Portfolio Management Services
Disclosure Document As on 12 February 2025 PRUDENT INVESTMENT MANAGERS, LLP Portfolio Management Services SEBI Registration Number - INP000007298 LLPIN: AAV-8756

Key Information and Disclosure Document for
Portfolio Management Services
provided by

PRUDENT INVESTMENT MANAGERS, LLP

- This Disclosure Document (the Document) has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.
- 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 an informed decision for engaging a Portfolio Manager.
- 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.
- Investors are encouraged to seek clarifications on this document from the Portfolio Manager.
- The Principal Officer designated by the Portfolio Manager is:

Name: **Mr. Sanjay Kumar Chhabaria**

Address: **Parinee Cresenzo, 1st Floor, G Block, BKC, Bandra Kurla Complex, Bandra East, Mumbai-400051**

Tel: +91– 22-35218128

Email: contactus@prudentim.com

Date: 12 February 2025

1. DISCLAIMER CLAUSE: This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (‘Regulations’) . This Disclosure Document has been filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.
2. DEFINITIONS: In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:
a) “**Act**” means the Securities and Exchange Board of India Act, 1992. b) “**Advisory Services**” means the investment advisory in terms of the Regulations and shall include the responsibility of advising on the portfolio strategy, investment and divestment of individual Securities in the Clients’ Portfolio, for an agreed fee structure and for a period hereinafter described, entirely at the Client’s risk, to all eligible categories of investors. c) “**Agreement**” means any agreement including Discretionary Portfolio Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory Agreement executed between the Portfolio Manager and its ela in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India & includes any amendment thereto. d) “**Board**” means the Securities and Exchange Board of India. e) “**Client**” or “**Investor**” means any person/entity that enters into an agreement or arrangement for availing portfolio management services with the portfolio manager by executing the agreement. f) “**Custodian(s)**” means Custodian(s)/Depository Participant(s) as may be appointed by the Portfolio Manager, from time to time, for Custody of Securities of the Client and to perform such other functions like keeping track of corporate benefits associated with the securities etc. g) “**Depository**” means Depository as defined in the Depositories Act, 1996 (22 of 1996). h) “**Disclosure Document**” means this disclosure document issued by Prudent Investment Managers, LLP for offering portfolio management services, prepared in terms of Schedule V of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time. i) “**Discretionary Portfolio Management Services**” means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Discretionary Portfolio Investment Management agreement, where under the Portfolio Manager exercises any degree of discretion in investments or management of the Assets of the Client. j) “**Prudent Investment Managers**” or “Portfolio Manager” or “the LLP” means a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008on, February 12, 2021, in the name and style as Prudent Investment Managers, LLP and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 vide SEBI Registration No. INP000007298 dated 16 Nov 2021 (Certificate of Registration), having its office at Parinee Cresenzo, 1st Floor, G Block, BKC, Bandra Kurla Complex, Bandra East, Mumbai- 400051. k) “**Financial Year**” means the year starting from April 1 to March 31 the following year. l) “**Funds**” means the money placed by the Client with the Portfolio Manager and any accretions thereto. m) “**Investment Amount**” shall mean the funds deployed/securities introduced by the Client for investment by the Portfolio Manager in accordance with the provisions of the Agreement. n) “**Investment Strategy(ies)**” means any of the current investment strategies or such strategies that may be introduced at any time in the future by the Portfolio Manager. o) “**Non-discretionary Portfolio Management Services**” means Portfolio Management Services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing/on recorded lines / by e-mail, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and to ensure that all benefits accrue to the Client’s Portfolio.

p) “**NRI**” or “**Non-Resident Indian**” means a Non-Resident Indian or a Person of Indian origin residing outside India as defined under Foreign Exchange Management Act, 1999.
q) “**Parties**” means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.
r) “**Person**” includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, partnership firm, Limited Liability Partnership, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
s) “**Portfolio**” means the total holdings of securities belonging to any Person.
t) “**Portfolio Management Services**” means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be.
u) “**Regulations**” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time and shall also mean to refer to Chapter III of SEBI (Investment Advisers) Regulations, 2013 where applicable.
v) “**SEBI**” means the Securities and Exchange Board of India established under subsection (1) of Section 3 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.
w) “**Securities**” includes: -
i. “**Securities**” as defined under the Securities Contracts (Regulation) Act, 1956;
ii. shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures/debenture stocks and other marketable securities of a like nature, fixed return investments, equity linked instruments including derivatives, negotiable instruments, term deposits, money market instruments including commercial paper, certificates of deposit etc., units issued by Mutual Funds, Collective Investment Schemes, Alternative Investment Funds, Mortgage backed or other asset backed securities, derivatives, Security Receipt and any other securities issued by any company/entity/body corporate, Central Government, State Government or any local or statutory authority including Structured Products;
iii. gold related securities; and
iv. Any other instruments or investments as may be permitted by applicable law from time to time.

