Name of the Asset Management Company:
ICICI Prudential Asset Management Company Limited
Name of the Mutual Fund: ICICI Prudential Mutual Fund
Name of SIF: iSIF

KEY INFORMATION MEMORANDUM
iSIF Active Asset Allocator Long-Short Fund
offered by ICICI Prudential Mutual Fund

(An interval investment strategy dynamically investing across equity, debt, equity and debt derivatives, InVITs and commodity derivatives, including limited short exposure on permitted instruments through derivatives.)

This product is suitable for investors who are seeking*:		
• Long term wealth creation • An interval investment strategy dynamically investing across equity, debt, equity and debt derivatives, InVITs and commodity derivatives, including limited short exposure on permitted instruments through derivatives. #Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	**Risk-band*** 	**BenchmarkRisk – band: 50% Nifty 500 TRI + 40% Nifty Composite Debt Index + 7% Domestic Price of Gold + 3% Domestic Price of Silver** 
***The Risk Band is as per AMFI specifications.** The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made.		

Offer of units of Rs10. each during the
New Fund Offer and Continuous offer for Units at NAV based prices

New Fund Offer Opens on : May 19, 2026
New Fund Offer Closes on : June 02, 2026

In accordance with the Master Circular for Mutual Funds dated March 20, 2026 (the Master Circular), the AMC reserves the right to make any changes in the dates of the New Fund Offer (NFO) subject to the conditions that in case of pre- closure the NFO shall be open for a minimum of 3 working days and the extension, if any, shall not be for more than 15 calendar days or such period as allowed by SEBI. The AMC shall publish an addendum to this effect on the website of the AMC.

INVESTMENT STRATEGY CODE: ISIF/I/H/AALS/25/11/0003/ICIC

Name of SIF	iSIF
Name of Mutual Fund	ICICI Prudential Mutual Fund
Name of Asset Management Company	ICICI Prudential Asset Management Company Limited (**Corporate Identity Number:** L99999DL1993PLC054135)
Address of the Asset Management Company	**Registered Office:** 12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi – 110 001 **Corporate Office:** ICICI Prudential Mutual Fund Tower, Vakola, Santacruz East, Mumbai – 400055 Tel.: (+91 22) 6647 0200/ 2652 5000 and Fax: (+91 22) 6666 6582 / 83 **Central Service Office:** 2nd Floor, Block B-2, Nirlon Knowledge Park, Western Express Highway, Goregaon (East), Mumbai - 400 063
Name of the Trustee Company	ICICI Prudential Trust Limited (**Corporate Identity Number:** U74899DL1993PLC054134)
Address of the Trustee Company	12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi – 110 001.
Website	https://www.isif.icicipruamc.com/

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the Investment Strategy/Mutual Fund, due diligence certificate by AMC, Key Personnel, Investor's rights & services, risk factors, penalties & litigations etc. investor should, before investment, refer to the Investment Strategy Information Document (ISID) and Statement of Additional Information (SAI) available free of cost at any of the Investor Service Centre or distributors or from the website **https://www.icicipruamc.com**, **https://www.isif.icicipruamc.com/**

The particulars of iSIF Active Asset Allocator Long-Short Fund (the Investment Strategy) have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder by SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Investment Strategy Information Document (ISID).

This Key Information Memorandum is dated April 24, 2026.

INVESTMENT OBJECTIVE:
The Investment Strategy intends to dynamically invest in equity and equity related securities with an aim to achieve long term capital appreciation and also invest in Debt instruments to generate regular income. The Investment Strategy can also invest in units of InVITs. The Investment Strategy can also adopt equity, debt and commodity derivative strategies.

There is no assurance that the investment objective of the Investment strategy will be achieved.

ASSET ALLOCATION PATTERN:

Under normal circumstances, the asset allocation under the Investment Strategy will be as follows: -

Instruments	**Indicative allocations (% of total assets)**	
	Minimum	**Maximum**
Equity and Equity related securities (including up to 25% in Unhedged short exposure through derivative instruments)#	35	80
Debt & Money Market instruments (including up to 25% in Unhedged short exposure through derivative instruments)# and Units of Debt Oriented Mutual Funds	10	55
Exchange traded Commodity derivatives		
Units issued by Infrastructure Investment Trusts (InvITs)	0	20

#Derivatives exposure will be upto 100% & Unhedged short position will be upto 25% of net assets.

Cumulative Gross exposure:
- The cumulative gross exposure through equity, debt, derivative positions (Equity, Debt and Commodities), Infrastructure Investment Trusts (InvITs) and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the investment strategy.
- Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure. SEBI vide letter dated November 3, 2021 has clarified that Cash Equivalent shall consist of Government Securities, T-Bills and Repo on Government Securities.

– The Margin may be placed in the form of such securities / instruments / deposits as may be permitted/eligible to be placed as margin from the assets of the investment strategy. The securities / instruments / deposits so placed as margin shall be classified under the applicable category of assets for the purposes of asset allocation.
Exposure to various instruments will be as per the indicative table given below: (Below percentages shall be subject to applicable SEBI circulars):

Sr. no	Type of Instrument	Percentage of exposure	Circular references*
1.	Stock Lending	Up to 20% of Net Assets and single intermediary (broker) limit up to 5% of net assets	Paragraph 13.6 of the Master Circular
2.	Short Exposure through derivatives for non-hedging and other than for portfolio rebalancing purposes	Up to 25% Net Assets	Paragraph 21.6 of the Master Circular
3.	Securitized Debt	Up to 20% of the debt portfolio	Paragraph 21.5 (2) of the Master Circular
4.	Overseas securities	Up to 35% of the Net Assets	Paragraph 13.11 of the Master Circular
5.	Units issued by REITs	Investment in units of Real Estate Investment Trusts (REITs) shall be in accordance with paragraph 13.13.5 of the Master Circular	Paragraph 13.13.5 of the Master Circular.
6.	Units issued by InvITs	Up to 20% of the net assets and upto 10 % of its NAV in case of units issued by a single issuer.	Paragraph 21.5 (4)
7.	Debt instruments with special features (AT I and Tier II Bonds)	Up to 10% of the Net Assets	Paragraph 13.1(9) of Master Circular
8.	Debt Instruments with Structured Obligations and Credit Enhancements	Up to 10% of the debt portfolio of the investment strategy and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the investment strategy in the following instruments: a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and b. Supported rating of debt instruments (i.e. after factoring - in credit enhancement) is above investment grade	Paragraph 13.1 (10) of the Master Circular.
9.	Tri-party repos	Up to 35% of Net Assets	As per SEBI and RBI requirement, issued from time to time
10.	Repo/reverse repo transactions in corporate debt securities	Up to 10% of Net Assets	Paragraph 13.8 of the Master Circular
11.	Credit Default Swaps	Nil	Not Applicable
12.	Units of Mutual Fund	Up to 35% The Investment Strategy may invest in units of Mutual Fund under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter Investment Strategy investment made by all Investment Strategies under the same management or in Mutual Funds under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.	Clause 3 of Schedule 6 read with Regulation 41

➢ **Rebalancing due to Short Term Defensive Consideration**: Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per Paragraph 1.9.1.b of SEBI Master Circular, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation.

