

CARNELIAN ASSET ADVISORS PRIVATE LIMITED
(Erstwhile CARNELIAN ASSET ADVISORS LLP)

DISCLOSURE DOCUMENT
for
PORTFOLIO MANAGEMENT SERVICES

The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

The purpose of the Disclosure Document is to provide essential information about the Portfolio Management Services of Carnelian Asset Advisors Private Limited, in a manner to assist and enable the investors in making informed decisions for engaging Carnelian Asset Advisors Private Limited as a Portfolio Manager.

The Disclosure Document contains necessary information about the Portfolio Manager, Carnelian Asset Advisors Private Limited, required by an investor before investing. The investor is advised to retain the Disclosure Document for future reference.

All the intermediaries involved in this Portfolio Management service are registered with SEBI as on the date of this document.

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

Name of the Principal Officer	Mr. Sachin Jain
Phone	+91 22-66914023
E-mail	sachin@carneliancapital.co.in
Address	B – 1405, One BKC, Bandra Kurla Complex, Bandra East, Mumbai - 400051

Date: November 02, 2020

Place: Mumbai

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1. DISCLAIMER CLAUSE:

The particulars given in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure Document. This document is not for public distribution and has been furnished solely for your information and may not be reproduced or redistributed to any person.

2. DEFINITIONS:

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively.

“Act” means the Securities and Exchange Board of India, Act 1992 (15 of 1992)

“Advisory Services” shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. 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.

“Agreement” means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto.

“Application” means the application made by the Client to the Portfolio Manager as more particularly described in Schedule A to the Agreement, for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, 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.

“Assets” means (i) the Portfolio and/or (ii) the Funds (as the case may be).

“Bank Account” means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or the Product (as may be applicable).

“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.

“Client” means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services.

“Custodian” means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.

“Depository Account” means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.

“Disclosure Document” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.

“Discretionary Portfolio Management Services” shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.

“Distributor” means a person/entity who may refer a client to avail services of Portfolio Manager in lieu of commission/charges (whether known as Channel Partners, Agents, Referral Interfaces or by any other name)

“Funds” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this 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.

“Financial year” means the year starting from April 1 and ending on 31st March of the following year.

“Net Asset Value” means the market value of assets in the Portfolio including equity, debt and cash and cash equivalents

“Non-Discretionary Portfolio Management Services” shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/instructions.

“Parties” means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.

“Person” includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided family or any other body of persons, whether incorporated or not.

“Portfolio” means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to this Agreement and includes initial Securities, any further Securities that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this 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 managed by the Portfolio Manager.

“Portfolio Manager” means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the client the management or administration of portfolio of securities or the funds of the client, as the case maybe. For the purpose of this Disclosure Document, Portfolio Manager is Carnelian Asset Advisors Private Limited (Erstwhile Carnelian Asset Advisors LLLP)

“Principal Officer” means a director or any senior management employee of the Portfolio Manager, who is responsible for the activities of the portfolio management and has been designated as principal officer by the Portfolio Manager.

“Portfolio Management Fees/Advisory Fee” shall have the meaning attributed thereto in Clause [10] of this Disclosure Document.

“RBI” means Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.

“Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 2020, and as may be amended from time to time.

“Scheduled Commercial Bank” means any bank included in second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

“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.

“Product” means any current investment Products or such Products that may be introduced at any time in the future by the Portfolio Manager.

“Securities” includes: “Securities” as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:

- i. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- ii. derivatives;
- iii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- iv. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- v. units or any other such instrument issued to the investors under any mutual fund scheme;
- vi. Government securities;
- vii. such other instruments as may be declared by the Central Government to be securities; and
- viii. Rights or interest in securities;

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 the regulations governing Portfolio Management Services.

3. DESCRIPTION:

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

‘Carnelian Asset Advisors Private Limited’ was incorporated as ‘Omniscient Capital Advisors LLP’ as on March 13, 2018 with registered office as B-1013, Kanakia Wall Street, Andheri Kurla Road, Andheri (East), Mumbai – 400093.

‘Omniscient Capital Advisors LLP’ had its name changed to ‘Carnelian Asset Advisors LLP’ with new registered office at B – 1405, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Later in June 2020, the status of ‘Carnelian Asset Advisors LLP’ was converted from Limited Liability Partnership to a Private Limited Company now known as ‘Carnelian Asset Advisors Private Limited’

‘Carnelian Asset Advisors LLP’ (now known as ‘Carnelian Asset Advisors Private Limited’) is registered with SEBI as a Portfolio Manager vide registration no. INP000006387 under SEBI (Portfolio Managers) Regulations 1993 dated February 22, 2019. It has been rendering portfolio management services to its clients since May 2019

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

➤ Details of Promoters as on date is mentioned below:

NAME	CATEGORY	% of SHAREHOLDING
Mr. Sachin Jain	Promoter & Shareholder	25.50
Mr. Manoj Bahety	Promoter & Shareholder	25.50
Mr. Vikas Khemani	Promoter & Shareholder	24.50
Mrs. Swati Khemani	Promoter & Shareholder	24.50
TOTAL		100

