



Avendus Wealth Management Pvt. Ltd.

Valuation Policy

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Version	Effective Date	Approved by	Description of change
1.0	1-Nov-19	Board of Directors	Initial Policy
1.1	23-Nov-21	Board of Directors	Periodic review
1.2	25-Sep-24	Board of Directors	Periodic review and updating valuation methodology as per regulatory requirements
1.3	22-May-2025	Board of Directors	Merging Performance Benchmarking Policy with Valuation Policy

1. Introduction

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

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

The purpose of this Valuation Policy (“the Policy”) is to frame valuation guidelines which defines valuation procedures and methodology which is reflective of fair value of the securities. AWMPL shall use this valuation methodology to derive the value of the securities and prepare a consolidated report for its clients.

2. Applicability

This policy governs the valuation of securities / investment products held by the clients under different accounts including portfolio management services accounts and executionary accounts. In addition to this policy, for portfolio management services, the provisions of Disclosure Document, shall be applicable, respectively.

In case of discrepancy between this policy and SEBI Regulations / Circular, the provisions of the SEBI Regulations / Circular shall prevail. In the case of a new circular / notification issued by regulators during the year, the requirements of circular shall be implemented as per the timeline mentioned in the said circular / notification. The policy shall be updated and ratified subsequently.

3. Valuation Methodology

The valuation methodology for specific asset classes has been provided in Annexures as mentioned below:

- PMS clients: Annexure A
- Executionary clients: Annexure B

4. Benchmarking and Reporting

The benchmarking methodology has been provided below:

- PMS Clients:
SEBI has issued circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, as amended from time to time, on Performance Benchmarking and Reporting of Performance by Portfolio Managers which prescribes the following with respect to Benchmarking:
 - An investment approach(‘IA’) is the documented investment philosophy to be adopted by the Portfolio Managers while managing the client funds to achieve client’s investment objectives.
 - In addition to IA, an additional layer of broadly defined investment themes called “Strategies” shall be adopted by Portfolio Managers. These broad Strategies shall be ‘Equity’, ‘Debt’, ‘Hybrid’ and ‘Multi Asset’. Each IA shall be tagged to one and only one Strategy from the aforesaid Strategies.

- APMI shall prescribe a maximum of three benchmarks for each Strategy. These benchmarks shall reflect the core philosophy of the Strategy. While tagging an IA to a particular Strategy, the Portfolio Manager shall select one benchmark from those prescribed for that Strategy to enable the investor to evaluate relative performance of the Portfolio Managers.
- Portfolio Managers shall be responsible for ensuring appropriate selection of Strategy and Benchmark for each Investment Approach from the APMI prescribed benchmarks.

AWMPL shall ensure benchmarking and reporting based on benchmarking guidelines issued by Association of Portfolio Managers in India (APMI) and circulars issued by SEBI. Changes, if any in the benchmarks, shall be adequately recorded and justified with specific reasons thereof by AWMPL by following the process specified in the relevant regulations and circulars issued by SEBI / APMI. Further, for Alternative Investment Fund(s) held in the portfolio, the benchmark reporting shall be done as prescribed under the relevant SEBI AIF regulations.

AWMPL is registered with SEBI as a Portfolio Manager. It manages investment approaches under DPMS as well as NDPMS. In NDPMS, AWMPL follows customised portfolio management for each client. However, considering the above requirements from SEBI, Investment Approaches, corresponding Strategies to which they are mapped, and the corresponding Performance Benchmark have been created for both DPMS and NDPMS clients and are described in detail in the Disclosure Document.

All new clients will be provided with an option to select an Investment Approach from the list of available Investment Approaches with AWM. The strategy and performance benchmark that is mapped to the Investment Approach cannot be changed by the client.

Once an Investment Approach is tagged to a Strategy and/or to a performance benchmark, the tagging shall be changed only after offering an option to subscribers to the IA to exit without any exit load. The performance track record (of the specific Investment Approach whose tagging with Strategy/ benchmark was changed) prior to the change shall not be used by the Portfolio Manager for performance reporting.