➢ **Rebalancing due to Passive Breaches**:
Further, as per Paragraph 3.11 of the Master Circular, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period. Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in Paragraph 3.11.3 of the Master Circular.

Further, in case of any passive breaches of prudential limits inter alia including issuer limits, group limits and sector limits etc. prescribed in SEBI (Mutual Funds) Regulations, 2026 and circulars issued thereunder, the rebalancing of such passive breaches shall be carried out in accordance with the provisions prescribed under paragraph 3.11 of the Master Circular, provided the specific timeline for rebalancing is not prescribed for the respective prudential limit.

Deployment of Funds collected in New Fund Offer (NFO) period :- Pursuant to paragraph 7.24, the AMC shall deploy the funds garnered during the NFO within 30 business days from the date of allotment of units. If the AMC is unable to deploy the funds within the 30 business day period, a written explanation, including details of the efforts taken to deploy the funds, must be presented to the AMC's Investment Committee. The Investment Committee may extend the deployment timeline by up to 30 business days and will provide recommendations to ensure timely deployment in the future. In case the funds are not deployed as per the asset allocation mentioned in the ISID as per the aforesaid mandated plus extended timelines, AMC shall:

- not be permitted to receive fresh flows in the Investment Strategy till the time the funds are deployed as per the asset allocation mentioned in the ISID;
- not be permitted to levy exit load, if any, on the investors exiting the Investment Strategy after 60 business days of not complying with the asset allocation of the Investment Strategy;
- inform all investors of the NFO, about the exit option without exit load, via email, SMS or other similar mode of communication;
- report deviation, if any, to Trustees at each of the above stages

Apart from the above investment restrictions, the Investment Strategy may follow certain internal norms vis-à-vis limiting exposure to scrips, sectors etc., within the above mentioned restrictions, and these are subject to review from time to time.

Negative List: The Investment Strategy will not invest/ have exposure in the following:

Sr. No.	Particulars
1.	Credit Default Swaps

INVESTMENT APPROACH:

iSIF Active Asset Allocator Long-Short Fund is an interval investment strategy dynamically investing across equity, debt, equity and debt derivatives, exchange traded commodity derivatives, InVITs and any other securities as permissible under Regulations from time to time. Further, the Investment Strategy shall follow an active investment approach.

The primary objective of Investment strategy is to generate long term capital appreciation by investing in equity and equity related instruments of companies and to generate regular income through investments in Debt & Money Market Instruments. The Investment Strategy can also invest in exchange traded commodity derivatives and units of InvITs. The Investment Strategy would actively rebalance the equity portion of the portfolio depending on the market scenarios.

For investment in Debt & Money Market Securities, the Investment strategy aims to identify debt/ money market securities which offer optimal level of yields/returns, considering risk-reward ratio. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the Risk Management Team of the AMC. The credit evaluation includes a study of the operating environment of the issuer, the short as well as long-term financial health of the issuer. Rated debt instruments in which the Investment Strategy invests will be of investment grade as rated by a credit rating agency. The AMC may consider the ratings of such Rating Agencies as approved by SEBI to carry out the functioning of rating agencies. The Investment strategy may invest in securitised debt. The Investment strategy may also undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed. The investment strategy can invest in units of debt oriented mutual fund schemes.

The Investment strategy may invest in the mutual fund schemes managed by the AMC or in any other Mutual Funds in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments.

For the present, the Investment strategy does not intend to enter into underwriting obligations. However, if the Investment Strategy does enter into an underwriting agreement, it would do so after complying with the Regulations and with the prior approval of the Board of the AMC/Trustee.

Pertaining to commodities, the Investment strategy can invest in the Derivatives (ETCD appropriate Exchange Traded Commodity) or any other permissible instruments linked with commodity prices. Long-term investments investment in commodities will be based on the commodity fundamentals driven by comprehensive research studies, demand-supply, and other macro-economic factors. Short term investment will be to capture arbitrage opportunities, price corrections or other event based opportunities in the market.

The investment strategy can also have maximum 25% unhedged short exposure in permissible exchange traded derivative instruments like Stock / Index Futures or Options, Interest Rate Derivatives, Overnight Index Swaps and Forward Rate Agreements. The Investment strategy may also use various equity, debt and commodity derivative instruments for the purpose of hedging, portfolio balancing and other purposes, as permitted under the Regulations.

The investment strategy may undertake following derivative strategies:

Broad Derivatives Strategy	Explanation
Equity Arbitrage	Short Futures against the underlying stock
Covered Calls	Short Calls against the underlying stock
Portfolio Hedging with Index Options	Buying Index Put Option to hedge the Equity portfolio
Portfolio Hedging with Index Future	Shorting Index Future to hedge the Equity Portfolio
Protective Stock Puts	Buying Puts against underlying stock
Protective Stock Calls	Long Calls against Short Stock Future
Short Call	Short a call option, profiting if the asset price is below strike price
Short Put	Short a put option, profiting if the asset price is above strike price
Long Put Option	Buying a put option to profit from decline in the asset price
Long Call Option	Buying a Call option to profit from advance in the asset price
Long Futures	Buying Futures to profit from advance in the asset price
Short Futures	Shorting Futures to profit from decline in the asset price
Bear Put Spread	Buy a put at lower strike price and Short a put at higher strike price. Profit if the asset price is above the higher strike price
Bear Call Spread	Short a Call at lower strike price and Buy a Call at higher strike price. Profit if the asset price stays below the lower strike price
Shorting Straddle/Strangle	Shorting Put and Call options to profit from the asset prices remaining range-bound

It may be noted that the above list of derivative strategies is for illustration purpose and additional derivative strategies may be undertaken/ introduced based on evolving market conditions. As per the SEBI guidelines, the investment strategy is allowed to offset certain derivative transactions. The risk factors and risk mitigation related strategies is specified in the "RISK FACTORS".

Portfolio turnover- Portfolio turnover is defined as the lower of purchases and sales after reducing all subscriptions and redemptions transactions there from and calculated as a percentage of the average assets under management of the Investment Strategy during a specified period of time.

