CAPITALMIND ASSET MANAGEMENT PRIVATE LIMITED

VALUATION POLICY

CAPITALMIND MUTUAL FUND

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Policy Version Control

Sr No	Version Number	Version Date	Summary of changes
1	1	-	Formulation of the policy in accordance with SEBI circulars
2	2	-	Incorporation of the following changes: I. Changes in valuation methodology of Repo, Reverse Repo and TREPS to align with the latest SEBI circulars. II. Changes in valuation methodology of AT-1 Bonds to comply with SEBI circular SEBI/HO/IMD/PoD1/CIR/P/2024/06 dated August 05, 2024 III. Other minor changes.

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1. Background

The Eighth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 titled "Investment Valuation Norms" and the various circulars issued by SEBI from time-to-time provide detailed guidelines on valuation of, inter alia, equity instruments. The Eighth Schedule also provides for the overriding principles with respect to valuation of instruments in the form of "Principles of Fair Valuation".

These Principles require that mutual funds value their investments in accordance with the principles of fair valuation so as to ensure fair investment 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.

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

Additionally, all such changes to the existing provisions for valuation of equity instruments brought in by SEBI by way of modification to the existing provisions, deletion of certain provisions and introduction of new provisions have been introduced in order to align the guidelines with the best market practices and improve the robustness of valuation of securities.

In order to ensure transparency of valuation norms to be adopted by the AMC, it is mandated by SEBI that AMCs disclose their valuation policy and procedures as approved by the Board of the AMC on their website and in Statement of Additional Information.

In terms of the above, we, Capitalmind Trustee Private Limited ("the Trustee") and Capitalmind Asset Management Private Limited ("the AMC"), the AMC to the schemes of Capitalmind Mutual Fund ("the Fund"), have formulated this valuation policy ("the Policy").

2. Objectives

The objective of this Policy is primarily to:

a. Describe the methodologies used for valuing securities held by the scheme(s);
b. Ensure adherence to SEBI guidelines and regulations on valuing the securities;
c. Ensure that the securities/assets are consistently valued as per the approved methodology/ies;
d. Incorporate the best market practices followed in the industry on valuations;
e. Elaborate the process for valuing securities held by the scheme(s) to all stakeholders involved in equity valuations;
f. Ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets;
g. Describe the process to deal with exceptional events;
h. Devise process to detect and prevent incorrect valuation;
i. Address conflict of interest;
j. Ensure transparency by making appropriate decisions.

Therefore, the main purpose of the Policy is to ensure fair treatment to all investors (including existing as well as new investors) seeking to purchase or redeem the units of the Scheme(s) of Mutual Fund Company at all points of time.

3. Definitions

3.1. Principal and Secondary Stock Exchange

The AMC has selected the National Stock Exchange (NSE) as principal stock exchange and Bombay Stock Exchange (BSE) as secondary stock exchange, for all schemes other than Index based Funds/ETF, which invest in domestic equity and equity related securities/ preference shares.

For index-based schemes/ETF the Principal stock exchange would be the exchange where the underlying benchmark index has been set up. If no trade is reported on the principal stock exchange on a particular valuation date, traded securities shall be valued at the last quoted closing price on other recognised stock exchange. For this purpose, only NSE and BSE shall be considered as the recognized stock exchanges.

3.2. Non-Traded Securities

a. When a security (other than Government Securities, money market and debt securities) is not traded on any Stock Exchange for a period of thirty days prior to the valuation date, the scrip shall be treated as a non-traded security.
b. A money market or debt security shall be considered as non-traded when, on the date of valuation, there are no trades (in marketable lots) in such security on any recognized Stock Exchange or no trades (in marketable lots) have been reported on trade reporting platform of recognized stock exchanges or the Clearing Corporation of India Ltd. (CCIL).

3.3. Thinly-Traded Equity and Equity Related Securities

a. When trading in an equity and/or equity related security (such as convertible debentures, equity warrants etc.) in a month is both less than Rs.5 lacs and the total volume is less than 50,000 shares, the security shall be considered as thinly traded security and valued accordingly. In order to determine whether a security is thinly traded or not, the volumes traded in all recognized Stock Exchanges in India may be taken into account.

b. Where a Stock Exchange identifies the thinly traded securities by applying the above parameters for the preceding calendar month and publishes or provides the required information along with the daily quotations, the same can be used by the Fund.
c. If the shares are not listed on the Stock Exchanges which provide such information, then the AMC shall make its own analysis in line with the above criteria to check whether such securities are thinly traded or not and then value them accordingly

3.4. Traded Money Market / Debt Security

a. A money market or debt security shall be considered as traded when, on the date of valuation, there are trades (in marketable lots) in that security on any recognized Stock Exchange or there are trades reported (in marketable lots) on the trade reporting platform of recognized stock exchanges or The Clearing Corporation of India Ltd. (CCIL). In this regard, the marketable lots shall be defined by AMFI, in consultation with SEBI.

3.5. Below investment grade and default

a. A money market or debt security shall be classified as "below investment grade" if the long-term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short-term rating of the security is below A3
b. 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 CRA. In this respect, the AMC shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security

4. Valuation Committee

The AMC has constituted an in-house valuation committee consisting of senior executives including personnel from fund management, compliance, operations, and finance departments.

Details of this committee, including functions and meeting frequency, are specified in **Annexure 7**.

5. Principles, Policy, Procedure & Methodology for valuation of securities/assets

1. The AMC shall adopt the principle of fair valuation i.e., valuation will be done in good faith and in true and fair manner to reflect the net realizable value of the securities / asset as determined by Valuation Committee. Given the exceptional nature of the events, it is not possible to define a standard methodology to be adopted for fair valuation of securities / assets for such events.
   The Board of Directors of the AMC and the Trustee Company have authorized the Valuation Committee to determine the exceptional events and devise the process to deal with the exceptional events, as specified in **Annexure 3**
2. Detailed security/ asset -wise valuation policy, procedure & methodology for each type of investment made by the scheme(s) of the Fund is described in **Annexure 1.**
3. The Board of the AMC and Trustee shall approve the valuation methodologies for any investments in new securities/assets (other than those mentioned in **Annexure 1**).
4. Further, the investments held by schemes of the Fund would normally be valued according to the Valuation Guidelines specified by SEBI from time to time. In case of any conflict between the Principles of Fair Valuation as detailed under clause 5 (3) above and valuation guidelines specified by SEBI from time to time, the Principles of Fair Valuation shall prevail.

5. Investment in new type of securities/assets by the fund's scheme(s) shall be made only after establishment of the valuation methodologies for such securities with the approval of the Board of the AMC
6. The AMC shall not use their own trades for valuation of debt and money market securities and for Inter-scheme transfers
7. The AMC shall ensure that similar securities held under its various schemes shall be valued consistently
8. Illiquid Securities:
    a. Aggregate value of "illiquid securities" under a scheme, which are defined as non-traded, thinly traded, and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
    b. The AMC shall disclose as on March 31 and September 30 the scheme wise total illiquid securities in value and percentage of the net assets while disclosing Half Yearly Portfolios to the unit holders. In the list of investments, an asterisk mark shall be given against all such investments which are recognized as illiquid securities.
    c. The AMC shall not be allowed to transfer illiquid securities among its schemes

6. Inter Scheme Transfers

Transfer of securities through inter-scheme shall be at the market price or fair valuation price. The methodology to determine the fair valuation of securities which are intended to be transferred from one scheme to another is included in **Annexure 2**.

