



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

KEY INFORMATION MEMORANDUM

iSIF Equity Long-Short Fund

(An open ended investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments)

The product is suitable for investors who are seeking#	Risk-band*	Benchmark Risk-band: – Nifty 500 TRI
<ul style="list-style-type: none"> Capital appreciation over long term An open ended investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments. <p>#Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>		

*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.

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.

The Investment Strategy will re-open for continuous sale and repurchase within 5 business days from the date of allotment.

Offer of units of Rs. 10 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 2, 2026

Investment strategy re-opens on:

Investment strategy code: ISIF/O/E/ELSF/26/04/0004/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	<p>Registered Office: 12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi – 110 001</p> <p>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</p> <p>Central Service Office:</p>

	2 nd 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	12 th 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 Equity 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 Key Information Memorandum (KIM).

Investors are advised to note that investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.

This Key Information Memorandum is dated May 7, 2026.

INVESTMENT OBJECTIVE:

To generate capital appreciation in long term by predominantly investing in listed equity and equity related instruments. The Investment Strategy may also invest in various derivative instruments, including limited short exposure through unhedged derivative positions in equity up to 25%.

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

HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS:

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 instruments* (including up to 25% in Unhedged short exposure through derivative instruments) #	80	100
Debt & Money Market instruments and Units of Debt Oriented Mutual Funds	0	20
Units of Infrastructure Investments Trusts	0	20

#Derivatives exposure will be up to 100% of net assets and unhedged short position can be up to 25% of net assets. Exposure through such derivative Instruments (including unhedged short exposure) shall include Stock / Index Futures, Stock / Index Options and other derivative instruments permitted by SEBI.

*Includes investments of up to 35% in overseas markets in equity & equity related instruments including Global Depository Receipts (GDRs), ADRs, foreign securities, bonds, mutual funds, ETFs and such other instruments as may be allowed under the Regulations from time to time.

The Investment Strategy may invest in other Mutual Fund Schemes under ICICI Prudential Mutual Fund or any other Mutual Fund without charging any fees, provided the aggregate investment made by all the Strategies in Mutual Fund Schemes under the same management or in Schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other Schemes of the Fund or in the Schemes of any other mutual fund.

Cumulative Gross exposure:

- The cumulative gross exposure through equity, debt, derivative positions, overseas securities, Real Estate Investment Trusts (REITs), 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/ Overseas Mutual fund units & Overseas ETFs	Up to 35% of the net assets	Paragraph 13.11 of the Master Circular
5.	Units of 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) of the Master Circular
6.	Units of REITs	Investment in units of Real Estate Investment Trusts (REITs) shall be in accordance with paragraph 13.13 of the Master Circular	Paragraph 13.13 of the Master Circular.
7.	Debt instruments with special features (AT1 and Tier II Bonds)	Nil	Not applicable
8.	Debt Instruments with SO/CE	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 20% 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

Sr. no	Type of Instrument	Percentage of Exposure	Circular references*
11.	Credit Default Swaps	Nil	Not applicable
12.	Units of Debt Mutual Fund Schemes	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(1)

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 the 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 Investment Strategy within 30 Business Days. In case the portfolio of the Investment Strategy 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 of the Master Circular, the Investment Strategy 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 days 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, the 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
2.	Debt instruments with special features (AT1 and Tier II Bonds)

WHAT IS THE INVESTMENT APPROACH:

iSIF Equity Long-Short Fund is an open ended investment strategy that aims to generate capital appreciation in long term by predominantly investing in listed equity and equity related instruments. The investment strategy shall follow bottom up/top down approach and shall consider investing in companies based on the fundamentals of the business, industry structure, quality of management, key earnings drivers, etc. The investment strategy aims to invest in companies across market caps and across sectors.

The Investment strategy may adopt defensive or opportunistic strategies in order to meet the Investment strategy objective. Both short and long exposures may be held through stocks, basket of stocks and various stock/ index derivatives. The investment strategy can use various derivative instruments for the purpose of hedging, portfolio balancing and other purposes, as permitted under the Regulations. The Investment Strategy follows an active investment approach.

The investment strategy can have up to 25% unhedged short exposure in permissible exchange traded derivative instruments like Stock / Index Futures or Options in equity.

The Investment strategy may also invest up to 35% in overseas markets in equity & equity related securities including Global Depository Receipts (GDRs), ADRs, foreign securities, bonds, mutual funds, ETFs and such other instruments as may be allowed under the Regulations from time to time.

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

The Investment strategy may also invest in Debt & Money Market Securities/Instruments and Units of Debt Oriented Mutual Fund Schemes. 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. 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.

