



**PORTFOLIO MANAGEMENT SERVICES  
DISCLOSURE DOCUMENT**

RATNAM SQUARE, PLOT NO. 38/39 SECTOR 19A, VASHI, NAVI MUMBAI-400703  
Ph: 91-22-6116 6500, 3913 6500 Fax: 91-22-2783 3111

## **CERTIFICATE**

We have verified the books of accounts and other relevant records of **M/s FIRST GLOBAL FINANCE PRIVATE LIMITED** having its Head office at Ratnam Square, Plot no. 38/39, Sector 19A, Vashi, Navi Mumbai-400703 a SEBI registered Portfolio Manager (**Reg no. INP000006697**) to certify the contents of Disclosure Document dated 10.09.2022.

Based on our verification of the relevant documents and records and the information and explanations given to us, we hereby certify that the disclosures made in the hereto annexed Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision. We further certify that the Disclosure Document complies with the requirement specified in Schedule V of Regulation 22 of the Securities and Exchange Board (Portfolio Managers) Regulations, 2020 and the Guidelines issued by SEBI.

This certificate is issued as per the requirement specified in Form C of Schedule I of Regulation 22 of the Securities and Exchange Board (Portfolio Managers) Regulations, 2020. The Disclosure Document forms an integral part of the certificate.

**For Mehta Sanghvi & Associates;**  
Chartered Accountants

**Bhumika Sanghvi**  
Partner  
M. No.116307  
**Date:** 10.11.2022  
**Place:** Mumbai  
UDIN: 22116307BCTZBP2245



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**I. FORM C**

**Securities & Exchange Board of India (Portfolio Managers) Regulations, 2020  
[Regulation 22]**

**First Global Finance Private Limited**  
**Address: Ratnam Square, Plot no. 38/39**  
**Sector 19A, Vashi, Navi Mumbai-400703**  
Tel: +91 22 6116 6500/3913 6500  
Email id: info@firstglobal.in

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager.
- iii) The Disclosure Document has been duly certified by an independent chartered accountant on 10<sup>th</sup> November 2022. The details are as follows.

Name of the Firm: Mehta Sanghvi & Associates  
Partner : Bhumika Sanghvi  
Membership No.: 116307  
Address : 606, Aura Biplax, 6<sup>th</sup> floor,  
S.V. Road, Above kalyan Jewellers  
Borivali (West), Mumbai- 400 092

**For First Global Finance Private Ltd.**

Sd/-

**Mr. Neeraj Khanna**  
**Principal Officer**  
**Registered Office Address:**  
**Ratnam Square, Plot No. 38/39, Sector19A, Vashi, Navi Mumbai-400703**  
**Place: Mumbai**  
**Date: 10.11.2022**



**FIRST GLOBAL FINANCE PRIVATE LIMITED**

**II. PORTFOLIO MANAGEMENT SERVICES – DISCLOSURE DOCUMENT**

(As per the requirement of Fifth Schedule of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulation 2020)

- (i) The Disclosure Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- (ii) The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging a portfolio manager.
- (iii) The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor is advised to carefully read this entire document before making any investment decision and to retain it for future reference.
- (iv) This Document supersedes the Disclosure Document dated June 15, 2022 filed with SEBI.
- (v) The following are the Details of the Portfolio Manager:

Name of the Portfolio Manager	First Global Finance Private Limited
SEBI Registration Number	INP000006697
Head Office Address	Ratnam Square, First Floor, Plot No. 38/39, Sector 19A, Vashi, Navi Mumbai-400703
Phone	+91 22 6116 6500
Fax	+91 22 6116 6562
Website	<a href="http://www.firstglobalsec.com">www.firstglobalsec.com</a>
Email-Id:	<a href="mailto:pms@firstglobal.in">pms@firstglobal.in</a>

(vi) The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

Name of the Principal Officer	Neeraj Khanna
Phone	+91 9821167150
Email	<a href="mailto:neeraj.khanna@firstglobalsec.com">neeraj.khanna@firstglobalsec.com</a>
Head Office Address	Ratnam Square, First Floor, Plot No. 38/39, Sector 19A, Vashi, Navi Mumbai-400703

This Disclosure Document is dated 10.09.2022 and was approved by the board of directors of FIRST GLOBAL FINANCE PVT. LTD. on 09.09.2022.



### III. DISCLAIMER

This document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and it has been filed with SEBI and has neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of the contents of this document.

### IV. DEFINITIONS

For the purposes of this Disclosure Document, except as otherwise expressly provided or as the context or meaning thereof otherwise requires, the following words and expressions shall have the meanings assigned to them respectively hereinafter:

“**Act**” means the SEBI, Act, 1992 (15 of 1992) as amended from time to time.

“**Activation Date**” is the date when the sum equivalent to the funds or the securities respectively are received in the Client’s bank or Demat Account or the utilization of those funds/securities for portfolio management by the Portfolio Manager whichever is later.

“**Application**” means the application made by the Client to the Portfolio Manager to place the monies and/or securities mentioned therein with the Portfolio Manager for Portfolio Manager Service. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.

“**Assets**” means (i) the Portfolio and/or (ii) the Funds and includes all accruals benefits, allotments, calls refunds, returns, privileges, entitlements, substitutions and/or replacement or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any, (represented both by quantity and in monetary value), in relation to or arising out of Assets.

“**Agreement**” means the agreement between the Client and the Portfolio Manager in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 for providing portfolio management services to that Client and stating therein the terms and conditions on which the Portfolio Manager shall provide such services to that Client.

“**Board**” means the Securities and Exchange Board of India

“**Client**” or “**investor**” means any person who registers with the Portfolio Manager for availing the services of portfolio management.

“**Custodian**” means a person who has been granted a certificate of registration to carry on the business of custodian of securities under the SEBI (Custodian of Securities) Regulations, 1996.

“**Depository**” **Depository** as defined in the Depositories Act, 1996 (22 of 1996)

“**Depository Account**” means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations.

“**Disclosure Document**” means this disclosure document for Portfolio Management Services as prescribed under the Regulation and amended time to time.



**“Discretionary Portfolio Management Services”** means Portfolio Management Services where the Portfolio Manager exercises or may, under a contract relating to Portfolio Management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the Funds of the Client, as the case may be.

**“Financial year”** means the year starting from 1<sup>st</sup> April of a year and ending on 31<sup>st</sup> March the following year.

**“Funds”** means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.

**“Funds managed”** means the market value of the Portfolio of the Client as on date.

**“FPI”** means Foreign Portfolio Investors registered with SEBI under SEBI (Foreign Portfolio Investors) Regulations, 2014.

**“Initial Corpus”** means the value of the Funds and the market value of readily realizable investments brought in by the Client at the time of registering him as a Client with the Portfolio Manager and accepted by the Portfolio Manager. The investments brought in by the Client as corpus shall be sold within a period of 30 days and the net realizable proceeds shall be taken to the portfolio and if not so sold, shall be switched to the Portfolio at the last available closing price on the day of switch.

**“Investment Advisory Services”** means the services, where the Portfolio Manager advises Clients on investments in general or gives specific advice required by the Clients and agreed upon in the Agreement.

**“High Water Mark”** means value of the highest closing NAV achieved by the Portfolio in any year during the subsistence of this Agreement (inclusive of any additional funds placed by the Client in that year) and net of (ii) the Portfolio Management fees and (iii) any withdrawals, if any, made by the Client in accordance with this Agreement, for that year.