The AMC's portfolio management style is conducive to a low portfolio turnover rate. However, the AMC will take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets. The AMC will endeavour to balance the increased cost on account of higher portfolio turnover with the benefits derived there from.

Offsetting of transactions: SEBI circular on SIF framework permits the investment strategy to offset certain derivative transactions. Below are some of the illustrative scenarios for offsetting of positions on the same underlying security:

No.	Position 1	Position 2	Offsetting allowed/not?	Net exposure to be considered
1	Equity Long	Futures Short	Yes	Equity Long only
2	Equity /Futures Long	Call option Short	Yes	Equity /Futures Long only
3	Equity /Futures Long	Put option Long	Yes	Equity /Futures Long only
4	Futures Short	Call option Long	Yes	Futures Short only
5	Futures Short	Put option Short	Yes	Futures Short only
6	Call option Long	Call option Short	Yes	Call option Short only
7	Put option Long	Put option Short	Yes	Put option short only
8	Equity Long	Futures Long	No	Equity Long + Futures Long
9	Equity /Futures Long	Call option Long	No	Equity /Futures Long + Call option Long
10	Equity /Futures Long	Put option Short	No	Equity /Futures Long + Put option Short
11	Futures Short	Call option Short	No	Futures short + Call option short
12	Futures Short	Put option Long	No	Futures short + Put option Long
13	Call option Long	Put option Short	No	Call option Long + Put option Short
14	Call option Short	Put option Long	No	Call option Short + Put Option Long

For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.

RISK PROFILE OF THE INVESTMENT STRATEGY: ISF Units involve investment risks including the possible loss of principal. Please read the ISID carefully for details on risk factors before investment. Investment Strategy Specific Risk Factors summarised below.

For details on risk factors and risk mitigation measures, please refer ISID.

Risk associated with investment in equities, equity related instruments and units of Real Estate Investment Trusts (REITs)

- The value of the underlying investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units may fluctuate and can go up or down.

- Investors may note that AMC/Fund Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Investment strategy to make intended securities purchases due to settlement problems could cause the Investment strategy to miss certain investment opportunities.

- The SIF 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 benefits accruing thereon.
- Investors may note that the dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the investment strategy is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by the investment strategy. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the investment strategy may be adversely affected due to such factors. In addition, investments in units of REITs could also receive funds through repatriation of funds by these Trusts in the form of buyback of units along with dividend pay-outs, etc. Hence reinvestments of the proceeds carry a risk of lower returns. However, the reinvestment risk will be limited as the proceeds are expected to be a small portion of the portfolio value.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk. Within the Regulatory limits, the AMC may choose to invest in unlisted securities.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The liquidity of the investments is inherently restricted by trading volumes in the securities in which it invests.
- Fund manager endeavours to generate returns based on certain past statistical trend. The performance of the investment strategy may get affected if there is a change in the said trend. There can be no assurance that such historical trends will continue.
- In case of abnormal circumstances, it will be difficult to complete the square off transaction due to liquidity being poor in stock futures/spot market. However, fund will aim at taking exposure into relatively liquid stocks where there will be minimal risk to square off the transaction. The Investment strategy investing in foreign securities will be exposed to settlement risk, as different countries have different settlement periods.
- The investment strategy is also vulnerable to movements in the prices of securities invested by the investment strategy which again could have a material bearing on the overall returns from the investment strategy.
- Changes in Government policy in general and changes in tax benefits applicable to SIFs may impact the returns to investors in the Investment strategy or business prospects of the Company in any particular sector.
- In case of warrants, a relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.
- It is essential for the investors to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timeline then the investment becomes worthless. Investment in a warrant can result in a total loss of the money invested plus any commission or other transaction charges.
- The value of units of REITs is derived based on the prevailing interest rate. Generally, when interest rates rise, value of units falls and when interest rates drop, such value increases. Hence, the prices of units of REITs is susceptible to changes in interest rate.

Risk associated with investment in fixed income and money market securities

- **Market Risk/Interest Rate Risk:** The NAV of the Investment strategy, to the extent invested in fixed income and money market securities, will be affected by changes in the general level of interest rates. The NAV is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.

- **Liquidity Risk:** The liquidity of a security may change depending on market conditions leading to changes in the liquidity premium linked to the price of the security. At the time of selling the security, the security can become illiquid leading to loss in the value of the portfolio.

- **Credit Risk:** Investments in fixed income securities and money market instruments are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.
- **Price Risk:** Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or

decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

- **Reinvestment Risk**: This risk refers to the interest rate levels at which cash flows received from the securities in the Investment strategy are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- **Regulatory Risk:** Changes in government policy in general and changes in tax benefits applicable to SIFs may impact the returns to investors in the Investment strategy.

- **Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the underlying investment strategy may invest in securities which are not listed on a stock exchange or receive unlisted securities which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. These securities may lack a liquid secondary market and there can be no assurance that the underlying investment strategy will realise its investments in unlisted securities at a fair value.

- **Settlement risk:** The inability of the Investment strategy to make intended securities purchases due to settlement problems could cause the Investment strategy to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Investment strategy's portfolio due to the extraneous factors that may impact liquidity would result, at times, in potential losses to the Investment strategy.

- Different types of fixed income securities in which the Investment strategy would invest as given in the Investment Strategy Information Document carry different levels and types of risk. Accordingly, the Investment strategy risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities.

- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.

- As zero coupon securities does not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.

- The Investment strategy at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.

Risk associated with investment in units of mutual funds

The investment strategy may make investments in units of mutual funds. Investments in schemes of mutual funds are subject to market risks and there is no assurance or guarantee that the objectives of the scheme will be achieved. Further, any investment in mutual funds is also subject to risk factors outlined in the offer document of the mutual fund and an adverse performance of a mutual fund scheme in which the investment strategy has made investments could adversely impact the investment strategy's performance and NAV of the investment strategy.

Risk associated with investment in ADR/GDR/Foreign equity Securities/Overseas Mutual Funds/Overseas ETFs

It is AMC's belief that the investment in ADRs/GDRs/overseas securities/Overseas ETFs offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Investment strategy. Since the Investment strategy would invest only partially in ADRs/GDRs/overseas securities/Overseas ETFs, there may not be readily available and widely accepted benchmarks to measure performance of the Investment strategy. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.

To the extent that the assets of the Investment strategy will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.

Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

Investors are requested to note that the costs associated with overseas investments like advisory fees (other than those expenses permissible under regulation 52 of SEBI Regulations) would not be borne by the investment strategy.

Risk associated with investment in Derivatives

- The Investment strategy may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk of mis-pricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- The Investment strategy may use derivatives instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Investment strategy to certain risks inherent to such derivatives.

- Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

- Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.

- Risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.

- Price movements of derivative contracts including options and futures are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

- The specific risk factors arising out of a derivative strategy used by the Fund Manager may be as below:

- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place
- Basis Risk: This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying asset being hedged
- Exchanges could raise the initial margin, variation margin or other forms of margin on derivative contracts, impose one sided margins or insist that margins be placed in cash. All of these might force positions to be unwound at a loss, and might materially impact returns.
- The derivative contracts at times are undertaken with various counterparties. These counterparties may not be able to meet the obligations under such derivative contracts. This would lead to credit risk in derivative transactions, Hence, derivative trades are undertaken with approved counterparties or through exchanges. This mitigates credit risk on derivative transactions.

Risk Factors Associated with Investments in Exchange Traded Commodity Derivatives (ETCD)

- An exchange traded commodity derivative is a derivative instrument that mimics the price movements of an underlying commodity, allowing an investor exposure to the commodity without physical purchase.

- **Liquidity Risk:** While ETCDs that are listed on an exchange carry lower liquidity risk, the ability to sell these contracts is limited by the overall trading volume on the exchanges. The liquidity of investments made by the Investment Strategy's is inherently restricted by trading volumes of the ETCD contracts in which it invests. Additionally, change in margin requirements or intervention by government agencies to reduce overall volatility in the underlying commodity could lead to adverse impact on the liquidity of the ETCD.

- **Price risk:** ETCDs are leveraged instruments hence, a small price movement in the underlying security could have a large impact on their value. Also, the market for ETCDs is nascent in India hence, arbitrages can occur between the price of the physical commodity and the ETCD, due to a variety of reasons such as technical issues and volatile movement in the price of the physical good. This can result in mispricing and improper valuation of investment decisions as it can be difficult to ascertain the amount of the arbitrage.

- **Settlement risk:** ETCDs can be settled either through the exchange or physically. The inability to sell ETCDs held in the Investment Strategy's portfolio in the exchanges due to the extraneous factors may impact liquidity and would result in losses, at times, in case of adverse price movement. Wherein the underlying commodity is physically delivered in order to settle the derivative contract, such settlement could get impacted due to various issues, such as logistics, Government policy for trading in such commodities.

Risk associated with uncovered options

- Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying security at the exercise price.
- If a put or call option purchased by the Fund were permitted to expire without being sold or exercised, the Fund would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold to the Fund at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Fund at a lower price than its current market value.
- Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Fund of all or a substantial portion of its assets. Will have to delete below para on uncovered options.

Risk associated with writing covered call options for equity shares

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Investment strategy may write call options under covered call strategy, as permitted by the regulations. Risks associated thereto are mentioned below:

- Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.
- The Investment strategy may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the investment strategy may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the investment strategy may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
- The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the investment strategy would be at a loss.
- The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the investment strategy. This may restrict the ability of Investment strategy to buy any options.

➢ **Benefits of using Covered Call strategy in SIFs**

The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Investment strategy. The strategy offers the following benefits:

- Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the SIF, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- Generating additional returns in the form of option premium in a range bound market.

Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.

➢ **Risk associated with high portfolio turnover**

Portfolio turnover refers to the rate at which investments in a fund or portfolio are bought and sold within a given period, typically a year. A high portfolio turnover ratio (100% or more) means the entire portfolio, or even more, has been traded within the year. Considering the investment strategy of the SIF, the portfolio would be subject to high turnover. High turnover may lead to higher transaction costs (brokerage fees, etc.) which may adversely affect the performance of the SIF. The portfolio turnover rate may vary year to year as well as within a year.

- **Risk associated with imperfect hedging using interest rate futures**

  An Interest Rate Futures is an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today. Interest Rate Futures are Exchange traded. These future contracts are cash settled.

  1. Perfect Hedging means hedging the underlying using IRF contract of same underlying.
  2. Imperfect hedging means the underlying being hedged and the IRF contract has correlation of closing prices of more than 90%.
  In case of imperfect hedging, the portfolio can be a mix of:
  1) Corporate Bonds and Government securities or
  2) Only Corporate debt securities or
  3) Only government securities with different maturities

- <u>**Risk associated with imperfect hedging includes:**</u>
  - **Basis Risk:** The risk arises when the price movements in derivative instrument used to hedge the underlying assets does not match the price movements of the underlying assets being hedged. Such difference may potentially amplify the gains or losses, thus adding risk to the position.
  - **Price Risk**: The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
  - **Risk of mismatch between the instruments:** The risk arises if there is a mismatch between the prices movements in derivative instrument used to hedge, compared to the price movement of the underlying assets being hedged. For example, when IRF which has government security as underlying is used, to hedge a portfolio that contains corporate debt securities.

  - **Correlation weakening and consequent risk of regulatory breach**: SEBI Regulation mandates minimum correlation criterion of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative instrument used for hedging. In cases where the correlation falls below 0.9, a rebalancing period of 5 business days has been permitted. Inability to satisfy this requirement to restore the correlation level to the stipulated level, within the stipulated period, due to difficulties in rebalancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value.

Risks associated with investing in Securitised Debt

A securitization transaction involves sale of receivables by the originator (a bank, non-banking finance company, housing finance company, microfinance companies or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by selling his loan receivables to an SPV, receives consideration from investors much before the maturity of the underlying loans. Investors are paid from the collections of the underlying loans from borrowers. Typically, the transaction is provided with a limited amount of credit enhancement (as stipulated by the rating agency for a target rating), which provides protection to investors against defaults by the underlying borrowers. Generally available asset classes for securitization in India are:

- Commercial vehicles
- Auto and two wheeler pools
- Mortgage pools (residential housing loans)
- Personal loan, credit card and other retail loans
- Corporate loans/receivables
- Microfinance receivables

For detailed information of the above risk factor, please refer to Investment Strategy Information Document.

Risk associated with investment in Perpetual Debt Instrument (PDI)
Perpetual Debt instruments are issued by Banks, non-banking financial institutions (NBFCs) and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the Reserve Bank of India (RBI) guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). RBI regulations also apply to PDIs issued by NBFC. However, there are no regulatory guidelines for issuance of PDIs by corporate bodies. The instruments are treated as perpetual in nature as there is no maturity date. The key risks associated with these instruments are highlighted below:

- **Risk associated with coupon servicing**

  - **Banks**
    As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons.

  - **NBFCs**
    While NBFCs may have discretion at all times to cancel payment of coupon, coupon may also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios.

