Key Information Memorandum (KIM)

Zerodha Nifty 50 Index Fund

(An open-ended scheme replicating/ tracking Nifty 50 Index - TRI)

Zerodha Fund House

<u>**Key Information Memorandum**</u>

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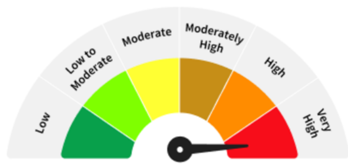
(An open-ended scheme replicating/ tracking Nifty 50 Index - TRI)

<table>
<tr><th>This product is suitable for investors who are seeking*:</th><th>Risk-o-meter of the Scheme</th><th>Risk-o-meter of the Benchmark (Nifty 50 Index (TRI))</th></tr>
<tr><td>Zerodha Nifty 50 Index Fund</td><td rowspan="2">
</td><td rowspan="2">
</td></tr>
<tr><td>Passive investment in equity and equity related securities replicating the composition of the Nifty 50 Index, subject to tracking errors.

There is no assurance that the investment objective of the Scheme will be achieved.</td></tr>
<tr><td colspan="3">Investors should understand that their principal will be at Very High Risk</td></tr>
</table>

**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.*

The product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

(Offer for face value of ₹ 10/- per unit during New Fund Offer and at continuous offer for units at NAV based prices)

New Fund Offer opens on	**September 26, 2025**
New Fund Offer closes on	**October 10, 2025**
Scheme reopens on	**Scheme will reopen for continuous Sale and Repurchase within 05 Business Days from the date of allotment of units under NFO**

Name of Sponsor	**Zerodha Broking Limited**
Name of Mutual Fund	**Zerodha Mutual Fund**
Name of Asset Management Company	**Zerodha Asset Management Private Limited**
Name of Trustee Company	**Zerodha Trustee Private Limited**
Address	**Indiqube Penta, New No. 51 (Old No. 14), Richmond Road, Bangalore - 560 025**
Website	**www.zerodhafundhouse.com**

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For details of the scheme/ Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights and services, risk factors, penalties & pending litigations, etc. investor should, before investing, refer to the Scheme Information Document and Statement of Additional Information available free of cost or access the same from the website www.zerodhafundhouse.com

The scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

The Key Information Memorandum is dated September 22, 2025.

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<table>
<tr><td>Investment Objective</td><td>Passive investment in equity and equity related securities replicating the composition of the Nifty 50 Index, subject to tracking errors.

There is no assurance that the investment objective of the Scheme will be achieved.</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td>Under the normal circumstances, the asset allocation of the Scheme will be as follows:
<table>
<tr><th rowspan="2">Type of Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equities and equity related securities covered by Nifty 50 Index</td><td>95%</td><td>100%</td></tr>
<tr><td>Debt and Money Market Instruments, cash and cash equivalents</td><td>0%</td><td>5%</td></tr>
</table>
*Money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and Private Sector Corporate Entities, Term Money, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with unexpired maturity of one year or less and other Money Market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.

In accordance with SEBI circular no. SEBI/HO.IMD/DF2/CIR/P/2021/024 dated March 04, 2021, the cumulative gross exposure through equity and equity instruments, debt, money market instruments and derivative position will not exceed 100% of the net assets of the scheme.

However, cash and cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

The funds raised under the Scheme shall be invested in the stocks and will be as per Regulation 44(1), Schedule 7 of the SEBI (MF) Regulations.
*SEBI vide letter dated November 03, 2021, has clarified that Cash Equivalent shall consist of Government Securities, T-Bills and Repo on Government Securities.