**“NRI”** means a non- resident Indian.

**“Non-Discretionary Portfolio Management Services”** means Portfolio Management services other than Discretionary Portfolio Management Services, Investment Advisory Services and Structured Products.

**“Portfolio”** means the total holdings of all investments, securities and funds belonging to the Client.

**“Portfolio Manager”** means FIRST GLOBAL FINANCE PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having 15/38 G/F Geeta Colony, Back Portion Mother Dairy, Krishna Nagar, New Delhi 110031 and having its corporate office at Ratnam Square Plot No. 38/39, Sector 19A, Vashi, Navi Mumbai -400703.

**“Portfolio Management Services”** means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Investment Advisory Services or Structured Products, as the context may require.



“**Principal Officer**” means an Individual who is responsible for the activities of Portfolio Management and has been designated as principal officer by the Portfolio Manager.

“**Regulations**” means the SEBI (Portfolio Managers) Regulations, 2020.

“**Scheme/Option**” means any of the current investment scheme/option or such scheme/option that may be introduced at any time in the future by the Portfolio Manager.

“**Structured Products**” means the products that the Portfolio Manager may, from time to time launch that are structured towards meeting specific needs of a particular Client and that shall be managed in accordance with the specifications provided by the Portfolio Manager to the Client.

“**Securities**” Securities" shall mean the securities, whether listed or unlisted, in which the Portfolio Manager may, from time to time, invest for and on behalf of the Client, including securities issued by private companies, and shall include all papers/instruments included within the definition of 'security' under the Section 2(h) of the Securities Contract (Regulation) Act, 1956.

“**Bank Account**” means one or more bank accounts opened, maintained and operated by the Portfolio Manager in the name of clients or a pool account in the name of the Portfolio Manager in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client

“**Portfolio**” means the total holdings of all investments, securities and funds belonging to the Client.

“**Funds**” means the moneys placed by the Client with the Portfolio Manager and shall include all accretions thereto.

## **V. DESCRIPTION OF THE PORTFOLIO MANAGER**

### **HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER**

First Global Finance Pvt. Ltd. (“FGFPL”), a Company registered under the Companies Act, 1956 was established in the year 1994 under the able leadership of Ms. Devina Mehra for Equity Research and Merchant Banking and other financial market-related activities.

The Company is a holder of Category I Merchant Banking permanent licence issued by SEBI.

The Company is also a holder of Research Analyst Registration Certificate issued by SEBI in March 2017.

First Global group has been in the Investment, Research and Advice business for 30 years, with a presence in the Global Markets for over 20 years.





At First Global, our sole mantra is: should we think the way the market is thinking? Or is it time to go against the herd.

It's this critical thinking that has always set us apart from the rest.

Be it identifying HDFC Bank on its listing day at Rs. 30, back in 1996, to identifying Infosys on its listing day in 1994!

At the same time, we have been unafraid to take strong stands against vastly inflated bubbles, whether in Tech, in 2000 February, or in Infrastructure and Financials, in December 2007.

In 2013, we saw the deep dislike for Indian small caps, as a great buying opportunity...small caps beat large caps by a vast margin for four years.

Or getting Amazon right at the bottom of its range, back in 2001, when the rest of Wall Street had thrown in the towel... the stock is up 150x since.

Apple was a similar bet in 2002. Twitter in 2016 at \$12-14. Indian chemical companies from 2014. The list of our winning bets is endless. And we do lose sometimes.

But what we win is vastly more than what we get wrong

**The Group has been known for the high quality of research it produces, for which it received the top award of Asia's Master Stock Picker in two categories from the Wall Street Journal.**

**First Global was also awarded the second position in the Best Earnings Estimator category for Biotechnology at the ET Starmine Analysts Awards in India organized by Thomson Reuters, Starmine and ET Now.**

**A publication no less than Barrons has called First Global's research as "Credible...and often, much more than that".**

**Overall, First Global has been rated very highly in broker polls by Asiamoney, Thomson Reuters, Starmine, etc., for the accuracy and independence of its research.**

First Global has used its Global Asset Allocation capabilities to assist large global institutional clients, who manage trillions of dollars, in investing globally.

First Global's global research has been widely covered in the Wall Street Journal, Business Week, CBS, Financial Times, CNBC, etc., and rated very highly in Institutional Surveys.

Then in February, 2020, we decided to open up these capabilities to help individuals HNIs and Family Offices, benefit from the same expertise that large multi-billion funds enjoy by launching our PMS.



**VI. PROMOTERS AND DIRECTORS OF THE PORTFOLIO MANAGER AND THEIR BACKGROUND IN BRIEF**

**a. Promoter**

First Global Finance Pvt. Ltd. (“FGFPL”), was established in the year 1994 by Ms. Devina Mehra for Equity Research and Merchant Banking and other financial market-related activities

**b. Particulars of Directors of FIRST GLOBAL FINANCE PRIVATE LIMITED**

The Directors of the Portfolio Manager are:

Name	Age, Qualifications & Experience	Brief Experience
Ms. Devina Mehra	B.A. (Mathematics, Statistics and English Literature), Lucknow University, Lucknow (1983) M.A. 1 <sup>st</sup> Year (Mathematical Statistics), Lucknow University, Lucknow Marks (82.2%), Rank 1 (1984)	She has vast experience of more than 35 years in the capital markets.
Mr. Neeraj Khanna	B.Com, FCA, Chartered Accountant	He has a vast experience of more than 21 years in the capital markets.

**Ms. Devina Mehra is the Founder of the First Global Group.**

**Ms. Devina Mehra is the Founder, Chairperson, and Managing Director of the First Global Group.**

**She has made it to Fortune India’s Most Powerful Women in Business list for 2022 and she is the only Woman in the entire Fund Management and Broking Industry.**

She completed her MBA in the year 1986 from the storied IIM, Ahmedabad, the No. 1 Business School in India; Now also ranked No. 1 in Asia. She holds a graduation degree in Mathematics, Statistics, and English from Lucknow University. She is a gold medallist at both IIM, Ahmedabad, and Lucknow University.

During her graduation, she was awarded the ‘Seth Memorial Prize’ for obtaining the highest G.P.A. among all students in the first year, received Industrial



Scholarships for academic performance in both years of graduation, and was awarded 8 Gold Medals at Lucknow University for academic performance including that for obtaining the highest percentage of marks among undergraduate students of all faculties of the university. She even broke the 60-year record for the University for the Highest Aggregate Marks scored in the B.A. [examination](#). She also completed the first year of the master's course of Mathematical Statistics with Rank 1.

She started her professional career by joining Citibank N.A. and worked in the Investment Banking/ Corporate Finance Group and Corporate Risk Strategy Group from 1986-1993.

In 1993, she quit Citibank to co-found First Global. Got membership in the Bombay Stock Exchange as an individual and then corporate membership in the National Stock Exchange.

From 1999, she set out to globalize First Global's operations to international markets by gaining membership of the prestigious London Stock Exchange and NASD, US in early 2000.

Ms. Devina Mehra also heads the Research and Fund Management at First Global, a cell in charge of identifying key changes and inflection points in markets across the world, for its global clients. First Global's research independence, unbiased stance, and ability to discern trends ahead of the street, have made its global research gain tremendous following among institutional investors worldwide. A leading publication Barron's called First Global research "Credible...and often, much more than that".

