (Regulation) Act, 1956.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. 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 usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

### 3. Description

#### a) **History, Present Business and Background of the Portfolio Manager:**

NAFA Asset Managers Private Limited was incorporated as a private limited company on February 22, 2008 under the provisions of the Companies Act, 1956 as Sharyans Wealth Management Private Limited. The Portfolio Manager has undergone a name change to ITI Wealth Management Private Limited on January 13, 2011 which was subsequently changed to Crest Wealth Management Private Limited on November 5, 2014.

Further, on 31<sup>st</sup> January, 2020 the Portfolio Managers has obtained fresh Certificate of Incorporation under the new name i.e. NAFA Asset Mangers Private Limited from the Registrar of Companies, Mumbai, Maharashtra.

There has been a change in Holding Company post receipt of SEBI approval (dated February 27, 2019). Accordingly, a fresh SEBI registration has been received bearing no - INP000006989 on January 20, 2020. We have also sent request to SEBI for de-activation of earlier PMS registration license bearing no. INP000004706 as Portfolio Manager on February 27, 2020.

NAFA Asset Mangers Private Limited is duly authorized to provide Portfolio Management Services under the SEBI (Portfolio Managers) Regulations, 2020 including any amendments thereto from time to time and rules, guidelines, circulars issued under the Act. NAFA Asset Mangers Private Limited has the discretion to appoint brokers, sub-brokers, custodians, and other intermediaries in relation to the discretionary/ non-discretionary/ advisory portfolio management services.

#### b) **Promoters of the Portfolio Manager, Directors and their background.**

##### **Promoters of NAFA Asset Managers Private Limited**

NAFA Asset Managers Private Limited is a Wholly Owned Subsidiary of NAFA Capital Advisors Private Limited (Formerly known as Dues Berg Bosson Financial Services Private Limited).

NAFA Capital Advisors Private Limited is a financial & strategic advisory company based in Mumbai, India and is engaged in providing management consultancy services such as investment banking, strategic advisory and asset management services among others.

It's boutique investment banking arm advises and assists Indian companies to raise capital from domestic and international market and develop an in-depth capital market strategy.

NAFA Capital Advisors Private Limited has also launched a private equity fund (Proposed AUM- Rs. 700 Cr.) that will primary invest in the Agri Ecosystem.

NAFA Asset Managers Private Limited has a team of persons with extensive experience, in-depth domain understanding and strong orientation to excellence and business ethics to offer services to its clients.

**Directors of NAFA Asset Managers Private Limited:**

**i. Mr. N. Balaji Vaidyanath**

Mr. Balaji Vaidyanath was appointed as the Director of the Company on April 28, 2017. He is also the Chief Executive Officer and Chief Investment Officer at NAFA Asset Mangers Private Limited.

He has an experience of more than a decade in equity markets first as a research analyst and then as a portfolio manager at Sundaram Asset Management.

His track record as a fund manager for Sundaram portfolio managers for almost seven years has been impressive across six diverse strategies.

He has delivered consistent returns outperforming the portfolio benchmarks by over 100% across strategies till December 2015 when he relinquished charge.

His ability to stay way ahead of the broad market in bearish phases is a key strength.

Under watch, the asset base of Sundaram Portfolio Managers rose 12-fold to Rs. 1300 crore in a period encompassed by short bullish and bearish phases and a high degree of volatility. High conviction, lengthy holding period, low churn and willingness to stay in cash are integral to his fund management style. With Mr. Balaji Vaidyanath, NAFA Asset Mangers Private Limited offers prospective investors a platform that rests on a solid footing.

Mr. Balaji Vaidyanath is the Chief Investment Officer (“CIO”) of the NAFA AMC Strategies/ portfolios for the below mentioned portfolios in NAFA Asset Managers Pvt. Ltd

- NAFA Absolute Return Portfolio(Earlier known as Crest Absolute Return Portfolio)
- NAFA Emerging Blue Chip Portfolio(Earlier known as Crest Emerging Blue Chip Portfolio)
- NAFA Wealth Builder Portfolio (Earlier known as Crest Wealth Builder Portfolio)
- NAFA Asset Managers Private Limited-NAFA Small Cap Portfolio (Earlier known as Crest Small Cap Portfolio)
- NAFA Asset Managers Private Limited- NAFA Pharma
- NAFA Asset Managers Private Limited-NAFA EO
- NAFA ASSET MANAGERS PVT LTD- NAFA Bond
- NAFA AMC SPECIAL SITUATION PORTFOLIO

**ii. Mr. K.R. Senthilnathan**

Mr. K. R. Senthilnathan was appointed as the Additional Director of the Company on November 28<sup>th</sup>, 2019.

Mr. Senthilnathan has completed his PGDBM in Finance and BE (Electronics & Instrumentation).

He has over 12 years’ experience in Indian equity markets; his last assignment was working on the trading desk of Sundaram Mutual, where he was responsible for executing trades for the domestic equity portfolio which has AUM of over USD1.5bn. Prior to that, he has extensively worked as a research analyst for Sundaram Mutual and Amba.

**iii. Ms. Gayatri Sethuraman**

Gayatri has over seven years of experience across both multi-national and startup establishments. She was previously a co-founder at Dabbadoo, a first of its kind subscription based nutritional daily meal service for school-going children. Prior to that, she had worked with the structured finance team at ICICI Bank and also has experience in ESOPS consulting and equity research.

