



CANARA ROBECO ASSET MANAGEMENT COMPANY LIMITED

Valuation Policy & Procedure

CANARA ROBECO MUTUAL FUND
Valuation Policy & Procedure

A. Background

SEBI has amended Regulation 47 and the Eighth Schedule relating to valuation of investments on February 21, 2012, to introduce overriding principles in the form of “Principles of Fair Valuation”.

Prior to this amendment, the eighth schedule and various circulars issued from time to time provided detailed guidelines on valuation of traded securities, non-traded securities, thinly traded securities, etc.

The amended regulations require that mutual funds value their investments in accordance with principles of fair valuation to ensure fair treatment to all investors, i.e. existing investors as well as investors seeking to subscribe or redeem units.

It further prescribes that the valuation shall be reflective of the realizable value of securities and shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures approved by the Board of the asset management company (AMC).

The amendment also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail.

B. Policy Coverage

This policy shall cover the following:

1. Valuation methodologies for particular types of securities.
2. Inter-scheme transfers.
3. Composition and role of the Valuation Committee.
4. Periodic review.
5. Exceptional events.
6. Record keeping.

C. Valuation methodologies

1. The Annexure describes the methodologies for valuing each type of security held by the schemes.

2. Investment in any new type of security shall be made only after the establishment of the valuation methodology for such security with the approval of the Valuation Committee which has been authorized by the boards of the AMC and the Trustees.

D. Inter-scheme transfers

1. Inter-scheme transfers shall be effected as per process defined in the valuation policy.
2. The Annexure describes the methodology to determine the fair valuation of securities which are intended to be transferred from one scheme to another.

E. Valuation Committee

1. Valuation committee shall comprise of the following personnel:
 - a. Chief Operating Officer
 - b. Head Fixed Income
 - c. Head Equities
 - d. Head Risk Management
 - e. Head Compliance
 - f. Head Operations

The Chief Executive Officer and the Chief Operating Officer jointly can reconstitute or nominate additional members for the valuation committee.

2. Following shall be the scope of the Valuation committee:
 - a. Recommendation and drafting of valuation policy for AMC Board approval.
 - b. Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any.
 - c. Recommend valuation methodology during exceptional events.
 - d. Recommend valuation methodology for a new type of security.
 - e. Report to the Board regarding any deviations or incorrect valuations which impact the NAV in excess of 1%, the current regulatory threshold.
 - f. Recommend deviation from stated Valuation Policy in specific cases, with reasons, to give effect to the principle of fair valuation.
 - g. Implement changes in Valuation norms arising out of changes as communicated by SEBI/AMFI to give effect to the principle of fair valuation.

F. Periodic Review

The policy shall be reviewed annually or more frequently, if required, by the Valuation Committee either due to change in Regulations or business environment to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities / assets.

In addition, the valuation committee shall have the valuation policy reviewed by an independent Auditor at least once in a financial year, appraise them of any changes/modifications carried out to existing valuation norms, and have the valuation policy approved by the AMC Board.

G. Exceptional Events

Following types of events could be classified as Exceptional events where current market information may not be available / sufficient for valuation of securities:

- a. Major policy announcements by the Central Bank, the Government or the Regulator.
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Absence of trading in a specific security not covered in this valuation policy or similar securities.
- d. Significant volatility in the capital and debt markets.
- e. A credit default event by the issuer of any fixed income security will be considered as an exceptional event and the value of the security will be appropriately discounted by the valuation committee.

H. Escalation Procedure:

- a. Valuation Committee shall be responsible for monitoring Exceptional events and recommending appropriate valuation methods under the circumstances, with due reporting to the AMC board.
- b. Under such circumstances, the Valuation committee will be vested with powers by the AMC board in deciding the appropriate methodology for valuation of such securities.
- c. In case of deviations from the valuation policy and principles if any, the detailed rationale for each instance of deviation shall be recorded and impact of such deviation on scheme NAV will be reported to the Board of AMC and Trustees. The rationale for the deviation along with details will be disclosed under a separate head on the website of the AMC and a link in respect of the same will be disclosed along with the monthly and half-yearly portfolio statements.