Ms. Devina Mehra has been widely quoted in the Wall Street Journal, CNBC, Financial Times, Forbes, Fortune, Business Week, Barron's etc. and has featured on shows like Smart Money on CNBC and The Mind of The Market on NDTV Profit, in addition to being a guest on several shows on finance and markets on several channels in India and abroad.

Ms. Mehra has been felicitated and featured as one of **India's leading entrepreneurs** by Outlook Business and Entrepreneur magazines.

**VII. Companies under the same Management as per section 370(1B) of the Companies Act, 1956, of the Portfolio Manager in India:**

Sr. No.	Name of the Entities.
1.	First Global Stockbroking Pvt. Ltd.
2.	First Global Securities Limited
3.	First Global Finance Pvt. Ltd.
4.	First Global Commodities Pvt. Ltd.



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5.	Cerebra Research Pvt. Ltd.
6.	Virta Trade & Agencies Pvt. Ltd.
7.	Vruddhi Confinvest India Pvt. Ltd.
8.	Top Gear Leasing & Finance Pvt. Ltd.

### **VIII. PENALTIES, PENDING LITIGATIONS OR PROCEEDINGS, ETC.**

In 2001, post the presentation of Union Budget, on March 2<sup>nd</sup>, 2001, there was a fall in the equity markets in India of around 176.49 Sensex points, i.e. 4.13%. At the same time, the global markets were falling, owing to a general meltdown in technology stocks.

The government ordered an investigation into the purported market fall to ascertain whether the market fall was natural or engineered by any entities.

First Global Stockbroking Pvt. Ltd. (FGSB), which is the holding company of the applicant, was one of the several companies shortlisted for investigation.

Pursuant to an investigation, SEBI passed an order under Section 11B of SEBI Act, 1992 on 18<sup>th</sup> April, 2001 against the applicant group and the then directors. Thereafter, SEBI passed its final order on 12<sup>th</sup> September, 2002 against the holding company of the Applicant and another group company of the group, being the sub-broker of the Applicant's holding company.

The said SEBI order was completely set aside by the Hon'ble Securities Appellate Tribunal vide its order dated 3<sup>rd</sup> December, 2004.

The said order of SAT was not appealed by SEBI, and hence was accepted and became final.

There has never been any adverse order against the Applicant and there is no adverse order even against the holding company or even the group, as the order dated September 12<sup>th</sup>, 2002 against the holding company of the applicant FGSB has become "non est".

### **IX. SERVICES OFFERED**

#### **A. DETAILS OF SERVICES BEING OFFERED BY THE PORTFOLIO MANAGER**

The Portfolio Manager broadly offers services under the following categories:

#### **Discretionary services**

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager. The Portfolio Manager may at times and at its own discretion, adhere to the views of the Client pertaining to the investment/disinvestment decisions of the Client's Portfolio. The Portfolio Manager shall have the sole and absolute



discretion to invest in respect of the Client's account in any type of security as per the Agreement and make such changes in the investments and invest some or all of the Client's funds in such manner and in such markets as it deems fit. The Client may give informal guidance to customize the portfolio schemes; however, the final decision rests with the Portfolio Manager. The securities invested/disinvested by the Portfolio Manager for Clients in the same Scheme may differ from one Client to another Client. The Portfolio Manager's decision in deployment of the Client's funds is absolute and final and can never be called in question or be open to review at any time during the currency of the Agreement or at any time thereafter. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Rules, and Regulations, guidelines and notifications in force from time to time. Under these services, the Clients may authorize the Portfolio Manager to invest their Funds in specific financial instruments or a mix of specific financial instruments or restrict the Portfolio Manager from investing in specific financial instruments or securities. Periodical statements in respect of the Client's Portfolio shall be sent to the respective Clients. Currently, under the discretionary services, the following strategies are offered to the investors:

The India Super 50 Portfolio (IS50)  
The India Multi Asset Allocation Portfolio (IMAAP)  
India Fixed Income Portfolio (IFIP)  
India Liquid Fund Portfolio (ILFP)

### **Non-discretionary services**

Under these services, the Client decides their own investments, with the Portfolio Manager only facilitating the execution of transactions. The Portfolio Manager's role is limited to providing research, investment advice, and guidance and trade execution at the Client's request. The Portfolio Manager shall execute orders as per the mandate received from Clients. The deployment of the Client's Funds by the Portfolio Manager on the instructions of the Client is absolute and final and can never be called in question or shall not be open to review at any time during the currency of the Agreement or at any time thereafter. The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the Act, Rules and/or Regulations, guidelines and notifications in force from time to time. Periodical statements in respect of the Client's Portfolio shall be sent to the respective Clients.

#### (iii) Investment Advisory Services

Under these services, the Portfolio Manager advises Clients on investments in general and any specific advice required by the Clients and agreed upon in the Agreement. For such services, the Portfolio Manager charges the Client a fee for the services rendered as spelt out in the Agreement. The advice may be either general or specific in nature and may pertain to a particular portfolio.



(IV) Structured Products

Under the Discretionary Portfolio Management Services offered to the Clients, the Portfolio Manager may, from time to time, launch products that are structured towards meeting the specific needs of the Clients. These products would be invested and managed in accordance with the product specifications provided by the Portfolio Manager to the Client.

(V) Specific details of strategies offered under discretionary portfolio management services

**The India Super 50 Portfolio (IS50):**

Investment Objective: - A pure equity Portfolio either fully invested or partially in cash at any given point in time, based on First Global's unique Investment Criteria. This combinatorial approach makes us come up with a list of 50 stocks that are best positioned to capture nearly every single alpha generating move in the markets.

Investment Strategy: - The IS50 is a curated list of the best 50 stocks in the Indian stock market, at any given point in time. These stocks are identified from a larger list that is thrown up using cutting edge Artificial Intelligence and Machine Learning technologies, that comb through mountains of financial data, annual reports, conference call transcripts, press coverage, social media chatter, macroeconomic data, quantitative sentiment indicators, etc. The AI- ML approach enables us to remain completely neutral, unbiased, unemotional about our selection.

And it also makes us remain absolutely clinical in our exit strategy. To this constantly evolving list of stocks, we apply a patina of our decades of human Intelligence.

**The India Multi Asset Allocation Portfolio (IMAAP):**

Investment Objective: The objective of the IMAAP is to deliver steady, low volatility returns. The IMAAP is part of First Global's Single Window - All Weather (SWAW) Investment Products. It will invest partially in equity, with the additional overlay of multiple asset classes like fixed income, oil and gold. This ensures a good return profile, but with significantly low volatility and high Sharpe ratio.

Investment Strategy: The IMAAP's core strategy follows our central learning that nearly 90% of returns in Investing, come from getting the Top-Down Asset Allocation right. Hence, the IMAAP invests across Asset Classes: Stocks, Bonds, Commodities, REITs etc available in India. The weightings of each Asset Class in the Portfolio is adjusted dynamically and tactically, depending on the relative attractiveness of each Asset Class.



The strategy is to diversify the Investment across the asset classes to minimize the risk with steady return.

