

AVENDUS WEALTH MANAGEMENT PRIVATE LIMITED

VALUATION POLICY

Version 1.2

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1. Introduction

Aventus Wealth Management Private Limited (AWMPL) is a SEBI registered Portfolio Manager, Investment Advisor and also an Investment Manager to SEBI Registered Alternative Investment Funds. Further, AWMPL also under its AMFI registration acts as a Distributor to Mutual Funds and other third-party products.

SEBI (Portfolio Managers) Regulations, 2020, SEBI (Alternative Investment Funds) Regulations, 2012, SEBI (Investment Advisers) Regulations, 2013 and amendments/circulars thereto (hereinafter collectively & logically referred to as “SEBI Regulations”), which primarily govern AWMPL, expect that the client be provided accurate valuations of the investments held or facilitated by AWMPL.

Key extracts from current regulations applicable to AWMPL are reproduced as Annexure I.

From a regulatory parlance it is important that valuation of portfolio of the clients is done accurately in order to project a realistic view of the securities held in the account by the client. This policy lays down the broad principles and process of determining how much a security/asset is worth for a client. AWMPL shall keep and maintain proper books of accounts, records and documents, for each Client so as to explain transactions for each Client and in particular to give a true and fair view of the state of affairs of the Portfolio of each Client.

In the above backdrop, AWMPL is required to send out a consolidated report to its clients for them to get a complete view of their portfolio with AWMPL.

2. Applicability

This policy governs the valuation of securities / investment products held by the clients under different accounts including portfolio management services, execution, advisory, alternative investment funds. For portfolio management services and alternative investment funds in addition to this policy the SEBI Regulations, Disclosure Document and Private Placement Memorandum, will govern, respectively.

Regulatory developments shall deem to automatically form part of this policy document for due adherence till periodic review cycle is completed.

This policy comes into effect from November 23, 2021

3. Asset Class & Valuation Methodology

The valuation methodology for different asset classes would be as stated under:

SR.NO	ASSET CLASS/ TYPE	METHOD
1.	EQUITY (LISTED/UNLISTED)	a) Where the Security (equity and equity related instrument) is traded on NSE the day's closing price on NSE will be considered for valuing Securities. If it is not traded on NSE, then the day's closing price on BSE will be considered. If the Security is not traded on either exchange on that day, then

SR.NO	ASSET CLASS/ TYPE	METHOD
		<p>the last traded price will be considered. However, if the Security is not traded on preceding the valuation date, then the Security shall be valued at last traded price available. Purchase and sale transactions shall be recognized on the trade date and not as of the settlement date, so that all the investments made during a period are recorded and reflected in the same period.</p> <p>Unlisted Securities/investments will be valued at cost or last round valuation (which is provided by the Company/or publicly available), whichever is latest.</p> <p>b) Dividend income shall be tracked from the date of declaration and recognized on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of receipt.</p> <p>c) Bonus units shall be tracked from the date of declaration and recognized on the date of the Security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of receipt.</p> <p>d) In case of Merger/Demerger, till the shares of the demerged/merged entity are not listed / traded, then valuation of the entity will be decided on case to case basis depending on ratio of merger/demerger or based on cost ratio given by company. The last closing price of the company prior to merger will be used to derive valuation based on method mentioned.</p> <p>e) In case of Buy-back, all shares will be valued at the market price. On receipt of the confirmation of actual shares accepted in the offer, the buyback price will be used for valuing that accepted quantity. The balance holding, would be valued at the market price.</p> <p>f) Rights units shall be recognized in the client's portfolio post receipt of securities allotment from the company. Further, till the rights are listed, it will be valued at cost.</p>
2.	MUTUAL FUNDS	<p>a) The previous day's scheme NAVs or latest NAVs declared by Mutual Funds [as per The Association of Mutual Funds in India (AMFI) website] /subscription feeds for NAV from vendors will be used to value Mutual Fund investments.</p> <p>b) ETFs shall be valued at closing prices available on the stock exchange/NAV price declared by fund house. If the said prices are not available, the latest NAV of the Fund will be considered.</p>

SR.NO	ASSET CLASS/ TYPE	METHOD
3.	FIXED INCOME /DEBT/BONDS/ STRUCTURED PRODUCTS/MLD	<p>Investment Grade Bonds: All types of G-Sec, SDL, T-Bill, CP, CD, Corporate Bonds, Tax Frees, Taxable Bonds, and Perpetual Bonds will be valued by CRISIL on all working days based on the methodology as detailed in their service contract / presentation.</p> <p>Sub-Investment grade Bonds : Sub-investment grade securities would be valued by CRISIL on “benchmark based approach” that is currently used by Asset Management Companies (AMCs). Over due course, this would shift to Loss Given Default (LGD) framework for which a separate commercial contract will be mutually agreed and signed.</p> <p>Structured Products / Market Linked Debentures (MLD): MLD prices will be sourced from the publicly available value of the securities as published by third party valuer or issuer on their respective websites. The prices would be updated at a frequency of once a calendar week or when valuation is provided by issuer.</p>
4.	THIRD PARTY PRODUCTS	As per valuation provided by the manufacturer. If none available, to be stated at cost.
5.	OPTIONS	All traded options to be valued as per the settlement price of the day on NSE. If no trade is reported on NSE on a particular valuation date, Stock Options contracts shall be valued at the settlement price of BSE.