I. Record keeping

Valuation Policy document will be updated in SID / SAI, website and other documents as prescribed by the SEBI regulations and guidelines. All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) will be maintained in electronic form or physical papers.

The above records will be preserved in accordance with the norms prescribed by the SEBI (Mutual Funds) Regulations 1996 and subsequent amendments thereto.

Valuation Policy: AnnexureA. Equity and related securities

Asset Class	Traded / Non-Traded	Current Valuation policy
Equity Shares, Preference Shares, Equity Warrants, Rights, Convertible debentures, Real Estate Investment Trusts (REITs)	Traded	<p>On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.</p> <p>When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / BSE / any other Stock Exchange will be used provided such closing price is not exceeding a period of 30 calendar days prior to the valuation date.</p>
	Non - Traded	<p>Definition of a non-traded security: When a security is not traded on any Stock Exchange for a period of 30 days prior to the valuation date, it is treated as a 'non-traded' security and will be valued as follows:</p> <p>a. Equity Shares / REITs : Valuation price will be in accordance with the norms prescribed in the SEBI guidelines for valuation, i.e., valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount as approved by valuation committee for lower liquidity), and using the last traded price if available.</p> <p>b. Preference Shares: Convertible Preference Shares shall be valued based on underlying equity, discounted for illiquidity if required as decided by the Valuation Committee. Non-convertible Preference Shares are more akin to debt and shall be valued by discounting the future cash flows based on discounting rate decided by the Valuation Committee. In case prices of Non –traded preference shares are available from agency(ies) appointed by AMFI, then such Non–traded preference shares shall be valued at average of prices provided by AMFI-appointed agency(ies).</p> <p>c. Rights Shares: Until rights are traded, the value of right entitlement should be value based on difference between ex-right price of underlying security and right offer price as specified in regulation as below :</p> $V_r = n/m \times (P_{ex} - P_{of})$ <p>Where, V_r = Value of Rights</p>

n = No. of rights offered
 m = No. of original shares held
 Pex = Ex-right Price
 Pof = Right offer price

The computation of the valuation price will commence from the Ex-rights date and continue till the date of subscription to the rights shares. In case the right offer price is greater than the ex-right price, the value of the right share is to be taken as zero.

During this period, on days if traded prices are available for rights shares, they shall be valued as per the traded prices. If traded prices are not available on any particular day, the rights will be valued at the last available traded price. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

d. Equity Warrants: In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount to be determined and must be deducted to account for the period which must elapse before the warrant can be exercised.

e. Convertible debentures: Non-convertible and convertible components are valued separately.

- A. The non-convertible component shall be valued on the same basis as would be applicable to a debt instrument.
- B. The convertible component to be valued as follows:
 - i) Ascertain
 - The number of shares to be received after conversion.
 - Whether the shares would be paripassu for dividend on conversion.
 - The rate of last declared dividend.
 - Whether the shares are presently traded or non-traded/thinly traded.
 - Market rate of shares on the date of valuation

		<p>ii) In case the shares to be received on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares as stated in this policy.</p> <p>iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded paripassu for dividend on conversion:</p> <ol style="list-style-type: none"> a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate b) Determine the discount for non-tradability of the shares on the date of valuation. <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Valuation Committee of AMC)</p> <p>Value = (a)*market rate [1-(b)]</p> <p>iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded paripassu for dividend on conversion:</p> <ol style="list-style-type: none"> a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend. c) Determine the discount for non-tradability of the shares on the date of valuation. <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Valuation Committee of AMC)</p> <p>Value = (a)*{b- [1- (c)]}</p> <p>v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.</p> <ul style="list-style-type: none"> • If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and; • If the option rests with the investor, the higher of the two values shall be taken. <ol style="list-style-type: none"> C. In case prices for non- traded convertible debentures are available from agency(ies) appointed by AMFI, then such non-traded convertible debentures shall be valued at average of prices provided by AMFI-appointed agency(ies). <p>f. Demerger: i. Where there is one resulting Company along with the demerged company and such resulting company is unlisted / awaiting listing, the resulting company will be valued by residual price methodology which would be traded value of the demerged company on the day before the demerger (Ex-date minus 1), less price (adjusted price / open price released by exchange, if available) of the demerged company immediately post demerger (Ex-date). However, if value of demerged</p>
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company is greater or equal to the value of the demerged company before demerger, then the resulting company would be valued at zero.