➤ **Details of Directors of the Portfolio Manager and their background:**

NAME	QUALIFICATION	EXPERIENCE
Mr. Sachin Jain	Chartered Accountant	Sachin has 11 years of work experience in Indian capital market with overall experience of 18+ years in key strategic roles. He last served as Chief Operating Officer (COO) Capital Market Group at Edelweiss and overseeing risk, technology, HR, strategy and operations for various businesses including institutional equities and investment banking. He has also founded prime brokerage business at Edelweiss, which provides custodial services, clearing services, India access and related services to various institutional and non-institutional clients. He has also served as director in Edelweiss Securities Limited, Edelweiss Broking limited and Edelweiss Securities (Hong Kong) Pvt. Ltd. He was also a key member of Management Committee – a group of senior leadership at Edelweiss. Prior to Edelweiss he has got rich experience in companies like ICICI Bank and H&R Johnson India Limited.
Mr. Manoj Bahety	Chartered Accountant & CFA Charterholder (USA)	Manoj has 20 years of rich & diverse financial services experience with marquee institutions– Edelweiss Securities, Morgan Stanley, RIL, and HPCL. Prior to Carnelian, he has spent 11 years at Edelweiss Securities as Dy. Head – Institutional equity research, Head – forensic, thematic & mid cap research. He is known for his differentiated non consensus research and has pioneered forensic research, popularly known as “Analysis Beyond Consensus” (ABC research). He has represented various committees of CFA institute, which include Chairperson of India advocacy committee; member of USA based global CDPC committee.
Mr. Vikas Khemani	Chartered Accountant, Company Secretary & CFA Charterholder (USA)	Vikas has 22 years of capital markets experience, most recently as the CEO of Edelweiss Securities Ltd, where he spent 17 years incubating & building several businesses to leadership including institutional equities and equity research. He has a strong business acumen & deep understanding of capital markets; enjoys strong relationship with corporate India and is associated with several industrial bodies and committees. He has served as a member of the CII National Council on Corporate Governance, FICCI Capital Markets Committee and was an invited member at the Executive Council of Bombay Management Association. He is a member of Young Presidents Organization (YPO), a global forum for entrepreneurs and CEOs and was awarded Young Professional Achievers Award for the service sector by ICAI in 2014.
Mrs. Swati Khemani	Chartered Accountant	Swati has spent 7 years at Edelweiss Financial Services Ltd. across the investment banking and institutional equities businesses including equity research and institutional sales. She has actively covered the financial sponsors and enjoys a good relationship with the investor & corporate community. Prior to Edelweiss, she started her entrepreneurial journey with Newedge Consulting (HR consultancy) and managing the family office. Over the last couple of years, Swati has found interest in angel investing and has been investing & mentoring in the start-up world. Her strength lies in understanding businesses, investing and relationship building.

iii. Group company/firm's information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis)

- Cernelian Asset Management LLP
- Cernelian Capital Advisors LLP

iv. Details of Services being offered

The Portfolio Manager offers Discretionary PMS, Non-Discretionary PMS and Investment Advisory services.

Discretionary Services:

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of Securities and in any market as he deems fit for the benefit of the Client as per the Discretionary Portfolio Investment Management Agreement. The Securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The Securities traded or held by the Portfolio Manager for different Client's Portfolios, even if invested in the same Investment Strategy, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines, and notifications in force from time to time.

Non-Discretionary Services:

Under these services, the Clients decide their own investments with the Portfolio Manager facilitating the execution of transactions. 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 rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

Portfolio Manager may invest up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan) and no distribution fees will be charged to the client.

However, Portfolio Manager shall invest the clients' funds neither in the portfolio managed or administered by another portfolio manager nor based on the advice of any other entity.

Advisory Services:

The Portfolio Manager will provide Advisory Services, in terms of Regulations, which shall be in the nature of non-binding investment advisory and shall include the responsibility of advising on the Portfolio strategy, investment and divestment of individual Securities on the Clients Portfolio, for an agreed fee structure and for a period agreed in the Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market.

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.

Portfolio Manager may provide advice for investment up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY:

Cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or Rules and Regulations made there under	None
The nature of the penalty / direction	None
Penalties imposed for any economic offence and/or for violation of any securities laws	None
Any pending material litigation/ legal proceedings against the portfolio manager /key personnel with separate disclosures regarding pending criminal cases, if any	None
Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency	None
Any enquiry / adjudication proceedings initiated by the Board 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 Rules or Regulations made there under	None

5. SERVICES OFFERED BY THE PORTFOLIO MANAGER:

i. The Portfolio manager offers below mentioned Discretionary Portfolio Management Services as per the following Investment Approaches

a. INVESTMNET APPROACH - CARNELIAN CAPITAL COMPOUNDER STRATEGY

• Investment objective

Carnelian Capital Compounder Strategy is a long only, multi-cap, sector agnostic strategy, with an objective to generate sustainable alpha and compound capital over a long period of time through the MCO framework. The Strategy offers a unique & unconventional blend of Magic (accelerated growth), Compounder (stable growth) & Opportunistic companies.

Though reasonable endeavour will be made to achieve the objectives of strategy, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

• Description of types of securities

Under Carnelian Capital Compounder Strategy client's monies would be primarily invested in equity shares and equity linked instruments issued by companies which are listed in India. Some part of client monies might be invested in mutual funds, units of money market and any other asset classes and securities as permissible under the Regulations.