**India Fixed Income Portfolio (IFIP):**

Investment Objective: The objective of IFIP is to generate stable risk-adjusted returns by investing in debt mutual funds with exposure to various tenors and credit risk spectrum (except credit risk funds). It will invest in debt mutual funds from all categories except credit risk and target maturity funds.

Investment Strategy: For IFIP, the universe consists of top AUM funds from each category which are then filtered down based on FG's multi-factor model which is designed to harvest low volatility and momentum risk premia. The allocation to various mutual funds is dynamic and is based on the optimisation output of FG's quantitative model. The strategy is benchmark agnostic, however, the peer group for the IFIP would be dynamic bond funds

**India Liquid Fund Portfolio (ILFP):**

Investment Objective: The objective of ILFP is to provide capital protection and liquidity to the investors. It will invest in Mutual funds that invest in debt and money market instruments such as Certificate of Deposit (CD), Commercial Paper (CP), Treasury Bills (T-bills), etc. with residual maturity of 91 days only.

Investment Strategy: For ILFP, building a portfolio of liquid mutual funds targeting high liquidity and quality combined with low credit risk and expense ratios. The portfolio allocation will be 100% to Mutual funds that invest in debt and money market instruments for the resident investors and 100% to ETFs in case of NRI investors. The benchmark index will be S&P BSE Liquid Rate Index. The S&P BSE Liquid Rate Index is designed to measure the returns from a daily rolling deposit at the Tri-Party Repo (TREP) rate and thus serves as an appropriate benchmark for the liquid fund given the investment horizon of the benchmark's underlying.

**B. INVESTMENT POLICIES/INVESTMENT PHILOSOPHY/ EQUITY INVESTMENT PHILOSOPHY:**

INVESTMENT POLICY AND PHILOSOPHY

We firmly believe that Diversification, done right, delivers way in excess of market returns, with low risk

First Global is renowned across the world for being deeply data driven, in its investment approach. We are unemotional about investing. We don't get romantic about it. We view it





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for what it is: a vehicle to get rich, while minimising risk. So why does our investing model work across cycles and markets?

The most common investment myth that is peddled day in and day out, is that diversification is the enemy of high returns.

In reality concentrated portfolios are a recipe for disaster more often than not.

Any fund manager who professes to run deeply concentrated portfolios is going to be a fund manager who will do well for some time and then flame out when even one or two stocks in the portfolio run into bad weather.

At First Global, our research and learnings have been exactly to the contrary.

As a result of our strategy of diversification, we have found that you can generate tons of alpha without adding proportionately to risk.

Across market cycles.

#### Risk and Return don't always go hand in hand

Another common myth that is heard all the time is that to make high returns, you have to take high risk. Nothing could be further from the truth. Our research and findings are again to the contrary.

First Global has simplified the confusing world of investing, into an elegant, simplified, yet deeply researched, Investment Model. The Model is called Return and Risk Optimization (RARO) Model of Investing.

What is the RARO Model?

It has taken us decades to figure this out. And frankly, it's a tad complicated. But let us simplify it for you.

Taking off from Nobel-winner Markowitz's Modern Portfolio Theory (MPT), First Global has innovated on this.

And discovered that a newer, far more efficient frontier exists in investing, wherein you can actually maximize return while minimizing risk.

Don't ask us how. Because that's our secret sauce. Tons of data have been mined, hundreds of patterns have been detected. Conclusions have been built.





Suffice it to say that this is what the RARO Model is: finding the best investment ideas, in India and across the world that give virtually "free" alpha, i.e., high return but without adding to units of risk.

#### Investing is not about Love

Again, most fund managers approach the business of investing as they would approach a romantic affair: you fall in love with your stocks.

You overlook even the most obvious danger signs. And you hang on to the bitter end. Not us. We are neutral. Unbiased. Unemotional.

If we see a problem in a portfolio stock, or in a sector, or in a country, we will be out. There will be no rationalizing.

This makes our approach robust. It makes our approach less risky. All of it makes for sustained investment performance.

#### RESEARCH INDEPENDENCE

We hate to make a big deal of this, for we think that basic intellectual integrity has to be a given in this business. It is unfortunate that this is not the case. As for us, investors can rest assured that what we say is untainted by corporate finance considerations or the need to drive trading volumes. All that we require from clients is that they be fair in their approach towards our fees. If we add more value than others, we deserve to get paid more. If some other firm adds more value, then pay that firm the most. All this said, it is also our firm belief that merely being independent is not good enough. Being *right* is more important. In order to be right, independence may be a necessary, but not sufficient condition.

Over years, over markets, over cycles, First Global has proven its ability to call the future before it becomes common knowledge.

And this, in our humble view, is all that matters.

#### **TYPES OF SECURITIES**

The Portfolio Manager shall invest predominately in the Securities specified in the portfolio description. However, the Client's funds may be invested in any of the Equity and Equity-related instruments, Debt Instruments & Money Market Instruments and such other instruments falling under the definition of Securities

#### **TRADING IN DERIVATIVES**

SEBI in terms of the SEBI (Portfolio Managers) Amendment Regulations, 2002, has permitted all Portfolio Managers to participate in the derivatives trading subject to



observance of guidelines issued by SEBI in this behalf. Pursuant to this, the Portfolio Managers may use various derivative products from time to time, as would be available and permitted by SEBI. Accordingly, the Portfolio Managers may use derivative instruments like Stock Index Futures, Options on Stocks and Stocks Indices, Interest Rate Swaps, Forward Rate Agreements and other such derivative instruments as may be introduced from time to time, as permitted by SEBI.

**Minimum Investment Amount:**

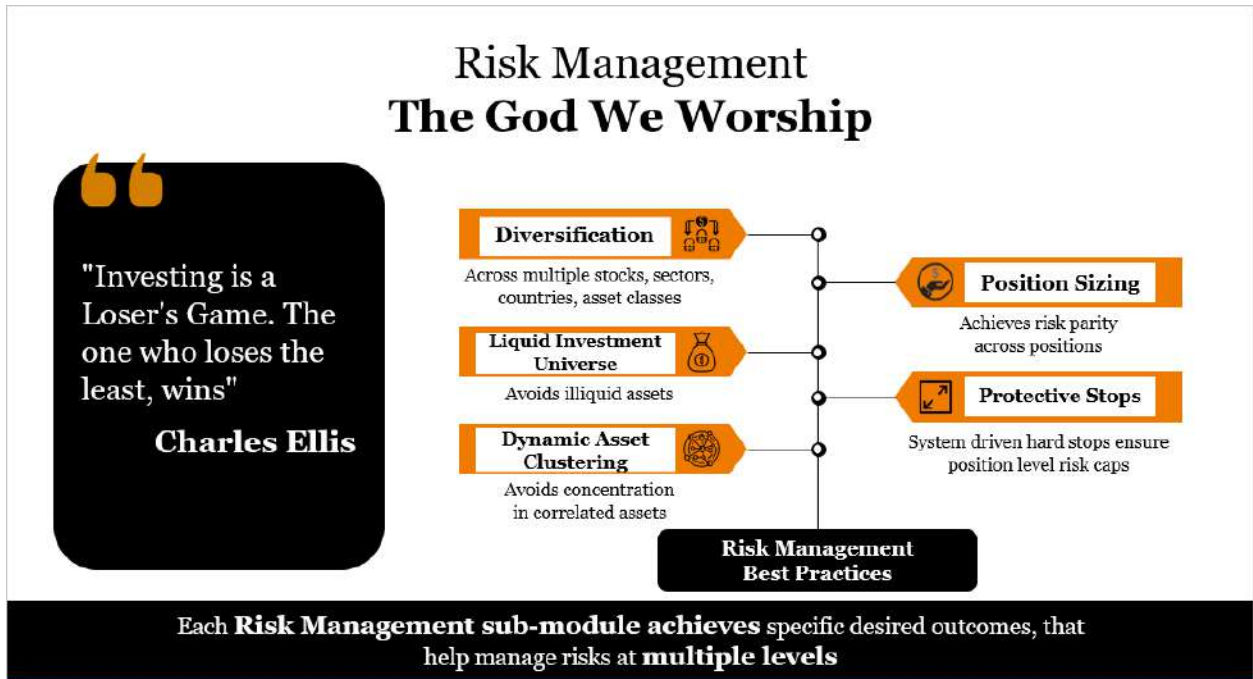
The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and/or funds of an amount prescribed by the Portfolio Manager for a Portfolio, subject to minimum amount as specified by SEBI Regulation from time to time. The Client may on one more occasion(s) or on a continual basis, make further placement of Securities and/or funds under the service.