The Scheme does not intend to undertake/ invest/ engage in the following:

The Scheme does not intend to undertake/ invest/ engage in the following:
<table>
<tr><th>S.No.</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr>
<tr><td>1.</td><td>Securitized Debt</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>2.</td><td>Short selling of securities</td></tr>
</table>
</td></tr>
</table>

3.	Repo in corporate debt	The Scheme will not invest/engage in these instruments.
4.	Unrated instruments (except TREPs/ Government Securities/ SDL / Repo in Government Securities)	
5.	Foreign securities/ADR/GDR	
6.	ReITs and InVITs	
7.	Instruments having Special Features as defined in SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021	
8.	Credit Enhancements & Structured Obligations	
9.	Credit Default Swap transactions	

The scheme shall make investment in derivatives as permitted under the SEBI (MF) regulations. Exposure to equity derivatives of the index or its constituent stocks may be required in certain situations wherein equity shares are unavailable, insufficient or for rebalancing in case of corporate actions within 7 days (or as specified by SEBI from time to time). Investment in derivatives will be upto 20% of the net assets.

Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme will participate in stock lending not more than 20% of total Net Assets of the Scheme and would limit its exposure with regard to stock lending for a single intermediary to the extent of 5% of the total net assets at the time of lending.

Change in Asset Allocation:

The Scheme, in general, will hold all the securities that comprise the underlying Index in the same proportion as the Index. Expectation is that, over a period of time, the tracking error of the Scheme relative to the performance of the Underlying Index will be relatively low. The Investment Manager would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimise tracking error to the maximum extent possible. If the investments fall outside the asset allocation range given above due to change in constituents of the index as a result of periodic review, the portfolio of the Scheme shall be rebalanced within 7 calendar days. The proportions mentioned in the asset allocation can vary substantially depending upon the perception of the fund manager; the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and for defensive considerations only and will be rebalanced within 7 calendar days. As per SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, in case of deviation (passive), the portfolio would be rebalanced within 7 calendar days from the date of deviation. The funds raised under the Scheme shall be invested only in securities as permitted by SEBI (MF) Regulations. Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the SEBI (MF) Regulations.

	Portfolio Rebalancing: Pursuant to SEBI circular no. SEBI/HO/IMD/IMD - II DOF3/P/CIR/2022/39 dated May 23, 2022 and circulars issued thereunder, in case of change in constituents of the index due to periodic review, the portfolio of the scheme will be rebalanced within 7 calendar days. **Short term defensive consideration:** Subject to SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 and circulars issued thereunder, the asset allocation pattern indicated above may change for a short term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be rebalanced within 07 calendar days from the date of deviation and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time. **Timelines for deployment of Funds mobilized in a New Fund Offer (NFO)** Pursuant to SEBI Circular dated February 27, 2025, the funds mobilized during the New Fund Offer (NFO) shall be deployed in accordance with the asset allocation pattern of the scheme within 30 business days from the date of allotment of units. In exceptional cases where the AMC is not able to deploy the funds within this period, shall provide an explanation, including details of the efforts made to deploy the funds, to the Investment Committee of the AMC. The Investment Committee may extend the deployment timeline by up to 30 business days and shall provide recommendations to ensure timely deployment in the future.
Investment Strategy	The Scheme is a passively managed index fund, which endeavors to invest in stocks in proportion to the weightage of the stocks in the Nifty 50 Index. The investment strategy would revolve around reducing the tracking error to the least possible extent through regular rebalancing of the portfolio, taking into account the change in weights of stocks in the Index as well as the incremental collections/redemptions in the Scheme. Such rebalancing shall be done in accordance with timelines prescribed by SEBI from time to time. A part of the funds may be invested in debt and money market instruments, to meet the liquidity requirements. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. **Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.** **EQUITY INVESTMENT STRATEGY:**