• Basis of selection of such types of securities as part of the investment approach

Carnelian Capital Compounder Strategy's investment approach is to identify and invest in great business with strong corporate governance available at reasonable valuations amongst listed companies. Securities are identified using unique MCO (Magic, Compounder & Opportunistic) framework.

Securities under Magic framework are selected based on catalyst such as Management /CEO change, Industry structure change, New growth catalyst, Product innovation, completion of capex cycle & others. Magic bucket aims at capturing earnings growth and valuation rerating arising out of such catalyst.

Securities under compounder framework are selected on criteria such as large opportunity size and sustainable moat, High ROE, Efficient capital allocation, Robust free cash flow generation & Growth and governance. Compounder bucket aims at capturing earning growth over a long period of time

Securities under opportunities framework are selected on criteria such as deep value with cash flows, Special situation (IPO, Merger/Demerger, Delisting etc), Temporary headwinds. Opportunistic bucket is an opportunistic way of capturing opportunity which market might offer.

Hence under this investment approach investments are primarily made in equity shares and equity linked instruments issued by companies listed in India. To keep some part of client monies in liquid form, such monies are either invested in units of money market funds or liquid fund or they are retained in the bank account in form of bank balance.

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Equity and equity linked instruments	= > 50%
Units of money market / Liquid fund/ Bank balance	Up to 50%

- **Benchmark to compare performance**

BSE 200

- **Basis for choice of benchmark**

Strategy is a long only sector agnostic and Multicap strategy with predominant focus on large cap and midcap hence BSE 200 is selected as benchmark for comparing performance

- **Indicative tenure or investment horizon**

3 – 5 Years

- **Risks associated with the investment approach**

Please refer Clause 6 for Risk Factors

b. INVESTMENT APPROACH - CARNELIAN SHIFT STRATEGY

- **Investment objective**

The investment objective of this strategy is to seek long term capital appreciation through investment primarily into manufacturing, Technology and ancillary sectors which are likely to benefit on account of global shift/diversification of trade into India from other parts of the world, mainly China and acceleration in IT spending and digitization due to Covid 19

Though reasonable endeavour will be made to achieve the objectives of strategy, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

- **Description of types of securities**

Under Carnelian Shift strategy client's monies would be primarily invested in equity shares and equity linked instruments issued by companies which are listed in India. Some part of client monies might be invested in mutual funds, units of money market and any other asset classes and securities as permissible under the Regulations

- **Basis of selection of such types of securities as part of the investment approach**

The scheme will be investing in companies which are likely to benefit on account of import substitution, export opportunity, as well as market share consolidation. Scheme will mainly focus into manufacturing, Technology and other ancillary sectors, the scheme may also consider closely associated service sectors. Strong governance, cash flow generation and capital efficient

businesses, are some of the financial parameters that form the key selection criteria of companies in this strategy. Scheme is Multicap with pre-dominant focus on small and midcap

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Equity and equity linked instruments	=> 50%
Money Market / Liquid Funds / Bank Balance	Up to 50%

- **Benchmark to compare performance**

BSE 500

- **Basis of Benchmark**

Strategy is a long only with multi-cap orientation with predominant focus on small and mid-cap. hence BSE 500 is selected as benchmark for comparing performance

- **Indicative tenure or investment horizon**

3-5 Years

- **Risks associated with the investment approach**

Please refer Clause 6 for Risk Factors

c. INVESTMENT APPROACH - CARNELIAN LIQUID STRATEGY

- **Investment objective**

The portfolio is intended to aid investors who primarily are desirous of investing into equities but are unsure of market movements in the near term and do not want to invest all the funds in equity at one go. Such investors can invest into Carnelian Liquid Portfolio and can subsequently transfer funds to equity PMS over a period of time.

Though reasonable endeavour will be made to achieve the objectives of strategy, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

- **Description of types of securities**

Under this strategy client monies will be invested in Growth option of Liquid / Money Market Mutual Funds

- **Basis of selection of such types of securities as part of the investment approach**

Since the objective of the portfolio is to park money temporarily the above mentioned securities have been selected.

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Growth option of Liquid / Money Market Mutual Funds	100%

- **Benchmark to compare performance**

India 91-day T-Bill

- **Basis of Benchmark**

Since the objective of the portfolio is to park money temporarily, the benchmark is chosen appropriately.

- **Indicative tenure or investment horizon**

The tenure will be short Term with an objective of interim parking of money.

- **Risks associated with the investment approach**

Given that the portfolio invests into liquid / money market mutual funds, all risks applicable to such funds will be applicable. Few of them are as follows:

- Liquid / money market funds invests into fixed income securities and hence will be subject to interest rate risk, credit risk, liquidity risk, reinvestment risk, etc.
- Though the portfolio of such funds comprises of short –term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates change, sometimes on a daily basis, thereby making the fund susceptible. However such interest rate changes though have a low impact on the fund.
- Please refer Clause 6 for All the Risk Factors

ii. **The Portfolio manager offers below mentioned Non-Discretionary Portfolio Management Services as per the following Investment Approaches.**

d. **INVESTMENT APPROACH - CARNELIAN NON-DISCRETIONARY CAPITAL COMPOUNDER STRATEGY**

- **Investment objective**

Carnelian Non-Discretionary Capital Compounder Strategy is a long only, multi-cap, sector agnostic strategy, with an objective to generate sustainable alpha and compound capital over a long period of time through the MCO framework. The Strategy offers a unique & unconventional blend of Magic (accelerated growth), Compounder (stable growth) & Opportunistic companies.