7. Exceptional events

Further to Clause 5 (1), The Valuation Committee shall identify and monitor exceptional events and recommend appropriate procedures /

methodologies with necessary guidance from the Board of AMC and Trustee, wherever required, and get the same ratified.

8. Conflict of Interest

The implementation of valuation policy and methodologies as adopted / authorized by the Board of AMC and Trustee shall be subject to review by Valuation Committee. The Valuation Committee will be responsible for addressing areas of conflict of interest and therein recommend changes, if any, in policy/methodology. The same shall be ratified with the Board of AMC and Trustee.

9. Deviation

Investments shall be valued as per the methodologies mentioned in this Policy, which aims to enable true and fair valuation of securities. However, if the valuation of any particular asset/ security does not result in a fair valuation or under exceptional circumstances, the Valuation Committee would have the right to deviate from the established policies in order to value the asset/security at fair/appropriate value. Such deviations shall be appropriately reported to the AMC and Trustee boards and disclosed to the Investors as may be decided by the Valuation committee.

In case the AMC decides to deviate from the valuation price given by the valuation agencies:

a. the detailed rationale for each instance of deviation shall be recorded by the AMC;
b. the instances of deviation and the rationale along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) will be informed to the Boards of the AMC & Trustee; and

c. such rationale along with the details mentioned above will be disclosed immediately and prominently on the website of the AMC under a separate head.
d. while disclosing the total number of instances of deviation in the monthly and half-yearly portfolio statements, the AMC shall also provide the exact link to their website for accessing the information mentioned above in clause 9.c

10. Record Maintenance

The AMC shall maintain and preserve documentation for valuation (including inter scheme transfers) either in electronic or physical form for a period of 8 years or such period as prescribed by the SEBI Regulations and guidelines from time to time.

11. Dissemination of Information

a. The AMC shall provide transaction details, including inter scheme transfers, of money market and debt securities on daily basis to the agency entrusted for providing the benchmark yield/ matrix of spread over risk free benchmark yield
b. The AMC shall also disclose all details of debt and money market securities transacted (including inter scheme transfers) in its schemes portfolio on its website and the same shall be forwarded to AMFI for consolidation and dissemination. These disclosures shall be made settlement date wise on daily basis with a time lag of 15 days. The disclosure shall be in a comparable, downloadable (spreadsheet) and machine-readable format.
c. The AMC shall provide transaction details of various types of debt securities like NCDs, Mibor linked floaters and CPs on daily basis in the prescribed format enclosed at **Annexure 6** to the agency recommended by AMFI.

12. Review of Policy

In order to ensure the appropriateness and accuracy of the methodologies as mentioned above and its effective implementation, a review at regular intervals as specified by the Valuation Committee shall be carried out by the Internal Auditors. The said report shall be placed before the Audit Committee of the Boards of the AMC and the Trustee.

Further, the valuation policies and procedures will be reviewed at least once in a Financial Year by an Independent Auditor.

13. Disclosure

In order to ensure transparency of the valuation norms adopted by AMC, the valuation policy and procedures approved by the Boards of the AMC and the Trustee shall be disclosed in the Statement of Additional Information (SAI), on the website of the Company and at any other place as may be specified by SEBI or the AMC and Trustee Board.

14. Annexure 1 : Detailed security/asset-wise valuation policy, procedure & methodology for Investments

The valuation policy, procedure & methodology adopted by the Investment Manager for investments in securities/assets made by the Scheme(s) is as under:

14.1. Equity & Equity Related Securities

14.1.1. Traded Equity

a. The security shall be valued at the last quoted closing price on the principal stock exchange.
b. When the security is traded on more than one recognized stock exchange, the security shall be valued at the last quoted closing price on the principal stock exchange.
c. If on a particular valuation date, a security is not traded on the principal stock exchange but traded on secondary stock exchange, then closing price of the secondary exchange is considered.
d. When a security is not traded on either primary, or secondary stock exchange on a particular valuation day, the value at which it was traded on any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date. In case the last traded price is more than 30 days such security will be valued as a non-traded security.
e. Securities held by Exchange Traded Funds (ETFs) and Index funds which are benchmarked to indices relating to a particular stock exchange will be valued using the last quoted closing price on stock exchange of the underlying benchmark index. For e.g. for a Sensex Fund, the principal stock exchange will be the BSE.
f. In case the security is traded in periodic call auction session, the security shall be valued as per last quoted closing price of such periodic call auction session

14.1.2. Thinly Traded / Non-Traded

Thinly and non-traded securities shall be valued “in-good faith” by the AMC on the basis of appropriate valuation methods. The supporting data in respect of each security so valued must be preserved. The methods used to arrive at values “in-good faith” shall be periodically reviewed by the trustees and reported upon by the auditors as “fair and reasonable” in their report on the annual accounts of the fund.

For the purpose of valuation of thinly and non-traded equity securities, the following principles will be adopted:

A. In case an individual security constitutes less than 5% of Net Assets & the Balance sheet is available within 9 months from the close of the year:

Valuation would be done as per the following method:

1. Net worth per share = [Share Capital + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure & Debit Balance in Profit and Loss Account] / No. of paid up shares.
2. Average Capitalization rate (P/E ratio) for the industry based upon either NSE or BSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75%, i.e. only 25% of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
3. 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 10% for illiquidity so as to arrive at the fair value per share.

B. **In case an individual security constitutes less than 5% of Net Assets but the Balance Sheet is not available within 9 months from the close of the year:**

In case where the balance sheet is not available within nine months from close of the year, unless the accounting year is changed, the security would be valued at zero.

C. **In case an individual security accounts for more than 5%:**

In case an individual security accounts for more than 5% 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% of the total net assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme on the date of valuation shall be taken into account.

D. **Suspension up to 30 days**

In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the Valuation Committee or Trustees shall decide the valuation norms to be followed, and such norms shall be documented and recorded.

E. **Deviation**

In order to ensure fair valuation, the AMC, after providing suitable justification to and due approval from the Valuation Committee, may decide to value non-traded/thinly traded equity share at a price lower than the value derived using the aforesaid methodology.

14.1.3. Unlisted Equity Securities

A. In case an individual security constitutes less than 5% of Net Assets & the Balance sheet is available within 9 months from the close of the year:

Valuation would be done in the following method:

Calculation of net worth per share – Based on the latest available balance sheet, Net Worth shall be calculated as the lower of the formula (1) and (2) below:

Formula 1 :
Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / No. of paid-up shares.