INTERPRETATION

- → Words and expressions used in this Disclosure Document and not expressly defined, shall be interpreted according to their general meaning and usage. The definitions are not exhaustive.
- → They have been included only for the purpose of clarity and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.
- → All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- → All references “Rs.” refer to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.

3. **DESCRIPTION**

3.1 **HISTORY, PRESENT BUSINESS & BACKGROUND OF THE PROMOTER, PORTFOLIO MANAGER:**

Prudent Investment Managers, LLP is a newly incorporated entity that has started providing portfolio management services for individuals and corporate clients with effect from 7th March 2022. The promoter Mr. Prashasta Seth was the CEO of a leading AMC and has an experience of 20+ years across the areas of investment management. The entity shall carry out activities involving managing portfolio of clients in line with their investment requirements on a discretionary / non-discretionary and advisory basis. The entity aims to achieve this by doing the following: -
a) Take concentrated risks in individual stocks rather than focussing on creating a diversified portfolio.
b) Invest with margin of safety and taking a long-term call / invest in out of flavour sector.
c) Take aggressive cash calls / follow multi asset class approach.

BACKGROUND OF THE PROMOTER

Mr. Prashasta Seth is a B Tech from IIT Kanpur and a PGDBM (MBA) from IIM Ahmedabad. He passed out of IIMA in 2000. He was part of the global structuring team operating out of London at J P Morgan. He headed the Indian operations of the Irevna Research, a company providing Equity research support to global investment banks. He was instrumental in initiating relationships and servicing global bulge bracket investment banks like Deutsche Bank, Credit Suisse and worked closely with CRISIL on acquisition of Irevna and its integration. He headed IIFL AMC as CEO from April 2014 to April 2018. He grew the AUM of IIFL AMC from less than 500 crores to more than 25000 crores during the tenure by launching innovative products in the Pre IPO space and new strategies like hedged investments through puts which allowed investors to participate in upsides while being protected on the downside.

BACKGROUND OF THE PORTFOLIO MANAGER / PRINCIPAL OFFICER

Mr. Sanjay Kumar Chhabaria has more than 20 years of experience in the Capital Markets. Sanjay is a PGDBA (MBA) and a Chartered Financial Analyst (CFA). He has spent around 18 years on the Buy side Fund houses such as SBI Mutual Fund, Lotus India (Now Invesco Mutual Fund), JM Financial. Sanjay has a vast experience of successfully managing the funds through various market cycles. Sanjay started his career as a sector analyst covering various sectors on the Sell side research.

Group Companies

None

3.2 DETAILS OF SERVICES BEING OFFERED:

The Portfolio Manager offers Discretionary PMS, Non-Discretionary PMS and Investment Advisory services. For more details, please refer Section 5 below.

4.Penalties, pending litigations or proceedings

i. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under relating to Portfolio Management Services.

   None

ii. The nature of the penalty/direction.

   None

iii. Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services.

   None

iv. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

   None

v. Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.

None

vi. Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder relating to Portfolio Management Services.

None

5. Services offered:

5.1 Investment Objectives and Policies

The investment objective is to seek long term capital appreciation through various Approaches by investing in asset classes of listed equities, unlisted equity, fixed income instruments and mutual funds denominated in local/foreign currencies and any other asset classes and Securities as permissible under the Regulations. Though reasonable endeavour will be made to achieve the objectives of each Approach, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

5.2 The Portfolio manager proposes to carry on the following activities:

a) Discretionary Portfolio Management Services:

The Portfolio Manager proposes to offer Discretionary Portfolio Management services to its clients pursuant to the terms and conditions contained in the Discretionary Portfolio Management Services Agreement and as per the applicable Strategy. The Portfolio Manager will exercise the sole and absolute discretion, with respect to the investment decisions and management of the assets of its clients.

b) Non - Discretionary Portfolio Management Services:

The Portfolio Manager will offer non-discretionary portfolio management services to its Clients pursuant to the terms and conditions contained in the Non-Discretionary Portfolio Management Services Agreement, wherein the Portfolio Manager will render non-discretionary services to its Clients in relation to the investment and management of the assets of such Clients and based on the instructions of the Clients.

c) Advisory Services:

The Portfolio Manager will provide non-exclusive, non-binding investment advisory services to its clients pursuant to the terms and conditions contained in the Investment Advisory Services Agreement. Here, the entry/exit timing, execution and settlement of trades are solely the client's prerogative and responsibility.