ii. Where there are more than one resulting company along with the demerged company and all or some resulting companies are unlisted, the resulting companies will be valued by residual price methodology which would be, traded value of the demerged company on the day before the demerger less value of the demerged company immediately post demerger. The residual value would be allocated into resulting companies in the ratio provided as a part of scheme of arrangement or such other ratio as decided by the Valuation Committee. If one of the resulting companies is listed, the residual value for unlisted companies would be further determined by reducing the traded value of listed resulting companies from the residual value computed as above.

iii. In case where the resulting company/ies and the demerged company are unlisted, the traded value of demerged company on the day before the demerger would be allocated between the resulting company/ies and demerged company in the ratio provided as a part of scheme of arrangement or such other ratio as decided by the Valuation Committee. If the above companies remained unlisted for more than 3 months, the Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case-to-case basis. However, if the Valuation committee is of the opinion that a fair valuation has not been achieved in certain cases by applying the above guidelines, it reserves the right to decide on an alternate method of fair valuation, post considering facts on a case-to-case basis. Further, guidance from valuation committee would be sought for any exceptional cases not covered above.

g. Merger: Valuation of resulting company would be determined by valuation of merging / amalgamating company immediately prior to the ex-date of merger / amalgamation

i. In case merging / amalgamating companies being listed, valuation of resulting companies would be summation of valuation of entities immediately prior to merger date. Further if listed company merges into an unlisted surviving company, then the surviving company should be valued at the traded value of merging company immediately before merger.

Example:

- If Company A and Company B merge to form a new Company C then Company C would be valued at the price equals to A+B
- If Company A which is a listed company merges into Company B which is an unlisted company the resultant would be valued at traded price of A immediately before merger

		<p>ii. In case, the merging / amalgamating companies being unlisted, valuation of resulting companies would be valued on the principles of fair valuation as guided by the valuation committee.</p> <p>If the above companies remained unlisted for more than 3 months, the Valuation Committee to decide on application of illiquidity discount as deemed appropriate on case-to-case basis. However, if the Valuation committee is of the opinion that a fair valuation has not been achieved in certain cases by applying the above guidelines, it reserves the right to decide on an alternate method of fair valuation, post considering facts on a case-to-case basis. Further, guidance from valuation committee would be sought for any exceptional cases not covered above.</p>
	Thinly Traded	<p>In line with the valuation formula prescribed under SEBI regulations for valuation, Valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (discounted by 75% i.e., 25% of industry average PE), further discounted for illiquidity.</p> <p>Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in the preceding 30 days is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security. Further, any security which is currently classified as “thinly traded” security, and is being valued at fair valuation prices, will be classified as a “traded security” if it meets any one of the two following criteria and will be valued at “traded prices:-“</p> <ol style="list-style-type: none"> 1. Atleast a total of 50,000 shares are traded in the preceding 30 days or:- 2. Trading volume of Rs.5 lacs is achieved in the preceding 30 days.
	Unlisted	<p>SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024 has prescribed the method of valuation for unlisted equity securities as following:</p> <p>Computation of Net worth per share <i>as lower of (a) and (b)</i>:</p> <p>(a) i) Net worth of the company = Paid up share capital + Free Reserves other than Revaluation reserve - Miscellaneous expenditure not written off, deferred revenue expenditure, intangible assets and accumulated losses.</p> <p>ii) Net worth per share = (Net worth of the company / Number of paid up shares).</p> <p>(b) i) After taking into account the outstanding warrants and options, Net worth of the company = share capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.</p> <p>Net worth per share = (Net worth of the company/{Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}).</p>