Formula 2 :
After taking into account the outstanding warrants and options, net worth per share shall again be calculated and shall be:
Net Worth per share = [Share Capital + consideration on exercise of Option and/or Warrants received / receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets, and accumulated losses] / Number of paid shares plus Number of shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.

The lower of the Net worth per share from Formula 1 and Formula 2 above shall be used for further calculation in (b) below.

a. Average Capitalization 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%, i.e. only 25% of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

b. 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% for illiquidity so as to arrive at the fair value per share.
c. All calculations shall be based on audited accounts.
d. If the Net Worth is negative, the share would be marked down to zero.

B. In case a particular security constitutes less than 5% of Net Assets but the Balance sheet is not available within 9 months from the close of the year:

In case where the balance sheet is not available within nine months from close of the year, unless the accounting year is changed, the security would be valued at zero.

C. In case an individual security accounts for more than 5%:

In case an individual security accounts for more than 5% 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% of the total assets of the scheme, it shall be valued in accordance with the procedure mentioned above on the date of the valuation.

D. To be Listed Companies

Any investment in “To be Listed” Companies will be valued at listed price once it is traded. Prior to trading it shall be valued at purchase cost or book price provided the valuation date does not exceed the purchase date by 30 days. If it is still not traded after 30 days of purchase, then security would be appropriately valued by the Valuation Committee considering the principles of fair valuation.

At the discretion of the AMC and with the approval of the Trustees, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.

The Board of the AMC and Board of Trustees have laid down the parameters for investing in unlisted equity shares (including IPOs).

In case additional parameters are required for valuation of such Unlisted securities, the AMC shall formulate the same and the Board of the AMC and the Board of Trustees shall review the same and if agreed, shall approve the same. They shall pay specific attention as to whether due diligence was exercised while making such investments and shall review the performance of such investments in their periodical meetings. Comments on compliance of these guidelines shall be indicated by the AMC and Trustee in their CTRs and Half Yearly Reports filed with SEBI.

14.1.4. Partly paid-up Equity shares

A. Traded Partly Paid-up Equity Shares

In case the partly paid-up equity shares are traded in the market separately, the partly paid-up equity shares would be valued at the last quoted closing price. (like any other Equity instrument).

B. Non-Traded /Suspended /Thinly Traded Partly Paid-up Equity Shares

a. 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 the valuation date

b. In the event the last quoted closing price is more than 30 days prior to the valuation date, the partly paid-up equity shares shall be valued at value of the 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

C. Unlisted Partly Paid-up Equity Shares

Such partly paid-up equity shares shall be valued at the value of the 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 Valuation Committee

Further, after reviewing the valuation of such partly paid-up equity shares, if the prices as per the above methodology does not represent fair price or in case necessary details to value the partly paid-up equity shares are not available, the Valuation Committee will determine fair value based on available information.

14.1.5. Equity and Equity related Securities awaiting listing (Merger/Demerger)

a. Valuation of merged entity shall be arrived at based on the previous day's last quoted closing price of the respective companies prior to merger.
b. Where the demerged company is not immediately listed, valuation price shall be worked out by using the previous day's last quoted closing price before demerger reduced for last quoted closing price of the listed company.
c. Where none of demerged companies are immediately listed, the shares of new companies shall be valued by allocating combined valuation existing as on date of the corporate action to the new companies after taking into consideration the pro-rata shares allotted and other relevant factors.

14.1.6. Corporate Actions : Stock Split/Face Value Change and Buy-Back of Securities

A. Stock Split/ Face value change

In case of stock split, the face value of a stock is reduced and proportionately number of shares is increased. The valuation of equity shares undergoing stock split will be based on the listed closing price of the split-adjusted shares as per the recognized stock exchange and ISIN registry. The cost of one share will be proportionately adjusted in line with stock split change, to derive the new cost of share. On stock split/face value change, in case the company specifies any regulations/ method for cost bifurcation or valuation, the same will be adopted.

B. Buy-back of Securities

a. If a company offers buy-back hundred percent of the shares tendered, then shares will be valued at the price of buy-back and ignoring the market price. Else, market price of the shares will be considered for valuation till formal confirmation of acceptance of shares tendered under the buy-back schemes. Quantum of shares accepted under buy-back will be accounted as a sale trade.
b. The AMC would inform the Fund Accountant whenever 100% of the shares gets tendered in the buy-back.

14.1.7. Equity and Equity related securities under lock-in period / pending listing

a. These shall be valued based on the last quoted closing price of security after applying suitable discount for illiquidity. Where such securities are subject to a lock-in period exceeding 30 calendar days, an appropriate illiquidity discount shall be applied to reflect the lack of marketability. The discount shall be determined by the Valuation Committee, considering factors such as the remaining duration of the lock-in, trading characteristics of similar securities, issuer-specific risks, and prevailing market conditions.

b. The Valuation Committee shall decide on the illiquidity discount to be applied, on a case-to-case basis. The AMC shall generally be guided by the illiquidity discount matrix, if any, prescribed by AMFI and accepted by SEBI.

14.1.8. Suspended equity Securities

In case trading in an equity security is suspended for upto 30 days, the last traded price would be used for valuation of that security. If an equity security is suspended for more than 30 days, then valuation methodology would be decided on a case-to-case basis by the valuation committee. Such valuation norms shall be documented and recorded.

14.1.9. Initial Public Offering (IPO) Allotment and Private Placement / Pre-IPO Allotment

Such shares shall be classified as "to be listed" / "awaiting listing" .

These shares will be valued at:

a. cost of acquisition, in case acquired other than IPO route;
b. allotment price, in case allotted under IPO; till the listing of shares.

If such shares do not get listed on the recognised stock exchange within 60 days of such allotment, shares so acquired will be valued as per the fair value guidelines applicable for unlisted shares.

14.1.10. QIP (Qualified Institutional Placement – Equity Shares)

The equity shares allotted through QIP process should be considered on the same lines as the existing listed equity shares and hence should be valued at the market/traded price of the existing listed equity shares.

14.1.11. "Rights" Entitlement

Until the rights are traded, the value of the 'right' entitlement should be valued based on difference between ex-rights price of underlying security and rights offer price as detailed below:

$Vr = n/ m * (Pex – Pof)$, where

- Vr = Value of rights
- n = No. of rights offered
- m = No. of original shares held
- Pex = Ex-rights price
- Pof = Rights Offer price

a. Where the rights are not treated pari passu with the existing shares, suitable adjustment should be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights should be valued at the renunciation value.

b. In case the rights offer price is greater than the ex-rights price, the value of the rights share is to be taken as zero

c. If the rights are traded separately, then the traded price is the valuation price.

d. If the rights are on non-traded shares or unlisted shares, then the rights would be valued at zero market price.

14.1.12. Warrants

A. Thinly traded / non-traded warrants / Unlisted warrants

In respect of warrants to subscribe for shares attached to securities, 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 after applying suitable discount for illiquidity. The quantum of discount would be decided by the Valuation committee in consultation and inputs from AMFI.

If the value computed above is less than zero, the value of the warrant shall be taken as zero.

B. Traded warrants

In case of the warrants been traded separately they would be valued as per the valuation guidelines applicable to equity shares.