Gayatri is a CFA Charter holder and holds a Post-Graduate Diploma in Finance from Symbiosis Institute of Business Management (SIBM), Pune.

**iv. Mr. Gaurav Bhalla**

Gaurav has 20 years of sales experience with leading companies as ICICI Securities, ICICI Prudential AMC, HDFC Bank & American Express. Proven track record in revenue generation, sales, distribution, advisory & marketing of investment products including Mutual Funds, PMS, Equity, Structures, AIF, Real Estate & Debt.

Gaurav has completed his MBA in Marketing from Ecole des Ponts Business School-Paris.

Mr. Gaurav Bhalla was appointed as the Director of the Company on August 04<sup>th</sup>, 2022.

**c) Group Company/Firms Details:**

Group Company/Firm information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis) (as per the financial statements as on 31<sup>st</sup> March, 2022.)

Sr. No.	Entity Name	Relationship
1.	New Age Stratfin Advisors Private Limited(Formerly Known as “NAFA Finance Advisors Private Limited” and “Maitreya Financial Advisors Private Limited”)	Subsidiary of Holding Company
2.	BVA Advisors LLP	LLP in which Holding Company is Designated partner through Mr. Ameya Prabhu as Body Corporate Designated Partner Nominee
3.	BVA Strategy Advisors Private Limited	Subsidiary of Holding Company
4	Maitreya Capital Advisors LLP	LLP in which Holding Company is Designated partner through Mr. Ameya Prabhu as Body Corporate Designated Partner Nominee



**d) Details of the services being offered**

NAFA Asset Managers Private Limited presently offers Discretionary, Non-Discretionary and Advisory services. The broad details of the services are given as below:

**i. Discretionary Portfolio Management Services**

In the case of Discretionary Portfolio Management Services, the Portfolio Manager shall independently manage the funds and securities of the client in accordance with the provisions of the portfolio management service agreement. The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the client in any type of security as per the executed agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit. The portfolio manager's decision in deployment of the clients account is absolute and final and cannot be called to question or review at any time during the currency of the agreement or at any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. Investment under the Portfolio Management Services will be only as per the applicable SEBI regulations. The un-invested parts of the Client's Assets may at the discretion of the Portfolio Manager be held in cash or deployed in liquid fund schemes, exchange traded liquid or index funds, debt oriented schemes of mutual funds, Gilt Schemes, Bank deposits, or other short term avenues for investment. The clients' portfolios under the discretionary services are based on client's investment objectives and should not be construed as any scheme promoted by the company.

**ii. Non-Discretionary Portfolio Management Services**

Under this category, the Investment decisions of the Portfolio Manager are guided by the instructions received from the clients under an agreement executed between the Portfolio Manager and the client. The deployment of funds and/or securities is the sole discretion of the client and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Clients instruction for execution. The decision of the client in deployment of Funds and/or securities and the handling of his/her/its Portfolio is absolute and final. The role of Portfolio Manager apart from adhering to investments or divestments upon instruction of the client is restricted to providing market intelligence, research reports, trading strategies, trade statistics and such other material which will enable the client to take appropriate investment decision. However, the Portfolio Manager will continue to act and be strictly guided by relevant guidelines, Acts, Rules, Regulations and notifications in force from time to time. For the purpose of acting on the Client's instruction the Portfolio Manager shall take instructions in writing or through any other medium mutually agreed such as e-mail, fax, telephone etc and may include managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

**iii. Advisory Services**

Under Advisory services the Portfolio Manager in terms of the SEBI (Portfolio Manager) Regulations 2020 include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the clients portfolio, for an agreed fee and for a period as agreed, entirely at the Client's risk; to all eligible category of investors who can invest in Indian market including NRIs, FIIs, etc.

The Portfolio Manager shall be solely acting as an advisor to the portfolio of the client and shall not be responsible for the investment / divestment of securities and / or an administrative activity on the client's portfolio. The Portfolio Manager shall, provide

advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard. The Portfolio Manager shall not in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the Client on the basis of the investment advice provided by the Portfolio Manager.

The Portfolio Manager may act upon any in-house research, commercially available databases & news services, external meetings and visits, third-party & broker research reports, publicly available information etc. Neither the Portfolio Manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the Client or to any other person claiming through the Client for any claim, loss, damage, liability, cost or expense suffered by the Client or any other person arising out of or related to the advisory services provided therein.

**DIRECT ON BOARDING OPTION FACILITY:**

The Portfolio Manager provides an option to clients to invest directly with the Portfolio Manager and avail services of the Portfolio Manager. Such investment can be made without any intermediary or distribution agent with no charges except for statutory charges.

**MINIMUM INVESTMENT AMOUNT:**

The minimum amount for Investment through us for availing Services of Portfolio Management is Rs. 50,00,000/- (Rupees Fifty Lakhs Only).

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

1.	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made thereunder	Nil
2.	The nature of the penalty/ direction	N.A.
3.	Penalties imposed for any economic offence and/or violation of any securities laws	Nil
4.	Any pending material litigation/ legal proceedings against the Portfolio Manager/ Key personnel with separate disclosure regarding pending criminal cases	Nil
5.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or regulatory agency	Nil
6.	Any enquiry/ adjudication proceedings initiated by the Board or any regulatory agency against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Regulations.	Nil

**5. Services offered and Investment Strategies being followed:**

The Portfolio Manager proposes to provide various portfolios/ services based on the mandate of the client as agreed upon between the Portfolio Manager and the Client in the application form / agreement signed by the Client.