NOTES:

- a) First in First Out (FIFO) method shall be followed to determine the holding cost of investments and profit/ loss on sale of investments.
- b) In case interest is outstanding for more than 3 months then we will not accrue subsequent interest and the same will be accounted only on receipt basis.
- c) The cost of investments acquired and/or purchased shall include all such costs incurred for effecting such acquisition/purchase. In respect of privately placed Securities, any front-end discount offered shall be reduced from the cost of investment. STT shall be expensed out for accounting of Equity and Option Trade.

4. Benchmark

The benchmark for client’s reporting is selected based on asset class of the underlying product. For discretionary portfolio management investment approaches managed by AWMPL, benchmark mapping would be done based on information stated in the Disclosure Document. Changes if any in the benchmarks, should be adequately recorded and justified with specific reasons thereof by the Fund Manager/Key Investment Team and following the process specified in the SEBI (Portfolio Managers) Regulations, 2020. For Alternative Investment Fund(s), the benchmark reporting shall be done as prescribed under the relevant SEBI regulations.

Further, the following benchmarks shall be applicable for other than AWMPL inhouse strategies as decided by the Head of Products/CEO and changes if any, should be adequately justified with specific reasons.

Asset class \ Subclass	Equity	Debt	Balance	Cash	Alternate Asset
Equity	Nifty				
Mutual fund	Nifty	CRISIL short Term Index	Crisil Balance Fund Index	Crisil liquid Index	
Managed Product	Nifty	CRISIL short Term Index	Crisil Balance Fund Index	Crisil liquid Index	Nifty
Debt		CRISIL short Term Index			

5. Performance Disclosures

Performance returns would be indicated in all client facing documents including collaterals/ marketing materials on an XIRR basis unless otherwise stated in this document or the specific Regulations. Further, all performance would be stated net of expenses & fees and on a pre/post-tax basis as per NAV information received from the fund houses/ other third-party manufacturers unless stated otherwise in the specific Regulations.

Performance of Discretionary Portfolio Management Investment Approach shall be provided on a Time Weighted Rate of Return (TWRR) basis as per norms stated in the SEBI Regulations.

6. Disclosure of Valuation Methodology

A disclosure of the Valuation methodology shall be made to the clients in a suitable form including through the account statements going to the clients periodically. Further, adequate disclaimers should be added in the account statements going to the clients duly approved by Compliance, Risk and Legal team.

7. Exception Process

- a) Valuation of any security or investment product under force majeure events and considering extraneous events would be done on the basis of the methodology approved by the Investment Committee of AWMPL.
- b) Valuation done in exception of this policy of any security or investment product would need a prior approval from the Head of Products, Head/ Director of Operations/Client Operations and Chief Risk Officer.

8. Collaterals

Valuations presented in any client facing document / collateral should follow the principles of the said policy unless otherwise stated in SEBI regulations.

9. Policy review:

This policy would be reviewed once every fiscal year.

Approved on: November 23, 2021

Approver: Board of Directors of Aventus Wealth Management Private Limited

For Aventus Wealth Management Private Limited

Sd/-

Authorized Signatory

ANNEXURE I

A) SEBI (Portfolio Managers) Regulations, 2020:

31. Reports to be furnished to the client. —(1) The portfolio manager shall furnish periodically a report to the client, as agreed in the contract, but not exceeding a period of three months and as and when required by the client and such report shall contain the following details, namely:-

(a) the composition and the value of the portfolio, description of securities and goods, number of securities, value of each security held in the portfolio, units of goods, value of goods, cash balance and aggregate value of the portfolio as on the date of report;

(b) transactions undertaken during the period of report including date of transaction and details of purchases and sales;

(c) beneficial interest received during that period in the form of interest, dividend, bonus shares, rights shares, etc;

(d) expenses incurred in managing the portfolio of the client;

(e) details of risk foreseen by the portfolio manager and the risk relating to the securities recommended by the portfolio manager for investment or disinvestment.

(f) default in payment of coupons or any other default in payments in the underlying debt security and downgrading to default rating by the rating agencies, if any;

(e) details of commission paid to distributor(s) for the particular client.

B) SEBI (Alternative Investment Funds) Regulations 2012:

23. (1) The Alternative Investment Fund shall provide to its investors, a description of its valuation procedure and of the methodology for valuing assets.

(2) Category I and Category II Alternative Investment Funds shall undertake valuation of their investments, atleast once in every six months, by an independent valuer appointed by the Alternative Investment Fund:

Provided that such period may be enhanced to one year on approval of atleast seventy-five percent of the investors by value of their investment in the Alternative Investment Fund.

(3) Category III Alternative Investment Funds shall ensure that calculation of the net asset value (NAV) is independent from the fund management function of the Alternative Investment Fund and such NAV shall be disclosed to the investors at intervals not longer than a quarter for close ended Funds and at intervals not longer than a month for open ended funds.

C) SEBI (Investment Advisers) Regulations, 2013:

a. An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.