14.1.13. Futures and Options

Individual stock & index, futures & options would be valued as given below.

A. Options

All traded options are to be valued as per the closing prices and in the absence of traded closing prices, the settlement price declared by the exchange will be considered for valuation. Whenever option contracts are not traded on a given day, the settlement price which reflects fair value shall be used for valuation. However, in such instances the closing price published in bhav copy has no relevance as it reflects last traded price, which is irrelevant. In case no settlement price is available, then a theoretical price as derived by the Black-scholes option pricing formula would be used for valuation.

B. Futures

a. The settlement price will be considered for valuation for non-traded contracts
b. If the contract is traded and settlement price is not available, then closing prices for the security will be considered for valuation.

14.1.14. Foreign Securities (other than units of overseas mutual funds)

Traded foreign securities would be valued at the latest available closing price of the stock exchange on which the security is traded.

A. Traded - For the purpose of computation of NAV on the same day

a. Foreign Securities shall be valued based on the last quoted closing price as on the NAV date (T-day) on the Overseas Stock Exchange where the securities are listed. The price in local currency would be obtained and the closing RBI reference rate would be used to calculate the closing price. If the INR price for the security is available, then the same would be used for valuation.

b. If the stock/ETF is listed in currency for which RBI reference rate is not available, the exchange rates available from Refinitiv (Reuters) exchange rate / Bloomberg (at 5.00 P.M IST) will be used. In case the direct exchange rates are not available on Bloomberg/Reuters, then cross currency rate with USD would be considered and converted as per the INR/USD RBI reference rate.

c. If the security is listed on more than one stock exchange, the AMC shall select the appropriate stock exchange and the reasons for selection of the stock exchange shall be recorded in writing and approved by the Valuation Committee.

d. 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 available price on the selected stock exchange shall be used provided such date is not more than thirty days prior to the valuation date.

B. Non-Traded Securities

a. A non-traded/thinly traded foreign security will be valued by the AMC using the principles of fair valuation after considering relevant factors on case-to-case basis.
b. In case of any extra-ordinary event in other markets post the closure of the relevant markets, the AMC will value the security at suitable fair value as determined by the Valuation Committee.

c. All the corporate action for foreign securities will be recorded on the same basis as valuation of foreign securities by considering a cut off time of 5.00 PM (IST). The corporate action of the securities will be recorded on T day or T+1 day, depending upon the closure of business hours of the stock exchange on which the particular securities are traded / listed.

14.1.15. Indian Depository Receipts

Valuation of IDRs listed on the Indian Stock Exchange would follow the principles similar to Listed Indian Equity Shares. In case the IDRs are classified as thinly traded or are non-traded, the criteria as laid above for Listed Indian Equity shares shall be applied taking into consideration the relevant company’s balance sheet.

14.2. Debt and Debt-related Securities

14.2.1. Debt Securities and Money market Securities

All debt and money market securities, including commercial paper, certificate of deposit, bonds, zero coupon bonds, bills, floating rate securities and bills purchased under rediscounting scheme shall, irrespective of residual maturity, be valued based on the average of security level prices as provided by the valuation agencies appointed by AMFI.

In order to have fairness in the valuation of debt and money market securities, the AMC shall take into consideration prices of trades of same security or similar security reported at all available public platform.

In case of price being available from only one agency, the same will be considered for valuation.

In case of non-availability of prices from AMFI approved agencies-

a. Traded security will be valued at purchase yield on the date of allotment / purchase.
b. Non-traded securities will be at the fair value as per procedures determined by the Valuation Committee.

14.2.2. Government Securities

a. Government securities, including Central Government Securities (G-Sec), State Government Securities/Developmental Loans (SDL), Treasury Bills (T-Bills) and Cash Management Bills (CMB) shall be valued at the average of the security level prices obtained from valuation agencies irrespective of the residual maturity.

b. In case necessary details to value Government securities are not available, the valuation committee will determine fair value based on available information

14.2.3. Repo, TREPS, Reverse Repo, CROMS (including Corporate Bond Repo)

a. Non-Overnight: All money market and debt securities including floating rate securities shall be valued at average of security level prices obtained from valuation agencies. In case security level prices given by valuation agencies are not available for a new security, then such security may be valued at purchase yield/price on the date of allotment / purchase.
b. Overnight securities (i.e., securities with residual maturity of 1 day) shall be valued on a cost-plus accrual basis.

14.2.4. Market Linked Debentures

a. All Market Linked Debentures shall be valued based on the average of security level prices as provided by the agencies appointed by AMFI.

b. Further, after reviewing the valuation of such Security, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the valuation committee will determine fair value based on available information

14.2.5. Interest Rate Swap (IRS) & other OTC derivatives

a. Interest Rate Swaps (IRS) and other OTC derivatives shall be valued based on average of prices as provided by the agencies appointed by AMFI
b. IRS shall be valued from the date of allotment (T+1 settlement) based on the average of security-level prices provided by the two valuation agencies appointed by AMFI (currently CRISIL and ICRA). For the period up to the date of allotment, the IRS shall be valued at cost. In the event that prices are not available from either valuation agency on the date of allotment or subsequent dates, the IRS shall be valued at net present value (NPV), computed using the expected future cash flows as per the contract terms. These cash flows shall be discounted using applicable Overnight Indexed Swap (OIS) rates sourced from platforms such as Bloomberg/Reuters or any other source approved by the Valuation Committee.
c. Further, after reviewing the valuation of IRS/other OTC derivatives, if the prices as per the above methodology does not represent fair price or in case necessary details to value the same are not available, the valuation committee will determine fair value based on available information.

14.2.6. Interest Rate Futures

Interest Rate Futures shall be valued at day end settlement price / any other equivalent price provided by the stock exchange

14.2.7. Short-term deposits with banks

Investments in short -term deposits with banks (pending deployment) shall be valued on cost plus accrual basis

14.2.8. Bank Fixed Deposit

All Bank Fixed Deposits will be valued at cost.

14.2.9. Securities with Put/Call Options

A. Securities with call option

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

B. Securities with put option

The securities with put options shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the securities.

C. Securities with both put and call option

1. Only securities with put/call options on the same day and having the same put and call option price, shall be deemed to mature on such put/call date and shall be valued accordingly.
2. In all other cases, the cash flow of each put/call option shall be evaluated and the security shall be valued on the following basis:
    a. Identify a 'Put Trigger Date', a date on which 'price to put option' is the highest when compared with price to other put options and maturity price.
    b. Identify a 'Call Trigger Date', a date on which 'price to call option' is the lowest when compared with price to other call options and maturity price.
    c. In case the Put Trigger Date or Call Trigger Date is not available, the valuation shall be done to the maturity price. In case one of the Trigger dates is available, then the valuation would be done

as to the said Trigger date. In case both Trigger dates are available, then the valuation would be done to the earliest date.

D. Justification for non-exercise of put option

1. A put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield / coupon rate by 30 basis points.

2. In the event a put option is not exercised, when exercising such put option would have potentially been in favor of the scheme, a justification for non-exercise of the put option shall be provided to the Board of the AMC and Trustees on or before the last date of the notice period.