The investment strategy may invest in units issued by InvITs and other permissible asset classes.

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

Broad Derivatives Strategy	Explanation
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
Bull 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 endeavor 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.

1. For standard risk factors please refer to SAI.

2. Investment Strategy specific risk factors:

Include risk factors associated with investment in various instruments in which the investment strategy intends to invest as indicated in asset allocation section.

➤ Risk associated with investment in equities, equity related instruments and units of 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 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. In addition, investments in units of REITs could also receive funds through repatriation of funds by these Trusts in 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 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 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 Investment Strategy 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 Investment Strategy 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 Overseas 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.

➤ **Risks associated with respect to exhaustion of overseas investment limit**

Investments in overseas securities and overseas Exchange Traded Funds ("ETFs") by mutual funds/specialized investment funds are subject to industry-wide limits as well as individual AMC-level limits prescribed by SEBI. In the event these limits are partially or fully exhausted, whether on account of investments made across all schemes/investment strategies of the AMC, investments by other mutual funds, or otherwise, the investment strategy may be unable to make or continue overseas investments. Such an eventuality could constrain the SIF's overseas investment strategy, affecting portfolio diversification and potential returns.

➤ **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 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 market driven factors or company specific 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 market driven factors or company specific 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. 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.

➤ **Risk associated with use of uncovered derivatives**

Investment strategy allows usage of uncovered derivatives including short positions. Usage of derivative position that are directionally short could lead to significant loss, as the portfolio does not have underlying asset on which derivatives are taken. Hence, theoretically loss on uncovered short

exposures could be unlimited. Generally, the notional value of derivatives in form of options is significantly higher than the premium on such options. Hence, writing an uncovered option may result in a loss substantially greater than the premium due to adverse changes in the value of the underlying asset.

➤ **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 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

➤ **Risk associated with imperfect hedging includes:**

- **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 price 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.

➤ **Risk associated with investment in Securitized 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

In pursuance to SEBI communication dated: August 25, 2010, given below are the requisite details relating to investments in Securitized debt.

- Risk profile of securitized debt vis-à-vis risk appetite of the investment strategy:

The Investment strategy aims to provide reasonable returns to investors with a long-term investment horizon. To ensure the investment strategy targets only long term investors, the investment strategy has exit loads of upto 1 year which acts as a deterrent to short term investors. Securitized debt instruments are relatively illiquid in the secondary market and hence they are generally held to maturity which would match with the long-term investment horizon of these investors. Investment in these instruments may help the fund in aiming at reasonable returns. These returns come with a certain degree of risks which are covered separately in the Investment Strategy Information Document. Accordingly, the medium risk profile of the securitized debt instruments matches that of the prospective investors of this investment strategy.

- Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

- Risk mitigation strategies for investments with each kind of originator

For a complete understanding of the policy relating to selection of originators, the AMC has first analysed below risks attached to a securitization transaction.

In terms of specific risks attached to securitization, each asset class would have different underlying risks, however, residential mortgages are supposed to be having lower default rates as an asset class. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher, which helps in making their overall risks comparable to other AAA/AA rated asset classes.

The Investment strategy may invest in securitized debt assets. These assets would be in the nature of Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS) with underlying pool of assets and receivables like housing loans, auto loans and single corporate loan originators. The Investment strategy intends to invest in securitized instruments rated AAA/AA by a SEBI recognized credit rating agency.

Before entering into any securitization transaction, the risk is assessed based on the information generated from the following sources:

- (1) Rating provided by the rating agency
- (2) Assessment by the AMC

(1) Assessment by a Rating Agency

In its endeavor to assess the fundamental uncertainties in any securitization transaction, a credit rating agency normally takes into consideration following factors:

• Credit Risk

Credit risk forms a vital element in the analysis of securitization transaction. Adequate credit enhancements to cover defaults, even under stress scenarios, mitigate this risk. This is done by evaluating following risks:

- Asset risk
- Originator risk
- Portfolio risk
- Pool risks

The quality of the pool is a crucial element in assessing credit risk. In the Indian context, generally, pools are 'cherry-picked' using positive selection criteria. To protect the investor from adverse selection of pool contracts, the rating agencies normally take into consideration pool characteristics such as pool seasoning (seasoning represents the number of installments paid by borrower till date: higher seasoning represents better quality), over dues at the time of selection and Loan to Value (LTV). To assess its risk profile vis-à-vis the overall portfolio, the pool is analyzed with regard to geographical location, borrower profile, LTV, and tenure.

