REQUEST FOR PORTFOLIO MANAGEMENT SERVICES UNDER A SPECIFIC INVESTMENT APPROACH

Date: ___________________

To,

Master Portfolio Services Limited

1012, 10th Floor, Arunachal Building,19, Barakhamba Road, New Delhi-110 001

Dear Sir / Madam

I / We have entered into a discretionary portfolio management services agreement dated. ....(“Agreement”) with you for availing portfolio management services. I/we wish to opt the specific Investment Approach **Master Trust India Growth Strategy** as per the terms and conditions of the Annexure(s) to this request letter. This availing of the services for the said Investment Approach shall be in addition to any other Investment Approach opted by me/us with you.

I/We further understand & agree that the above Annexure(s) to this letter shall be part and parcel of the Agreement executed by me/us and all other documents including authorizations, documents, annexures, declarations, attorneys, risk document, risk profile and any other document submitted/executed by me/us at the time of opening of my/our account with you or at any time thereafter including any updations shall be applicable to the said Investment Approach opted herein.

Further, I/we understand and confirm that I/we have been/ will be allotted a unique Client Code and further a sub code may be allotted for each portfolio under each Investment approach I/we opt for and all the portfolio reports may be made available separately using such sub codes.

INVESTMENT AMOUNT

Amount (Rs. in Words) ____________________

Name of the Bank ____________________

Mode of Payment ☐ **Cheque** ☐ **RTGS** ☐ **Transfer of Securities**

Account No. ____________________ **Cheque / UTR No.** ____________________

ISIN NO.	Name of Securities	No. of Shares	Value of Shares	Valuation Date	Cost Price	No. of Days Since Acquisation

Thanking you,

Yours faithfully,

Name of Investor : ....

✍ (01)

PMS Unique Client Code: ....

ANNEXURE 1 A : DETAILS OF INVESTMENT APPROACH OPTED

Name: Master Trust India Growth Strategy

Investment objective: To construct an optimally focused portfolio of bonds and equities of Mid Market securities, Large Cap turnaround companies, corporate bonds or government securities to beat the benchmark by 5% per annum of the investment horizon delivering superior risk adjusted returns. The portfolio may contain upto 25 securities with the investment universe defined by Portfolio Manager. However, the number of securities can differ based on circumstances. The securities shall be selected based on a bottom up research process where in the fundamental of the securities will be studied and based on expected risk and return from such investment the said security shall be included or excluded from the portfolio. The process followed is as follows:

Level I:

- Proprietary Scoring model
- Industry screens: Sustainable, Distress, Structurally +ve/-ve, Cyclically +ve/-ve

Level II:

- Detail Evaluation of Businesses and financials by Annual Accounts statements, conference call Transcripts, Other Channel checks
- Possible reach out to Industry Participants, Analyst conference call transcripts.

Type of Securities % Allocation:

INSTRUMENTS	Indicative Allocations (% of portfolio value)
Equity	0-100%
Debt	0-100%
Cash & Cash Equivalent	0-100%
Mutual Funds	0-100%

The portfolio manager may also invest upto 10% of the assets under management in listed equity linked securities or listed units of a REIT or INVIT or unit trust as permitted by SEBI.

Investment Tenure : > 3 years.

Benchmark : BSE-500 TRI

There could be high levels of cash in the portfolio for short periods of time, especially during rebalancing periods. However, the allocation shall be complied with at the time of initial investment and at the time of rebalancing. If, in between rebalance periods the portfolio risk changes significantly, then the Portfolio Manager may rebalance the portfolio. The investment team decides the breakup of large cap and mid cap stocks based on the market capitalization. The maximum exposure towards any security shall be 10% of the portfolio on cost basis. The allocation mix between large cap and mid/small cap is ensured during optimization of the portfolio. The portfolio manager has the discretion to accept or reject the allocations of the model portfolio while keeping the allocation and investment strategy within the portfolio constraints.