The investment objectives of the portfolio of the Clients depending on the Clients’ needs could fall under any one or more of the following or any combination thereof:

- a) To seek to generate capital appreciation / regular returns by investing in equity/ debt/ money market instruments / equity related securities and /or units of Mutual Funds.
- b) To seek to generate capital appreciation / regular returns by investing exclusively in units of mutual funds.
- c) To seek to generate regular returns by primarily investing in debt and money market instruments.
- d) To seek to generate capital appreciation/ regular returns by investing exclusively in gilt securities issued by the Central/State Government securities.

Depending on client's investment objectives, the portfolio manager presently manages the portfolio in accordance with the following investment strategies. Further, depending on the individual client requirements and specifications, the portfolio is customized.

## INVESTMENT APPROACHES

The Portfolio Manager shall provide Portfolio Management Services to all eligible categories of investors who can invest in Indian market including resident Indians, NRIs, FPIs, etc. Investment objectives may vary from Client to Client. Depending on the individual Client requirements, the Portfolio can be tailor-made based on the Client's specifications. Currently the Portfolio Manager offers following categories of different Portfolio strategies, the features which, are given below

### **I. NAFA Wealth Builder Portfolio (Earlier known as Crest Wealth Builder Portfolio)**

#### **Objective:**

The portfolio will aim at substantial capital appreciation by investing in high conviction stocks with a large cap bias.

#### **Strategy/Approach:**

The strategy will identify stocks that will benefit from the improving Indian economic landscape. Top down and bottom up approach will be used to invest in stocks with sound management, strong brand, superior return ratio, low leverage, high fixed asset turnover and scope for operating leverage.

#### **Benchmark:**

The benchmark for this portfolio shall be BSE-500 Index.

#### **Investment Horizon:**

36 Months

#### **Custodian:**

HDFC Bank Limited

## **II. NAFA Absolute Return Portfolio (Earlier known as Crest Absolute Return Portfolio)**

**Objective:**

The objective of the portfolio is to generate uncorrelated, absolute returns over the investment horizon.

**Strategy/Approach:**

The primary focus of the portfolio will be investments in the mid-cap space (USD 100 mm to USD 3 billion) with flexibility to move to large caps opportunistically. The portfolio will have the flexibility to hold high cash balance (0-100%)

**Benchmark:**

Given the absolute return nature of the portfolio, there shall be no benchmark.

**Investment Horizon:**

36 Months

**Custodian:**

HDFC Bank Limited

## **III. NAFA Emerging Blue Chip Portfolio (Earlier known as Crest Emerging Blue Chip Portfolio)**

**Objective:**

To invest in small-cap and mid-cap businesses with visionary management having potential to scale up and grow exponentially over a 5 to 7 year period.

**Strategy/Approach:**

Bottom up approach will be adopted for investing in strong small and medium businesses with sound management that has earnings visibility of at least 2x of the broader market earnings. Top down approach will be used via cash calls to counter macro-economic uncertainties.

**Benchmark:**

The benchmark for this portfolio shall be BSE Mid-Cap index

**Investment Horizon:**

60 to 84 months

**Custodian:**

HDFC Bank Limited

## **IV. NAFA ASSET MANAGERS PRIVATE LIMITED – NAFA Small Cap Portfolio (Earlier known as Crest Small Cap Portfolio)**

**Objective:**

This portfolio is to invest in Small Cap Businesses with high conviction over the stocks which would potentially outperform in 5-7 years of time horizon.

**Strategy/Approach:**

We follow bottom up approach for investing in strong small and scalable businesses with high potential to grow more than 2x of the economy

**Benchmark:**

The benchmark for this portfolio shall be BSE 500 Index

**Investment Horizon:**

60 to 84 months

**Custodian:**

HDFC Bank Limited

**V. NAFA ASSET MANAGERS PVT LTD- NAFA PHARMA**

**Objective:**

The portfolio will aim at substantial capital appreciation by investing in high conviction Pharma stocks across the cap curve

**Strategy/Approach:**

The strategy will identify stocks that will benefit from the improving Pharma landscape, due to pandemics, competitive advantage over peers. Top-down and bottom up approach will be used to invest in stocks with sound management, Good technical capability, Strong R&D, superior return ratio, low leverage, high fixed asset turnover and scope for operating leverage.

**Benchmark:**

The benchmark for this portfolio shall be the BSE 500 Index.

**Investment Horizon:**

36 months

**Custodian:**

HDFC Bank Limited

**VI. NAFA ASSET MANAGERS PVT LTD- NAFA EO**

**Objective:**

The portfolio will aim at substantial capital appreciation by investing in high conviction stocks across the cap curve

**Strategy/Approach:**

The strategy will identify stocks that will benefit from the improving Indian economic landscape. Top-down and bottom up approach will be used to invest in stocks with sound management, strong brand, superior return ratio, low leverage, high fixed asset turnover and scope for operating leverage.

**Benchmark:**

The benchmark for this portfolio shall be the BSE-500 Index.