		<p>Lower of (a) or (b) above shall be used for calculation of net worth per share and for further calculation in below.</p> <p>Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 per cent. i.e. only 25 per cent of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.</p> <p>The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share.</p> <p>The above valuation methodology shall be subject to the following conditions:</p> <ol style="list-style-type: none"> a. All calculations shall be based on audited accounts. b. If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. c. If the Net Worth of the company is negative, the share would be marked down to zero. d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. e. In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation. <p>At the discretion of the AMC and with the approval of the Valuation Committee, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.</p>
	Partly paid-up Equity Share	<p>Valuation of Partly paid-up equity shares :</p> <ol style="list-style-type: none"> a. Traded : In case the partly paid-up equity shares are traded in the market separately, the partly paid-up equity shares would be valued at last quoted closing price.

		<p>b. Non-traded / Thinly traded / Suspended :</p> <p>(i) Such partly paid up equity shares shall be valued at its last quoted closing price provided the date of last quoted closing price is not more than 30 days prior to valuation date.</p> <p>(ii) In the event the last quoted closing price is more than 30 days prior to valuation date, the partly paid-up equity shares shall be valued at value of underlying fully paid-up equity shares as reduced by the amount of balance call money payable. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from the Valuation Committee.</p> <p>c. Unlisted : Such partly paid-up equity shares shall be valued at the value of underlying fully paid-up equity shares as reduced by the amount of balance call money payable. Suitable illiquidity discount, if deemed necessary, shall be applied with approval from the Valuation Committee.</p>
	Suspended security	<p>In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security.</p> <p>If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non-traded and valued accordingly</p>
	Application money for Primary Market Issue	<p>i) Application money will be valued at cost up to 60 days from the closure of the issue. If the security is not allotted within 60 days from the closure of the issue, application money will be valued as per the directives of valuation committee. Rationale of valuing such application money will be recorded.</p> <p>ii) Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till two months from the date of allotment and after two months, are to be valued as unlisted securities. Method of valuing unlisted equity is stated above.</p>
	Shares tendered for buy-back	<p>If a company offers to buy back the entire portion of the shares tendered by a Mutual Fund Scheme, then such shares will be valued at the price of buy back, else, the market price of the security will be considered for valuation till the date of receipt of formal confirmation of acceptance of shares tendered under the buyback scheme.</p>
	Lock-in Shares	<p>In case of Equity share under lock in for more than 3 months from date of purchase/allotment, which are traded on the stock exchanges, appropriate discount will be applied to the closing price quoted on the stock exchange as may be decided by the Valuation Committee on a case-to-case basis.</p>

	Inter-Scheme Transfers	Inter-Scheme transfers would be done at the price of the security prevailing on the primary stock exchange (National Stock Exchange) at the time of effecting the transfer. If not traded on the primary stock exchange, the price at the Bombay Stock Exchange will be considered.
	Qualified Institutional Placement (QIP)/Follow on Public Offer (FPO)/ Initial Public Offer (IPO)	In the case of QIP and FPO, recognition and valuation would start from the date of allotment. In case of IPO the security would be valued at cost from the date of allotment till a day prior to listing and on the closing price (as per Traded criteria) from the day of listing.
Futures & Options	Traded & Non- Traded	On the valuation day, Options premium received/paid is marked to market based on the settlement prices provided by the respective stock exchanges. Futures contracts are valued at the settlement price provided by the respective stock exchanges. When a security is not traded on the respective stock exchange on the date of valuation, then at the settlement price provided by the respective stock exchange.
Foreign Securities		<ul style="list-style-type: none"> Foreign Securities shall be valued based on the last quoted closing price at Overseas Stock Exchange on which respective securities are listed. However, the AMC shall select the appropriate stock exchange at the time of launch of a scheme in case a security is listed on more than one stock exchange and the reason for the selection will be recorded in writing. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reason for such change being recorded in writing by the AMC and approved by the Valuation Committee. However, in case of extreme volatility in other markets post the closure of the relevant markets, the AMC shall value the security at suitable fair value determined by the Valuation Committee. When on a particular Valuation Day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange or last quoted closing price on selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. Due to differences in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAV for a Valuation Day, the AMC may source this information directly from Reuters or Bloomberg. In the event this information is not available, use the last available traded price / previous day price for the purpose of valuation.