Use of Derivatives For Hedging: The portfolio may also invest in derivative instruments to hedge the portfolio in accordance with the SEBI Circular No. MFD/CIR/21/25467/2002. The maximum exposure to derivatives shall not exceed the absolute value of the equity exposure in the portfolio at the time of hedging. In percentage terms, the exposure in derivatives shall not be more than 100% of equity exposure at the time of hedging. The instruments used would be either Nifty Index Futures or Nifty Index ATM/OTM Put options or a combination of all. While using the Index Futures, the position taken for hedging would be selling the required number of Nifty Index Futures contracts, whereas, if using ATM/OTM Nifty Index Put Options, the position taken for hedging would be buying the required number of options. Apart from this, the Portfolio Manager may also use other derivative instruments as permitted by SEBI and described in the Agreement in the manner which is consistent with the stated objectives of hedging of the portfolio without any reference to the Client. The valuation of the derivatives positions shall be done based on the prices provided on National Stock Exchange of India Limited and in an event of liquidation of the portfolio, any open derivatives position shall be closed at market prices on best effort basis.

Investment Approach Specific Risks:

i. The Portfolio Manager provides no guarantee or assurance that the objectives set out in the Investment Approach and or the Agreement shall be accomplished.

ii. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets including 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, other political and economic developments, corporate actions like de-listing of securities, market closure, relatively small number of scrips accounting for large proportion of trading volume etc. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

iii. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat, in the Portfolio Manager's name, while price risk may arise on account of availability of share price from stock exchanges during the day and at the close of the day.

iv. Investment decisions made by the Portfolio Manager may not always be profitable.

v. The Portfolio Manager has limited experience and / or track record.

vi. Not meeting the obligation to make Capital contributions is terms of the Agreement may have implications as set out in the Agreement and may also impact the profitability of the Portfolio.

vii. Equity and Equity Related Risks: Equity and Equity Related instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.

viii. Macro-Economic risks: Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monitory or fiscal policies; changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

ix. Liquidity Risk: Liquidity of investments is often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange, Money market securities, while fairly liquid, lack a well develop secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold. Though the liquidity is provided daily by the underlying mutual funds or ETF manufacturers, there can be markets conditions of delayed liquidity. Even upon termination of the Agreement, the Client may receive illiquid securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the strategy are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

x. Credit Risk: Debt securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

xi. Interest Rate Risk : is associated with movements in interest rates, which depend on various factors such as such as a Government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rate rise, the value of a portfolio of fixed income securities can be expected to decline.

xii. Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance are extraneous factors which can impact the Portfolio.

xiii. The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to various factors which by way of illustration include default or non performance of a third party, investee company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.

xiv. Reinvestment Risk: This risk arises from the uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

xv. Non-Diversification Risk: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio Manager will attempt to maintain a diversified Portfolio in order to minimize this risk.

xvi. Mutual Fund Risk: This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivatives instruments, stock lending, off-shore investments etc, will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units.

xvii. The Portfolio Manager is neither responsible nor liable for any losses resulting from the services.

xviii. Clients are not being offered any guarantee/ assured returns.

xix. The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients. The Client may incur a higher rate of TDS/ Dividend Distribution Tax in case the investments are aggregated in the name of the Portfolio Management Portfolio/Investment Approach.

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

xxi. In case of investments in Mutual Fund units, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he/she/it may have received had he/she/it invested directly in the underlying mutual fund schemes in the same proportions.

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

xxiii. Clients will not be permitted to withdraw the funds/Portfolio (unless in accordance with the terms agreed with the Client). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

xxiv. In case of early termination of the Agreement, where Client Securities are reverted to the Client, additional rights available while the Securities were held as part of the Portfolio that were negotiated by the Portfolio Manager with an investee company or its shareholders may no longer be available to the Client.

xxv. Derivatives Risk: The Investment Approach may use various derivatives as permitted by the Regulations. Derivatives including index options are specialized instruments that require an understanding of not only the underlying instrument but of the derivative itself.

a. The derivatives will entail a counter party risk to the extent of amount that can become due from the counter party. The Portfolio Manager intends to transact mainly on the National Stock Exchange of India Limited which acts as the central counter party thereby reducing the counter party risk to a large extent. However, there is always the possibility that the institutions, including brokerage firms and banks with which the Portfolio Manager does business, or to which securities have been entrusted for custodial or margin purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the client.

b. The cost of hedge using derivatives can be higher than adverse impact of market movements. An exposure to derivatives in excess of hedging requirements can lead to losses. Efficiency of a derivatives market depends on the development of a liquid and efficient market for underlying securities.

c. Derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to forecast price or interest rate movement correctly. Other risks in using derivatives include the risk of mis-pricing or improper valuations of derivatives and the inability of derivatives to correlate perfectly with the underlying assets, rates and indices.

xxvi. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields. This may increase the risk of the portfolio.

xxvii. The Portfolio Manager may not be able to 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.

xxviii. The Portfolio Manager is not responsible for risk profiling of prospective and existing investors. The investor should read the disclosure document and terms and conditions of the Investment approach properly before making any investment decision.