**Investment Horizon:**

36 months

**Custodian:**

HDFC Bank Limited

## VII. NAFA ASSET MANAGERS PVT LTD- NAFA Bond

**Objective:**

The portfolio will aim at providing tax free returns in an efficient way.

**Strategy/Approach:**

The strategy will identify tax-free bonds in the listed space and enhance returns for the investors in a tax-efficient way. The bottom-up approach will be used to invest in tax-free bonds, using "5C" framework - Promoters Character, Capacity to repay, Credit history, Collateral, Capital leverage.

**Benchmark:**

Long term public sector bank fixed deposit rate.

**Investment Horizon:**

5 to 7 Years

**Custodian:**

HDFC Bank Limited.

## VIII. NAFA AMC SPECIAL SITUATION PORTFOLIO

**Objective:**

The investment objective of the scheme is to provide long-term capital appreciation from a portfolio that is invested in equity and equity-related securities based on some special situations happening in the market like regulatory changes, company-specific changes, management changes, demerger/merger, value unlocking changes, new technologies, global events, etc.

**Strategy/Approach:**

The strategy involves investing in the companies, where the potential value of the company is significantly more than the current price, and the risk-reward ratio is favorable to the investors. The fund will be investing in the companies which are best suited to adopt the great opportunities and manage the challenges. Under this investment strategy, there would be no market cap and no sectoral preferences.

**Benchmark:**

BSE500 INDEX

**Investment Horizon:**

36 to 60 Months

**Custodian:**

HDFC Bank Limited

## IX. NAFA NEW & CLEAN TECH

**Objective:**

To generate long-term capital generation to the tune of 15 to 20% CAGR during the investment horizon by investing in Indian listed entities

**Strategy/Approach:**

The fund targets to achieve returns by investing in high convictional stocks which will benefit from the improving Electric Mobility/clean energy in India in the coming years, thereby capturing the growth potential.

**Benchmark:**

BSE 500

**Investment Horizon:**

5 Years & above

**Custodian:**

HDFC Bank Limited

**Policies for Investment in associate/group Companies and investment by employees in strategies mentioned above**

The Portfolio Manager has mandated itself from not investing in any of its associate/group companies and if in the future there is any investment as such, it will be based on the evaluation mechanism as well as compliance procedures being adopted for other investments to be made under the Portfolio. Currently, no employees of the Portfolio Manager have made investments in the strategies mentioned above.

**Type of Securities where investments may be made by the Portfolio Manager under any of the above mentioned Services**

- a) shares, scrips, stocks, bonds, debentures, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate,
- b) derivative
- c) units or any other instrument issued by any collective investment scheme
- d) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- e) Government securities
- f) units or any other such instrument issued to the investors under any scheme of mutual fund ,
- g) alternative investment fund, venture capital fund;
- h) Any certificate or instrument (by whatever name called), issued to any investor by any issuer being a special purposes 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
- i) such other instruments as may be declared by the Central Government to be securities
- j) Rights or interest in securities.

The above mentioned securities are illustrative in nature. Investments can be made in various equity and equity related securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/non-cumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, units of alternative investment funds, ETFs and other eligible modes of investment as may be permitted by the Regulations from time to time.

The Portfolio Manager may from time to time invest the idle cash balance in units of Liquid Schemes of Mutual Funds/Liquid ETF. Investments can be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc.

The debt category will include all types of debt securities including but not limited to Securitized Debt, Pass Through Certificates, Debentures (fixed, floating, Variable Coupon, and equity index /stocks

/stocks basket linked), Bonds, Government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of both public and private sector undertakings, securities issued by banks (both public and private sector) and development financial institutions, bank fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills and other money market instruments, units of mutual funds, units of SEBI registered alternative investment funds & Venture Capital Funds, floating rate debt securities and fixed income derivatives like interest rate swaps, forward rate agreements etc. as may be permitted by the Act, Rules and/or Regulations, guidelines and notifications in force from time to time.

Asset Classes for investment will always be subject to the scope of investments as may be agreed upon between the Portfolio Manager and the Client by way of any agreement, explicit or implied including this disclosure document, addenda thereof, other documents and communications in writing and emails duly authenticated and exchanged between the client and NAFA Asset Managers Private Limited.

## **6. Risk Factors:**

(a) Investments in securities are subject to market risks, which include price fluctuation risks. There is no assurance or guarantee that the objectives of the investments will be achieved. The investments may not be suited to all categories of Investors.

(b) The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.

(c) The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

(d) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place, company specific and industry specific and macro-economic and regulatory factors.

(e) The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro-economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.

(f) The debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affectedly trading volumes, settlement periods and transfer procedures.

(g) Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.

(h) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the client's portfolio to liquidity risks.

(I) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.

(j) Portfolio services using derivative/ futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to miss-pricing on the improper valuation of derivatives and futures adoptions and the inability



to correlate the positions with underlying assets, rates and indices. Also, the derivatives and future and options market is nascent in India.

(k) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the Portfolio Services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.

(l) Investment decisions made by the Portfolio Manager may not always be profitable.

(m) Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.

(n) The arrangement of pooling of funds from various clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.

(o) In case of investments in schemes of mutual funds/alternative investment funds & venture capital funds, the Client shall bear the recurring expenses and performance fee, if any, of the Portfolio Management Services in addition to the expenses of the underlying schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying schemes in the same proportions.