5.3 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 Portfolio Manager for a Portfolio, subject to minimum amount as specified under Regulations, as amended from time to time.

5.4 Investment Approach / Strategy;
Investment objectives and strategies may vary from client to client. The Portfolio Manager offers the following Investment Approach/Strategy:

- **Multicap Equity PMS**

This discretionary equity investment approach aims to achieve maximising returns with following investment approach;

- Take concentrated bets in individual stocks rather than focussing on creating a diversified portfolio. Given that we are looking with growth and value characteristics, it's very difficult to identify such companies in large nos. Consequently, are portfolios are largely concentrated with 20 – 25 stocks with top 10 stocks accounting for 60% - 70% of the portfolio. The investment manager might also take exposure to gold ETFs from a hedging point of view
- Invest with margin of safety and taking a long-term call / invest in out of flavour sector

This investment approach is ideally suited for investors having a time duration of 3 - 5 years and above given that the IA will have concentrated bets some of which to be incubated for a certain time horizon for optimal returns.

- BENCHMARK: NIFTY 50 TRI

Investment Philosophy
Every investment decision at Prudent Investment Managers is driven by the following factors

- **Growth at Reasonable Prices: -** We aim to identify companies which can consistently grow at 15% - 20% over a long period and which are available at reasonable prices (< 15 P/E). Given the fact that it today's environment it's difficult to get such companies at that multiple, we are ok to compromise on the linearity of earnings (willing to take volatility of earnings risks) as long as we are confident of longer term growth in the range mentioned above
- **Capital preservation over returns** – As a priority we focus on preserving capital. We are fairly open to leaving opportunities where we are not convinced even if this means missing a substantial upside. We focus on creating a risk / return matrix for each opportunity in which we are investing and look for a favourable ratio there. Our typical ratio is 3:1 (upside / downside)
- **Look for intrinsic value than follow the herd –** We aren't afraid to swim against the tide as long as we see value in the opportunities. Many a times we have seen us holding asset class / sectors / stocks that have been shunned by the market and available at dirt cheap valuations on near term concerns on earnings
- **Everything has a value –** We are not believers in the philosophy that have been professed over the last 3 yrs – 5 yrs that no value is high enough for good quality companies. We think that both good quality and bad quality companies have intrinsic value (though the nos can be vastly different) and if we see large intrinsic deviation from those values, we take positions
- **Focus on absolute returns than relative returns** – We believe that every opportunity needs to be looked from the lens of absolute returns and there could be times when there are very miniscule set of opportunities in an asset class or vice versa. We are unafraid to take aggressive calls in that environment to exit / enter the asset class in a big way in that environment. Taking cash calls is also part of the core strategy

- **Manage with a long-term view -** We are willing to take a long-term view (1 yrs – 3 yrs.) and are looking to invest in opportunities beaten down by the market on short term concerns. Our portfolios have extremely low churn (< 20% on a YoY basis).
- **Combination of micro and macro research –** Our investment process starts with a macro call on the economy (local and global), valuation of different asset classes, our views on asset classes and sectors that are likely to do well over the next few quarters / couple of years and then it boils down to individual stock selection which will benefit from these trends. At a micro level our investment philosophy is guided by the value investing principle of buying a security at a discount to its intrinsic value. When we invest in a stock, we buy the business and not the stock. We remain agnostic to the daily fluctuating stock price as long as we continue to believe in the business. We view market volatility as a friend that allows us to buy securities at a discount or sell at a premium to intrinsic value.

- **Multi Asset PMS**

This discretionary investment approach aims at generating superior risk adjusted returns for the investors. It focuses on generating absolute returns for the investors as opposed to the relative returns philosophy prevalent in the industry. This investment approach is ideally suited for investors having a lower risk profile with a time duration of minimum 1-2 years and above given that the IA will have a balanced approach through investment in various asset classes viz – equity, debt, gold.

BENCHMARK: NSE Multi Asset Index 1

Key themes of the approach

- **Capital preservation over returns** – As a priority we focus on preserving capital. We are fairly open to leaving opportunities where we are not convinced even if this means missing an substantial upside. We focus on creating a risk / return matrix for each opportunity in which we are investing and look for a a favourable ratio there.
- **Look for intrinsic value than follow the herd –** We aren't afraid to swim against the tide as long as we see value in the opportunities. Many a times we have seen us holding asset class / sectors / stocks that have been shunned by the market and available at dirt cheap valuations on near term concerns on earnings
- **Focus on absolute returns than relative returns** – We believe that every opportunity needs to be looked from the lens of absolute returns and there could be times when there are very miniscule set of opportunities in an asset class or vice versa. We are unafraid to take aggressive calls in that environment to exit / enter the asset class in a big way in that environment.
- **Manage with a long-term view -** We are willing to take a long-term view (1 yrs – 3 yrs) and are looking to invest in opportunities beaten down by the market on short term concerns. Our portfolios have extremely low churn (< 20% on a YoY basis).
- **Low volatility of portfolios –** Our endeavour is to ensure that the portfolio volatility is low (ideally in single digits) and maximum draw downs on the portfolio don't go into double digits.
- **Ensure liquidity in the portfolios –** We would like our portfolios to be liquid and hence our exposure to non-liquid investments will be very minimal.