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FEES AND TERMINATION CHARGES

I/We hereby agree to pay the following fees in consideration for availing of the Portfolio Manager's Services

a) **Management Fees :** A management fee of % per annum of the daily average net asset value of the portfolio calculated and paid monthly in arrears.

b) **Performance linked Fee:** Performance Fee shall be charged at the rate of % of the profits with a hurdle rate of % per annum on annual basis .The performance fee shall be calculated and paid on the date of termination of the agreement or at the end of every year or on part withdrawal of the funds/securities, whichever is earlier.

   The Management Fee shall be exclusive of the following fees that are payable by the Portfolio Manager to other service providers engaged by it:

   (i) Custodian, Depository and Fund Accounting Fees
   (ii) Registrar and transfer agent fee
   (iiii) Certification and professional charges
   (iv) Incidental Expenses

   The Portfolio Manager estimates that the total of the operating expenses, excluding brokerage and other transaction and other charges payable to the stock broker, under items (I) to (iv) above shall not be more than 0.50% per annum of the daily average net asset value of the portfolio calculated and paid monthly in arrears.

c) **Exit Charges of the Amount Redeemed** (on part or complete withdrawal):

   2% if Exit within 18 months
   1.5% if Exit between 18 to 24 months
   0.5% if Exit between 24 to 36 months.

d) **Frequency of charges**

   Management Fee/Custody/Fund Accounting: Charged on a daily basis on the daily assets under management.

   Performance Fee: Charged on annual basis or termination of the agreement or part withdrawal, whichever is earlier and concept of high water mark applies.

   STT, Brokerage, other charges and levies: Charged as and when transaction takes place in the portfolio

   Goods & Services Tax: As applicable from time to time.

e) **Expense Structure- Illustrations**

   The following computations are for illustrative purpose only. These illustrations are provided to enable the investors to understand the levy of various applicable charges on the investment under the investment approach under different market scenarios on a sample portfolio of Rs. 50 lakhs considering that the frequency of computing all the fees are on annual/actual basis. Further, the

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Illustration of Fees and other charges to client
Scenario #1 - The portfolio value increase by 20% annually

Nature of Fees	Amount in Rs.	Amount in Rs.
Assets Under Management	50,00,000.00	
Add: Profit on Investments during the year @20% on AUM	10,00,000.00	
Gross Value of the Portfolio at the end of the year		60,00,000.00
Less: Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges(for eg. @ 1% p.a. of Rs.50,00,000)*	50,000.00	
Less: Management fees (for eg. @1.5% p.a. of Rs.50,00,000) *	75,000.00	
Less : GST on Management Fees, Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges (@18%)	22,500.00	
Total charges during the year other than performance fees	1,47,500.00	
Net value of Portfolio at the end of the year before Performance Fees		58,52,500.00
% Change over capital contributed before Performance Fees		17.05%
Less: Performance Fees (For eg. 20% above 8% hurdle rate)	90,500.00	
Less : GST on Performance Fees(@18%)	16,290.00	
Net Value of the Portfolio at the end of the year		57,45,710.00
% Change over capital contributed net of all fees.		14.92%
*Please note that in the actual scenario, the Management Fee, Custody and Fund accounting fees are charged on a daily basis on daily Assets Under Management and other fees are charges as per transaction value.		

Scenario #2 - The portfolio value decreases by 20% annually

Nature of Fees	Amount in Rs.	Amount in Rs.
Assets Under Management	50,00,000.00	
Less: Loss on Investments during the year @20% on AUM	10,00,000.00	
Gross Value of the Portfolio at the end of the year		40,00,000.00
Less: Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges(for eg. @ 1% p.a. of Rs.50,00,000)*	50,000.00	
Less: Management fees (for eg. @1.5% p.a. of Rs.50,00,000) *	75,000.00	
Less : GST on Management Fees, Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges (@18%)	22,500.00	
Total charges during the year other than performance fees	1,47,500.00	
Net value of Portfolio at the end of the year before Performance Fees		38,52,500.00
% Change over capital contributed before Performance Fees		-22.95%
Less: Performance Fees (For eg. 20% above 8% hurdle rate)	0	
Less : GST on Performance Fees(@18%)	0	
Net Value of the Portfolio at the end of the year		38,52,500.00
% Change over capital contributed net of all fees.		-22.95%
*Please note that in the actual scenario, the Management Fee, Custody and Fund accounting fees are charged on a daily basis on daily Assets Under Management and other fees are charges as per transaction value.		