Though reasonable endeavour will be made to achieve the objectives of strategy by recommending stock ideas to the clients and taking exposure only after receiving client confirmation, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

- **Description of types of securities**

Under Carnelian Non-Discretionary Capital Compounder Strategy client's monies would be primarily invested in equity shares and equity linked instruments issued by companies which are listed in India, after the due consent of the client. Some part of client monies might be invested in mutual funds, units of money market and any other asset classes and securities as permissible under the Regulations.

- **Basis of selection of such types of securities as part of the investment approach**

Carnelian Non-Discretionary Capital Compounder Strategy's investment approach is to identify and invest in great business with strong corporate governance available at reasonable valuations amongst listed companies. Securities are identified using unique MCO (Magic, Compounder & Opportunistic) framework.

Securities under Magic framework are selected based on catalyst such as Management /CEO change, Industry structure change, New growth catalyst, Product innovation, completion of capex cycle & others. Magic bucket aims at capturing earnings growth and valuation rerating arising out of such catalyst.

Securities under compounder framework are selected on criteria such as large opportunity size and sustainable moat, High ROE, Efficient capital allocation, Robust free cash flow generation & Growth and governance. Compounder bucket aims at capturing earning growth over a long period of time

Securities under opportunities framework are selected on criteria such as deep value with cash flows, Special situation (IPO, Merger/Demerger, Delisting etc), Temporary headwinds. Opportunistic bucket is an opportunistic way of capturing opportunity which market might offer.

Hence under this investment approach investments are primarily made in equity shares and equity linked instruments issued by companies listed in India. To keep some part of client monies in liquid form, such monies are either invested in units of money market funds or liquid fund or they are retained in the bank account in form of bank balance.

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Equity and equity linked instruments	= > 50%
Units of money market / Liquid fund/ Bank balance	Up to 50%

- **Benchmark to compare performance**

BSE 200

- **Basis for choice of benchmark**

Strategy is a long only sector agnostic and Multicap strategy with predominant focus on largecap and midcap hence BSE 200 is selected as benchmark for comparing performance

- **Indicative tenure or investment horizon**

3 – 5 Years

- **Risks associated with the investment approach**

Please refer Clause 6 for Risk Factors

e. INVESTMENT APPROACH - CARNELIAN NON-DISCRETIONARY SHIFT STRATEGY

- **Investment objective**

The investment objective of this strategy is to seek long term capital appreciation through investment primarily into manufacturing, Technology and ancillary sectors which are likely to benefit on account of global shift/diversification of trade into India from other parts of the world, mainly China and acceleration in IT spending and digitization due to Covid 19.

Though reasonable endeavour will be made to achieve the objectives of strategy by recommending stock ideas to the clients and taking exposure only after receiving client confirmation, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

- **Description of types of securities**

Under Carnelian Non-Discretionary Shift Strategy client's monies would be primarily invested in equity shares and equity linked instruments issued by companies which are listed in India. Some part of client monies might be invested in mutual funds, units of money market and any other asset classes and securities as permissible under the Regulations

- **Basis of selection of such types of securities as part of the investment approach**

The scheme will be investing in companies which are likely to benefit on account of import substitution, export opportunity, as well as market share consolidation. Scheme will mainly focus into manufacturing, Technology and other ancillary sectors, the scheme may also consider closely associated service sectors. Strong governance, cash flow generation and capital efficient businesses, are some of the financial parameters that form the key selection criteria of companies in this strategy. Scheme is Multicap with pre-dominant focus on small and midcap

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Equity and equity linked instruments	=> 50%
Money Market / Liquid Funds / Bank Balance	Up to 50%

- **Benchmark to compare performance**

BSE 500

- **Basis of Benchmark**

Strategy is a long only with multi-cap orientation with predominant focus on small and mid-cap. hence BSE 500 is selected as benchmark for comparing performance

- **Indicative tenure or investment horizon**

3-5 Years

- **Risks associated with the investment approach**

Please refer Clause 6 for Risk Factors

f. INVESTMENT APPROACH - CARNELIAN NON-DISCRETIONARY LIQUID STRATEGY

- **Investment objective**

The portfolio is intended to aid investors who primarily are desirous of investing into equities but are unsure of market movements in the near term and do not want to invest all the funds in equity at one go. Such investors can invest into Carnelian Non-Discretionary Liquid Portfolio and can subsequently transfer funds to equity PMS over a period of time.

Though reasonable endeavour will be made to achieve the objectives of strategy by recommending investment ideas to the clients and taking exposure only after receiving client confirmation, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

- **Description of types of securities**

Under this strategy client monies will be invested in Growth option of Liquid / Money Market Mutual Funds

- **Basis of selection of such types of securities as part of the investment approach**

Since the objective of the portfolio is to park money temporarily the above mentioned securities have been selected.