**RISK MANAGEMENT**

Notwithstanding the unique investment requirement and risk preference of the Client, the Portfolio Manager (PM) will endeavour to put in place the following risk control measures while recommending investments to the Client and/or executing transactions on behalf of the Client. However, specific investment guidelines in this regard provided by the Client would be adhered to by the Portfolio Manager.

Risk management is one of the most important pillars of the Portfolio Manager's investment process.

Portfolio Manager is inspired by what Charles Ellis famously said – he said that investing is a Loser's game. What that means is that the key to winning is to avoid the big mistakes. If we can side step the big losses, we're already way ahead of everyone else.



And that is exactly how the Portfolio Manager define risk management – we avoid the unforced errors. And we obsess over ensuring that there are no risks that have not been accounted for and mitigated.

Risk management practices are embedded within every step of the investment process, starting from the definition of the investment universe, to position sizing, to stop losses and portfolio construction.

The six most essential elements necessary to effectively control risk are:

- (i) The extent of **CONCENTRATION**, or alternatively the approach to diversification.
- (ii) **ASSET QUALITY**, the fundamental performance of the underlying companies in the portfolio.
- (ii) **MOMENTUM** or the extent to which the portfolio is exposed to short-term volatility.
- (iv) **EXPENSIVENESS** or the risk posed by irrational valuation.

**LIQUIDITY**, the extent to which the portfolio can be easily sold in the markets, to raise cash.

**HEDGING**, the Portfolio to provide the client with risk mitigation.



The head of risk is a Director and part of the board of directors and is directly reporting to the board and the Chairperson. The risk management team influences the investment decisions and is represented in the investment committee. The frequency of risk reporting is daily.

Portfolio Manager's decades of investing experience has taught that risk management is the central pillar of investing success – without that even the best strategies will fail. Hence, the PM has established a detailed risk management framework based on best-in-class practices and have adopted sound internal controls.

PM ensures the presence of sound risk management processes and operating procedures that integrate prudent risk limits with appropriate risk measurement, monitoring and reporting. This is supported by the presence of competent personnel in the risk management and control functions.

PM identifies specific risk factors corresponding to the equity markets. The measurement of equity risk captures the risk exposure to price movements in the overall equity market, specific sectors of the equity market, and individual equity issues.

Market liquidity risk is mitigated by ensuring that positions are taken only in those securities which satisfy well-defined thresholds of size and trading volume.

All the risk measures which have been outlined in this section are monitored on a continuous basis to ensure that the portfolio statistics are within the defined and acceptable limits, including but not limited to liquidity tests, diversification tests, rolling performance and risk measures (like volatility, gain-to-pain ratio, etc.), attribution analysis, sensitivity analysis, cost of insurance, outlier periods in terms of performance (i.e., best/worst performing periods), etc.

PM has a blended investment strategy/approach which is designed taking into consideration multiple factors like Value, Growth, Price movements, Valuations, Quality of stock, Overall market dynamics, etc. Essentially, PM has a bias-free approach to investing. PM's Man+Machine Model is purely clinical. It doesn't storify investing.

Also, PM's strategy is one of taking a large number of small bets as opposed to the conventional strategy of taking a small number of large bets. PM does not have a fixed, predetermined allocations to any asset class - that's the uniqueness of our dynamic allocation strategy.

As a result of PM's strategy of diversification, PM has found that you can generate tons of alpha without adding proportionately to risk.

PM uses an extensive suite of risk management tools, developed in-house, to monitor and implement the risk management policies of the firm, e.g., liquidity analysis, execution efficiency reports, diversification analysis, monitoring of stop losses, etc.



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The various risk metrics used and their impact on decision making is as below:

**Diversification:** PM's portfolios are highly diversified across asset classes, countries, sectors and stocks. When PM looks at diversification, PM does not consider just the number of holdings, but also the correlation across the different holdings.

A portfolio with 30 stocks might have very little diversification if all the holdings are from similar sectors, as is the case with many PMS schemes on offer. If all the holdings are from 1 or 2 sectors, in reality such a portfolio has just 1-2 large bets and is not diversified at all.

PM ensures that we have true diversification in the portfolios. Correlations across our various holdings are very closely monitored. PM has a very strict limits on stock level as well as sector level weightages in our portfolios.

**Liquidity:** All PM's holdings are highly liquid, exchange traded instruments. Each security has to pass extremely rigorous liquidity criteria before being eligible for inclusion in our portfolios.

**Dynamic Asset Clustering:** PM does not rely on the traditional method of measuring sectoral risk where each stock is exclusively categorized into a particular sector or industry. Stocks can have non-zero sensitivities to multiple sectors. PM's unsupervised clustering algorithms identify such sensitivities and gives a truer picture of actual sectoral allocation.

**Position Sizing:** PM positions are sized based on multiple factors including, but not limited to, the return expectations from the security, perceived risks and the volatility profile of the security. The volatility adjustment on position size ensures that certain securities do not end up dominating the performance of the overall portfolio.

**Protective Stops:** All positions that PM holds in our portfolios have very well-defined stop loss levels, that trail with favorable price moves. If a position goes below its stop level, the position is mechanically exited without any room for a discretionary widening of the stop.

**Tactical Insurance for Portfolio Protection (TIPP):** As investment managers, our first and foremost responsibility is to protect client capital. PM ensures that we do not lose big money. TIPP helps us protect client capital from the risk of steep market falls.

Using TIPP, PM buys insurance for various parts of the portfolios. PM's systems help decide which parts of the portfolio need coverage and to what extent. Meaning, it is a tactical and dynamic coverage, rather than a static one. This ensures that we do not end up paying too much insurance premium. The tactical coverage achieves protection for the riskiest parts of the portfolio.



All the risk management measures, acting in concert, ensure that PM does not lose big money. PM protects the downside for the clients. That is itself is a source of significant alpha over the long run.

PM uses an extensive suite of risk management tools, developed in-house, to monitor and implement the risk management policies of the firm, e.g., liquidity analysis, execution efficiency reports, diversification analysis, monitoring of stop losses, etc.