Scenario #3 - The portfolio value does not change

Nature of Fees	Amount in Rs.	Amount in Rs.
Assets Under Management	50,00,000.00	
Add: Profit on Investments during the year @0% on AUM	0.00	
Gross Value of the Portfolio at the end of the year		50,00,000.00
Less: Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges(for eg. @ 1% p.a. of Rs.50,00,000)*	50,000.00	
Less: Management fees (for eg. @1.5% p.a. of Rs.50,00,000) *	75,000.00	
Less : GST on Management Fees, Brokerage /DP/Transaction Charges/other levies/Custody / Fund Accounting charges (@18%)	22,500.00	
Total charges during the year other than performance fees	1,47,500.00	
Net value of Portfolio at the end of the year before Performance Fees		48,52,500.00
% Change over capital contributed before Performance Fees		-2.95%
Less: Performance Fees (For eg. 20% above 8% hurdle rate)	0.00	
Less : GST on Performance Fees(@18%)	0.00	
Net Value of the Portfolio at the end of the year		48,52,500.00
% Change over capital contributed net of all fees.		-2.95%
*Please note that in the actual scenario, the Management Fee, Custody and Fund accounting fees are charged on a daily basis on daily Assets Under Management and other fees are charges as per transaction value.		

Client to write the below mentioned complete sentence in their own handwriting in the space provided below:

“I have understood the fees/charge structure”

Name : ____________________________________ ✍ (04)

LIST OF COMPANIES THAT ARE NOT TO BE INCLUDED IN THE PORTFOLIO ANNEXURE 1 'B'

[Pursuant to Clause 15.2 of the Agreement]

a. Investment restrictions due to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992.

b. Investment restrictions due to Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulation, 1997

c. Other investment restrictions per client requirements.

LIST OF DIRECTORSHIPS OF THE CLIENT

ANNEXURE 1 ‘C’

Sr. No.	Name	Designation	Residential Address	PAN

✍ (05)

Consent from the client for investment in securities of Related Party/Associates

1. This document is for obtaining the consent/dissent for investment by Portfolio Manager in its associates / related parties.
2. As per SEBI (Portfolio Managers) Regulations, 2020, the limits applicable for investment in the securities of associates/related parties of Portfolio Manager are as under:

Security	Limit for investment in single associate/ related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities	30%	

3. The client may choose not to invest in the securities of associates/related parties of the Portfolio Manager. Further, the client may choose a limit lower than the limits prescribed at paragraph 2 above.
4. The risks and conflict of interest associated with investment by the Portfolio Manager in the securities of its associates/related parties are as under:

   Risks : Not Applicable

   Conflict of Interest : Not Applicable
5. In case the client wants the Portfolio Manager to invest in the securities issued by associated / related parties of Portfolio Manager and provides the consent for the same, the investments shall be subject to the following limits:

Security	Limit for investment in single associate/ related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity	0%	0%
Debt and hybrid securities	0%	0%
Equity + Debt + Hybrid securities	0%	

6. In case of passive breach of investment limits (i.e., occurrence of instances not arising out of omission and / or commission of Portfolio Manager) as decided at paragraph 5 above, a rebalancing of the portfolio is required to be completed by Portfolio Managers within a period of 90 days from the date of such breach. However, the client may give an informed, prior positive consent to the Portfolio Manager for a waiver from the requirement of rebalancing of the portfolio to rectify the passive breach of investment limits. The client may choose not to provide any waiver.
7. Please indicate consent or dissent as under:

   <u>**Limits on investment**</u>

☒ **Consent:** Portfolio Manager **can** invest in the securities of its associates/related parties within the limits agreed upon at paragraph 5 above.

☑ **Dissent:** Portfolio Manager **cannot** invest in the securities of its associates/related parties.

<u>**Waiver from rebalancing of portfolio on passive breach of investment limits**</u>

☒ **Consent:** Portfolio Manager **need not** rebalance the portfolio on passive breach of investment limits.

☑ **Dissent:** Portfolio Manager **should** rebalance the portfolio on passive breach of investment limits.

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