The changes in Strategy and/ or benchmark shall be recorded with proper justification.

AWMPL shall ensure that the Reporting of Performance is in line with the SEBI Circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, as amended from time to time which has prescribed the methodology for Reporting of Performance by Portfolio Managers for each IA as well as Benchmark as below:

- Portfolio Manager shall present the Time-weighted Rate of Return ('TWRR') of the IA along with the trailing return of the selected benchmark when communicating / advertising / publishing / mentioning performance of an IA.

Portfolio Manager shall present the Extended Internal Rate of Return ('XIRR') for each IA the investor invests in when reporting performance to an investor. This shall be accompanied by the minimum, maximum and median XIRR return generated across all investors in each of the IA the investor has invested in. The TWRR of the respective IA(s) and the trailing return of the benchmark(s) selected shall also be presented separately.

- Executionary Clients:
The Performance Benchmarking and Reporting of Performance for executionary clients shall also follow the principles as prescribed under PMS guidelines except in cases of certain asset classes where a detailed process has been internally documented and approved.

5. Disclosure of Valuation Methodology

A disclosure of the Valuation methodology shall be made to the clients in a suitable form including through the account statements going to the clients periodically. Further, adequate disclaimers shall be added in the account statements going to the clients duly approved by Compliance, Risk and Legal team, which shall be reviewed at on a periodic basis or as and when required.

6. Exception Process

In case of a force majeure event or extraneous event, which requires an exception to the valuation of a security, it shall be undertaken using a revised methodology by seeking an exception approval from the CIO, AWMPL and in his absence from the CEO, AWMPL.

The Operations Team shall be responsible for highlighting the issue, prescribing the revised methodology and seeking relevant approvals.

7. Marketing Teasers / Collaterals

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

8. Policy review:

This policy would be reviewed and approved by the Board of Directors once every 5 years or earlier based on changes in regulatory requirements.

Annexure A: Valuation Methodology for PMS Clients:

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

SR. NO.	ASSET CLASS/ TYPE	METHOD
1.	Listed Equity Shares / REITs	<p>Traded Equity shall be valued at the last quoted closing price on NSE daily. If no trade is reported on NSE on a particular valuation date, securities shall be valued at the last quoted closing price on BSE. If on a valuation day, the security is not traded on either of the exchanges, closing price on any other exchange where the security is traded would be considered.</p> <p>When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on NSE or BSE or any other stock exchange, in that specific sequence, on the previous day and so on shall be considered.</p>
2.	Unlisted Equity Shares / REITs	<p>Unlisted Equity Shares of a company shall be valued based on the International Private Equity and Venture Capital (IPEVC) Valuation guidelines. An independent valuer shall be appointed for the valuation of the said security on a semi-annual basis.</p> <p>When a security is added to the universe for the first time, the security shall be valued at cost of acquisition by the client from the purchase date till the next independent valuation date. In case of an existing security, the last valuation available in the system shall be considered.</p>
3.	Futures and Options	Valued at the settlement price of the day on the respective exchange where it has traded.
4.	Rights Issue	<p>There would be no valuation of Rights Entitlement from Ex Rights date till the exercise of Rights Shares. Where renunciations are being listed & traded, the rights entitlement should be valued at the renunciation value. Upon making the application, the shares applied (against rights entitlement) shall be valued at closing price on stock exchange. Application for additional shares, if any, will be valued at cost.</p> <p>Post allotment, if the shares acquired as part of rights issue are traded separately, then the closing price shall be used for valuation. Where these shares are not treated pari passu with the existing shares, suitable adjustment should be made to the value of these shares. If the shares acquired as rights are non-traded shares or unlisted shares, these shall be valued by an independent valuer.</p>
5.	Corporate Actions	<p>Demerger:</p> <p>If both the shares are traded immediately on de-merger, both the shares are valued at last quoted closing price of respective stocks. If shares of only one company continue to be traded on de-merger, traded shares shall be valued at last quoted closing price of the respective exchanges and the other security is to be valued at last quoted closing price on the day before the demerger less opening</p>