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| | | <ul style="list-style-type: none"> • On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the RBI reference rate as at the close of banking hours on the relevant business day in India. For Currencies where RBI reference rate is not available, Bloomberg / Reuters shall be used. If required, the AMC may change the source of determining the exchange rate with the approval of the valuation committee. • Non -traded ADR /GDRs shall be valued after considering prices/ issue terms of underlying security. The Valuation Committee shall decide on the appropriate discount for illiquidity. Non- traded foreign security shall be valued by AMC at fair value after considering relevant factors on case to case basis. • Corporate Action (Foreign Security): In case of any corporate action event, the same shall be valued at fair price on case to case basis as may be determined by the Valuation Committee in consultation with Independent advisors (if required). • Units of Overseas Mutual Fund will be valued at the last available Net Asset Value of the underlying fund. On the valuation day, for conversion of foreign exchange currency into INR, RBI reference rate as at the close of banking hours on that day in India/Bloomberg/Reuters. If required, the AMC may determine the reference rate from an alternative source as may be approved by the Valuation Committee from time to time. |
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B. Fixed Income, Debt (including perpetual bonds), Money Market, Floating Rate, bills purchased under rediscounting scheme and related securities

Category	Current Valuation Policy
All Securities	<p>At average of security level prices provided by valuation agencies appointed by AMFI for individual securities.</p> <p>In case security level prices given by valuation agencies are not available for a new security which is currently not held by any Mutual Fund, then such security will be valued at purchase yield on the date of allotment/purchase.</p>
	<p>In case of any deviation from the valuation price for the money market and debt securities provided by valuation agencies, The AMC shall follow the procedure as mentioned in Master Circular for Mutual Funds dated June 27, 2024, and other applicable guidelines as may be issued by SEBI from time to time.</p>
Securities with put and call option	<p>Securities where PUT option or CALL option is exercised with a residual maturity of 30 days or less: Straight Line price amortization from the notice of the exercise of the put or call option till the date of exercise.</p> <p>Securities where PUT option or CALL option is exercised with a residual maturity of more than 30 days: Shall be valued at prices provided by valuation agencies appointed by AMFI on each Valuation Day.</p> <p>In case if PUT option or CALL option is not exercised, valuation of such securities shall be done in line with Debt and Money Market Instruments stated above in the policy based on their residual maturity.</p>
Government Securities	<p>Irrespective of the residual maturity, Government Securities including Treasury Bills shall be valued at average of security level prices obtained from valuation agencies appointed by AMFI.</p>
	<p><u>Waterfall approach for valuation of money market and debt securities</u></p> <p>The valuation agencies will follow a waterfall approach for the valuation of money market and debt securities as follows:</p> <ol style="list-style-type: none"> 1. All traded securities will be valued on the basis of traded yields, subject to identification of outlier trades.