  - **Corporates**
    Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

- **Risk associated with write-down or conversion into equity**

  - **Banks**
    AT1 Bonds could be written down or converted to common equity, at the discretion of RBI, in the event of non-maintenance of capital adequacy ratios and/or Point of Non Viability Trigger (PONV). Minimum capital adequacy ratio requirements would be as per Basel III regulations. PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless appropriate measures are taken to revive its operations. Further Tier II bonds issued under Basel III, having a fixed maturity date, are also liable to be written down or converted to common equity under the aforesaid event of PONV. This risk is not applicable in case of NBFCs and Corporates.

- **Risk associated with instrument not being called by the Issuer**

  - **Banks**
    The issuing banks have an option to call back the instrument after minimum period as per the regulatory requirement from the date of issuance and specified period thereafter, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Investment strategy may have to hold the instruments for a period beyond the first call exercise date.
  - **NBFCs**
    The NBFC issuer has an option to call back the instrument after minimum period as per the regulatory requirement from date of issuance and specified period thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Investment strategy may have to hold the instruments for a period beyond the first call exercise date.
  - **Corporates**
    There is no minimum period for call date. However, if the corporate does not exercise the call option, the Investment strategy may have to hold the instruments for a period beyond the call exercise date.

Risk associated with investment in Gilt Securities

Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in prices is a function of the existing coupon, days to maturity and the increase or decrease in interest rates. Price-risk is not unique to government securities but is true for all fixed income securities. The default risk however, in respect of Government securities is zero. Therefore, their prices are influenced only by movement in interest rates in the financial system. On the other hand, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced by credit standing of the issuer as well as the general level of interest rates.

Even though the Government securities market is more liquid compared to 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.

Risks associated with stock lending

Stock lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

The risks in security lending consist of the failure of intermediary / counterparty, to comply with the terms of agreement entered into between the lender of securities i.e. the Investment strategy and the intermediary / counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The investment strategy may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

Risk associated with investment in Preference Shares

- Credit Risk - Investments in Preference Shares are subject to the risk of an issuer's inability to meet dividend and redemption by the issuer. Further, for non-cumulative preference shares, issuer also has an option to not pay dividend on preference shares in case of inadequate profits in any year.
- Liquidity Risk - Preference shares lack a well-developed secondary market, which may restrict the selling ability of the Investment strategy and may lead to the Investment strategy incurring losses till the security is finally sold
- Unsecured in nature - Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus, there is significant risk of capital erosion in case the company goes into liquidation.
- Market Risk – The investment strategy will be vulnerable to movements in the prices of securities invested by the investment strategy which could have a material bearing on the overall returns from the investment strategy.

Risk associated with investment in Tri Party Repo through CCIL (TREPS)

The SIF is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the SIF in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments.

CCIL maintains prefunded resources in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilized to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall".

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.

Thus the investment strategy is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

However, it may be noted that a member shall have the right to submit resignation from the membership of the Security segment if it has taken a loss through replenishment of its contribution to the default fund for the segments and a loss threshold as notified have been reached. The maximum contribution of a member towards replenishment of its contribution to the default fund in the 7 days (30 days in case of securities segment) period immediately after the afore-mentioned loss threshold having been reached shall not exceed 5 times of its contribution to the Default Fund based on the last re-computation of the Default Fund or specified amount, whichever is lower.

Further, it may be noted that, CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

Risk associated with repo transactions in corporate debt securities

- Lending transactions

The investment strategy may be exposed to counter party risk in case of repo lending transactions in the event of the counterparty failing to honour the repurchase agreement. However, in repo lending transactions, the collateral may be sold and a loss is realized only if the sale price is less than the repo amount. The risk may be further mitigated through over-collateralization (the value of the collateral being more than the repo amount). Further, the liquidation of underlying securities in case of counterparty default would depend on liquidity of the securities and market conditions at that time. It is endeavoured to mitigate the risk by following an appropriate counterparty selection process, which include their credit profile evaluation and over-collateralization to cushion the impact of market risk on sale of underlying security.

- Borrowing transactions

In the event of the investment strategy being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin). This risk is normally mitigated by better cash flow planning to take care of such repayments. Further, there is also a Credit Risk that the Counterparty may fail to return the security or Interest received on due date. It is endeavoured to mitigate the risk by following an appropriate counterparty selection process, which include their credit profile evaluation.

Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could also include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer. Following risks are associated with CE and SO:

- Liquidity Risk: SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the investment strategy to sell such debt instruments and generate liquidity for the investment strategy or higher impact cost when such instruments are sold.
- Credit Risk: The credit risk of debt instruments which are CE rated derives rating based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

➢ **Risk associated with investment in units of Infrastructure Investment Trusts (InvITs)**

- **Regulatory and Policy Risk:** InvITs operate under a defined regulatory regime. Any changes in government policies, tax laws, or SEBI regulations can materially impact the structure, returns, and compliance obligations of InvITs.

- **Market Risk:** InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with the anticipated trends relating to various factors including demand and supply trends. The NAV of the Investment strategy is vulnerable to movements in the prices of securities invested by the investment strategy, due to various market related factors like changes in the general market conditions, factors and forces affecting capital market, level of interest rates, trading volumes and Infrastructure sectors, settlement periods and transfer procedures. The investment strategy will undertake active portfolio management as per the investment objective to reduce the market risk.

- **Liquidity Risk:** As the liquidity of the investments made by the Investment strategy could, at times, be restricted by trading volumes and settlement periods, the time taken by the SIF for liquidating the investments in the investment strategy may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the investment strategy's portfolio risk. The fund will try to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying units.

- **Reinvestment Risk:** Investments in units of InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. However, the reinvestment risk will be limited as the proceeds are expected to be a small portion of the portfolio value.

- **Interest Rate Risk:** The value of units of InvITs is derived based on the prevailing interest rate. Generally, when interest rates rise, value of units falls and when interest rates drop, such value increases. Hence, the prices of units of InvITs is susceptible to changes in interest rate.

- **Sector Concentration Risk:** InvITs often focus on specific infrastructure sectors (e.g., roads, power transmission). Sector-specific regulatory changes or economic stress can disproportionately affect performance.

- **Counterparty and Credit Risk:** InvITs rely on counterparties such as concession authorities, contractors, and lenders. Defaults or delays in payments by these entities can impair cash flows and distributions to unit holders.

- **Force Majeure and Environmental Risk:** Infrastructure assets are exposed to risks arising from natural disasters, extreme weather events, and other force majeure situations, which can disrupt operations and revenue generation.