	The investment objective of the scheme is to achieve a return equivalent to NIFTY 50 TRI by investing in stocks of companies comprising NIFTY 50 Index. The Scheme endeavours to invest in stocks in proportion to the weightages of these stocks in the NIFTY 50 Index. The fund will, in general, invest a significant part of its corpus in equities; the surplus amount of the fund, not exceeding 5% shall be invested in Cash/Tri-Party Repo, Repo in corporate debt securities & Money Market instruments. The performance of the Scheme may not be commensurate with the performance of the respective benchmark of the Schemes on any given day or over any given period. Such variations are commonly referred to as the tracking error. The Scheme intends to maintain a low tracking error by effectively replicating the portfolio in line with the index. However, there is no assurance that all such buying and selling activities would necessarily result in benefit for the Fund. **DEBT AND MONEY MARKET INVESTMENT STRATEGY:** A small portion of the net assets will be held as cash or will be invested in debt and money market instruments permitted by SEBI/RBI including TREPS or in alternative investment for the TREPS as may be provided by the RBI, to meet the liquidity requirements under the Scheme. **STRATEGIES FOR INVESTMENT IN DERIVATIVES:** The Scheme may take derivatives positions based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme. The Scheme intends to use derivatives mainly for the purpose of hedging and portfolio balancing. Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme. The Scheme will not assume any leveraged exposure to derivatives. Derivatives can be traded over the exchange or can be structured between two counterparties.
Risk Profile of the scheme	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below: a. Tracking Error & Tracking Difference Risk b. Risks associated with Equity and Equity Related Instruments c. Risks associated with Debt and Money Market Instruments or Fixed Income Securities d. Risk factors associated with processing of transactions through Stock Exchange Mechanism e. Risk associated with Securities Lending f. Risks associated with segregated portfolio g. Risk associated with Derivatives Refer page no. 16 - 20 for scheme specific risk factors and for details on risk factors and risk mitigation measures, please refer to the Scheme Information Document (SID).

Plans and Options	The scheme offers only Direct Plan. The scheme offers only Growth Option. The Trustees/ AMC reserves the right to introduce further Plan/ Options as and when deemed fit, subject to the SEBI (MF) Regulations. For detailed disclosure on default plans and options, kindly refer to SAI.
Applicable NAV (after the scheme opens for subscriptions and redemptions)	The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted, subject to the provisions of 'realization of funds' and 'cut off timings' as described in this Scheme Information Document.
Minimum Application Amount/ Number of Units	During NFO: ₹ 100 and in multiples of any amount thereafter. Additional Purchase: ₹ 100 and in multiples of any amount thereafter.
Despatch of Repurchase (Redemption request)	Redemption: Within three working days of the receipt of the redemption request.
Benchmark Index	Nifty 50 TRI. The Scheme proposes to invest in equity and equity related instruments of companies, which are constituents of the Nifty 50 Index. Hence, it is an appropriate benchmark for the Scheme. Further, a Total Returns Index reflects the returns on the index from index gain/loss plus dividend payments by constituent index stocks. The performance will be benchmarked to the Total Returns Variant of the Index. The Trustee reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI (MF) Regulations, and other prevailing guidelines, if any by suitable notification to investors to this effect.
Dividend Policy	Not Applicable
Name of the Fund Manager	Mr. Kedarnath Mirajkar
Name of the Trustee Company	Zerodha Trustee Private Limited
Performance of the scheme	This scheme is a new scheme and does not have any performance track record.

Additional Scheme Related Disclosures	This scheme is a new scheme and does not have any portfolio holdings.
Expenses of the scheme **(i) Load Structure** **(ii)Recurring expenses**	**New Fund Offer Period** Exit Load: **Nil**. **(All New Fund Offer expenses shall be borne by AMC)** **Continuous Offer** Exit Load: **Nil**. These are the fees and expenses incurred for the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs, listing fee, etc. The AMC has estimated that the following expenses will be charged to the Scheme as permitted under Regulation 52 of SEBI (MF) Regulations. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund viz. www.zerodhafundhouse.com The maximum limit of recurring expenses that can be charged to the Scheme would be as per Regulation 52 of the SEBI (MF) Regulation, 1996. Investors are requested to read "Section- Annual Scheme Recurring Expenses" in the SID.