• Counterparty Risk

There are several counterparties in a securitization transaction, and their performance is crucial. Unlike in the case of credit risks, where the risks emanate from a diversified pool of retail assets, counterparty risks result in either performance or non-performance. The rating agencies generally mitigate such risks through the usage of stringent counterparty selection and replacement criteria to reduce the risk of failure. The risks assessed under this category include:

- Servicer risk
- Commingling risk
- Miscellaneous other counterparty risks

• Legal Risks

The rating agency normally conducts a detailed study of the legal documents to ensure that the investors' interest is not compromised and relevant protection and safeguards are built into the transaction.

• Market Risks

Market risks represent risks not directly related to the transaction, but other market related factors, stated below, which could have an impact on transaction performance, or the value of the investments to the investors.

- Macro-economic risks
- Prepayment risks
- Interest rate risks

➤ Other Risks associated with investment in securitized debt and mitigation measures:

• Limited Liquidity and Price Risk

There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the investor to resell them.

Risk Mitigation: Securitized debt instruments are relatively illiquid in the secondary market and hence they are generally held to maturity. The liquidity risk and HTM nature is taken into consideration at the time of analyzing the appropriateness of the securitization.

• Limited Recourse, Delinquency and Credit Risk

The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts to the Certificate Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Servicer may repossess and sell the Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realise the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

Risk Mitigation: In addition to careful scrutiny of credit profile of borrower/pool additional security in the form of adequate cash collaterals and other securities may be obtained to ensure that they all qualify for similar rating.

• Risks due to possible prepayments: Weighted Tenor / Yield

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments Full prepayment of underlying loan contract may arise under any of the following circumstances;

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same
- In the event of prepayments, investors may be exposed to changes in tenor and yield.

Risk Mitigation: A certain amount of prepayments is assumed in the calculations at the time of purchase based on historical trends and estimates. Further a stress case estimate is calculated and additional margins are built in.

• Bankruptcy of the Originator or Seller

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale, then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the

effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

Risk Mitigation: Normally, specific care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a 'true sale'. It is also in the interest of the originator to demonstrate the transaction as a true sell to get the necessary revenue recognition and tax benefits.

- **Bankruptcy of the Investor's Agent**

If Investor's agent becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an Investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

Risk Mitigation: All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent.

- **Credit Rating of the Transaction / Certificate**

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

- **Risk of Co-mingling**

With respect to the Certificates, the Servicer will deposit all payments received from the Obligor into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of originator. If originator in its capacity as Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss.

(2) Assessment by the AMC

The investment strategy may invest in securitized debt originated by Banks, NBFCs and other issuers. The AMC may evaluate following factors, while investing in securitized debt:

- **Originator**

Acceptance Evaluation Parameters (For Pool Loan and Single Loan Securitization Transactions)

- **Track record**

The AMC ensures that there is adequate past track record of the Originator before selection of the pool including a detailed look at the number of issuances in past, track record of issuances, experience of issuance team, etc.

- **Willingness to pay**

As the securitized structure has underlying collateral structure, depending on the asset class, historical NPA trend and other pool / loan characteristics, a credit enhancement in the form of cash collateral, such as fixed deposit, bank, guarantee etc. is obtained, as a risk mitigation measure.

- **Ability to pay**

This assessment is based on a strategic framework for credit analysis, which entails a detailed financial risk assessment.

Management analysis is used for identifying company specific financial risks. One of the most important factors for assessment is the quality of management based on its past track record and feedback from market participants. In order to assess financial risk a broad assessment of the issuer's financial statements is undertaken to review its ability to undergo stress on cash flows and asset quality. Business risk assessment, wherein following factors are considered:

- Outlook for the economy (domestic and global)
- Outlook for the industry
- Company specific factors

In addition, a detailed review and assessment of rating rationale is done including interactions with the company as well as agency.

> **Critical Evaluation Parameters (For Pool Loan and Single Loan Securitization Transactions)**

Typically, the AMC would avoid investing in securitization transaction (without specific risk mitigant strategies / additional cash/security collaterals/ guarantees) if there are concerns on the following issues regarding the originator / underlying issuer:

- High default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios – both on a standalone basis as well on a consolidated level/ group level
- Higher proportion of re-schedulement of underlying assets of the pool or loan, as the case may be
- Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- Poor reputation in market
- Insufficient track record of servicing of the pool or the loan, as the case may be.