### **C. POLICY FOR INVESTMENTS IN GROUP/ASSOCIATE COMPANIES**

The Portfolio Manager will ensure that it does not make any investments in any unlisted security of an associate or group company of First Global Finance Pvt. Ltd. or any security issued by way of private placement by an associate or group company of First Global Finance Pvt. Ltd. However, the above restrictions shall not be applicable to investments in units of mutual funds and deposits. The Portfolio Manager may utilize the services of the Sponsor, Group Companies and/or any other subsidiary or associate company of the Sponsor established or to be established at a later date, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

#### **Portfolio Management Team**

The investors' funds in various portfolios would be managed by a team of skilled professionals under the able guidance and supervision of Ms. Devina Mehra. She has more than 30 years of experience in equity, portfolio management and fund management. The company has recruited two more fund managers for the Portfolio Business.

#### **Execution of Trade in Own Company**

All trades would be executed as per the SEBI rules and regulations with the group of empanelled brokers including the portfolio manager's holding company, being a broking Company. All trades executed for the clients (except NRE clients) will be in Pool Account of PMS Portfolio and shares would be transferred to the Client's DP account as soon as the shares are received from the Exchange.

#### **Appointment of Distributors**

Account activations will be sourced by various channel partners, employees, referral agents and distributors of First Global Finance Pvt. Ltd.



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Details of PMS plans for Discretionary Services:

The Portfolio Manager offers Discretionary Portfolio Management Services, Advisory Services and Non- Discretionary Portfolio Management Services as per Individual Portfolio Management Service agreement.

The Portfolio Manager under its Discretionary Portfolio Management Services offers portfolios with different investment objectives and policies to cater to individual requirements of the Client. The Portfolio Manager shall deploy the Securities and/or funds of the client in accordance with the Investment objectives stated in the Portfolio selected by the Client. All the trades would be executed in Pool Account and thereafter the scrips will be transferred to the respective Client's account.

## **X. RISK FACTORS**

1. Investments in securities are subject to market risks and include price fluctuation risks. There are no assurances or guarantees that the objectives of the Investment will be achieved. The investments may not be suited for all categories of investors.
2. As with any investment in securities, the value of the Client's Portfolio can go up or down depending on the factors and forces affecting the capital market.
3. Investors are not being offered any guaranteed or assured returns, i.e. either of principal or appreciation on the Portfolio.
4. The investments made are subject to external risks such as war, natural calamities, and policy changes of local/international markets which affect the stock markets.
5. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets, such as de-listing of securities, market closure, and a relatively small number of scrips accounting for large proportion of the trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
6. The investment decision made by the Portfolio Manager may not always be profitable.
7. Investments made by the Portfolio Manager are subject to risks arising from the investments' objective, strategy and asset allocation.
8. The Client's investment with the Portfolio Manager shall be subject to the terms and conditions mentioned in the Agreement. Liquidity would be restricted in case of fixed term portfolios.





9. Investors may note that the Portfolio Manager's investment decisions may not always be profitable, as the actual market movements may be at a variance with the anticipated trends.
10. Investments in equity and equity-related securities involve a high degree of risks and the Client should not place funds with the Portfolio Manager for investing unless they can afford to take the risk of losing their investment.
11. The Portfolio is also vulnerable to movements in the prices of securities invested in, which again could have a material bearing on the overall returns from the Portfolio.
12. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume in the stock exchange. Debt and money market securities, while being fairly liquid, still lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and lead to the investment(s) incurring losses till the securities are finally sold.
13. The performance of the Client's portfolio may be adversely affected by the performance of individual companies, changes in the market place and industry-specific and macro-economic factors.
14. Risks arising from non-diversification - diversified portfolios (allocated across companies and broad sectors) generally tend to be less volatile than those from non-diversified portfolios.
15. Any policy change/technology change/obsolescence of technology would affect the investments made in a particular industry.
16. Unrated/lower rated securities: The Portfolio Manager may invest in lower rated/unrated securities offering higher yields. This may increase the risk of the Portfolio.
17. Such investments will be subject to the scope of investments as laid down in the Agreement.
18. The names of the Schemes do not in any manner indicate their prospects or returns. The performance in the equity schemes may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
19. Debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. The liquidity of these





- investments may be affected by trading volumes, settlements periods and transfer procedures.
20. Technology stocks and some of the investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
  21. There are risks attached with the use of derivatives. The Portfolio Manager may use derivative products, as may be permitted by SEBI from time to time. As and when the schemes trade in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis which are different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument, but also of the derivative itself. Derivatives require maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and other related capabilities. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include market risk, valuation risk, liquidity risk and basis risk. Also, it is to be noted that the market for derivative instruments is nascent in India.
  22. In the case of stock lending, risks relate to the defaults from counter-parties with regard to securities lent and the corporate benefits accruing thereon, inadequacy of the collateral and settlement risks. The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the schemes.
  23. The Portfolio Manager may invest in the shares, units of mutual funds, debt, deposits and other financial instruments of group companies. Different types of securities in which the Client’s funds would be invested carry different levels and types of risks. Accordingly, the Portfolio’s risk may increase or decrease, depending upon its investment pattern; e.g. corporate bonds carry a higher amount of risk than government securities. Further, even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are A rated.
  24. Each portfolio will be exposed to various risks depending on the investment objective, strategy and asset allocation. The investment objective, strategy and the asset allocation may differ from client to client. However, highly concentrated portfolios with lesser number of stocks will generally be more volatile than a portfolio with a larger number of stocks. Portfolios with a higher allocation to equities will be subject to higher volatility than portfolios with low allocation to equities.
  25. Risks arising out of non-diversification: Diversified portfolios (allocated across companies and broad sectors) generally tend to be less volatile than non-diversified portfolios.

The Portfolio Manager has been providing Portfolio Management Services under the PMS licence provided by SEBI for more than two years.

**Macro-Economic Risks:** Overall economic slowdown, unanticipated corporate performance environmental or political problems, changes to monetary or fiscal policies, changes in the



government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the portfolio.

**Debt and fixed income securities:** Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include, but are not restricted to:

**Interest rate risk:** As with all debt securities, changes in interest rates will affect the valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile, leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of Portfolios.

**Liquidity or marketability risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

**Credit risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk, debentures are sold at a yield spread above those offered on Treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

**Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk refers to the fall in the rate for reinvestment of interim cash flows.

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

The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients. The Client may incur a higher rate of TDS/ dividend distribution tax in case the investments are aggregated.

In case of investments in mutual fund units, the Client shall bear the recurring expenses of the portfolio management services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.



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

#### **XI. ONBOARDING OF CLIENTS**

The clients shall have an option to be on-boarded directly, without intermediation of persons engaged in distribution services. At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.

#### **XII. CLIENTS REPRESENTATION**

FIRST GLOBAL FINANCE PVT. LTD. currently offers Discretionary Portfolio Management Services.