Expense Head	% of daily net assets (estimated) (p.a.)
Investment Management and Advisory Fees	**Upto 1.00%**
Audit fees/fees and expenses of trustees[1]	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including Agents Commission and statutory advertisement	
Cost related to Investor Communication	
Cost of fund transfer from one location to another	
Cost towards investor education and awareness[2]	
Brokerage and Transaction cost over and above 0.12% and 0.05% on value of trades for cash and derivative market trades only	
GST on expenses other than Investment Management and Advisory Fees[3]	

GST on brokerage and transaction cost[3]	
Other Expenses[5]	
Maximum Total Expense Ratio (TER) permissible under Regulation 52 (6)[4]	**Upto 1.00%**

[1] Trustee Fees and Expenses

In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges, and expenses, a yearly fee of ₹1. Such fee shall be paid to the Trustee within seven working days of the end of every year. The Trustee may charge further expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

[2] Investor Education and Awareness initiatives

As per PSEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 read with SEBI Circular no. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024, the AMC shall annually set apart 5% of total TER charged to direct plans, subject to maximum of 0.5 bps of AUM for passive schemes as defined under the circular dated December 31, 2024, within the limits of total expenses prescribed under Regulation 52 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken.
[3] Refer Point (3) below on GST on various expenses.

[4] The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively.

The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor in the Plan(s) under the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.

GST

As per Para B of the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, GST shall be charged as follows: -

a. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
b. GST on other than investment management and advisory fees, if any, shall be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
c. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52 of the SEBI (MF) Regulations.

<table>
<tr><td></td><td colspan="2">The total expenses of the Scheme including the Investment Management and Advisory Fee shall not exceed the limits stated in Regulation 52 of the SEBI (MF) Regulations.

The mutual fund would update the current expense ratios on the website (www.zerodhafundhouse.com) at least three working days prior to the effective date of the change and update the TER under the Section titled “Statutory Disclosures” under the sub-section titled “Total Expense Ratio of Mutual Funds”.</td></tr>
<tr><td>Tax Treatment for the Investors (Unitholders)</td><td colspan="2">Investors are advised to refer to the paragraph on ‘Taxation’ in the ‘Statement of Additional Information (SAI)’ and to consult their own tax advisors with respect to the specific amount of tax and other implications arising out of their participation in the scheme.</td></tr>
<tr><td>Daily Net Asset Value (NAV) Publication</td><td colspan="2">The NAV will be calculated by the AMC for each Business Day except in special circumstances.

AMC shall disclose the NAV for each Business Day as below:

1. On the website of the Fund/AMC - 11.00 P.M. every Business Day.
2. On the website of Association of Mutual Funds in India (AMFI) - 11.00 P.M. every Business Day.</td></tr>
<tr><td>For Investor Grievances please contact</td><td>Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, etc. by sending an email to support@zerodhafundhouse.com

The investor service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information.

The AMC will at all times endeavor to handle transactions efficiently and to resolve any investor grievances promptly.

Any complaints should be addressed to the Investor Relations Officer.

Address:

Investor Relation Officer
Zerodha Asset Management Private Limited
New No.51, IndiQube Penta, 2nd Floor, Richmond Road, Bangalore - 560025
Email - iro@zerodhafundhouse.com

For any grievances with respect to transactions through BSE StAR, the investors / Unit Holders should approach either the</td><td>Registrar and Transfer Agent

Computer Age Management Services Limited (CAMS)