Asset Allocation

We will have a dynamic asset allocation based on the relative valuation of different asset classes

- **Multi Strategy PMS**

This non -discretionary investment approach targeted at larger clients is focussed on generating superior returns for the clients through a combination of a) better asset allocation and b) Right instruments.

BENCHMARK: NIFTY 50 TRI

Since this strategy is targeted at large and sophisticated investors and it requires investor approval before doing any trade, exposures may be taken to higher risk opportunities like unlisted equities (early stage, mid stage, Pre IPO), high yield fixed income instruments (high yield bonds, NCDs). The key themes of the strategy will be as follows

- **Capital preservation over returns -** As a priority we focus on preserving capital. We are fairly open to leaving opportunities where we are not convinced even if this means missing an substantial upside. We focus on creating a risk / return matrix for each opportunity in which we are investing and look for a a favourable ratio there

- **Identify unique / undiscovered opportunities –** As the product is targeted at large sophisticated investors the focus will be on identifying opportunities ignored by a large section of the market due to their complexity or lack of suitability for the average investor. These opportunities can offer asymmetric trade -offs and our endeavour will be to identify and invest in those opportunities

- **Manage with a long-term view -** We are willing to take a long-term view (1 yrs – 3 yrs) and are looking to invest in opportunities beaten down by the market on short term concerns. Investments could be recommended in Gold ETF from a hedging point of view

iv) Focussed Equity PMS

The objective of this discretionary investment approach is providing the investor with the growth opportunities of the portfolio in the long-run by investing high conviction ideas. This investment approach is ideally suited for investors having a time duration of 3 years and above given the fact that it will hold concentrated high conviction bets with distinct portfolio relative to the broader index and which play out over a longer-term horizon.

BENCHMARK: NIFTY 50 TRI

- **Concentrated Portfolio:** The approach will have an exposure to hand-picked high-conviction ideas. Higher allocation to conviction stocks usually pays in the long run. Aims to build a portfolio of strong growth companies, reflecting our most attractive investment ideas.

- **Optimal Portfolio Diversification:** The approach will be flexi cap and hence agnostic to any market cap and unbiased to any particular sector or industry. It has been proved time and again that the flexibility to invest across market caps & various sectors usually pays. Investments can be made in gold from a hedging point of view

- **Uniquely Positioned:** Prudent Focused Approach will have a distinct portfolio (including different names & weights) relative to broader market indices with potential for alpha creation

v) Prudent Flexicap Advisory

Prudent Flexicap Advisory is in the form of advisory service. This Investment Approach will advise on investments across Asset Classes (Equity, Debt, Commodity, Gold included) and in businesses which are unlisted or listed across market capitalization – large, midsize, and small-cap companies. This approach will advise on investments in sectors and themes that are likely to do well over the medium term (3-7 years)

- There are no restrictions on which type of sectors the Investment Approach can take exposure to and the portfolio will be generally diversified at the stock level across market capitalization and unlisted space.
- It will be well-positioned to capture various themes that are in flavour in a focused manner.
- Exposure to stocks of all sizes and sectors driving the Indian economy forward.
- The investment approach will have the flexibility to change portfolios in line with market dynamics

vi) Prudent Financial Resurgence Portfolio (Prudent FRP)

The Prudent Financial Resurgence Portfolio (FRP) is an open-ended discretionary Investment Approach (IA) focused on investing in the financial services sector in India. Prudent FRP aims to capitalize on the significant growth opportunities presented by the expanding financial landscape in the country. The IA will invest across market caps within the sector and into various segments of financial sector.