	<ol style="list-style-type: none"> 2. Volume Weighted Average Yield (VWAY) for trades in the last one hour of trading will be used as the basis for valuation of Government Securities and Treasury Bills. Valuation of all other money market and debt securities including Government Securities not traded in the last one hour will be done on the basis of VWAY of all trades during the day. 3. In case of any exceptional event on a day, only VWAY of trades post such an event will be considered for valuation. 4. All trades on stock exchanges and trades reported on trade reporting platforms till end of the trade reporting time (excluding inter-scheme transfers) will be considered for arriving at the valuation every day. 5. valuation agencies will follow a polling process as part of the waterfall approach and will identify Mutual Funds who will participate in the polling process on a particular day.
Inter scheme Transfers debt / MMI securities	<ol style="list-style-type: none"> 1. At average of security level prices provided by valuation agencies appointed by AMFI for individual securities if prices are received within the pre-agreed TAT; 2. If prices from only one valuation agency are received within the pre-agreed TAT, those prices will be used for IST pricing; 3. If prices are not received from any of the valuation agencies within the pre-agreed TAT, the IST pricing will be arrived at using the following methodology: At weighted average YTM considering all trades done up to that particular point of inter scheme transfer. <p>For securities with residual maturity <= 30 days: All trades with minimum traded lot of INR 50 crores value or more will be aggregated for same or similar security on a public platform.</p> <p>For securities with residual maturity > 30 days: All trades with minimum traded lot of INR 25 crores of face value or more will be aggregated for same or similar security on a public platform.</p> <p>Criteria for identifying similar securities: Similar security should be identified by the following waterfall logic, Provided the maturity dates are within the same calendar quarter:</p> <ol style="list-style-type: none"> 1. Same issuer with maturity date within ± 3 days of maturity date of security for inter-scheme transfer shall be considered first. If no such instance is available, then Step 2 to be followed: <p><i>Example: For inter-scheme transfer of Punjab National Bank CD maturing on 15-Jun-2021, all secondary market trades of Punjab National Bank CD maturing within 12-Jun-2021 to 18-Jun-2021 will be considered first</i></p>

	<p>2. Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution, manufacturing, NBFC – broking, NBFC non-broking etc.) and similar credit rating(long term/short term), with maturity date within ± 3 days of maturity date of security considered for inter-scheme transfer</p> <p>☐ <i>Example: For inter-scheme transfer of Punjab National Bank CD maturing on 15-Jun-2021, all secondary market trades of similar public sector bank CDs maturing within 12-Jun-2010 to 18-Jun-2021 will be considered.</i></p> <p>Note: Outlier trades, if any, should be ignored after suitable justification by Fund Managers. In case no data point is available for security, in accordance with above principles: Transfer at previously valued price.</p>
<p>Valuation of money market and debt securities which are rated below investment grade</p>	<ol style="list-style-type: none"> 1. A money market or debt security is classified as “below investment grade” if the long-term rating of the security issued by a SEBI registered Credit Rating Agency is below BBB- or if the short-term rating of the security is below A3. 2. A money market or debt security shall be classified as “Default” if the interest and/or principal amount has not been received, on the day such amount was due or when such security has been downgraded to “Default” grade by a Credit Rating Agency. 3. All money market and debt securities which are rated below investment grade or Default shall be valued at the price provided by valuation agencies. 4. Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade or Default, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts. The indicative haircut rate that is applied to the principal will be applied to the accrued interest also. 5. In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, traded price will be considered if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies. 6. In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price will be revised accordingly. 7. In case of any deviation from the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies, the AMC shall follow the procedure as mentioned in Master Circular for Mutual Funds dated June 27, 2024 and other applicable guidelines as may be issued by SEBI from time to time.

	<p>8. In case of securities classified as below investment grade but not default, interest accrual will continue with the same haircut applied to the principal. In case of securities classified as default, no further interest shall be made. Any recovery will first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV. Any recovery in excess of the carried value in the NAV will be applied first towards amount of interest written off and then towards amount of principle written off.</p>
	<p>Changes in terms of investment: While making any change to terms of an investment, Mutual Funds shall adhere to the following conditions:</p> <ol style="list-style-type: none"> 1. Any changes to the terms of investment, which may have an impact on valuation, shall be reported to the valuation agencies immediately. 2. Any extension in the maturity of a money market or debt security shall result in the security being treated as “Default”, for the purpose of valuation. 3. If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as “Default” for the purpose of valuation. 4. Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.
Upfront Fees	<ol style="list-style-type: none"> 1. Upfront Fees on all trades (including primary market trades), by whatever name called, will be considered by the valuation agencies for the purpose of valuation of securities. 2. Details of such upfront fees will be shared with the valuation agencies on the trade date to enable them to arrive at the fair valuation for that date. 3. Upfront fees will be reduced from the cost of investment and will be shared on pro-rata basis if the investment in a particular security is made from multiple schemes.