  The above are some of the common risks associated with investments in units of InvITs. There can be no assurance that an Investment Strategy's investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

Risk associated with creation of segregated portfolios

- Liquidity risk – A segregated portfolio is created when a credit event occurs at an issuer level in the investment strategy. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. This is also further accentuated by the lack of secondary market liquidity for corporate papers in India. As per SEBI norms, the investment strategy is to be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. However, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event.

Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall list the units of the segregated portfolio on a recognized stock exchange within 10 business days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. There is no assurance that a deep secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them.

- Valuation risk – The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

For details on risk factors and risk mitigation measures, please refer ISID.

Plans available under the Investment Strategy:
- iSIF Active Asset Allocator Long-Short Fund - Regular Plan
- iSIF Active Asset Allocator Long-Short Fund - Direct Plan

Options under each Plan(s):
- Growth

Including Default option/ facility (as applicable) are as follows:

Default Plan (if no plan is selected)	• If broker code is not mentioned the default plan is iSIF Asset Allocator Long-Short Fund – Direct Plan • If broker code is mentioned the default plan is iSIF Asset Allocator Long-Short Fund – Regular Plan
Default Plan (in certain circumstances)	• If iSIF Asset Allocator Long-Short Fund – Direct Plan is opted, but ARN code is also stated, then application would be processed under iSIF Asset Allocator Long-Short Fund – Direct Plan • If iSIF Asset Allocator Long-Short Fund – Regular Plan is opted, but ARN code is not stated, then the application would be processed under iSIF Asset Allocator Long-Short Fund – Direct Plan
Default Option	Growth Option

The investment strategy currently offers only Growth option. The Trustees reserve the right to offer the IDCW option for the Investment Strategy at a future date.

For detailed disclosure on default plans and options and Treatment of Transactions received with invalid ARNs kindly refer SAI.

Applicable NAV (After the Investment Strategy opens for Subscriptions and Redemptions)

The below cut-off timings and applicability of NAV shall be applicable in respect of valid applications received at the Official Point(s) of Acceptance on a Business Day:

For Purchase of any amount:

- In respect of valid applications received upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. 3.00 p.m. - the closing NAV of the day shall be applicable.

- In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are available for utilization on the same day or before the cut-off time of the next business day - the closing NAV of the next Business Day shall be applicable.

- Irrespective of the time of receipt of application, where the funds for the entire amount are available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable.

Minimum Application Amount

Minimum Application/Switch In Amount for first time investor in SIF
- Rs. 10,00,000/- and in multiples of Re.1/- thereafter
- For accredited investor Rs. 10,000/- and in multiples of Re. 1/- thereafter

Additionally, the investor may submit the **Systematic Investment Plan (SIP)**

Daily SIP: Rs. 5,000 and in multiples of Re. 1 thereof; Minimum Installments - 6

Weekly, Fortnightly, Monthly SIP: Rs. 10,000/- and in multiples of Re. 1 thereof; Minimum Installments - 6

Quarterly SIP: Rs. 20,000/- and in multiples of Re. 1 thereof; Minimum Installments - 4

Minimum Application/Switch In Amount for existing investor who have complied with the Minimum Investment Threshold
- Rs. 10,000 (plus in multiple of Re. 1/-).

Note: Allotment of units will be done after deduction of applicable stamp duty.

Switches are allowed from iSIF investment strategies.

Minimum Additional Purchase Amount

Minimum additional application amount - Rs. 10,000/- (plus in multiple of Re. 1/-).

Minimum Investment Threshold:
Pursuant to SEBI circulars on SIF Framework as amended from to time, an aggregate investment by an investor across all investment strategies offered by iSIF, at the Permanent Account Number ('PAN') level, should not be less than Rs. 10,00,000/-('Minimum Investment Threshold').

The AMC will monitor compliance with the Minimum Investment Threshold on a daily basis and ensure that there are no active breaches. The AMC will ensure that the investor's total investment value does not fall below the Minimum Investment Threshold due to redemption transactions initiated by the investor.

Passive breaches (occurrence of instances not arising out of omission and commission by AMC), such as those caused by decline in Net Asset Value (NAV), shall not be treated as a violation of the Minimum Investment Threshold. However, if the total investment value falls below the threshold due to a passive breach, the investor shall only be permitted to redeem the entire remaining investment amount from the SIF.

In case of any active breach of the Minimum Investment Threshold by an investor, including through transactions on stock exchanges or off-market transfers:

i. all units of such investor held across investment strategies of the SIF shall be frozen for debit, and
ii. a notice of 30 calendar days shall be given to such investor to rebalance the investments in order to comply with the Minimum Investment Threshold.

Pursuant to the notice to the investor as mentioned above:

- in case investor rebalances his/her investments in SIF within the notice period of 30 calendar days, the units of SIF of such investor shall be unfreezed, and no further action shall be taken with regard to compliance with Minimum Investment Threshold.

In case the investor fails to rebalance the investments within the aforesaid 30 calendar day period, the frozen units shall be automatically redeemed by the AMC, at the applicable Net Asset Value of the next immediate business day after the 30th calendar day of the notice period.

Minimum Redemption/Switch Out Amount
Any amount subject to provisions of minimum investment threshold as mentioned above.

Minimum Investment Threshold:
- Aggregate investment by an investor across all investment strategies offered by iSIF, at the Permanent Account Number ('PAN') level, shall not be less than Rs.10,00,000/-.
- In case of any request(s) for partial redemption/switch out by the investor/(s), the AMC reserves the right to reject the redemptions entirely if the amount post payout of redemptions falls below Minimum Investment Threshold.

Dispatch of Redemption Request:

As per SEBI (Mutual Funds) Regulations, 2026, the redemption proceeds shall be dispatched within three (3) business days from the date of redemption request subject to exceptional situations and additional timelines for redemption payments in accordance with clause 15.3.3 of SEBI Master Circular. A penal interest of 15% p.a. or such other rate as may be prescribed by SEBI from time to time, will be paid in case the payment of redemption proceeds is not made within the stipulated timelines.

Benchmark Index

The performance of the Investment Strategy would be benchmarked against - 50% Nifty 500 TRI + 40% Nifty Composite Debt Index + 7% Domestic Price of Gold + 3% Domestic Price of Silver.

iSIF Active Asset Allocator Long Short Fund shall dynamically invest 35% to 80% in Equity and 10% to 55% in Debt & Exchange traded Commodity Derivatives. It can take short exposure up to 25% through unhedged derivatives position in Equity and Debt instruments. Thus, the composition of the benchmark is such that, it is most suited for comparing performance of the Investment strategy.

The Trustees reserves the right to change the benchmark in future if a benchmark better suited to the investment objective of the Investment Strategy is available.

IDCW Policy

The Investment strategy is currently not offering IDCW option. However, the said option may be introduced at later date.