3. In case of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, if the put option is not exercised by the Mutual Fund, when exercising the put option would have been in favor of the scheme,
    a. a justification for not exercising the put option shall be provided to the valuation agencies, board of the AMC and Trustees, on or before the last date of the notice period.
    b. The valuation agencies shall not take into account the remaining put options for the purpose of valuation of the security.

14.2.10. Non - Investment Grade Securities

a. All money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies appointed by AMFI

b. From the date of the credit event/ratings downgrade to below investment grade, till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued based on indicative haircuts provided by these agencies.

c. 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.

d. The treatment of accrued interest and future accrual of interest for money market and debt securities rated below investment grade, is detailed below:
    1. The indicative haircut that has been applied to the principal should be applied to any accrued interest.
    2. For securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.

e. Consideration of traded price for valuation
    1. Where such securities are traded (as per the minimum lot size determined by the agencies appointed by AMFI) during the interim period from the date of the credit event and receipt of valuation price and if such trade price is lower than the price post standard hair cut then the traded price will be considered for such valuation till valuation price is determined by the agencies appointed by AMFI.
    2. In case of trades (as per the minimum lot size determined by the agencies appointed by AMFI) after the valuation price is computed by the agencies appointed by AMFI 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 may be revised accordingly.

3. The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the agencies appointed by AMFI by recording and disclosing detailed rationale for such deviation as per Clause 14.2.12 of this policy document with the approval of Valuation Committee.

14.2.11. Treatment of future recovery

The treatment of future recovery in terms of principal and interest in case of money market and debt securities shall be as detailed below:

a. Any recovery shall 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.

b. Any recovery in excess of the carried value should then be applied first towards amount of interest written off and then towards amount of principal written off.

14.2.12. Deviation from indicative haircuts and/or valuation price provided by valuation agencies

The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

a. The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.
b. The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the

security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.

c. The rationale for deviation along-with details as mentioned at para above shall also be disclosed to investors. In this regard, the AMC shall immediately disclose instances of deviations under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along with an exact link to the website wherein the details of all such instances of deviation are available.

14.3. Units of Mutual Funds

14.3.1. Units of Domestic Mutual Fund (including ETFs)

a. Units of Domestic Mutual Funds , listed and traded on exchanges would be valued at the last quoted closing price on the 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

b. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day

c. In case if on any valuation day the domestic mutual fund is having a non-business day then the previous day closing price / NAV would be considered for valuation.

14.3.2. Valuation of Fund of Funds (FoFs) investing in ETFs

The closing price of the units of ETFs on the primary stock exchange shall be used for valuation by FoFs investing in such ETFs.

14.3.3. Units of Overseas Mutual Fund (including ETFs)

a. Overseas Mutual Fund Units (including ETF's) listed and traded on exchanges would be valued at the last quoted closing price on the overseas stock exchange, where the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation.
b. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day.
c. In case if on any valuation day the overseas mutual fund is having a non-business day then the previous day closing price / NAV would be considered for valuation.

14.4. Units of InvITs / ReITs

14.4.1. Allotted but Listing awaited

Units of InvIT and REIT post allotment but awaiting listing will be valued at allotment price.

14.4.2. Listed and Traded/Non- Traded

a. Where units of InvIT and REIT are listed but not traded after initial listing, valuation will be determined by the Valuation Committee based on the principles of fair valuation.
b. Valuation of units of InvIT and REIT will be based on the last quoted closing price on the principal stock exchange where such security is listed. The AMC has selected NSE as principal stock exchange, for all schemes other than Index based Funds/ETF. For index-based schemes/ETF, the Principal stock exchange would be the exchange where the underlying benchmark index has been set up. If no trade is reported on the principal stock exchange on a particular valuation date, units of InvIT and REIT shall be valued at the last quoted closing price on other recognised stock exchange. For this purpose, only NSE and BSE shall be considered as the recognized stock exchanges.

c. When units of InvIT and REIT is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on any day immediately prior to valuation day or latest NAV declared by the investment manager of the trust, whichever is later, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date. The AMC shall provide the fair valuation of such Non traded units to the Fund Accountant.
d. Where units of InvIT and REIT are not traded on any stock exchange for a continuous period of 30 days then the valuation for such units of InvIT and REIT will be determined based on the price provided by an independent valuation agencies. The selection of the independent valuation agencies will be approved by the Valuation Committee.
e. Where the valuation for units of InvIT and REIT is not available from any independent valuation agencies, the valuation will be determined by the Valuation Committee based on the principles of fair valuation.

14.5. Commodities and Commodity related Securities

14.5.1. Gold of 0.995 / 0.999 fineness

The gold acquired by the scheme is in the form of standard bars and its value as on a particular day is determined as under:

a. The London Bullion Market Association's (LBMA) AM fixing price in USD per troy ounce would be considered. (The conversion from ounce to kg will be as per National Institute of Standards and Technology i.e. 1 troy ounce = 0.0311034768 kg).
b. Transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund shall be added to the LBMA price.
c. Statutory taxes, customs duty and levies, as applicable from time to time, to bring the gold from the London to the place where it is actually stored on behalf of the Fund shall be added to arrive at the final landed price of gold. However, in case of Gold ETF schemes, where GST paid on gold acquisition is recovered from investors separately (and

not capitalized into the scheme assets), the eligible input GST shall not be included in the valuation of gold.

d. The value arrived at based on (a), (b)and (c) above shall then be converted to the equivalent price for 1 kilogram gold of 0.995 / 0.999 fineness by applying standard conversion rates to metric measure.
e. The RBI reference rate declared by the Financial Benchmarks India Limited (FBIL) shall be applied to convert the price from US dollars to Indian Rupees.
f. The adjustments as per above should be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund.
    1. If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then t0he immediately previous day's prices shall be applied for the purpose of calculating the value of gold.
    2. If the gold acquired by the gold exchange traded fund scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of above subparagraph.
g. A premium or discount shall be applied to the valuation price arrived as per above methodology to ensure it reflects the fair value.
    1. The premium/discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. Instances where MCX spot price is lower than the price as determined above, a suitable discount would be applied and instances where the MCX spot price is higher than the price as determined above, a suitable premium would be applied.
    2. In case MCX spot price is not available, then price published by Indian Bullions and Jewellers Association Ltd. (IBJA) as PM price for that particular day should be used.
    3. In cases where both MCX spot price and IBJA price is not available then any other appropriate source may be used as agreed upon by the valuation committee to determine the domestic price.