Rayala Tower-1, 158 Anna Salai, Chennai - 600 002
Website: www.camsonline.com

Please note that the Investor Grievances are being handled by AMC, so Investors are requested to reach out directly to the AMC.</td></tr>
</table>

	stockbroker or the investor grievance cell of the stock exchange. Investors may escalate to the Compliance Officer at compliance@zerodhafundhouse.com and/ or CEO at ceo@zerodhafundhouse.com if they do not receive a response/ not satisfied with the response from the Investor Relations Team.	
Unitholders' Information	**Account Statement** An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 05 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number. **ACCOUNT STATEMENTS DURING ONGOING OFFER PERIOD** 1. The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). 2. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically. 3. A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or e-mail on or before 15th of the succeeding month. 4. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable. 5. Half yearly CAS will not be sent to those Unit holders who do not have any holdings in the schemes of mutual fund during the concerned half-year period. 6. The periodical CAS will be sent by the Depositories to investors holding demat accounts (whether or not units are held in demat form) referred to as "SCAS" and by Mutual Fund Industry to other investors referred to as "MF-CAS". 7. The periodical CAS are issued on the basis of Permanent Account Number (PAN). Thus, CAS shall not be received by the Unit holders for the folios not updated with PAN and / or KYC details. Unit holders are therefore requested to ensure that the folios are updated with their PAN / KYC details.	

	8. In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/ account statement. 9. In case of investors opting to hold the Units in physical mode, the Unit holder may request for a physical account statement without any charges by writing to the AMC. The Mutual Fund/ AMC shall dispatch an account statement within 5 Business Days from the date of receipt of request from the Unit holder. Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, the following additional disclosures will be provided in the CAS issued to the investors: - Each CAS/SCAS shall also provide the total purchase value / cost of investment in each scheme. - CAS/SCAS issued for the half-year (ended September / March) shall also provide the scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees and Other expenses for the half-year period for the scheme. **Further information pertaining to SCAS sent by Depositories:** - In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent. - In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical. - Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received. - The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS. - In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statements to investor(s) in terms of regulations applicable to Depositories. **Account Statement on creation of Segregated Portfolio, if any:** A statement of holding indicating units held by a unit holder in the Segregated Portfolio, if any, along with the NAV of both Segregated Portfolio and Main Portfolio as on the day of the Credit Event shall be sent to the unit holder within 5 working days of creation of the Segregated Portfolio, if any. The AMC will send the account statement to the Unitholders on registered email. **Half Yearly Portfolio Statement** Not applicable, as this scheme is categorised as a passive scheme as per SEBI Circular dated December 31, 2024. **Annual Report** Scheme Annual report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.zerodhafundhouse.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year).

	Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will email the Scheme Annual Report or Abridged Summary thereof to the unitholders registered email address with the Mutual Fund. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI). *Email ID for communication: First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions*.

Risk Factors

Scheme Specific Risk Factors

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and / or ability to meet its investment objective. The specific risk factors related to the Scheme include, but are not limited to the following:

Tracking Error & Tracking Difference Risk

The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the Scheme, corporate actions, cash balance, changes to the underlying index, regulatory restrictions and lack of liquidity which may result in Tracking Error. Hence it may affect Scheme's ability to achieve close correlation with the underlying index of the Scheme. The Scheme's returns may therefore deviate from its underlying index. The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible.

Tracking errors are inherent in any index fund and such errors may cause the scheme to generate returns which are not in line with the performance of the Nifty LargeMidcap 250 Index or one or more securities covered by / included in the Nifty LargeMidcap 250 Index and may arise from a variety of factors including but not limited to:

1. Any delay in the purchase or sale of securities due to illiquidity in the market, settlement and realisation of sales proceeds, delay in credit of securities or in receipt and consequent reinvestment of dividend, etc.
2. The index reflects the prices of securities at a point in time, which is the price at close of business day on the stock exchange. The scheme, however, may trade the securities at different points in time during the trading session and therefore the prices at which the scheme trades may not be identical to the closing price of each scrip on that day on the respective stock exchange. In addition, the scheme may opt to trade the same securities on different exchanges due to price or liquidity factors, which may also result in traded prices being at variance from the closing price considered in the Index.
3. The potential of trades to fail may result in the scheme not having acquired the security at the price necessary to mirror the index.
4. Transaction and other expenses, such as but not limited to brokerage, custody, trustee and investment management fees.
5. Being an open-ended passive scheme, the scheme may hold appropriate levels of cash or cash equivalents to meet ongoing redemptions.