Name of the Fund Manager

The investments under the Investment Strategy will be managed by Mr. Ihab Dalwai, Ms. Sharmila D'silva, Ms. Masoomi Jhurmrvala, Mr. Manish Banthia, Mr. Akhil Kakkar and Mr. Gaurav Chikane.

Since it is a new Investment Strategy, tenure of the fund manager for this investment Strategy is not applicable.

Name of the Trustee Company:

ICICI Prudential Trust Limited

Performance of the Investment Strategy:

This Investment Strategy is a new investment strategy and does not have any performance track record.

Additional Investment Strategy Related Disclosures

Investment Strategy's portfolio holdings: Since this is a new Investment Strategy, the portfolio holdings are not available.

Functional website link for Portfolio Disclosure: Since this is a new Investment Strategy, the portfolio holdings are not available.

Portfolio Turnover Ratio: Since this is a new Investment Strategy, the portfolio turnover ratio is not available.

EXPENSES OF THE INVESTMENT STRATEGY:
During NFO: These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

No New Fund Offer Expenses will be charged to the Investment Strategy. The NFO expenses for launch of Investment Strategy will be borne by the AMC.

New Fund Offer period

NFO opens on: May 19, 2026
NFO closes on: June 02, 2026

In accordance with the Master Circular for Mutual Funds dated March 20, 2026 (the Master Circular), the AMC reserves the right to make any changes in the dates of the New Fund Offer (NFO) subject to the conditions that in case of pre-closure the NFO shall be open for a minimum of 3 working days and the extension, if any, shall not be for more than 15 calendar days or such period as allowed by SEBI. The AMC shall publish an addendum to this effect on the website of the AMC.

Transfer cheques and Real Time Gross Settlement (RTGS) requests will be accepted till the end of business hours up to June 02, 2026.

MICR cheques shall be accepted till the end of business hours up to June 02, 2026.

No switches allowed from Mutual Fund Schemes.

Exit Load

Exit Load is an amount which is paid by the investor to redeem the units from the Investment Strategy. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of https://www.isif.icicipruamc.com/ or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Exit	• 1% of applicable Net Asset Value - If the amount sought to be redeemed or switched out within 12 months from allotment. • NIL - If the amount sought to be redeemed or switched out more than 12 months.

The Trustees shall have a right to prescribe or modify the exit load structure with prospective effect subject to the maximum prescribed under the Regulations.

First Rs. 500 crore	**Next Rs. 250 crore**	**Next Rs. 1,250 crore**	**Next Rs. 3,000 crore**	**Next Rs. 5,000 crore**	**Next Rs. 40,000 crores**	**Balance**
1.85 %	1.65 %	1.40%	1.25%	1.15%	TER reduction of 0.05% for every increase of Rs. 5,000 crore of daily net assets or part thereof	0.70%

New Fund offer price

The corpus of the Investment Strategy will be divided into Units having an initial value of Rs. 10 each. Units can be purchased during the New Fund Offer Period at Rs. 10 each.

Annual Recurring Expense

These are the fees and expenses for operating the Investment Strategy. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that up to 1.85 % of the daily net assets of the Investment Strategy will be charged to the Investment Strategy as expenses. For the actual current expenses being charged, the investor should refer to the website of the SIF. In case of any change in the expense ratio, the AMC would update the current expense ratios on the website at least three business days prior to the effective date of the change. The requirement for disclosing such change would be subject to paragraph 11.4 of the Master Circular.

Investor can refer Total Expense Ratio of Mutual Fund Schemes (icicipruamc.com) for Total Expense Ratio (TER) details.

Details of Annual Investment Strategy Recurring Expenses under the Investment Strategy is as follows:

Particulars	**iSIF Equity Active Asset Allocator Long – Short Fund (% per annum of net assets)**
Investment Management and Advisory Fees	Up to 1.85
Audit Fees and expenses of trustees	
Custodian Fees	
Registrar & Transfer Agent Fees including cost of providing account statements/IDCW/redemption cheques/warrants	
Marketing & Selling Expenses including Agents Commission and statutory advertisement	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost towards investor education, awareness and financial inclusion	
Brokerage cost pertaining to execution of trades	
Cost of Statutory advertisements	
Other Expenses*	
Maximum base expense ratio (BER) permissible under Regulation 66	Up to 1.85
The aforesaid does not include Statutory levies charged to the investor.	

The returns of the Direct Plan for the Investment Strategy shall be exclusive of distribution commission and statutory levies charged on the same.

*As permitted under the Regulation 66 of SEBI (MF) Regulations, 2026

Direct Plan shall have a lower expense ratio excluding distribution expenses and its statutory levies, commission, etc as compared to other Plan and no commission for distribution of Units will be paid/ charged under Direct Plan.

All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in other than Direct Plan.

The Investment Strategy can charge expenses within overall maximum limits prescribed under SEBI (MF) Regulations, without any internal cap allocated to any of the expense heads specified in the above table. Types of expenses charged shall be as per the SEBI (Mutual Funds) Regulations, 2026.

As per the Regulations, the maximum recurring expenses that can be charged to the Investment Strategy shall be subject to a percentage limit of daily net assets as in the table below:

The above expense percentage excludes additional expenses charged towards statutory levy, transaction charges incurred for the purpose of execution of a trade which includes regulatory levies and any other expense charged by the stock exchanges, clearing corporations and clearing houses, as applicable.

The AMC shall pay additional commission to distributors for onboarding new individual investors (new PAN) from B-30 cities at the mutual fund industry Level and new women individual investors (new PAN) from both Top 30 and B-30 cities.

The additional distribution commission shall be paid from the 2 basis points on daily net assets, mandated to be set apart annually by AMCs for investor education, awareness and financial inclusion initiatives, subject to adequate claw back provisions.
The additional commission specified above shall be in addition to the existing trail commission paid to the distributor from the Investment Strategy.

At least 2 basis points on daily net assets within the maximum limit of overall expense ratio shall be annually set apart for investor education and awareness initiatives. The same shall be within limits specified under paragraph 11.9.3 of the Master Circular.

Brokerage cost incurred for the purpose of execution of trade over and above the base expense ratio subject to a maximum of 6 bps of trade value in case of cash market transactions and 2 bps of trade value in case of derivatives transactions. Any payment towards brokerage and transaction costs, over and above the said 6 bps and 2bps for cash market transactions and derivatives transactions respectively may be charged to the Investment Strategy within the maximum limit of Base Expense Ratio as prescribed under regulation 66.

No charges other than the base expense ratio, brokerage cost, transaction cost, statutory levy and exit load including levies as may be specified by the Board, shall be charged to the investors.