(p) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.

(q) NAFA Asset Managers Private Limited has no previous experience/ track record as a portfolio manager.

(r) The investment objectives of one or more of the investment profiles could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the client's assets to risks arising out of non-diversification, including improper and/or undesired concentration of investment risks.

### **Specific Risk Factors**

The investments, presently recommended by the Portfolio Manager are subject to following risk factors:

#### **Market Risk**

The Net Asset Value (NAV) of the portfolio will react to the securities market movements. The investor could lose money due to fluctuation in the NAV of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.

#### **Market Trading Risks**

Absence of Active Market: Although securities are listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained.

Lack of Market Liquidity: Trading in securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extra ordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will

continue to be met or will remain unchanged ETF may Trade at Prices other than NAV: ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme's holdings of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in Creation Units directly with the Mutual Fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.

### **Regulatory Risk**

Any changes in trading regulations by the Exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. In the event of a halt of trading in market the Portfolio may not be able to achieve the stated objective.

### **Asset Class Risk**

The returns from the types of securities in which a portfolio manager invest may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison of the general securities markets.

### **Performance Risk**

Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also as the allocation to other securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.

### **Interest Rate Risk**

Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of Mutual Fund in which the portfolio manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.

### **Credit Risk**

Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.

### **Model Risk**

Investments in the Market Linked Debentures (MLDs) are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

### **Investments in Derivative Instruments**

As and when the investments are done in derivative market, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the

ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the “Counter party”) to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:

- (a) Credit Risk - this occurs when a counterparty defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavorable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange.
- (b) Market Liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- (c) Model Risk is the risk of mis-pricing or improper valuation of derivatives.
- (d) Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.

### **Illiquidity Risk**

The corporate debt market is relatively illiquid vis-a-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a security can therefore suffer. Even though the Government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Exchange may be halted because of market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the portfolio manager at his sole discretion will return the securities to the Client.

### **Zero Return Risk**

Returns on investments undertaken in structured securities would depend on occurrence/ nonoccurrence of the specified event. Thus, returns may or may not accrue to an investor depending on the occurrence/non-occurrence of the specified event.

### **Redemption Risk**

The payoffs as envisaged in structured securities are such that the Client may lose apart/entire amount invested.

### **Risk of Real Estate investment**

Investment in securities of companies investing in real estate is subject to risk of fluctuations in real estate prices. Portfolio returns are dependent on real estate market. Investor could lose money if real estate prices go down at the time of maturity.

### **Specific Risk factors & Disclosures pertinent to Structured Notes & Securitized debt instruments**

- a. Presently, secondary market for such securitized papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure;
- b. Securitized transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors 'Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor;
- c. The Structured Notes like the Index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss;
- d. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of "The Issuer of index linked securities" or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of "The Issuer of index linked securities" or any of its Agents;
- e. The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;
- f. The returns on the Structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the securities) the security holder may receive no income/return at all or negative income/return on the security, or less income/return than the security-holder may have expected, or obtained by investing elsewhere or in similar investments;

- g. The return on investment in securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly;
- h. In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities / AMC;
- i. There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities;
- j. At any time during the life of such securities, the value of the securities may be substantially less than its redemption value. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down;
- k. The securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities;
- l. The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind;
- m. The Issuer of equity index linked securities or any of its Agents, have the legal ability to investing the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

#### **Other Risks**

- a. There have been no transactions of purchase and sale of Securities by NAFA Asset Managers Private Limited and its employees directly involved in investment operations having conflict of interest with the transactions in any of the client's portfolio.
- b. There is no conflict of interest related to services offered by group companies of NAFA Asset Managers Private Limited.

## 7. Client Representation

### Details of Clientele and Funds Managed

Category of Clients	Number of Clients	Funds Managed (Rs. Crores)	Discretionary/Non-Discretionary/Advisory
<b>As on September 30, 2022</b>			
Associates/ Group Companies	-	-	Discretionary
<b>Others</b>			
Individuals	90	81.34	Discretionary
Non-Resident Individuals	43	73.34	Discretionary
Corporate	6	10.46	Discretionary
Corporate	2	128.92	Advisory
<b>Total</b>	<b>141</b>	<b>294.06</b>	

Category of Clients	Number of Clients	Funds Managed (Rs. Crores)	Discretionary/Non-Discretionary/Advisory
<b>As on March 31 2022</b>			
Associates/ Group Companies	-	-	Discretionary
<b>Others</b>			
Individuals	85	84.33	Discretionary
Non-Resident Individuals	41	70.19	Discretionary
Corporate	4	7.91	Discretionary
Corporate	2	115.50	Advisory
<b>Total</b>	<b>132</b>	<b>277.93</b>	

Category of Clients	Number of Clients	Funds Managed (Rs. Crores)	Discretionary/Non-Discretionary/Advisory
<b>As on March 31, 2021</b>			
Associates/ Group Companies	-	-	Discretionary
<b>Others</b>			
Individuals	60	47.53	Discretionary
Non-Resident Individuals	41	48.19	Discretionary
Corporate	3	3.69	Discretionary
Corporate	-	-	Advisory
<b>Total</b>	<b>104</b>	<b>99.42</b>	