Risks associated with Equity and Equity Related Instruments:

Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of Equity and Equity Related Instruments may fluctuate due to factors affecting the securities markets such as price volatility, volumes traded, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the NAV of the Units issued under the Scheme may be adversely affected.

Equity and equity related instruments listed on the stock exchange carry lower liquidity risk; however the Scheme's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio may result, at times, in potential losses to the Scheme, if there is a subsequent decline in the value of securities held in the Scheme's portfolio.

Investments in equity and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risk of losing their investment.

Risks associated with Debt and Money Market Instruments or Fixed Income Securities:

Debt and Money Market Instruments or Fixed Income Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.

Credit Risk: This is the risk associated with the issuer of a debenture/bond or a Money Market Instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government Securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

Interest-Rate Risk: Fixed income securities such as government bonds, corporate bonds and Money Market Instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

Liquidity Risk: The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the scheme might have to incur a significant "impact cost" while transacting large volumes in a particular security.

Reinvestment Risk: Investments in fixed income securities carry reinvestment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

Basis Risk: The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements. This may result in loss of value of the portfolio.

Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. During the tenure of the security this spread may move adversely or favourably leading to fluctuations in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

Risk of Rating Migration: It may be noted that the price of a rated security would be impacted with the change in rating and hence, there is risk associated with such migration.

Counterparty and Settlement Risk: Corporate Bond Repo will be settled between two counterparties in the OTC segment unlike in the case of TREPS transactions where CCIL stands as central counterparty on all transactions (no settlement risk).Settlement risk in reverse repo will be mitigated by requiring the counterparty (entity borrowing funds from the Mutual Fund) to deliver the defined collateral in the account of the MF before the cash is lent to the counterparty. Further, the Mutual Fund will also have a limited universe of counterparties, but not limited to, comprising Scheduled Commercial Banks, Primary Dealers, Mutual Funds and National Financial Institutions.

Legislative Risk: Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme.

Risk factors associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other authorised Stock Exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing /settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s). Accordingly, there could be negative impacts to the investors such as delay or failure in allotment / redemption of units. The Fund and the AMC are not responsible for the negative impacts.

Risk associated with Securities Lending

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

The AMC shall adhere to the following limits should it engage in Stock Lending:

1. Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single approved intermediary / counterparty.

Risks associated with segregated portfolio:

The unit holders may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange.

The risks associated in regard to the segregated portfolio are as follows:

- The investors holding units of the segregated portfolio may not be able to liquidate their holdings till the time of recovery of money from the issuer.
- The security comprising the segregated portfolio may not realise any value.
- Listing units of the segregated portfolio on a recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units of the segregated portfolio on the stock exchange.
- The trading price of units on the stock exchange may be significantly lower than the prevailing Net Asset Value (NAV) of the segregated portfolio.

Risk associated with Derivatives

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and the decision of the fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

1. An exposure to derivatives in excess of the hedging requirements can lead to losses.
2. An exposure to derivatives, when used for hedging purpose, can also limit the profits from a genuine investment transaction.
3. Derivatives carry the risk of adverse changes in the market price.
4. Illiquidity Risk i.e., risk that a derivative trade may not be executed or reversed quickly enough at a fair price, due to lack of liquidity in the market.

The Fund may use derivatives instruments like equity futures & options, or other derivative instruments as permitted under the Regulations and Guidelines. Usage of derivatives will expose the Scheme to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. In case of the derivative strategies, it may not be possible to square off the cash position against the corresponding derivative position at the exact closing price available in the Value Weighted Average Period. Debt derivatives instruments like interest rate swaps, forward rate agreements or other derivative instruments also involve certain risks.