BENCHMARK: NIFTY 50 TRI

- Credit growth in the industry has consistently outperformed nominal GDP growth over the last 15-year period. The Nifty Financial Services TRI has shown robust annualized returns and has outperformed the broader Nifty 50 Index consistently over all over the last two decade.
- Despite being a secular growth story, the sector offers pockets of opportunities due to cyclical movements of interest rates, NIMs and credit costs. The IA aims to capture the move on the lending side, when the sector shows the sign of turning around.
- On the non-lending side, the relatively lower penetration in India vs some of its immediate peers and global averages offer a huge long term growth opportunity.
- Prudent FRP will be guided by our core framework of Protection-Growth- Discipline-Focus and will have a structured investment process that includes: Identifying potential investment opportunities along with a process of elimination of underperforming stocks
- The IA will invest across segments of financial sector both in Lending Businesses (Banks, NBFCs, Housing Fin Co's), Insurance (Life and General) and Capital Market Related companies (Broking, Wealth managers, Exchanges, Depositories, Intermediaries)

5.5 Policy for investment in associates/ group Companies of the Portfolio Manager

As stated above, there are no Group Companies of the Portfolio Manager.

5.6 'Direct onboarding'

Investors have the option to avail the portfolio management services directly from the portfolio Manager., Details of our direct offering are available on our website. Clients can onboard with the Portfolio Manager directly by contacting us on our investor desk mail.

6. RISK FACTORS

The investments made in the Securities are subject to market risk and there is no assurance or guarantee that the value of or return on the investments made will always appreciate, it could depreciate to an unpredictable extent. Following are the risk factors as perceived by management:

(i) Investment in equities, derivatives and mutual funds are subject to market risks and there is no assurance or guarantee that the objective of the Investment Strategy will be achieved.

(ii) Past performance of the Portfolio Manager does not indicate the future performance.

(iii) Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.

(iv) The Portfolio Manager is neither responsible nor liable for any losses resulting from Portfolio Management Services.

(v) The liquidity of the Portfolio Manager's investments is inherently restricted by trading volumes in the securities in which it invests.

(vi) The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.

(vii) The Net Asset Value of the Portfolio may be affected by changes in settlement periods and transfer procedures.

(viii) As with any investment in securities, the NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.

(ix) The performance of the Investment Strategies may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

(x) The names of the Investment Strategies do not in any manner indicate their prospects or returns. The performance of equity related investment strategies may be adversely affected by the performance of individual companies, changes in the marketplace and industry specific and macroeconomic factors.

(xi) Investments in debt instruments are subject to default risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to fluctuation.

(xii) **Interest Rate Risk:** As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.

(xiii) **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer.

(xiv) **Credit Risk**: Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

(xv) **Re-investment 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 re-investment is the "interest on interest" component.

The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

(xvi) **Spread risk:** Investments in corporate bonds are exposed to the risk of widening of the Spread between corporate bonds and gilts. Prices of corporate bonds tend to fall if this spread widens which will affect the returns accordingly.

(xvii) **Prepayment Risk**: There may be unscheduled return of principal on a particular security, which may result in reinvestment risk.

(xviii) **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. The Portfolio Manager will attempt to maintain a diversified Portfolio.

(xix) The Investment Strategy may invest in non-publicly offered debt securities and unlisted equities. This may expose the Investment Strategy to liquidity risks. Such investments shall be subject to the scope of investments as laid down in the Agreement.

(xx) Investment in schemes of mutual funds is subject to risk factors defined in the offer document of the respective schemes.

(xxi) **Risk factors associated with derivatives:** Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. The Portfolio manager may use derivatives instruments like equity futures & options, or other derivative instruments as permitted under the Regulations and guidelines. Execution of strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and the decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

Usage of derivatives will expose the strategies to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. In case of the derivative strategies, it may not be possible to square off the cash position against the corresponding derivative position at the exact closing price available.

7 CLIENT REPRESENTATION

CATEGORIES OF CLIENTS SERVICED FOR LAST 3 YEARS:
No of clients: 80 (Eighty) (Rs. 690.43 Crs)
(NUMBERS AS ON 31/01/25)

8. **Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India on the basis of the audited financial statement as on March 31, 2024 is as stated under: -**

NOT APPLICABLE

9 LIST OF STOCKBROKERS WHOSE SERVICES ARE UTILIZED FOR PMS ACTIVITIES

List of approved stock brokers –
Spark Capital Advisors Pvt Ltd
Equirus Securities Pvt Ltd
Kotak Securities Ltd.
Philip Capital India Pvt Ltd
IIFL Securities Ltd
Elara Securities India Pvt Ltd
Batlivala & Karani Securities India Pvt
InCred Capital Wealth Portfolio Managers Pvt Ltd.
Investec Capital Services India Pvt. Ltd.

10. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER:
Summarized Financial Statements

In INR	**31-Mar-24**	**31-Mar-23**
Revenue	4,62,92,652	2,47,95,985
Expenses	2,18,27,921	84,93,459
Profit Before Tax	2,44,64,731	1,63,02,526
Paid Up Capital	7,74,12,021	6,94,63,575

11. PERFORMANCE OF THE PORTFOLIO MANAGER: UPDATED PERFORMANCE

Disclosure of Performance of the Portfolio Manager for the last 3 years (Regulation 22(4)(e) of SEBI (Portfolio Managers) Regulations, 2020)

PERFORMANCE by Investment Approach with benchmark performance comparison

PRUDENT INVESTMENT MANAGERS LLP-CLIENT ACCOUNT
903 B SHABARI AASHIANA, DEONAR FARM ROAD
DEONAR MUMBAI
MUMBAI - 400088
MAHARASHTRA

PERFORMANCE HISTORY BY ACCOUNT

As on 31/01/2025

Firm : 54 PRUDENT INVESTMENT MANAGERS LLP-CLIENT ACCOUNT

					<------ **Rate of Return** ------>				
					<------ **Benchmark** ------>				
Account	**Inception Date**	**Net Capital**	**Assets**	**% Assets**	**1 Month**	**3 Months**	**6 Months**	**1 Year**	**Since inception date**
Multicap Equity PMS	07/03/2022	2,767,328,618.57	3,502,968,644.41	50.74	-2.81	-4.27	-2.82	13.59	18.53
NIFTY50TRI					-0.45	-2.71	-5.31	9.58	14.91
Multi Asset PMS	28/06/2022	159,445,204.54	192,154,584.56	2.78	-0.47	-2.60	3.20	19.29	20.46
NSE Multi Asset Index 1 (50%: Nifty 500,40%: Nifty 50 Arbitrage Index,10%: REIT & INVIT)					-1.08	-1.59	-1.99	9.71	14.21
Multi Strategy PMS	31/05/2022	1,602,518,158.19	2,892,446,565.84	41.89	-3.69	-4.18	-3.19	15.40	22.27
NIFTY50TRI					-0.45	-2.71	-5.31	9.58	15.09
Focussed Equity PMS	05/04/2022	272,289,960.94	316,779,097.46	4.59	-2.30	-3.98	-3.08	12.58	18.83
NIFTY50TRI					-0.45	-2.71	-5.31	9.58	11.13
PRUDENT INVESTMENT MANAGERS LLP-CLIENT ACCOUNT - Total	**07/03/2022**	**4,771,838,747.81**	**6,904,348,892.28**	**100.00**	**-3.10**	**-4.16**	**-2.86**	**14.71**	**19.62**

12. AUDIT OBSERVATIONS **None**

13. NATURE OF COSTS AND EXPENSES:

The following are indicative types of costs and expenses incurred by the Portfolio Manager for and on behalf of clients availing the Portfolio Management Services and would be recovered by the Portfolio Manager from respective clients.

a. Investment management and advisory fees/Portfolio Management Fees: The fee may be a fixed charge or a percentage of the quantum of funds managed or may be linked to the portfolio returns achieved or a combination of any of these. Profit/performance shall be computed on the basis of high-water mark principle over the life of the investment for charging of performance/profit sharing fees.
High Water Mark Principle: 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. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance-based fee only on increase in portfolio value in excess of the previous[1]ly achieved high water mark.
b. Custodian/Depository fee: The charges relating to opening and operation of dematerialized stock accounts, custody and transfer charges for shares, bonds, and units, dematerialization, rematerialization and other charges in connection with the operation and management of clients' depository accounts.

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.
d. Brokerage and transaction costs: The investments under the Portfolio Management would be usually done through registered members of stock exchange who charge brokerage up to a maximum of 1% of contract value. In addition to the brokerage, transaction cost, stamp duty, transaction costs, turnover tax, Securities Transaction Tax or any other tax levied by statutory authority (ies), and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker. Any exit loads (if any) and all asset management fees applicable on units of Mutual Funds will also be borne by the clients.
e. Audit Fees: Fees paid to auditors with respect to the periodic audit of the Client's accounts maintained by the Portfolio Manager.
f. Fund accounting charges: depend on the Average Investments and Investment strategies.
g. Primary clearing member (PCM) charges (for accounts trading derivatives): The charges depend on the Investments and Investment strategies.
h. Any other miscellaneous expenses including all applicable taxes and duties:
Miscellaneous expenses include but are not limited to documentation costs, administrative expenses incurred by Prudent Investment Managers to manage the client's portfolio for which supporting statements shall be provided to the client (if requested by the client).

Management Fees

Fees

Fixed		Upto 2.25%
Semi Variable		
	Fixed Fees Hurdle Rate Profit Share	Upto 1.5% 12% upto 20%
Variable	Fixed Fees Hurdle Rate Profit Share	0 8% upto 20%

Please note that

- Fees will be charged on the average daily AUM
- Taxes will be extra as per Govt rates
- Fees may vary from client to client

Brokerage: Upto a maximum of 0.12% brokerage to resident clients and 0.2% brokerage to NRI clients will be charged on every transaction by the broker based on then prevailing brokerage rates. For illiquid scrips, the brokerage can be upto 0.25%. The buy/sell price will be shown net of cost. All applicable taxes will be additional.