Expenses shall be charged / borne in accordance with the Regulations prevailing from time to time.

Impact of TER on returns of Both direct plan and regular plan, following is an illustration of the impact of expense ratio on the Investment Strategy returns:

For calculating expense of iSIF Active Asset Allocator Long-Short Fund – Direct Plan, distribution expenses will not be considered.

ACTUAL EXPENSES FOR THE PREVIOUS FINANCIAL YEAR:
Not Applicable as the Investment Strategy is new.

TAX BENEFITS OF INVESTING IN THE SPECIALISED INVESTMENT FUND:
Investors are advised to refer to Statement of Additional Information (SAI) available on the website of AMC viz; www.icicipruamc.com and also independently refer to the tax advisor.

PUBLICATION OF DAILY NET ASSET VALUE (NAV):

The NAV will be calculated and disclosed at the close of every Business Day. NAV will be determined on every Business Day except in special circumstances. NAV of the Investment Strategy shall be:

- Prominently disclosed by the AMC under a separate head on the AMC's SIF webpage (https://www.isif.icicipruamc.com/) by 11.00 p.m. on every business day,
- On the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 11.00 p.m. on every business day, and
- Shall be made available at all Customer Service Centres of the AMC.

The investment strategy is permitted to take exposure to overseas securities. In such cases where the investment strategy has taken exposure to overseas securities, the NAV of the relevant ISID would be declared by 10.00 a.m. on the following business day.

In case the investment strategy ceases to hold exposure to any overseas securities during a business day, NAV of the investment strategy for that day would continue to be declared on 10.00 am on the following business day. Subsequent to that day, NAV of the relevant investment strategy shall be declared on 11.00 p.m., on the same day.

In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next business day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

FOR INVESTOR GRIEVANCES PLEASE CONTACT:

Name and Address of Registrar	Name, address, telephone number, fax number, e-mail address of ICICI Prudential Mutual Fund
Computer Age Management Services Limited (CAMS), New No 10. Old No. 178, Opp. to Hotel Palm Grove, MGR Salai (K.H.Road) Chennai - 600 034	Mr. Rajen Kotak - Investor Relations Officer, 2nd Floor, Block B-2, Nirlon Knowledge Park, Western Express Highway, Goregaon, Mumbai – 400 063 Tel No.: 022 26852000, Fax No.: 022-2686 8313 e-mail - enquiry@icicipruamc.com

UNITHOLDERS' INFORMATION:

The SIF shall disclose portfolio (along with ISIN), including derivative instruments, as on the last day of every alternate month (i.e. as on the end of May, July, September, November, January and March) for all its investment strategies on the respective AMC website i.e. Downloads - Application Forms, SID, KIM, SAI & Others | ICICI Prudential Mutual Fund and on the website of AMFI i.e www.amfiindia.com. within 10 days from the close of such month in a user friendly and downloadable spreadsheet format.

The AMC shall send via email investment strategy portfolio within 10 days from the close of each alternate month respectively. The AMC shall send the details of the portfolio while communicating the statement of investment strategy portfolio at the end of every alternate month via email or any other mode as may be communicated by SEBI/AMFI from time to time within the prescribed timelines. The AMC shall provide a feature wherein a link is provided to the investors to their registered email address to enable the investor to directly view/download only the portfolio of investment startegies subscribed by the said investor. The portfolio disclosure shall also include the investment strategy risk-band, name of benchmark and risk- band of benchmark.

AMCs shall declare on their website the hosting of the monthly/fortnightly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unit holder can submit a request for a physical or electronic copy of the statement of scheme portfolio

Particulars	**Regular Plan**	**Direct Plan**
Amount Invested at the beginning of the year	10,00,000	10,00,000
Returns before Expenses	1,50,000	1,50,000
Expenses other than Distribution Expenses	15,000	15,000
Distribution Expenses and its statutory expenses	5,000	-
Returns after Expenses at the end of the Year	1,30,000	1,35,000

The unitholders whose e-mail addresses are not registered with the SIF are requested to update / provide their email address to the Fund for updating the database. The AMC shall provide a physical copy of the statement of Strategy portfolio, without charging any cost, on specific request received from a unit holder.

SEEDING OF AADHAAR NUMBER
Investors are advised to refer to Statement of Additional Information (SAI) available on the website of AMC viz; www.icicipruamc.com.

TRANSACTION CHARGES

No transaction charges to be levied on the investment amount from transactions/applications (including SIPs) received through distributors (i.e. for Regular Plans). Accordingly, payment of transaction charges to the distributors shall not be applicable under the Investment Strategy.

Please refer to SAI for more details.

CONSOLIDATED ACCOUNT STATEMENT (CAS):

Account Statements:
The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number. In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investors within 5 business days from the receipt of such request.

Consolidated Account Statement (CAS):

•The Consolidated Account Statement (CAS) for each calendar month will be issued on or before fifteenth day of succeeding month to the investors. Further, CAS will be sent via email where any of the folios consolidated has an email id or to the email id of the first unit holder as per KYC records.
•In case if no transaction has taken place in a folio during the period of six months ended September 30 and March 31, the CAS detailing the holdings across all SIF Investment Strategies, shall be emailed at the registered email address of the unitholders on half yearly basis, on or before twenty first day of succeeding month, unless a specific request is made to receive the same in physical form.

•Investors may note that Half-yearly CAS shall be issued to all investors, excluding those investors who do not have any holdings in any of SIF investment strategies and where no commission against their investment has been paid to distributors, during the concerned half-year period.

•In case of the units are held in dematerialized (demat) form, the statement of holding or Consolidated Account Statement (CAS) of the beneficiary account holder will be sent by the respective Depositories in accordance with SEBI Master circular for Depositories. Dispatch of CAS by the depositories would constitute compliance by the AMC/ the Mutual Fund with the requirement under Regulation 34 of SEBI (Mutual Funds) Regulations, 2026.

•In the case of joint holding in a folio, the first named Unit holder shall receive the CAS/account statement. The holding pattern has to be same in all folios across Specialized Investment Funds for CAS.

•Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each investment strategy.

•The AMC reserves the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

Note: The Investment Strategy under this Investment Strategy Information Document (ISID) was approved by the Directors of ICICI Prudential Trust Limited on July 17, 2025. The Trustees have ensured iSIF Active Asset Allocator Long-Short Fund approved by them is a new product offered by ICICI Prudential Mutual Fund and is not a minor modification of the existing Investment Strategy.

For and on behalf of the Board of Directors of
ICICI Prudential Asset Management Company Limited

Sd/-
Nimesh Shah
Managing Director
Place: Mumbai
Date: April 24, 2026