The Client serviced during for the period February, 2020 to March 31, 2020 is as under

Category of clients	No. of clients	Funds managed (Rs. In Crs)	Discretionary / Non-Discretionary (if available)
Associates and Group Companies	0	0	Discretionary
Corporates	0	0	Discretionary
Non-corporates	4	1.9	Discretionary
NRIs	0	0	Discretionary

The Client serviced during for the period April 1, 2020 to March 31, 2021 is as under

Category of clients	No. of clients	Funds managed (Rs. In Crs)	Discretionary / Non-Discretionary (if available)
Associates and Group Companies	-	-	Discretionary
Corporates	8	31.53	Discretionary
Non-corporates	53	38.47	Discretionary



NRIs	7	26.04	Discretionary
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The Client serviced during for the period April 1, 2021 to March 31, 2022 is as under:

Category of clients	No. of clients	Funds managed(Rs. In Crs)	Discretionary / Non-Discretionary (if available)
Associates and Group Companies	-	-	Discretionary
Corporates	20	85.76	Discretionary
Non-corporates	192	145.16	Discretionary
NRIs	21	52.62	Discretionary

The Client serviced during for the period April 1, 2022 to August 31, 2022 is as under:

Category of clients	No. of clients	Funds managed (Rs. In Crs)	Discretionary / Non-Discretionary (if available)
Associates and Group Companies	-	-	Discretionary
Corporates	18	58.81	Discretionary
Non-corporates	212	141.41	Discretionary
NRIs	28	40.29	Discretionary

### XIII. DISCLOSURES IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES PERTAINING TO PORTFOLIO MANAGEMENT SERVICES

The Portfolio Manager has not invested and may not invest the funds of the Client in the equity of any related parties.

### XIV. PERFORMANCE OF SCHEMES OF THE PORTFOLIO MANAGER

Investment Approach wise performance of the Portfolio Manager against the respective benchmark for the last one year, for Discretionary Portfolio Services with performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

Sr. No.	Portfolio	Period Feb 19, 2020 to March 31, 2020
1.	IMAAP	-5.73%



	Benchmark CRISIL Moderate Hybrid Index	-13.51%
2.	IS50	-14.15%
	Benchmark-NSE 500	-29.41%

Sr. No.	Portfolio	Period April 1, 2020 to March 31, 2021
1.	IMAAP	25.65%
	Benchmark CRISIL Moderate Hybrid Index	41.43%
2.	IS50	68.56%
	Benchmark-NSE 500	82.10%

Sr. No.	Portfolio	Period April 1, 2021 to March 31, 2022
1	IMAAP	22.54%
	Benchmark CRISIL Moderate Hybrid Index	11.42%
2	IS50	31.52%
	Benchmark-NSE 500	20.96%

Sr. No.	Portfolio	Period April 1, 2022 to August 31, 2022
1	IMAAP	-0.83
	Benchmark CRISIL Moderate Hybrid Index	1.82
2	IS50	-1.34
	Benchmark-NSE 500	2.89



**XV. DETAILS OF DIVERSIFICATION POLICY:**

Our portfolios are highly diversified across asset classes, sectors, and stocks. When we look at diversification, we do not consider just the number of holdings, but also the correlation across the different holdings.

Our portfolios are tactically and dynamically managed based on signals that we get from our systems. Also, we are very alert and vigilant about all company-related and market-related developments. Plus, our systems are able to give us signals well in advance in terms of the sectors that we need to be in or to be avoided and accordingly we assign weights to each sector. Moreover, we do not have outsized weights in any sector or stock in our portfolio. This diversified approach has helped us avoid any long periods of underperformance. However, if such situations ever arise, then we will be able to overcome such periods, through our tactical and dynamic allocations.

A portfolio with 30 stocks might have very little diversification if all the holdings are from similar sectors, as is the case with many PMS schemes on offer. If all the holdings are from 1 or 2 sectors, in reality, such a portfolio has just 1-2 large bets and is not diversified at all.

We ensure that we have true diversification in our portfolios. Correlations across our various holdings are very closely monitored. We have very strict limits on the stock level as well as sector level weightages in our portfolios.

**XVI. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER**

The following exhibit states the key financial data pertaining to the Portfolio Manager as per the audited financial statements:

<b>Summarized Financial Statement – Profit &amp; Loss A/c</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>For the year ended 31<sup>st</sup> March, 2020</b>
Income	7,35,06,702.51	2,02,98,446.11	1,38,70,916.32
Total expenses	7,11,85,296.28	1,93,68,224.65	1,32,74,122.50
Profit before Depreciation and Tax	23,21,406.23	960464.81	611441.82
Depreciation	30,241.00	30244.00	14648.00
Profit Before Tax	22,91,165.23	930220.81	5,96,793.82
Less: Provision for Tax	3,57,422.00	145114.00	93,000.00
Less: Deferred Tax	4,960.00	154379.00	0.00
Profit after tax	19,28,783.23	630727.81	5,03,793.82



<b>Summarized Financial</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>	<b>As at 31<sup>st</sup> March, 2020</b>
		<b>Rs.</b>	<b>Rs.</b>
Shareholder's funds	3,00,00,000.00	3,00,00,000.00	3,00,00,000.00
Loan Funds	10,20,24,534.02	9,83,99,211.31	10,06,12,875.27
Net Fixed Assets	29,13,145.00	2943386.00	2973630.00
Investments	0	0	0
Current Assets	18,50,99,288.59	17,25,06,227.31	16,61,84,846.26
Less: Current Liabilities and	12,01,04,507.52	10,89,47,997.47	10,31,09,047.23
Provisions	0	0	0
Net Current Assets	6,49,94,781.07	6,35,58,229.84	6,30,75,799.03
Deferred Tax Liability	2,75,260.00	2,70,296	1,15,917.00

## **XVII. AUDIT OBSERVATIONS**

**The Portfolio Manager has started operation from mid Feb, 2020.**

**Audit observation for the period February, 2020 to March 31, 2020, April 1, 2020 to March 31, 2021 and April 1, 2021 to March, 022 is NIL.**

## **XVIII. NATURE OF COSTS AND EXPENSES FOR CLIENTS**

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements of each of the services availed at the time of execution of such agreements.

### **(a) Management Fees**

#### **IS50 and IMAAP strategy**

Management Fees relate to the Portfolio Management Services offered to Clients. The fee may be a fixed charge per annum or a percentage of the quantum of funds managed or linked to the portfolio returns achieved or any combination of any of these. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 2 % p.a. of the Client's portfolio corpus. With regard to the management fees linked to portfolio returns achieved, the terms will be decided as per the Client agreement.



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Annual Portfolio Management Fees. (exclusive of GST) will be charged at the rate of 2% for the both the strategies on the average daily portfolio value The billing will be on a calendar monthly basis for the management fees.

**India Fixed Income Portfolio (IFIP):**

Management Fees relate to the Portfolio Management Services offered to Clients. The fee may be a fixed charge per annum or a percentage of the quantum of funds managed or any combination of any of these. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 1 % p.a. of the Client's portfolio corpus.

Annual Portfolio Management Fees. (exclusive of GST) will be charged at the rate of 1% for the strategy on the average daily portfolio value The billing will be on a calendar monthly basis for the management fees.

**India Liquid Fund Portfolio (ILFP):**

Management Fees relate to the Portfolio Management Services offered to Clients. The fee may be a fixed charge per annum or a percentage of the quantum of funds managed or any combination of any of these. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 0.50 % p.a. of the Client's portfolio corpus.

Annual Portfolio Management Fees. (exclusive of GST) will be charged at the rate of 0.50% for the strategy on the average daily portfolio value The billing will be on a calendar monthly basis for the management fees.

**(b) Custodian/Depository Fees**

The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts will be charged as per the actual paid to the custodian.