14.5.2. Silver of 0.999 fineness

The silver acquired by the scheme is in the form of standard bars and its value as on a particular day is determined as under:

a. The London Bullion Market Association's (LBMA) AM fixing price in USD per troy ounce would be considered. (The conversion from ounce to kg will be as per National Institute of Standards and Technology i.e. 1 troy ounce = 0.0311034768 kg)
b. Transportation and other charges that may be normally incurred in bringing such silver from London to the place where it is actually stored on behalf of the Fund, shall be added to the LBMA price.
c. Statutory taxes, customs duty and levies, as applicable from time to time, to bring the gold from the London to the place where it is actually stored on behalf of the mutual fund shall be added to arrive at the final landed price of silver. However, in case of silver ETF schemes, where GST paid on silver acquisition is recovered from investors separately (and not capitalized into the scheme assets), the eligible input GST shall not be included in the valuation of silver.
d. The value arrived at based on (a), (b) and (c) above shall then be converted to the equivalent price for 1 kilogram silver of 0.999 fineness by applying standard conversion rates to metric measure.
e. The RBI reference rate declared by the Financial Benchmarks India Limited (FBIL) shall be applied to convert the price from US dollars to Indian Rupees.
f. The adjustments as per above should be made on the basis of a notional premium that is usually charged for delivery of silver to the place where it is stored on behalf of the mutual fund.
    1. If on any day the LBMA AM fixing or RBI reference rate is not available due to holiday or any other reason, then the immediately previous day's prices shall be applied for the purpose of calculating the value of silver.

2. If the silver acquired by the silver exchange traded fund scheme is not in the form of standard 30kg bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of above subparagraph.

g. A premium or discount shall be applied to the valuation price arrived as per above methodology to ensure it reflects the fair value.
   1. The premium/discount shall be decided by comparing the domestic price i.e. MCX spot price with the valuation price. Instances where MCX spot price is lower than the price as determined above, a suitable discount would be applied and instances where the MCX spot price is higher than the price as determined above, a suitable premium would be applied.
   2. In case MCX spot price is not available, then price published by Indian Bullions and Jewellers Association Ltd. (IBJA) as PM price for that particular day should be used.
   3. In cases where both MCX spot price and IBJA price is not available then any other appropriate source may be used as agreed upon by the valuation committee to determine the domestic price.

14.5.3. Exchange Traded Commodity Derivatives (ETCDs) (For Gold, Silver & Cash Settled ETCDs)

a. Exchange Traded Commodity Derivatives (ETCDs) shall be valued at the last quoted closing price on the exchange where such ETCD Contracts are Listed.
b. In the event the last quoted closing price as referred above is not available, such ETCD contracts shall be valued at the Settlement price of the respective stock exchange
c. In case necessary details to value ETCDs are not available or if the prices as per above do not represent fair price, the valuation committee, in order to ensure fair valuation, will determine price, based on the available information.

14.6. Other Securities

14.6.1. Convertible Debentures

a. In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately.
b. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument (Refer to the Debt and Debt-Related Securities section of this policy document).
c. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion, the resultant equity instrument would be traded *pari passu* with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in. The quantum of discount would be decided by the Valuation committee in consultation and inputs from AMFI.

14.6.2. Partly Paid Debentures

a. The schemes shall make investment in partly paid debentures only when payment of the remaining amount is linked to clear, pre-defined events (i.e. is subject to conditions precedent). For avoidance of doubt any event which is purely time based shall not be considered as a pre-defined event. Such conditions precedent should be clearly outlined in the Agreement for subscription of the debentures / Offer Document for the issue, as the case may be. Conditions precedent mean the clearly defined obligations / events that need to be fulfilled before calling upon the investor to make payment for the remaining portion of the subscription. Such obligations/ events, to name a few, could include achievement of certain milestones linked with the object for which the debentures were issued or linked to the enhancement of credit rating of the Issuer or linked to other financial or operating parameters of the

Issuer or linked to the happening of an event. The AMC shall not resort to the practice of investing in partly paid debentures without any condition precedent.

b. There should not be any linkages across schemes while investing in partly paid debentures. For example: if the agreement for partly paid debentures also envisages investment in any other type of instrument such as a commercial paper then the AMC should ensure that subscription to the residual part of the issue/ the investment in the other instrument is made by the scheme which made the original investment in partly paid debentures.
c. While investing in partly paid debentures, the AMC shall ensure that interest of one set of unitholders/ schemes is not compromised at the cost of another.
d. All regulatory limits have to be complied with at the time of each such part payment.
e. In order to avoid a situation where a scheme is unable to honor future part payments, the AMC should avoid excessive concentration in partly paid debentures.
f. Any investment in partly paid debentures shall be disclosed in the monthly portfolio disclosures of the scheme. This should include, inter-alia, the amount that has been contracted but not yet paid by the scheme, the dates of such future pay-ins, triggers for future pay-ins as well as any other detail that in the AMC view may be of material interest to its investors.

14.6.3. Cumulative Convertible Preference Shares (CCPS)

CCPS would be valued at the traded prices. If CCPS is not traded it would be valued along lines of convertible debentures or as valuation committee may decide.

14.6.4. Valuation of securities not covered under the current Valuation Policy

a. In case of security/ies purchased by the Fund does not fall within the current framework of the valuation of securities then the same shall be reported immediately to AMFI. Further, at the time of investment, the AMC shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.
b. AMFI will advise the valuation agencies to ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from the AMC
c. In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the AMC shall value such securities using their proprietary model which has been approved by the independent trustees and the statutory auditors

14.7. Treatment and disposal of illiquid securities or securities classified as default at the time of closure of schemes

a. At the time of winding up of a scheme, some of the investments made by the Fund may become default or illiquid. In due course of time i.e. winding up of the schemes, such investments may be realised by the Fund. Such amount will be distributed to the concerned investors, if it is substantial. In case the amount is not substantial, it will be used for the purpose of investor education. The decision as to the determination of substantial amount shall be taken by the Trustees after considering the relevant factors including number of investors, amount recovered, cost of transferring funds to investors among others.

14.8. Change in Terms of Investment

While making any change to terms of an investment, the AMC shall adhere to the following conditions:

a. Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit Rating Agencies (CRAs) immediately, along-with reasons for such changes

b. 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
c. 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
d. 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.

15. Annexure 2: Policy on Inter Scheme Transfer(s)

Security Type	Inter Scheme Policy
Listed Equity Shares	Inter scheme to be done on latest quote for a particular security on Bloomberg, Reuters, etc.
Debt & Money Market Securities (Government Securities / T-Bills/ Commercial Paper/ Certificate of Deposit/ Bonds/ Zero Coupon Bonds/ Bills/ Floating rate securities)	1. IST of Securities will be done as per the average prices provided by AMFI approved agencies currently CRISIL & ICRA 2. If prices from the valuation agencies are received within the pre-agreed TAT as per AMFI, an average of the prices so received shall be used for IST pricing. 3. If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing. 4. If prices are not received from any of the valuation agencies, AMC may determine the price for the IST, in accordance with Clause 3 (a) of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996 which states that transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if such transfers are done at the prevailing market price for quoted instruments on spot basis, where "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

The Inter scheme transfer(s) will be undertaken as per the AMC's internal process, procedure & methodology.

16. Annexure 3: Illustrative list of exceptional events

In any situation that is not envisaged by this policy or where an exception to this policy is made in the interest of fair valuation, the Valuation Committee will decide on the valuation of the securities as long as this is in line with SEBI Valuation Guidelines.