Category of Clients	Number of Clients	Funds Managed (Rs. Crores)	Discretionary/Non-Discretionary/Advisory
<b>As on March 31, 2020</b>			
Associates/ Group Companies	-	-	Discretionary
<b>Others</b>			
Individuals	72	30.75	Discretionary
Non-Resident Individuals	44	26.08	Discretionary
Corporate	3	0.81	Discretionary
Corporate	-	-	Advisory
<b>Total</b>	<b>119</b>	<b>57.64</b>	

**8. Financial Performance of Portfolio Manager based on Audited Financial Statements for the year ended March 31<sup>st</sup>, 2022.**

Particulars	For year ended March 31, 2022 (Rs.)
Gross Income	38,605,000
Expenses	33,558,000
Profit / (Loss) before Tax	50,47,000
Tax expenses(Deferred Tax)	(1,98,000)
Profit / (Loss) after Tax	48,49,000
Balance in Profit & Loss account brought forward	(56,474,195)
Balance in Profit & Loss account carried forward	(51,626,000)
Equity Capital *	7,85,00,000
Net Worth	2,46,92,837

**9. Portfolio Management Performance**

The Portfolio Manager began on-boarding of client from December 30, 2015 and hence the performance details of the present strategies are unavailable for last 3 years. Portfolio management performance of the portfolio manager for the period ended August 31<sup>st</sup>, 2022 is given below. In case of strategies managed under the discretionary portfolio management services, performance indicators are calculated using weighted average method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020, as amended from time to time.

Name of the Portfolio	Inception Date	Returns since inception till December 31 <sup>st</sup> 2022	Returns for Current Year (April 01, 2022 till December 31 <sup>st</sup> 2022)
NAFA Absolute Return Portfolio(Earlier known as Crest Absolute Return Portfolio)	19-Feb-2016	<i>(As on date, no clients are invested through this portfolio)</i>	
NAFA Emerging Blue Chip Portfolio(Earlier known as Crest Emerging Blue Chip Portfolio)	01-Mar-2016	151.07%	-0.95%
NAFA Wealth Builder Portfolio (Earlier known as Crest Wealth Builder Portfolio)	01-Mar-2016	106.44%	8.58%
NAFA Asset Managers Private Limited-NAFA Small Cap Portfolio (Earlier known as Crest Small Cap Portfolio)	11-Mar-2019	109.10%	5.00%
NAFA Asset Managers Private Limited- NAFA Pharma	30-Jun-2020	-	-
NAFA Asset Managers Private Limited-NAFA EO	30-Jun-2020	-	-
NAFA ASSET MANAGERS PVT LTD- NAFA Bond	18-Sep-2020	-	-
NAFA AMC VALCREATE GROWING INDIA	03-Nov-2020	-	-
NAFA AMC Valcreate Income And Growth	03-Nov-2020	-	-

Name of the Portfolio	Inception Date	Returns since inception till December 31 <sup>st</sup> 2022	Returns for Current Year (April 01, 2022 till December 31 <sup>st</sup> 2022)
NAFA AMC Valcreate Specialty Opportunities	03-Nov-2020	-	-
NAFA AMC SPECIAL SITUATION PORTFOLIO	20-Jan-2021	-	-
NAFA NEW & CLEAN TECH	13-Sep-2021	21.05%	-1.30%

**Note for computation of returns:**

The percentage of returns is worked out on the basis of Time based Weighted Average Rate of Return. The above returns are consolidated returns for all the clients. The returns for each client may differ. The above returns are net of all fees and charges levied by the Portfolio Manager.

**10. Audit Observations:**

The observations by the Internal auditors for the preceding 3 years i.e. 2019-20, 2020-21 and 2021-22 for NAFA Asset Managers Pvt. Ltd (Formerly known as Crest Wealth Management Pvt. Ltd) – Portfolio Management Operations is attached herewith as an Annexure to the Disclosure Document.

**11. Nature of Costs and Expenses for clients**

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

- a. **Management & Advisory Fees:** Professional charges relate to the Portfolio management services offered to clients by the Portfolio Manager. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these. Return based fees shall be calculated on “High Water Mark Principle”. The present fee schedule has been attached herewith as an Annexure to this disclosure document.
- b. **Custodian/Depository Fees:** The charges relating to opening and operation of dematerialized accounts, custody, fund administration and transfer charges for shares, bonds and units, dematerialization, re-materialization and other charges in connection with the operation and management of the depository accounts.
- c. **Registrar and Share transfer agent fee:** Charges payable to registrars and Share transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.
- d. **Brokerage and transaction costs:** The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.
- e. **Certification and professional charges:** Charges payable for outsourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.
- f. **Incidental Expenses:** Charges in connection with the courier expenses, stamp duty, goods and service tax, depository charges, postal, telegraphic, opening and operation of bank accounts etc.



- g. **Other charges:** As may be mutually agreed between client and Portfolio Manager.
- h. **Audit Report fees:** In terms of Regulation 20 (3) of Securities and Exchange Board of India (Portfolio Managers Regulations), 2020, the client shall be issued an audit report from the internal auditors of the Company for which fee is payable to the auditors.
- i. **Manner of payment:**  
Client shall pay by way of cheques / DD or Debit (electronically) from the client portfolio account, as per the respective fee schedule applicable to the portfolio services opted by the client

## 12. Taxation:

Any tax liabilities on the Portfolio and yields there from shall be borne and paid by the Client. The Portfolio Manager does not take any responsibility for any matters relating to the income tax filings or assessments of the Client. The Client is advised to consult his/her/its own tax advisor with respect to the specific tax implication arising out of his/her/its investments.