Custodian & Fund Accounting: Custodial services expenses would be charged at 1.5 bps of month end portfolio value and fund accounting expenses would be charged at 3 bps of average daily AUM. These charges are excluding taxes.

Event Fees:
These charges relate to the charges payable at the time of entering into and/ or exit from the investments of a particular product. E.g. Purchase of Mutual funds (Specific service providers).

Depository charges:
These charges relate to opening and maintenance of Depository Accounts (wherever required), dematerialization of scrips and their transfer charges in connection with the operation and management of the Client's Portfolio account. (Specific service providers).

Registrar and transfer agent fee:
Fees payable to the Registrar and Transfer Agents for effecting transfer of Securities at actuals wherever applicable.

The Portfolio Manager shall deduct directly from the Cash Account of the Client all the fees/ costs specified above or require the Client to make the payments separately to the Portfolio Manager, at the option of the Portfolio Manager.

Other expenses which could be attributable to the Portfolio Management Services would also be directly deducted and the Client would be provided details of the same.

14. Taxation
Clients will be responsible and liable for taxes under the provisions of the Income Tax Act, 1961 for any income generated out of the investment made in the portfolio management Investment Approach.

Prudent Managers will not deduct tax on the capital gains generated out of the investment to be made in the portfolio management Investment Approach. However, this will be subject to any of the provisions of the Income Tax Act, 1961 or the Finance Bill, as applicable.

Prudent Managers shall provide adequate statements to the clients for accounting purpose. For non-resident clients, the short-term Capital Gains tax is deducted at source by the bank.

In view of the individual nature of tax benefits, each prospective client/investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their availing Portfolio management services, in terms of the provisions of the Income-tax Act, 1961.Clients are best advised to take independent opinion from their 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.

Details under FATCA/Foreign Tax Laws

Tax regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/declaration in the application form may undergo a change on receipt of communication/guidelines from SEBI.

15. Accounting Policy

The following accounting policy will be applied for the Portfolio Investments of the Client:

1. Contribution to portfolio

Contribution to portfolio by way of securities is recorded at the previous day closing market value from the date the securities are received by the portfolio manager.

2. Portfolio investments

Portfolio investments are stated at market/fair value prevailing as on year end, and the difference as compared to book value is recognized as accrued gain/loss in the statement of affairs for the year.

Market value/fair value of portfolio investments is determined as follows:

Investments in listed equity shares are valued at the closing quoted price on BSE Ltd. / National Stock Exchange.

Investments in units of a mutual fund are valued at Net Asset Value of the relevant scheme.

For the purpose of financial statements, the Portfolio Manager shall mark all the investments on mark to market. Investments will be marked at cost where market price is not available (e.g. unlisted Securities).

Dividend income shall be tracked from the date of declaration and recognized on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of declaration.

Bonus units shall be tracked from the date of declaration and recognized on the date of the Security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of declaration.

Purchase and sale of investments are accounted for on trade date basis. Cost of purchase and sale includes consideration for scrip and brokerage (including service tax thereon) but excludes securities transaction tax paid on purchase / sale of securities.

Consideration received against fractional entitlements on account of corporate actions is entirely considered as revenue under other income.

3. Revenue

Realized gain/loss on sale of investments is accounted on trade date basis by comparing sale consideration with the cost of investment. The cost of investment is identified following First-in-First out (FIFO) method.

Corporate dividend income is recognized on ex-dividend date.

The accounting policies and standards as stated above may be modified from time to time by the Portfolio Manager, subject to such modifications being in conformity with the applicable regulations.

4. Expenses

Portfolio Management fees is accounted on accrual basis based on average of daily portfolio value at monthly interval.
Securities transaction tax paid on purchase / sale of securities is treated as expenditure shown under other operating expenses in the statement of affairs.
Other expenses like depository charges, transaction charges, audit fees are recorded on cash basis.