- **Allocation of portfolio across types of securities**

Type of Security	Allocation in Portfolio
Growth option of Liquid / Money Market Mutual Funds	100%

- **Benchmark to compare performance**

India 91-day T-Bill

- **Basis of Benchmark**

Since the objective of the portfolio is to park money temporarily, the benchmark is chosen appropriately.

- **Indicative tenure or investment horizon**

The tenure will be short Term with an objective of interim parking of money.

- **Risks associated with the investment approach**

Given that the portfolio invests into liquid / money market mutual funds, all risks applicable to such funds will be applicable. Few of them are as follows:

- Liquid / money market funds invests into fixed income securities and hence will be subject to interest rate risk, credit risk, liquidity risk, reinvestment risk, etc.
- Though the portfolio of such funds comprises of short –term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates change, sometimes on a daily basis, thereby making the fund susceptible. However such interest rate changes though have a low impact on the fund.
- Please refer Clause 6 for All the Risk Factors

iii. Minimum Investment Amount:

The client shall deposit with the Portfolio manager, an initial corpus consisting of Securities and / or funds of an amount prescribed by Portfolio Manager for a specific strategy / portfolio which is subject to the minimum amount as specified by SEBI, as amended from time to time. The client may make additional contributions in the form of securities and / or funds over and above the minimum threshold on one or more occasions or on a continual basis, subject to discretion of Portfolio Manager.

iv. Eligible Investors

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FPI and any other eligible investors.
- Non-Residents Indians (NRI) are eligible to invest in this portfolio. The portfolios for NRIs shall be managed keeping in view the list of stocks where Reserve Bank of India has barred investments by NRIs. Accordingly, the NRIs portfolio may differ to that extent with the other persons in this Product.
- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, risk category, residential status or such other criteria, as may be required by the client and by regulations.
- The portfolio of each client may differ from that of the other client in the same portfolio strategy, as per the discretion of the Portfolio Manager

v. Policy for investment in associate/ group companies

The Portfolio Manager will not invest client's money in its associate / group companies

vi. Direct Onboarding Options

Client has an option to invest with us directly without availing the services of Distributors. For more details the client can write to us on operations@carneliancapital.co.in, alternatively the client can also reach out for this option via our website link <https://www.carneliancapital.co.in/investwithus> under PMS tab.

6. RISK FACTORS

All investments under the portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.

- i. Investments in securities are subject to market risks which include price fluctuation risks. There is no assurance or guarantee that the objectives of any of the portfolio will be achieved. The investments may not be suited to all categories of investors. In achieving objectives of the portfolio

the investments made in securities could be subject to diversification risk being exposure to limited sectors.

- ii. The names of the portfolio do not in any manner indicate their prospects or returns. The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
- iii. The debt investments and other fixed income securities may be subject to Interest rate risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- iv. The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns
- v. Investments in equity run the risk of volatility, high valuation, obsolescence and low liquidity. Mid-cap and low-priced stocks may suffer from low liquidity.
- vi. Portfolio's using derivative / futures and options products are affected by risks different from those associated with stock and bonds. Such products 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 mis-pricing or the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Also, the derivatives and futures and options market is nascent in India.
- vii. As and when the Portfolio Manager trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying interest but also of the derivative instrument itself.
Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price rate movement correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.
- viii. In the normal course of business, circumstances may arise that could result in the interest of Carnelian Asset Advisors Pvt Ltd conflicting with that of its affiliates / group entities where Carnelian Asset Advisors Pvt Ltd makes best efforts to ensure that such conflicts of interest are identified and managed and that clients' interests are protected. Carnelian Asset Advisors Pvt Ltd shall ensure fair treatment to all clients while providing unbiased services and render high standards of services and shall also ensure to put the client's interest above all.
Carnelian Asset Advisors Pvt Ltd and its group companies have policies and procedures in place to control the flow and use of nonpublic information and employees' personal account trading. Where appropriate and reasonably achievable, Carnelian Asset Advisors Pvt Ltd segregates the activities of staff working in areas where conflicts of interest may arise.
- ix. In the case of stock lending, risks relate to the defaults from counter parties with regards to securities lent and the corporate benefits accruing thereon, inadequacy of the collateral and settlement risks. The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the portfolios.