> **Advantages of Investments in Single Loan Securitized Debt**

- **Wider Coverage:** A Single Loan Securitized Debt market offers a more diverse range of issues / exposures as the Banks / NBFCs lend to larger base of borrowers.
- **Credit Assessment:** Better credit assessment of the underlying exposure as the Banks / NBFCs ideally co-invest in the same structure or take some other exposure on the same borrower in some other form.
- **Better Structuring:** Single Loan Securitized Debt investments facilitates better structuring than investments in plain vanilla debt instruments as it is governed by Securitization guidelines issued by RBI.
- **Better Legal documentation:** Single Loan Securitized Debt structures involve better legal documentation than Non-Convertible Debenture (NCD) investments.
- **End use of funds:** Securitized debt has better standards of disclosures as well as limitation on end use of funds as compared to NCD investments wherein the end use is general corporate purpose.
- **Yield enhancer:** Single Loan Securitized Debt investments give higher returns as compared to NCD investments in same corporate exposure.
- **Regulator supervision:** Macro level supervision from RBI in Securitization Investments as compared to NCD investments.
- **Tighter covenants:** Single Loan Securitized Debt structures involve tighter financial covenants than NCD investments.

- **Size of the Loan**

The AMC generally analyze the size of each loan on a sample basis and analyze a static pool of the originator to ensure the same matches the static pool characteristics. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs.1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs.5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of Rs.1,00,00,000/- consisting of personal loans of Rs.1,00,000/- each, the larger number of contracts (100 as against one of 10 housing loans of Rs.10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

- **Average Original Maturity of the Pool**

Indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60-month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 100 car loans having original maturity of 60 months, if more than 70% of the contracts have paid more than 50% of the installments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 5 installments.

- **Default Rate Distribution**

The AMC generally ensure that all the contracts in the pools are current to ensure zero default rate distribution. Indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here being, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category.

- **Geographical Distribution**

Regional/state/ branch distribution is preferred to avoid concentration of assets in a particular region/state/branch.

- **Loan to Value Ratio**

Indicates how much % value of the asset is financed by borrower's own equity. The lower LTV, the better it is. This Ratio stems from the principle that where the borrowers own contribution of the asset cost is high, the chances of default are lower. To illustrate for a Truck costing Rs.20 lakhs, if the borrower has himself contributed Rs.10 lakh and has taken only Rs.10 lakh as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs.20 lakhs if he defaults in repaying an installment. This is as against a borrower who may meet only Rs.2 lakh out of his own equity for a truck costing Rs.20 lakh. Between the two scenarios given above, the latter would have higher risk of default than the former.

- **Average seasoning of the pool**

Indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consists of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

- **Risk Tranching**

Typically, the AMC may avoid investing in mezzanine debt or equity of Securitized debt in the form of sub ordinate tranche, without specific risk mitigant strategies / additional cash / security collaterals/ guarantees, etc.

- **The mechanism to tackle conflict of interest when the SIF invests in securitized debt of an originator and the originator in turn makes investments in that particular investment strategy of the fund**

Investments made by the investment strategy in any asset are done based on the requirements of the investment strategy and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing / consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Investment strategy and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same investment strategy but both the transactions are at arm's length and avoid any conflict of interest. In addition to internal controls in the fixed income investment process, there is regular monitoring by the compliance team, risk management group, and internal review teams. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in the SIF.

- **In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt**

The risk assessment process for securitized debt, as detailed in the preceding paragraphs, is same as any other credit. The investments in securitized debt are done after appropriate research. The ratings are monitored for any movement. Monthly Pool Performance MIS is received from the trustee and is analyzed for any variation. The entire securitized portfolio is published in

the fact sheet and disclosed in the website with details of underlying exposure and originator.

Note: The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

- **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.

Investors are requested to refer to section "**How will the Investment strategy allocate its assets?**" for maximum permissible exposure to Stock Lending.

- **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:

i. **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 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 Equity Long-Short Fund - Regular Plan
- iSIF Equity 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)	<ul style="list-style-type: none"> If broker code is not mentioned the default plan is iSIF Equity Long-Short Fund – Direct Plan If broker code is mentioned the default plan is iSIF Equity Long-Short Fund – Regular Plan
Default Plan (in certain circumstances)	<ul style="list-style-type: none"> If iSIF Equity Long-Short Fund – Direct Plan is opted, but ARN code is also stated, then application would be processed under iSIF Equity Long-Short Fund – Direct Plan If iSIF Equity Long-Short Fund – Regular Plan is opted, but ARN code is not stated, then the application would be processed under iSIF Equity Long-Short Fund – Direct Plan
Default Option	Growth Option

The investment strategy currently offers only Growth option. The Trustees reserve the right to enable 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

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 and Switch-in transactions:

- 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.
- In case of switches, the request should be received on a day which is a Business Day for the Switch-out investment strategy. Switch-in will be processed at the Applicable NAV (on a Business Day) based on realization of funds as per the redemption pay-out cycle for the switch-out investment strategy.

Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators / Banks / Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the investment strategy bank account, leading to a gap / delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment.

Redemptions including switch-outs:

- In respect of valid applications received upto 3.00 pm on a business day by the Specialized Investment Fund, same day's closing NAV shall be applicable.
- In respect of valid applications received after the cut off time by the Specialized Investment Fund: the closing NAV of the next business day.

Transactions through online-mode or electronic mode: For the purpose of, determining the applicability of NAV, the time when the request for purchase / sale / switch of units is received in the servers of AMC/ RTA or such other service provider/ transaction platform, shall be considered.

New Fund Offer period

NFO opens on: May 19, 2026

NFO closes on: June 2, 2026

The NFO shall be open for a minimum of 3 working days and will not be kept open for more than 15 calendar days.

Any changes in dates will be published through notice on the AMC's SIF website i.e. <https://isif.icicpruamc.com>

No switches allowed from Mutual Fund Schemes

New Fund offer price.

The units being offered will have a face value of Rs. 10 each during the New Fund Offer.

Minimum Application Amount/ switch in –

- 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) subject to Investor fulfilling minimum subscription amount of Rs.10 Lakhs:

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/-).

Additionally, existing investor may submit the Systematic Investment Plan (SIP) as follow:

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

Note:

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

Switches allowed from iSIF investment strategies.

Redemption:

Any amount subject to provisions of minimum investment threshold as specified below.

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.

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 unfrozen, 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.

Dispatch of redemption proceeds:

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 Nifty 500 TRI.

Nifty 500 TRI is a broad market Index that provides a broad representation of the Indian Equity Market. The investment strategy shall invest minimum 80% in Equity and Equity related instruments. Since Nifty 500 Index provides for mix of large, mid and small cap stocks falling under various sectors, it serves as a relevant benchmark for this type of strategies wherein investment would span across all market caps and all sectors.

Hence Nifty 500 index shall be most suited for comparing the performance of 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.

The investment strategy currently offers only Growth option. Subscription for IDCW option has been disabled for the Investment strategy. The Trustees reserve the right to enable the IDCW option for the Investment Strategy at a future date.

NAME OF THE FUND MANAGER:

The investments under the Investment Strategy will be managed by Mittul Kalawadia, Ms. Nitya Mishra and Ms. Sri Sharma.

Name of the Trustee Company: ICICI Prudential Trust Limited

Performance of the Investment Strategy:

Since this Investment Strategy is a new investment strategy it does not have any performance track record.

Additional Investment Strategy Related Disclosures

- i. **Investment Strategy's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website**

link that contains detailed description): Since this is a new Investment Strategy, the portfolio holdings are not available.

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

iii. **Portfolio Turnover Rate particularly for equity oriented Investment Strategies shall also be disclosed:** Since this is a new Investment Strategy, the portfolio turnover ratio is not available.

Exit Load:

- 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.

Recurring Expenses:

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 2.10% 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 \(icicpruamc.com\)](http://icicpruamc.com) for Total Expense Ratio (TER) details.

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

Particulars	iSIF Equity Long-Short Fund (% per annum of net assets)	
Investment Management and Advisory Fees	Up to 2.10	
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 2.10
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:

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
2.10 %	1.90 %	1.60%	1.50%	1.40%	TER reduction of 0.05% for every increase of Rs. 5,000 crore of daily net assets or part thereof	0.95 %

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.

Illustration impact of expense ratio on Investment Strategy's return:

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:

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	5,000	-

Particulars	Regular Plan	Direct Plan
statutory expenses		
Returns after Expenses at the end of the Year	1,30,000	1,35,000

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

ACTUAL EXPENSES FOR THE PREVIOUS FINANCIAL YEAR:

Not Applicable as this is a new Investment Strategy.

TAX BENEFITS OF INVESTING IN THE MUTUAL FUND:

Investors are advised to refer to Statement of Additional Information (SAI) available on the website of SIF viz; <https://isif.icicipruamc.com> and also independently refer to the tax advisor.

PUBLICATION OF DAILY NET ASSET VALUE (NAV):

The AMC will calculate and disclose the first NAV of the Investment Strategy not later than 5 Business Days from the date of allotment of units under the NFO. 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 website <https://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 investment strategy 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 - support_sif@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 strategies 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

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 SIF viz; <https://isif.icicpruamc.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 has been discontinued.

Please refer to SAI for more details.

Accounts 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(1) 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 the Investment Strategy Information Document (ISID) was approved by the Directors of ICICI Prudential Trust Limited on December 23, 2025. The Trustees have ensured that ISIF Equity 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: May 7, 2026