In case of exceptional events, the Valuation Committee of the AMC shall assess the situation and advise appropriate method of valuation for the impacted securities. Such decision of Valuation Committee shall subsequently / suitably be reported to the AMC and the Trustee Board. Such events or situation may, inter alia, include the following:

a) Major policy announcements by the Reserve Bank of India (RBI), the Government or any Regulatory body like (SEBI/IRDA/PFRDA).
b) Natural disasters or public disturbances that may impact the functioning of the capital markets.
c) Absence of trading in a specific security or similar securities.
d) Suspension of trading of a specific security for more than 30 days
e) Sufficient market information may not be available for the Valuation of Securities.
f) Valuation Agencies do not provide Valuation for Securities.
g) Significant volatility in the capital markets.
h) Deviation from the indicative haircuts and/or the valuation price.
i) Any other event perceived to be exceptional by the Valuation Committee.

Note:

1. Any change/modification to the above list of exceptional events shall be updated from time to time.
2. The Valuation Committee shall identify and monitor the exceptional events and recommend appropriate procedures/methodologies with necessary guidance from the Board of AMC and Trustee, wherever required, and get the same ratified.

17. Annexure 4: Waterfall Mechanism for valuation of money market, debt and government securities

SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 has laid down broad principles for considering the traded yields for valuation of Debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities.

All traded securities shall be valued on the basis of traded yields, subject to identification of outlier trades by the valuation agencies.

The extract from AMFI best practices circular (135/BP/83/2019-20) dated November 18, 2019 pertaining to the waterfall mechanism is as under:

17.1. Part A: Valuation of Money Market and Debt Securities other than Government Securities ("G-Secs"):

17.1.1. Waterfall Mechanism for valuation of money market and debt securities:

The following shall be the broad sequence of the waterfall for valuation of money market and debt securities.

i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN;
ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below);
iii. VWAY of secondary trades of same issuer, similar maturity;
iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity;
v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below);
vi. VWAY of secondary trades of similar issuer, similar maturity;

vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity;
viii. Construction of matrix (polling may also be used for matrix construction);
ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

Note 1: Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

Note 2: Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 months.
Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to the AMC. Further, a record of all such instances shall be maintained by the AMC and shall be subject to verification during SEBI inspections.

Note 3: All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding Inter-scheme transfers) should be considered for valuation on that day.

Note 4: It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAY of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

i. Monetary/Credit Policy
ii. Union Budget
iii. Government Borrowing/ Auction Days
iv. Material Statements on Sovereign Rating
v. Issuer or Sector Specific events which have a material impact on yields
vi. Central Government Election Days
vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

17.1.2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

Residual Tenure of Bond to be priced	Criteria for similar maturity
Upto 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 1 month to 3 months	Calendar Monthly Bucket
Greater than 1 year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly or Greater Bucket

In addition to the above:

a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events / nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.
b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1 year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.
c. The changes / deviations mentioned in clauses (a) and (b) above, should be documented, along with the detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

17.1.3. Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem, or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered.

i. Issuers within same sector/industry and/or
ii. Issuers within same rating band and/or
iii. Issuers with same parent/ within same group and/or
iv. Issuers with debt securities having same guarantors and/or

v. Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification.

Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

17.1.4. Recognition of trades and outlier criteria

I. Volume criteria for recognition of trades (marketable lot)

Paragraph 1.1.1.1(a) of SEBI vide circular no. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019 on Valuation of money market and debt securities, prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under. The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	**Minimum Volume Criteria for marketable lot**
Primary	INR 25 cr for both Bonds/NCD/CP/ CD and other money market instruments
Secondary	INR 25 cr for CP/ CD, T-Bills and other money market instruments
Secondary	INR 5 Cr for Bonds/NCD/ G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

II. Outlier criteria

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.
b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield movement of the matrix. Relative movement ensures that general market movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.
c. Potential outlier trades which are identified through objective criteria defined below will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.
d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity classification	**Bps Criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)**		
	Up to 15 days	15-30 days	Greater than 30 days
Liquid	30 bps	20 bps	10 bps
Semi-Liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

Liquidity classification criteria — Liquid, semi-liquid and Illiquid definition:
Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria: -

a. Trading Volume
b. Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with AMFI.

Trading Volume (Traded days) based criteria: Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

- Liquid = 50% of trade days
- Semi liquid = 10% to 50% trade days
- Illiquid = <10 % of trade days

Spread based criteria: Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid.

Type of security	Spread for Liquid	Spread for Semi Liquid	Spread for Illiquid	Spread computation
Bonds	Upto 15 Bps	>15 - 75 Bps	> 75 Bps	Note 1
CP / CD	Upto 25 Bps	>25 - 50 Bps	> 50 Bps	Note 2

Note 1: spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix

Note 2: spread is computed as average spread of issuer over A1+/AAA CD Bank matrix

The thresholds shall be periodically reviewed and updated having regard to the market.

The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments (CP/ CDs) and bonds.

17.1.5. Process for construction of spread matrix

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix.

Step 1	Segmentation of Corporates: The entire corporate sector is first categorized across following four sectors, i.e. all the corporates will be catalogued under one of the below mentioned buckets: 1. Public Sector Undertakings/Financial Institutions/Banks 2. Non-Banking Finance Companies – except Housing Finance Companies 3. Housing Finance Companies 4. Other Corporates
Step 2	Representative issuers – For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating (I.e. "AAA" or AA+). Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector. It may not be possible to find representative issuers in the lower rated

	segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should be suitably adjusted to reflect the market conditions. In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on
Step 3	Calculation of benchmark curve and calculation of spread — 1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1 month till 20 years and above. 2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector. 3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants 4. Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer. 5. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given
Step 4	1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmark curve on the basis of trades/primary issuances. 2. In case of rating downgrade/credit event/change in liquidity

	or any other material event in Representative Issuers, new Representative Issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered. 3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.

17.2. Part B: Valuation of G-Secs (T-Bill, Cash management bills, G-Sec and SDL)

The following is the waterfall mechanism for valuation of Government securities:

- VWAY of last one hour, subject to outlier validation
- For securities not traded in the last hour, VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quotes, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

Notes:

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of Annexure 4.
2. In case of any exceptional events on a day, only VWAY of trades post such event may be considered for valuation. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.
3. Outlier criteria: Any trade deviating by more than +/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

17.3. Upfront Fee on Trades

The following guidelines have been issued by AMFI to be uniformly implemented and complied by all AMCs:

1. Upfront fees on all trades (incl. primary market trades), by whatever name and manner called, would be considered by the valuation agencies for the purpose of valuation of the security
2. Details on such upfront fees should be shared by the AMC on the trade date to the valuation agencies as part of the trade reporting to enable them to arrive at the fair valuation for that date
3. For the purpose of accounting, such upfront fees should be reduced from the cost of the investment in the scheme that made the investment
4. In case upfront fees are received across multiple schemes, then such upfront fees should be shared on a pro-rata basis across such schemes