C. INVESTMENT IN InvITs

Asset Class	Traded/Non-traded/Listed/Unlisted	Valuation Methodology
Units of InvITs	Traded	Valuation of units of InvITs will be based on the last quoted closing price on the principal stock exchange where such security is listed. The AMC has selected National Stock Exchange (NSE) as principal stock exchange. If no trade is reported on the principal stock exchange on a particular valuation date, units of InvITs shall be valued at the last quoted closing price on other recognised stock exchange.
	Non-Traded	<ul style="list-style-type: none"> • When units of InvITs are not traded on any stock exchange on a particular valuation day, the value at which these were traded on the selected stock exchange or any other stock exchange, as the case may be, on any day

		<p>immediately prior to valuation day, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date.</p> <ul style="list-style-type: none"> • Where units of InvITs are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvITs will be determined by the Valuation Committee in consultation with the Internal Auditors or an independent valuation agencies as deemed appropriate by the Valuation Committee from time to time. • In addition to the above, if the valuation of units of InvITs is provided by the independent agency as approved by AMFI, AMC may get into an arrangement with such agency to provide security level price for Valuation.
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Notes:

1. Public Platform in respect of inter-scheme trades refers to:

- a) RFQ/Corporate bond reporting platform of Stock Exchanges: for corporate bonds, debentures and securitized debts
- b) F-Trac: For commercial papers, certificate of deposits
- c) In case of multiple platforms reporting trades in corporate bonds, debentures and securitized debt, the order of preference would be Exchange (NSE OTC, NSE WDM, BSE) and own trades. The qualifying criteria will be observed at the exchange/platform level.
- d) In case of multiple platforms reporting trades in commercial paper and certificates of deposit, the order of preference would be FTRAC, Exchange (NSE WDM, BSE) and own trades. The qualifying criteria will be observed at the exchange/platform level.
- e) In case of multiple platform reporting trades in Government Securities, Treasury Bills & Cash Management bills, the order of preference would be Exchange (NDS OM, NSE WDM, BSE) and own trades. The qualifying criteria will be observed at the exchange/platform level.
- f) FTRAC/NDS OM/NSE WDM/NSE OTC/BSE WDM prices disseminated by Bilav Information Services LLP will be used for valuation.

2. Following assets will be valued at Cost plus accrual basis:

- a) Overnight Reverse Repo
- b) Overnight Tri-party Repo (TREPS)
- c) Short Term Deposit with banks

3. Valuation of repurchase (repo) transactions including Tri-Party Repo (TREPS) except in case of amounts lent on Overnight basis shall be valued at mark to market considering the average of security level prices provided by the valuation agencies. Valuation agencies will calculate the number of days based on business days. For instance, TREPS placed on Friday and maturing on Monday will not be considered for valuation at mark to market basis over the weekend. Similar treatment will be given in the event of intervening holidays. In case security level prices given by valuation agencies are not available for a new TREPS (which is currently not held by any Mutual Fund), then such TREPS shall be valued at purchase yield on the date of purchase.

4. Units of mutual funds will be valued at the last published NAV As per AMFI website for nontraded funds and as per market prices for listed and traded funds on the valuation day. If market prices are not available for traded funds on a particular valuation day, the last available NAV as per AMFI website is considered for valuation.
5. Investment in units of Corporate Debt Market Development Fund is valued at the last published NAV as per AMFI website.
6. Interest rate swaps will be valued at the average security level prices provided by valuation agencies appointed by AMFI.
7. Own trades will not be used for valuation of debt and money market securities and for inter-scheme transfers.
8. All securities with less than 30 days' residual maturity other than sovereign securities will have long term rating (either by SEBI approved rating agency or internal long-term rating assigned)
9. The policy will stand modified to the extent it is inconsistent with any regulatory pronouncements hereafter.