- x. The Portfolio Manager may invest in the shares, debt, deposits and other financial instruments except other than mutual funds units of group companies with prior consent of the Client which shall be obtained in writing. The investment in shares of group companies will be governed by arms length relationship.
- xi. Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio.
- xii. The liquidity of the Portfolio's Investments is inherently restricted by trading volumes in the securities in which it invests.
- xiii. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yield. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- xiv. The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio manager may not be able to sell/lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the Approved Intermediary to return the securities deposited by the lender and the possible loss of corporate benefit accruing thereon.
- xv. In achieving objectives of the portfolio, the investments made in securities could be subject to diversification risk due to exposure to limited sectors.
- xvi. Any act, omission or commission of the Portfolio Manager under this agreement will be solely at the risk of the client and the Portfolio Manager will not be liable for any act, omission or commission taken or failure to act save and except on the ground of malafide, fraud, conflict of interest or gross negligence, willful default and/or fraud of the Portfolio Manager.
- xvii. The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Company or Corporation for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, as stated herein above, by the Company or Corporation concerned, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.
- xviii. Subject to applicable taxation laws, in force from time to time, the Portfolio Manager shall not on its own deduct any tax at source while effecting disbursements/payments of amounts interim or otherwise to the Client under this agreement, and shall certify the debit of tax at source the Client's Account on a Pro-rata basis as far as practicable. For, Securities if any held in the name of the Portfolio Manager on behalf of the Client, and other independent Portfolio Clients, as on date of declaration of record date of any Company's interest or any other corporate benefit declaration, the Portfolio Manager, in case receives the Company's tax deduction at source certificate if any for any amount subjected to tax. The Portfolio Manager shall only distribute the net interest or other amount to each Clients Account. Any tax arising on such disbursement shall be charged to the Clients account and shall be borne by the Client in full. The Portfolio Manager shall not undertake tax planning of the Client under this agreement. In the event of any demand being made on the Portfolio Manager by the appropriate revenue/taxation authorities to pay certain amounts towards purported tax liability in connection with or arising from the transactions carried out by the Portfolio Manager, the Client hereby expressly authorizes the Portfolio Manager to comply with the demand and pay such amount to the revenue/taxation authorities and debit the Client's account accordingly. The Portfolio Manager will be at liberty but not obliged or required to resist such demands, if the Portfolio Manager as its discretion, thinks fit, and in this event, the Portfolio Manager is hereby authorized to incur any fees, duties, commissions, costs, charges and expenses

required to so resist the demand including the cost of appointing any Chartered Accountant, Tax Expert, Lawyer, Solicitor or Advocate but the Portfolio Manager will not be responsible if ultimately the demand is held/upheld to be proper and lawful. Despite the fact that the Portfolio Manager does not undertake tax planning of the Client, if in pursuance of directions issued by the appropriate revenue/taxation authorities, the Portfolio Manager is obliged to represent any Client in respect of any of the aforesaid directions, the Portfolio Manager is hereby empowered by the Client to file, sign, and/or execute such papers and/or documents on behalf of the Client as might be necessary in that behalf. If required, the Client shall have executed a valid, irrevocable Power of Attorney in favor of the Portfolio Manager or any other nominee (s) or agent (s) of the Portfolio Manager conferring inter alia powers to represent the Client before such revenue/taxation authorities and comply with other requirements as envisaged in this agreement. The Client agrees and undertakes to furnish any information, papers and documents as may be required by the Portfolio Manager in connection with tax incidence or implications and also for the proper operation of the Client's account thereto. We would advise investors to seek taxation advice from their independent financial advisors/accountants before investments are made.

7. CLIENT REPRESENTATION

i. Fund management business details:

Category of Clients	Discretionary/ Non-Discretionary	No of Clients	Funds Managed* (Rs. Crores)
Associates/ Group Companies	NA	NA	NA
Others			
FY 2019	NA	NA	NA
FY 2020	Discretionary	9	9.66
	Non-Discretionary	4	5.22
Total		13	14.88
FY 2021 (as on September 2020)	Discretionary	18	25.31
	Non-Discretionary	Nil	Nil
Total		18	25.31

*Funds Managed indicates market value of Assets under Management.

ii. Disclosures in respect of Transactions with Related Parties as Per Accounting Standard "Related Party Disclosure" Specified by The Institute of Chartered Accountants Of India

a. Related Parties

- Partners who are exercising significant influence over the Firm:

Mr. Sachin Jain
Mr. Manoj Bahety
Mr. Vikas Khemani (w.e.f. 3rd May 2019)
Mrs. Swati Khemani (w.e.f. 3rd May 2019)

- Enterprises over which significant influence is exercised by above partners:

Carnelian Asset Management LLP
Carnelian Capital Advisors LLP

b. Transactions and balances with related parties

Particulars	2019-20	2018-19
Transactions in partners' capital account		
Fixed account - capital introduced	49,000	1,00,000
Fixed account - capital withdrawn	49,000	-
Current account - capital introduced	1,00,50,600	2,61,00,000
Current account - capital withdrawn	5,50,600	2,00,000
Current account - partners' share in distribution of firm's gain / (loss)	(23,12,852)	1,11,990
Loan given during the year		
Carnelian Asset Management LLP	70,00,000	-
Interest income		
Carnelian Asset Management LLP	2,78,552	-
Reimbursement of expenses paid to		
Partners		75,276
Reimbursement paid on behalf of		
Carnelian Asset Management LLP	38,518	-
Carnelian Capital Advisors LLP	-	16,675
Closing balance as on March 31st		
Partners' capital account		
Fixed capital account	1,00,000	1,00,000
Current capital account	3,31,99,138	2,60,11,990
Loan receivable		
Carnelian Asset Management LLP	70,00,000	-
Interest receivable		
Carnelian Asset Management LLP	2,50,679	-
Other receivable		
Carnelian Capital Advisors LLP	16,675	16,675
Other Payable		
Carnelian Asset Management LLP	20,773	

8. THE FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER:

Financial highlights of Carnelian Asset Advisors LLP (*Now known as Carnelian Asset Advisors Private Limited*) for the last 2 years are given as under:

Particulars	March 31, 2020 Audited (Rs)	March 31, 2019 Audited (Rs)
Profit/(Loss) before depreciation & tax and after Exceptional & Extraordinary Items	(22,36,471)	2,10,949
Other comprehensive income	-	-
Less: Depreciation	76,381	47,061
Less: Provision for tax	-	51,898
Less: MAT credit utilised/(entitlement)	-	-
Less/(Add): Deferred Tax	-	-
Less: Fringe Benefit Tax	-	-
Less: Wealth Tax	-	-
Less: Provision for Tax (for previous year)	-	-
Less: MAT credit (for previous year)	-	-
Profit/(Loss) for the year after tax	(23,12,852)	1,11,990
Add/(Less): Balance B/F from previous year	-	-
Balance carried to Balance Sheet / Partners Account	(23,12,852)	1,11,990

9. PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER FOR THE LAST 3 YEARS:

The Portfolio Manager started its first portfolio on May 15, 2019. The performance of the Discretionary Portfolio vis-à-vis Benchmark performance is as mentioned below:

Strategy Name / Benchmark	*FY 2019	**FY 2020
Carnelian Capital Compounder Strategy	-14.20%	27.42%
S&P BSE - 200	-22.99%	32.46%

*Inception Date – May 15, 2019

**FY 2020 - Performance till September 30, 2020 calculated using “Time Weighted Rate of Return” (TWRR)

Carnelian Shift Strategy and Carnelian Liquid Strategy is proposed to be launched soon hence no performance has been mentioned herein above.

10. AUDIT OBSERVATIONS:

The Internal Auditor has not found any material observations in the operation and compliances of Portfolio Manager for the last Audit conducted as on September 2019.

11. NATURE OF EXPENSES:

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 or the Agreements for each of the services availed by the client at the time of execution of such agreements.

i. Portfolio Management Fees/ Investment Management / Advisory Fees:

It relates to the fees payable by the client for the Portfolio Management Services offered to the Clients by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of funds managed or linked to portfolio on return achieved or a combination of any of these or Advisory Fee, as set out in the Portfolio Management Service Agreements / annexure / schedules attached thereto. Performance based fee is charged when there is incremental profit, this is known as High Water Marking. The detailed fee schedule is available as a part of agreement and depends on the nature of product. For Carnelian Liquid Strategy no Portfolio Management Fees/ Investment Management / Advisory Fees will be charged as the money will be parked on a temporary basis in this strategy.

ii. Depository, Custodian and Fund Accounting charges:

These charges relate to opening and maintenance of Depository Accounts and/or custody fee and charges (wherever required) paid to the Custodians and/or Depository Participants, dematerialization of scrips, Securities lending & borrowing & their transfer charges in connection with the operation and management of the Client's Portfolio account may be charged and recovered from the Client. Custody and Fund Accounting charges shall be in the range of 1 – 10 basis points on the Asset under Management (AUM). Depository charges shall be at actuals as applicable from time to time. Additional applicable taxes as applicable shall be charged.

iii. Registrar and transfer agent fee:

A fee payable to the Registrar and Transfer Agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits; courier, post etc may be charged and recovered from the Client. These charges shall be in the range of 10 basis points charged at actuals as applicable from time to time. Additional applicable taxes shall be charged on the amount of registrar and transfer agent fee.

iv. Brokerage and transaction cost:

These costs relate to charges payable to the broker for account opening charges, execution of transactions on the stock exchange or otherwise on purchase & sale of shares, bonds, debentures, units, and other instruments and includes charges like service charges, stamp duty, service tax, turnover tax, transaction cost, security transaction tax, entry and/ or exit load on sale or purchase of mutual fund etc as applicable from time to time may be charged and recovered from the Client. Brokerage shall be in the range not exceeding 25 basis points of the Transaction value. All applicable taxes, duties, statutory charge shall be charged at actuals

v. Certification and professional charges:

Charges payable for outsourced 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. may be charged and recovered from the Client on actual basis. Additional applicable taxes shall be charged on the amount of fees.

vi. Upfront/ Exit Load:

The Portfolio Manager will not charge any Upfront Fees to the clients directly or indirectly. However, the Portfolio Manager shall charge the client an exit load on Full or Partial redemption / withdrawal from the date of investment will be 3% if redeemed in year 1, 2% if redeemed in year 2, 1% if redeemed in year 3 and Nil if redeemed post year 3. Exit load shall be charged as applicable to the specific Strategy under the PMS. No Upfront / Exit load will be charged on the Carnelian Liquid Strategy.

vii. Incidental expenses:

Charges in connection with day to day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager will be charged at actuals.

viii. Goods and Services Tax:

At actuals as applicable from time to time

ix. Bank Charges:

At actuals as applicable from time to time

x. Portfolio Manager shall not charge any fees to Clients at the time of onboarding except the specific charges applicable for execution of the agreement and related documents for account opening

xi. Operating expenses (excluding brokerage, fees charged for Portfolio Management Service and statutory charges, taxes and duties) shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

12.TAXATION:

Clients will be responsible and liable for taxes under the provisions of the Income Tax Act, 1961 for any income generated out of the investment made in the portfolio management scheme. The Portfolio Manager will not deduct tax on the capital gains generated out of the investment to be made in the portfolio management scheme. However, this will be subject to any of the provisions of the Income Tax Act, 1961 or the Finance Bill, as applicable. Carnelian Asset Advisors Private Limited (erstwhile Carnelian Asset Advisors LLP) shall provide adequate statements to the clients for accounting purpose.