SR. NO.	ASSET CLASS/ TYPE	METHOD
		<p>value of the shares of de-merged company immediately post de merger.</p> <p>Merger/Amalgamation/Scheme of Arrangement: Until the shares of the resulting Company commence trading, value of the shares will be decided on a case-to-case basis depending on the terms of merger/amalgamation/scheme of arrangement. In case of a complex situation, an independent valuer may be engaged as required as per the discretion of CIO, AWMPL and in his absence CEO, AWMPL.</p> <p>Shares tendered for Buyback / Open Offer: Valued at the closing price on the respective Stock Exchange. On acceptance of offer from the Company, the quantity accepted would be removed from holding by way of sale entry.</p> <p>Dividend: Dividend income shall be accrued on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of receipt.</p> <p>Bonus: Bonus units shall be accrued on the date of the security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of receipt.</p>
6.	Valuation of Debt Securities (including Money Market, Government Securities, SGBs, Unlisted Debt)	<p>Valued at security level prices obtained from Independent Valuer (valuation agencies) daily.</p> <p>In case security level prices given by Independent Valuer (valuation agencies) are not available for a new security then such security may be valued at cost of acquisition on the date of allotment / purchase.</p> <p>Capital Gains Bond, also known as Sec 54 EC Bonds, shall be valued at cost (face value).</p>
7.	Bank Fixed Deposits	Bank Fixed Deposits will be valued on cost plus accrual basis.
8.	Debentures (ELDs / MLDs)	Prices will be sourced from publicly available value of the securities as published by valuation agencies or issuer on their respective websites at a frequency of once a month. In case of new security / primary issuance, the security will be valued at cost till such valuation is received.
9.	Domestic Mutual Fund Units / Exchange Traded Funds (ETFs)	Units of Mutual Funds / ETFs shall be valued based on the latest declared NAV per unit by the respective fund houses daily.
10.	Third Party Products	Third-party products including AIF managed by various Investment Managers shall be valued as per the valuation provided by the

SR. NO.	ASSET CLASS/ TYPE	METHOD
		manufacturer as soon as received. If the latest valuation is not available, the same will be valued at last available price.

NOTES:

- a) First In First Out (FIFO) method shall be followed to determine the holding cost of investments and profit / loss on sale of investments except third party products.
- b) In case a portfolio is brought by the client as Corpus-In, the value of listed securities shall be derived based on above mentioned methodology and the value of unlisted securities shall be determined based on cost of acquisition as may be available or provided by the client. In absence of the cost, the unlisted security shall be valued at face value. The cost of investments shall include all such costs incurred (if available) for effecting such purchase.

Annexure B: Valuation Methodology for Executionary Clients:

The valuation of any security which is a part of the portfolio of any PMS client shall be valued at the same price for an executionary client. In case the executionary client holds any other security, the valuation methodology for these would be as stated under:

SR. NO.	ASSET CLASS/ TYPE	METHOD
1.	Listed Equity Shares / REITs	<p>Where the Security (equity and equity related instrument) is traded on NSE, the day's closing price on NSE will be considered for valuing securities. If it is not traded on NSE, then the day's closing price on BSE will be considered.</p> <p>If the Security is not traded on either of the exchanges on that day, then the last traded price available on either of the exchanges will be considered.</p>
3.	Unlisted Equity Shares / REITs	<p>Unlisted equity shares held in the account of executionary clients (not held in PMS) shall be valued at cost of acquisition by the client from the purchase date till the next valuation date.</p> <p>Subsequently, the team shall use the last round valuation from publicly available sources, and which is approved by CIO, AWMPL, and in his absence by CEO, AWMPL. The source, frequency, and process of using the last round valuation shall be defined internally.</p> <p>In case the security is not approved at IC, the unlisted equity shares shall be valued at cost of acquisition as may be available or provided by the client. In absence of the cost, the unlisted security shall be valued at the face value.</p>
4.	Futures and Options	Valued at the settlement price of the day on the respective exchange where it has traded.
5.	Rights Issue	<p>There would be no valuation of Rights Entitlement from Ex Rights date till the exercise of Rights Shares. Where renunciations are being listed & traded, the rights entitlement should be valued at the renunciation value. Upon making the application, the shares applied (against rights entitlement) shall be valued at closing price on stock exchange. Application for additional shares, if any, will be valued at cost.</p> <p>Post allotment, if the shares acquired as part of rights issue are traded separately, then the closing price shall be used for valuation. If the shares acquired as rights are non-traded shares or unlisted shares, these shall be valued by an independent valuer.</p>
6.	Corporate Actions	<p>Demerger:</p> <p>If both the shares are traded immediately on de-merger, both the shares are valued at last quoted closing price of respective stocks.</p> <p>If shares of only one company continue to be traded on de-merger, traded shares shall be valued at last quoted closing price of the respective exchanges and the other security is to be valued at last</p>

SR. NO.	ASSET CLASS/ TYPE	METHOD
		<p>quoted closing price on the day before the demerger less opening value of the shares of de-merged company immediately post de merger.</p> <p>Merger/Amalgamation/ Scheme of Arrangement: Until the shares of the resulting Company are not listed, value of the shares will be decided on a case-to-case basis depending on the terms of merger/amalgamation/scheme of arrangement. In case of a complex situation, an independent valuer may be engaged if required at the discretion of CIO, AWMPL and in his absence CEO, AWMPL.</p> <p>Shares tendered for Buyback: Valued at the closing price on the respective Stock Exchange. On acceptance of offer from the Company, the quantity accepted would be removed from holding by way of sale entry.</p> <p>Dividend: Dividend income shall be accrued on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of receipt.</p> <p>Bonus: Bonus units shall be accrued on the date of the security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of receipt.</p>
7.	Valuation of Debt Securities (including Money Market, Government Securities, SGBs, Unlisted Debt)	<p>Valued at security level prices obtained from Independent Valuer (valuation agencies) daily.</p> <p>In case security level prices given by Independent Valuer (valuation agencies) are not available for a new security then such security may be valued at cost of acquisition on the date of allotment / purchase.</p> <p>Capital Gains Bond, also known as Sec 54 EC Bonds, shall be valued at cost (face value).</p>
8.	Bank Fixed Deposits	Bank Fixed Deposits will be valued at cost plus accrual basis.
9.	Debentures (ELDs / MLDs)	Prices will be sourced from the publicly available value of the securities as published by third party valuer or issuer on their respective websites at a frequency of once a month. In case of new security / primary issuance, the security will be valued at cost till such valuation is received.
10.	Domestic Mutual Fund Units / Exchange Traded Funds (ETFs)	Units of Mutual Funds / ETFs shall be valued based on the latest declared NAV per unit by the respective fund houses.
11.	Third Party Products	Third-party products including AIF and PMS schemes managed by various Investment Managers shall be valued as per the valuation provided by the manufacturer as soon as received. If the latest

SR. NO.	ASSET CLASS/ TYPE	METHOD
		valuation is not available, the same will be valued at last available price.

NOTES:

- a) First In First Out (FIFO) method shall be followed to determine the holding cost of investments and profit / loss on sale of investments except third party products.
- b) In case a portfolio is brought as corpus-in by the client, the value of listed securities shall be derived based on above mentioned methodology and the value of unlisted securities shall be determined based on cost of acquisition as may be available or provided by the client. In absence of the cost, the unlisted security shall be valued at the face value. The cost of investments shall include all such costs incurred (if available) for effecting such purchase.