18. Annexure 5A: Guidelines for Valuation of Bonds (AT 1 Bonds and Tier 2 Bonds)

1. Currently, a bond is considered traded, if there is at least one trade in market lot in that particular ISIN. If the bond does not get traded there is a defined waterfall mechanism for valuation of that bond as per AMFI Best Practice Guideline circular no. NO.83 / 2019-20 dated November 18, 2019. This waterfall mechanism has been described in Annexure IV of this policy document.
2. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT-1 Bonds is currently done based on adjusting spread directly to the benchmark security.
3. In order to improve existing valuation of these bonds and implement the defined waterfall, following is being done:

i. Form two types of ISINs:

a. Benchmark ISINs - A non-benchmark ISIN can be linked to only one benchmark ISIN (Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)

b. Non-benchmark ISINs - Will be divided into multiple groups based on similar issuer and similar maturity.

c. The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.

ii. Take a look back period for trade recognition as under:

a. 7 working days for benchmark ISIN and

b. 15 working days for non- benchmark ISINs

4. If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM. If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM.
   According to this, valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period . It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.

5. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread is adjusted to reflect adverse news,

change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.

6. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period, the valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism.

7. Maturity of 100 years will be adopted for perpetual bond issued by banks from the date of issuance of the bonds. There will be a glide path for these bonds as indicated below. The Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual bonds issued under the Basel III framework shall be as below:

Time Period	Deemed Residual Maturity of Basel III AT-1 bonds (Years)	Deemed Residual Maturity of Basel III Tier 2 bonds (Years)
Till March 31, 2022	10	10 years or contractual maturity whichever is earlier
April 01, 2022 – September 31, 202	20	Contractual Maturity
October 01, 2022 – March 31, 2023	30	Contractual Maturity
March 31, 2023 onwards	100	Contractual Maturity

the residual maturity will always remain above the deemed residual maturity proposed above.

8. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN

of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer. In addition, if the non-exercise of call option is due to the financial stress of the issuer or if there is any adverse news, the same shall be reflected in the valuation

9. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 above to reflect the duration risk.

10. Notwithstanding any of the above, SEBI has clarified via Circular SEBI/HO/IMD/IMD-1 POD1/P/CIR/2024/106, that the valuation of AT-1 Bonds by Mutual Funds shall be based on Yield to Call. However, deemed maturity of all perpetual bonds shall continue as per Clause 18 (7) of this policy.

19. Annexure 5B: Illustration for point 4 to 6 of Annexure 5 A

ABC and XYZ are similar issuer and similar maturity:

Maturity of ISIN 1 of ABC is near to maturity of ISIN 1 of XYZ & Maturity of ISIN 2 of ABC is near to maturity to ISIN 2 of XYZ

Issuers	**ABC**		**XYZ**		**Valuation of ABC ISIN 1**
Trade	**ISIN 1**	**ISIN 2**	**ISIN 1**	**ISIN 2**	
Traded Today	Y	-	-	-	Take price and arrive at YTM
Traded Today	N	Y	-	-	Take price of ISIN 2 of ABC and compute YTM of ISIN 2. Then adjust the YTM spread of ISIN 1 and ISIN 2 and compute value of ISIN 1 of ABC.
Traded Today	N	N	Y	N	From the price of ISIN 1 of XYZ compute YTM. The spread between YTM of ABC ISIN 1 and XYZ ISIN 1 is to be adjusted to derive YTM of ABC ISIN 1. The spread should further be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued and final YTM and price of the security should be computed

Traded Today	N	N	N	Y	From the price of ISIN 2 of XYZ compute YTM of ISIN 2 of XYZ. Then derive YTM of ISIN 1 of XYZ by adjusting spread of YTM. Then by adjusting difference in spread between ISIN 1 of XYZ and ISIN 1 of ABC trade (which happens to be nearest maturity) arrive at YTM of ISIN 1 of ABC. The spread should be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued
No trade today. Check for actual trade during look back	Y	-	-	-	Take YTM of traded day and adjust spread to the movement of benchmark ISIN over the period. Also adjust to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued
No trade today. Check for actual trade during look back	N	Y	-	-	Arrive at YTM of ISIN 2 by adjusting spread to the movement of benchmark ISIN over the period. Derive YTM of ISIN 1 of ABC from ISIN 2 of ABC by adjusting spread over YTM. Also adjustment should be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.

No trade today. Check for Actual trade during look back	N	N	Y	N	Arrive at YTM of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTM of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTM of ISIN 1 of ABC. Also, adjustment will be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	N	Y	arrive at YTM of ISIN 1 of XYZ. YTM of ISIN I of ABC will be derived by adjusting spread of YTM of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTM will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
Not Traded During look back	N	N	N	N	Valuation will be done considering spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

Note: The duration to call shall not be considered/adjusted to spread over YTM. Yield to Call and Yield to Maturity shall be disclosed to investors.

20. Annexure 6: Format for sharing of transaction details of various types of debt securities

All mutual funds shall provide transaction details of various types of debt securities like NCDs, Mibor linked floaters and CPs on daily basis in the format below to the agency recommended by AMFI. Submission of data would help in daily matrix generation, would improve uniformity and accuracy of valuation in the mutual funds industry

Date of transaction	Coupon	Security Name	Staggered Redemption / Maturity Dates	Staggered Redemption / Maturity Values	Rating	Put/Call Option Dates	Put/Call Option Values	Interest Payment Dates	Volume (in Rs. Crs.)	Clean price	YTM (Annualised)

21. Annexure 7: Valuation Committee

Membership of Valuation Committee:

- CEO (Chairperson)
- Head of Equity
- Head of Debt
- Fund Managers (Equity & Debt)
- Head of Compliance
- Head of Operations
- Head of Finance

Frequency of Valuation Committee Meetings: The Valuation Committee shall meet on a quarterly basis or more often, if required to deliberate on specific proposals. The Committee shall be responsible for addressing areas of conflict of interest and thereafter, recommend changes, if any, in the policy/methodology.

Functions of the Valuation Committee:

a. Ensure all valuations are carried out as per the Valuation Policy and SEBI guidelines;
b. Periodically review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any;
c. Discuss key valuation issues and exceptions permitted under this Policy and SEBI guidelines;
d. Approve deviations to prices provided by valuation agencies in the interest of fair and appropriate valuation;
e. Review all Inter scheme transfers, review exceptions if any.
f. Recommend valuation methodology for a new type of security;
g. Determine an event to be abnormal or exceptional and recommend valuation methods to be adopted during such an event;
h. Lay down procedures to detect and prevent incorrect valuation;

i. Report any deviations or incorrect evaluations to the Board of the AMC and Trustees;
j. Decide on specific cases as may be referred to the Committee;
k. Appoint/recommend the appointment of third-party agencies for valuation and evaluate the performance of such agencies on a periodic basis
l. Appoint independent auditor to annually review Valuation Policy and related procedures
m. Review polls submitted to valuation agencies and examine instances of potential conflict of interest, breaches or mala fide intent.