For non-resident clients, the short-term Capital Gains tax is deducted at source by the bank. In view of the individual nature of tax benefits, each prospective client/investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their availing Portfolio management services, in terms of the provisions of the Income-tax Act, 1961. Clients are best advised to take independent opinion from their tax advisors / experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the

fulfillment of the Client's tax obligations. The provisions of the Income Tax Act, 1961 shall apply to the Client and the Portfolio Manager in respect of their individual income.

Details under FATCA / Foreign Tax Laws Tax regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/declaration in the application form may undergo a change on receipt of communication/guidelines from SEBI.

13.ACCOUNTING POLICIES:

Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client.

- i. For the purposes of the financial statements, the firm shall carry all investments in the balance sheet at cost.
- ii. Investments introduced by the client in portfolio will be booked at the market value as of the date of introduction to the portfolio.
- iii. Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex- dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.
- iv. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- v. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
- vi. Transactions for purchase or sale of investments shall be recognized as of the trade date and not, as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
- vii. Bonus shares to which the Client becomes entitled 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.
- viii. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
- ix. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note.
- x. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- xi. All other expenses payable by the client shall be accrued as and when liability is incurred.
- xii. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange will be used for valuation of securities. In case of the securities 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 declared for the relevant Scheme on the date of the report.
- xiii. Open positions in derivative transactions, will be marked to market on the valuation day,
- xiv. Private equity/Pre IPO placements will be valued at cost or at a last deal price available at which company has placed shares to other investors.
- xv. Unrealized gain/losses are the differences, between the current market value/ Net Asset Value and the historical cost of the securities.

- xvi. 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 the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- xvii. Investment Management fees would be calculated on daily weighted average AUM and charged on monthly basis on the first day of subsequent month.
- xviii. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.

14. INVESTORS SERVICES

Name, address and telephone number of the Investor Relations Officer who shall attend to the client's queries and complaints are as below:

Name	Mrs. Swati Khemani
Designation	Head- Investor Relation Officer
Address	B – 1405, One BKC, Bandra Kurla Complex, Bandra (East) Mumbai – 51
Telephone	+91-22 66914023
Email	swati@carneliancapital.co.in

Grievance Redressal and Dispute Settlement mechanism:

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. All grievances can be sent to Carnelian on the designated email id investorgrievance@carneliancapital.co.in. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web-based complaints redress system (SCORES)

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 2020 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.

The Portfolio Manager will endeavour 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.

For Carnelian Asset Advisors Private Limited (Erstwhile Carnelian Asset Advisors LLP)

Sachin Jain Director & Principal Officer	JAIN SACHIN Digitally signed by JAIN SACHIN Date: 2020.11.02 18:11:36 +05'30'
Manoj Bahety Director	BAHETY MANOJ KUMAR Digitally signed by BAHETY MANOJ KUMAR Date: 2020.11.02 18:12:13 +05'30'

Date: November 02, 2020

Place: Mumbai

FORM C

Certificate of Portfolio Manager under (Regulation 22) of Securities & Exchange Board of India
(Portfolio Managers) Regulations, 2020

Name of the Portfolio Manager	Carnelian Asset Advisors Private Limited (Erstwhile Carnelian Asset Advisors LLP)
Address	B--1405, One BKC, Bandra Kurla complex, Bandra (E) Maharashtra, India - 400051
Phone	+91-22 – 66914023
E-mail	investorgrievance@carneliancapital.co.in

We confirm that:

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;

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 through the Portfolio Manager;

The Disclosure Document has been duly certified by an independent Chartered Accountant as on November 02, 2020. The details of the Chartered Accountant are as follows:

Name of the Firm	NGS & Co. LLP
Partner/Proprietor	R.P. Soni
Membership No	104796
Address	B-46, 3rd Floor, Pravasi Estate, V N Road, Goregaon (E) Mumbai – 63
Telephone No	+91-22-49084401

**For Carnelian Asset Advisors Private Limited
(Erstwhile Carnelian Asset Advisors LLP)**

**JAIN
SACHIN**

Digitally signed
by JAIN SACHIN
Date: 2020.11.02
18:11:00 +05'30'

**Sachin Jain
Director & Principal Officer
Date: November 02, 2020
Place: Mumbai**

CERTIFICATE

We have been requested by **Carnelian Asset Advisors Private Limited** (formerly known as Carnelian Asset Advisors LLP) ("the Company") having registered office at B-1405, One BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Maharashtra and having SEBI Registration No. INP000006387, to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22, Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have verified Disclosure Document and the details with the respective documents by the Management of the Company and have relied on various representations made to us by the Management wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and information provided in the Disclosure Document dated 02 November 2020 are true, fair, and adequate as required under Regulation 22 and Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have relied on the representation given by the management about the penalties or litigation against the Portfolio Manager, if any, as mentioned in the Disclosure Document.

This certificate has been issued solely for complying with the requirements of SEBI (Portfolio Managers) Regulations, 2020 for the sole purpose of certifying the contents of the Disclosure Document for Portfolio Management Scheme and should not be used or referred to for any other purpose without our prior written consent.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796



UDIN: 20104796AAACDR2630

Place: Mumbai
Date: 02 November 2020