**(c) Registrar and Transfer Agent Fee**

Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds, including stamp charges cost of affidavits, notary charges, postage stamp and courier charges at actuals as per DPMS agreement.

**(d) Brokerage and Transaction Costs**

The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments at actuals as per DPMS Agreement.





**(f) Certification and Professional Charges**

Charges payable for outsourced professional services like accounting, taxation, legal services, notarizations etc., will be charged at actual and for certifications and attestations required by bankers or regulatory authorities at 1200/- per certificate.

**(g) Incidental Expenses**

Charges in connection with courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank accounts, etc.

Any other incidental or out of pocket expenses incurred on behalf of client under this DPMS Agreement shall be charged on actual. The Fees and other Charges are subject to revision from time to time with the consent of the Client

**(h) Performance fees**

IS50 and IMAAP strategy

Performance fees shall be computed on the basis of high water mark principle over the life of the investment for charging of performance / profit sharing fee. High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. The performance fees will be charged on crossing of Hurdle Rate of the NAV of Portfolio. The performance fees shall be charged annually. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

IFIP and ILFP

No performance fees will be charged for strategy IFIP and ILFP.

(i) Exit Fees: No Exit fees will be charges on any withdrawals /Redemption.

(j) Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

(k) There will not be any upfront fees charged to the clients except the actual cost as mentioned above.

**XIX. TAXATION IMPLICATIONS FOR CLIENTS**

**Taxation**



In view of the individual nature of tax consequences, each Client is advised to consult his/her tax advisor with respect to the specific tax consequences to him/her of participation in the model portfolios. The clients are best advised to take independent opinion from their respective tax advisors / experts for any income earned from such investments. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the Client's tax obligations. The provisions of the Income Tax Act, 1961 shall apply to the client and the Portfolio Manager in respect of their Individual income.

**XX. Accounting Policies and Basis of Valuation Accounting:**

The Portfolio Manager shall follow the following accounting policies in respect of the portfolio investment of the Clients:

- a. The Portfolio Manager shall keep and maintain proper books of accounts, records and documents for each Client so as to explain transactions for each Client and to disclose at any point of the Portfolio holding of each Client and in particular give a true and fair view of the performance of Portfolio for each Client. The books of accounts for the clients are maintained on historical cost basis.
- b. Transactions for purchase or sale of investments shall be recognized as of the trade date.
- c. The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- d. Dividend income is recognized post dividend declaration date. For the investments, which are not quoted on the stock exchange, dividend income will be recognized on the date of receipt of dividend from the company.
- e. Determining the holding cost of investments and the gains or loss on sale of Investments, the "First in First out (FIFO)" method will be followed.
- f. Bonus shares/units to which the security/scrip in the portfolio becomes entitled will be recognized only when the original share/scrip on which bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, right entitlements will be recognized only when the original shares/security on which the right entitlement accrues is traded on the stock exchange on the ex-right basis.
- g. In respect of interest bearing investments, income would be recognized on accrual basis.

**Basis of Valuation:**

- a. Investments in listed equity and debt securities ("traded securities") shall be valued on the basis of closing market rates on the National Stock Exchange ("NSE") as on the relevant valuation date. If the security is not listed on the NSE, latest available quote within a period



of thirty days prior to the valuation date on the Bombay Stock Exchange or any other major stock exchange where the security may be listed would be considered. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. If no such quote is available, the security may be considered as non-traded.

- b. For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- c. Mutual fund units are valued at latest available net asset value (NAV) of the particular scheme on the valuation date.
- d. Debentures and Bonds will be valued at their Last Traded Price (LTP) as quoted on the National Stock Exchange/Bombay Stock Exchange provided the value traded is at least Rs. 1 crore.

However in case of each of the Bonds, when on the last trading day of such month where LTP is not available, the Portfolio Manager will source the valuation of such bonds from CRISIL.

Exception - When in the opinion of the Portfolio Manager, the debentures and bonds, apparently, do not reflect their fair/realisable value, the Portfolio Manager shall deviate from CRISIL-based valuation and such instruments shall be valued using principles of fair valuation. Necessary documentation justifying each such deviation and the computation of fair price shall be recorded by the Portfolio Manager.

- e. Unlisted, non-traded and all other securities where a value cannot be ascertained shall be valued as determined in good faith by the Portfolio Manager.
- f. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or for accounting the same, as may be mutually agreed between them on a case to case basis.
- g. The securities received towards corpus and added to the portfolio are valued and accounted at the previous day closing rate of NSE to the portfolio. The securities withdrawn as corpus are valued at previous day closing rate of NSE.
- h. Mutual fund units received towards corpus are valued and accounted at the latest available NAV on the date of addition to the portfolio. Mutual fund units withdrawn are valued and accounted at the latest available NAV on the date of withdrawal.
- i. Securities transaction tax levied on purchase/sale of securities and derivatives during the financial year is recognized as an expense in the books of accounts.
- j. Tax deducted at source on sale of shares/mutual funds, interest or any other income on which tax is liable to be deducted is adjusted against corpus on a yearly basis at the end of the financial year since such amounts are not available to the Portfolio Manager for investment purposes.



## **XXI. Investor Services & SCORES**

### **Service levels and Reports**

The Portfolio Manager shall furnish to the Client reports/statements/documents at least once in quarter and as and when required by the Client with a reasonable frequency. Such reports/statements/documents shall contain the following details namely:

- a. Report on the composition and value of the portfolio, description of securities, number of securities, value of each security held in the portfolio, cash balance and aggregate value of the portfolio on the date of the report;
- b. Report on the transaction undertaken during the period of report including date of transaction and details of purchase and sales;
- c. Report on beneficial interest received during that period in respect of interest, dividend, bonus shares, rights shares and debentures;
- d. Report on expenses incurred in managing the portfolio;
- e. Details of risk foreseen by the Portfolio Manager and the risk relating to the securities recommended by the Portfolio Manager for investment or disinvestments

The Portfolio Manager shall on a best effort basis endeavour to provide reports to the Client within below mentioned timelines after receipt of request from the Client:

Sr. No	Report	Timeline for providing the report after receipt of the request
1.	Portfolio holding statement	Three working days
2.	Transaction statement	Seven working days
3.	Capital gains register	Seven working days
4.	Performance report	Seven working days

(a) Contact information: The investor queries and complaints can be addressed to:

Name: Mr. Neeraj Khanna  
Address: FIRST GLOBAL FINANCE PVT. LTD.  
Ratnam Square, First Floor, Plot No. 38/39, Sector 19A,  
Vashi, New Mumbai 400 703.  
Telephone: +91-22-61166500 and +91-22-39136500; Fax: +91-2783 3111  
E-mail: info@firstglobal.in

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is invested with the necessary authority, independence and the wherewithal to handle investor complaints.



(b) Grievance Redressal and dispute settlement mechanism: The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms. All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

### **SEBI SCORES Platform**

SEBI has introduced an online registration of complaints whereby investors can lodge their grievances on the SEBI Complaints Redress System i.e., the SCORES portal <https://scores.gov.in>

SCORES enables online tracking of status of a complaint. Investors who are unable to access the online platform continue to have the option to register their complaints in physical form.

### **XXII. GENERAL**

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement for Portfolio Management Services.

**Ms. Devina Mehra**  
Director

**Mr. Neeraj Khanna**  
Director and Principal Officer