## 13. Accounting Policy / Valuations:

The following accounting policy will be applied for the portfolio investments of clients:

- (a) Investments in listed equity and debt instruments will be valued at the closing market price on the “NSE” as of the previous day from the date of receipt of security under custody. If the Securities are not traded on the NSE on the valuation day, the closing price of the security on “BSE” will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.
- (b) Unlisted Securities/investments will be valued at cost till the same are priced at Fair Market Value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
- (c) Realized gains/losses will be calculated by applying the First in First out (FIFO) principle.
- (d) Unrealized gains/losses are the differences, between the current market value/Net Asset Value and the historical cost of the Securities.
- (e) Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- (f) Dividends accrued where credited to the clients bank account linked to the respective demat account and where the Portfolio Manager does not hold the PoA to operate the client bank account will be shown as corpus outward. In all other cases, dividend accrued and received shall continue to be part of the corpus.
- (g) In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase will not be treated as a cost of purchase but will be credited to Interest to be adjusted against the receipt.

(h) For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions.

(i) Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale will not be treated as an addition to sale value but will be credited to Interest Recoverable Account.

(j) Transactions for purchase or sale of investments 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. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is an enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

(k) Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

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

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

(n) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

(o) In case of Portfolio products, Portfolio received from the Clients in the form of securities will be accounted at previous working day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous working day's closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on BSE will be used for aforesaid accounting purpose.

The Investor may contact the Investor services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues. The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or the market practice followed for similar type of securities.

#### **14. Prevention of Money Laundering & Know Your Customer (KYC) Requirements**

SEBI has mandated that all registered intermediaries to formulate and implement a comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer' (KYC) norms. Further, SEBI vide Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 (which supersedes all the earlier circular) issued a 'Master Circular for Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002' consolidating all the requirements/instructions/ obligations of Securities Market Intermediaries.

Accordingly, the investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, Anti-Corruption Act and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti money laundering laws and regulations in all of its operations.

Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client doesn't comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements. Further, the Portfolio Manager has put in place client due diligence measures including screening procedures whereby names of the investors will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of application / refund of application money / freezing of investor account for future transactions / submitting Suspicious Transactions Report (STR) to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe / suspect that the transactions involve Money Laundering or Terrorist Financing or proceeds of crime.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account / rejection or refund of the application etc. due to non-compliance with the provisions of any of the aforesaid Regulations or Applicable Laws.

Investors are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011 and CIR/MIRSD/ 11 /2012 dated September 5, 2012 has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. CIR/MIRSD/120 /2016 dated November 10, 2016 and MIRSD/Cir-23/2011 dated December 2, 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets. Accordingly, KYC registration is being centralized through KYC Registration Agencies (KRA) registered with SEBI. Thus each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KRA. Applications shall be liable to be rejected if the investors do not comply with the aforesaid KYC requirements.

SEBI vide its circular CIR/MIRSD/ 66 /2016 has informed that the Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI), set up under subsection (1) of Section 20 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, to act as, and to perform the functions of, the Central KYC Records Registry under the PML Rules 2005, including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”, as defined in clause (ha) sub-section (1) of Section 2 of the Prevention of Money Laundering Act, 2002. In the first phase, the registered intermediaries are required to upload the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016.

## 15. Client/ Investor Services:

### A. Contact Information

Name, address and telephone number of the investor relations officer who shall attend to the investor queries and complaints.

Name: Ms. Deepali More  
Email: deepalimore@nafaassetmanagers.com  
Reg. Office Address: NAFA Asset Managers Private Limited  
302, Naman Centre, Plot No. C - 31, G Block,  
Bandra Kurla Complex, Bandra (E), Mumbai 400 051  
Telephone No.: +91 22 68478383

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and wherewithal to handle investor complaints.

## **B. Grievance Redressal and dispute settlement mechanism**

The Portfolio Manager has in place a dedicated system for addressing 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.

Communication details of officer for Client complaints and queries

Name: Mr. N. Balaji Vaidyanath –Principal Officer  
Email: balajiv@nafaassetmanagers.com  
Reg. Office Address: NAFA Asset Managers Private Limited  
302, Naman Centre, Plot No. C - 31, G Block,  
Bandra Kurla Complex, Bandra (E), Mumbai 400 051  
Telephone No.: +91 22 68478383

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query or concern within 30 days as required by SEBI.

The above details are also available on the website viz. [www.crestwealth.co.in](http://www.crestwealth.co.in)

### **a. Grievance and Settlement Mechanism through SEBI Complaints Redressal System (SCORES) platform**

Further in case the resolution provided by the Portfolio Manager is not satisfactory, the matter may be referred to SEBI through the SCORES Platform.

SCORES is a centralized web based complaints redress system to provide a speedy redressal platform for aggrieved investors whose grievances pertaining to securities market remained unresolved by market intermediaries registered with SEBI after a direct approach.

On receipt of complaints through SCORES, SEBI takes up the matter with the concerned market intermediary and follows up with them.