The Client may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

16. Investor Services

1. Prudent Investment Managers shall ensure timely and prompt redressal of any grievances or disputes with the client.

Name, address and telephone number of the investor relations officer who shall attend to the Client's queries and complaints:

Name	Rahul Parab
Designation	Manager – Operations and Compliance
Address	**Parinee Cresenzo, 1st Floor, G Block, BKC, Bandra Kurla Complex, Bandra East, Mumbai- 400051**
Telephone	+91– 22-35218128
E-mail	contactus@prudentim.com

2. **Grievance Redressal and Dispute Settlement mechanism**

a. 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 and in no case will this exceed a period of 21 days.

b. Prudent Managers has designated Rahul Parab to receive and redress all the queries/complaints. A designated e-mail address has been created contactus@prudentim.com

c. The internal deadline for resolving the complaints is as follows:

(i) Matters relating to Prudent Managers' office, i.e., regarding portfolio performance and funds allocation: within 3 working days.

(ii) Matters regarding to custodian: within 7 working days.

(iii) Matters regarding dividend and other corporate actions: will be followed up vigorously with the agencies concerned under intimation to Clients.

d. Prudent Managers will ensure that every complaint is attended immediately, (not later than 21 days)

e. The soft copies / hard copies of the complaints received from the customers are preserved for future reference, if required.

17. SEBI Scores Platform & Online Dispute Resolution

SEBI has launched a centralized web-based complaints redress system (SCORES), which enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. This also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

Investors can register/ lodge complaints online on the SCORES (SEBI Complaints Redress System) portal http://scores.gov.in/ by clicking on "complaint registration"
https://scores.gov.in/scores/complaintRegister.html."

If any dispute / complaint of any investor is not resolved or not resolved to the satisfaction of the investor through mutual consultations within a period of twenty-one (21) days, the investor may in writing demand that the dispute be finally settled by the arbitration through the online dispute resolution mechanism notified by SEBI and amendments issued thereon from time to time. The number of arbitrators to be appointed, the seat of arbitration and the language to be used for arbitration and the costs and expenses of arbitration would be as prescribed under the notifications and circulars issued in this regard from time to time.

Investors can register/ lodge complaints online on the ODR portal at http://smartodr.in/

18. Conflict of Interest

All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed to the Client if found having conflict of interest with the transactions in any of the client's portfolio.

19. Records that will be maintained:

Complaints Register: where the date of receipt of complaint and action taken will be recorded and time taken for resolving the complaints will be mentioned.

A detailed report of complaints received and resolved and reasons for delay if any for resolution will be recorded.

20. Details of investments in the securities of related parties of the portfolio manager The Portfolio Manager has not made any investments in any securities issued by any related party or associates**.**
21. Details of the diversification policy of the portfolio manager Portfolio diversification of a client is done by judiciously investing the corpus in an optimum number of stocks – based on client's risk profile – and deploying the funds across sectors and market cap. Our typical portfolios will have between 20 – 25 stocks and will have representations of multiple sectors. Unless specifically instructed by clients we don't anticipate having less than 15 stocks in the portfolio
22. GENERAL: The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement ("Discretionary Portfolio Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory Agreement") between themselves.

Vicky Jain
& Associates
Chartered Accountants

7, 2nd Fanaswadi, Siyal House, 2nd Floor,
Sitaram Poddar Marg, Mumbai - 400 002.
Tel.: +91-22-49718335
Cell : +91-9320349019
E-mail : admin@vickyjainassociates.com

To,
The Designated Partners,
Prudent Investment Managers LLP
903 9th Floor, Sabari Aashiana,
Deonar Farm Road, TISS Compound,
Deonar, Mumbai-400088.

Re: Certificate

We have been requested by ***PRUDENT INVESTMENT MANAGERS LLP*** having registered office at 903 9th Floor, Sabari Aashiana, Deonar Farm Road, TISS Compound, Deonar, Mumbai-400088 and having SEBI Registration No INP000007298 , to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22(5), Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have verified Disclosure Document and also other details provided to us by the Portfolio Manager and have relied on various representations made to us by the Portfolio Manager wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and the information provided in the Disclosure Document dated 12th February 2025 are true, fair, and adequate as required under Regulation 22(5) and Schedule V of SEBI (Portfolio Managers) Regulations, 2020

We have relied on the representation given by the management about the penalties or litigation against the Portfolio Manager mentioned in the disclosure document. We are unable to comment on the same.

This certificate has been issued solely for complying with the requirements of SEBI (Portfolio Managers) Regulations, 2020 for the sole purpose of certifying the contents of the Disclosure Document for Portfolio Management Scheme and should not be used or referred to for and other purpose without our prior written consent.

For Vicky Jain & Associates
(Chartered Accountants)
(Firm Registration Number: 135986W)

Vicky Jain

VICKY JAIN & ASSOCIATES
Membership No. 153720
FRN 135986W
MUMBAI
CHARTERED ACCOUNTANTS

(Vicky Rameshkumar Jain)
(Membership No.: 153720)
Date: 12th February, 2025.
Place: Mumbai.
UDIN: 25153720BMLISL7510