Any action taken by the Portfolio Manager is not taken as complete if the relevant details/ supporting documents are not uploaded on SCORES and consequently the complaint will continue to be treated as pending.

A complaint shall be treated as resolved/ disposed/ closed only when SEBI disposes/ closes the complaint in SCORES. Hence, mere filing of Action Taken Report (ATR) with respect to the complaint will not mean that the complaint is not pending against them.

Failure by the Portfolio Manager to file ATR under SCORES within 30 days of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non redressal of investor grievance.

All disputes, differences, claims and questions whatsoever will in the first place be tried to be settled by mutual discussions. In the event of failure of settlement through mutual discussions between the Client and Portfolio Manager, all disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/ or their respective representatives shall be settled in

accordance with and subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

## 16. General

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two way agreement between themselves in addition to the standard agreement.

Name of Director	Signature
Mr. N. Balaji Vaidyanath	Sd/-
Mr. K.R. Senthilnathan	Sd/-

**FORM C**

**SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS)  
REGULATIONS, 2020  
(Regulation 22)**

Dear Investor,

We confirm that:

- I. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- II. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us /investment in the Portfolio Management Services;
- III. The Disclosure Document has been duly certified by an independent chartered accountant Vinayak P Pai & Associates, (A-1/202, Saket Complex, Thane (West) – 400601 Tel. 022-4970 8970, Registration No – 126836W) on **20<sup>th</sup> January, 2023**.

Enclosed is a copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

The copy of the Chartered Accountant's certificate is enclosed.

**For NAFA Asset Managers Private Limited**

Sd/-

**N. Balaji Vaidyanath  
Principal Officer**

Email: balajiv@nafaassetmanagers.com

Phone No: +91 22 68478383

Address: 302, Naman Centre, Plot No. C - 31, G Block,  
Bandra Kurla Complex, Bandra (E), Mumbai 400 051

Telephone No.: +91 22 68478383

**Date: 20.01.2023**

**Place: Mumbai**

**ANNEXURE TO AUDIT OBSERVATIONS**

SR NO	PERIOD OF AUDIT	INTERNAL AUDITOR OBSERVATIONS
1	April 19- March 20	Three instances where the fresh funds contributed by existing client during the period under review have been invested in the new strategy viz. ‘Small Cap Portfolio’ without entering into a fresh agreement with the client. A fresh agreement including annexure for management fees duly signed needs to be obtained, as the existing agreement does not include the objective of the new strategy in order to comply with the requirement of Sch. IV Regulation 14. - <i>A separate sheet already attached in existing account opening form for new strategy. As a measure, Crest PMS team shall obtain a positive email confirmation from the client regarding the investment in the new portfolio and the adherence to the management fee structure.</i>
		Disclosure Document was not filed at the time of launch of ‘Small Cap Portfolio’ strategy on 11th March, 2019. Further, the latest Disclosure Document filed with SEBI dated 30th August, 2019 does not include the details of ‘Small Cap Portfolio’ strategy. There is a change in Benchmark of ‘Small Cap Portfolio’ strategy from ‘BSE Small Cap’ to ‘BSE 500’ during the period under review. The stated change should be disclosed in next Disclosure Document to be duly filed with SEBI. – <i>Ratified this information in the disclosure document filed with SEBI in March 2020.</i>
		The Disclosure document has not been furnished to the clients contributing funds in ‘Small Cap Portfolio’ strategy.
		Bank Reconciliation is not being prepared on a daily basis.
		Statement of Transactions and Statement of Interest, Dividend, Bonus shares, Rights shares and Debentures were not furnished to the clients periodically.
		On termination of contract, the statement of accounts (SOA) is not furnished to client either through physical copy or through e-mail.
2	April 20- March 21	The Networth Certificate as on 31st March 2021 has not been filed with SEBI before deadline i.e. 30 <sup>th</sup> Sept 2021.
		Delay in submission of monthly reports to SEBI for April 2020 and May 2020.
		Quarterly Reports sent to the clients do not cover 3 of the points mentioned as per the SEBI requirements.
		Delay in capturing KYC details in CERSAI CKYCR database and non-submission of records for few clients in CERSAI CKYCR database.
		Non-upload/fetching of the client’s information from KRA database.
		Non filing of FATCA/CRS returns
Non-reconciliation of bank balances with statements.		
3	April 21- March 22	Delay in submission of monthly reports to SEBI for July 2021
		Client agreements were not issued in the prescribed format.
		Quarterly reports were not sent to client
		Detailed statement of accounts not sent to Clients via email on termination of PMS agreement
		Delay was observed in capturing the CKYC details of clients with CERSAI
		Delay was observed in uploading the client’s information to KRA database
		FIU FINNET 2.0 Portal Registration not done
		4 Distributors are not having AMFI Registration Number and/or have not cleared NISM-Series-V-A exam
		Some shares were held by Client not forming part of Model Portfolio.
		Non filing of FATCA/CRS returns
Non-reconciliation of bank balances with statements.		

**ANNEXURE TO MANAGEMENT & ADVISORY FEES**

**DETAILS OF FEES**

1.	Upfront Fee	NIL
2.	Management Fee (p.a.)	Up to 2.5%
3.	Exit Charges (FIFO Method) If exited within 1 year	1%