Risk Factors:

Investors are requested to refer to the respective Scheme Information Document (SID) of the relevant Scheme for detailed scheme-specific risk factors. The risk factors may vary depending on the investment objective, asset allocation pattern and underlying investments of the respective Scheme.

Risks associated with investments in Equity and Equity related instruments $

Volatility Risk

Equity and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity and equity related securities involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risk of loss.

Liquidity Risk

The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities.

The AMC may invest in to be listed securities within the regulatory limit. This may however increase the risk of the portfolio as these to be listed securities are inherently illiquid in nature and carry larger liquidity risk as compared to the listed securities or those that offer other exit options to the investors.

Interest Rate Risk

Also, the value of the Scheme investments may be affected by interest rates, currency exchange rates, changes in law/ policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual securities, a specific sector or all sectors.

Market Risk

The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio.

Risks associated with investments in Fixed Income Securities

Interest-Rate Risk:

Fixed income securities such as government bonds, corporate bonds, money market instruments and derivatives run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase.

The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

Re-investment Risk:

Investments in fixed income securities carry re-investment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

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Basis Risk:

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

Spread Risk:

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

Liquidity Risk:

The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.

Liquidity Risk on account of unlisted securities: $

The liquidity and valuation of the Schemes' investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. The unlisted security can go down in value before the divestment date and selling of these securities before the divestment date can lead to losses in the portfolio.

Credit Risk:

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

Settlement Risk:

Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.

Risk associated with Securitized Debt:

The Scheme may invest in domestic securitized debt such as Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS). ABS are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. MBS are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties.

At present in Indian market, following types of loans are securitized:

1. Auto Loans (cars / commercial vehicles /two wheelers)

2. Residential Mortgages or Housing Loans

3. Consumer Durable Loans

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4. Personal Loans

5. Corporate Loans

In terms of specific risks attached to securitization, each asset class would have different underlying risks. Residential Mortgages generally have lower default rates than other asset classes, but repossession becomes difficult. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Asset classes like personal loans, credit card receivables are unsecured and in an economic downturn may witness higher default. A corporate loan/receivable, depend upon the nature of the underlying security for the loan or the nature of the receivable and the risks correspondingly fluctuate.

The other main risks pertaining to Securitised debt are as follows:

Prepayment Risk: This arises when the borrower pays off the loan sooner than expected. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of ABS. However, there is some prepayment risk even if interest rates rise, such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold.

Reinvestment Risk: Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal can only be reinvested at a lower rate.

Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities $

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.

Liquidity Risk:

SO rated securities are often complex structures, with a variety of credit enhancements.
Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to sell such debt instruments and generate liquidity for the scheme or higher impact cost when such instruments are sold.

Credit Risk:

The credit risk of debt instruments which are CE rated derives rating based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, co-mingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions.

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Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

Risks associated with investments in Derivatives $

The Scheme may invest in derivative products in accordance with and to the extent permitted under the Regulations and by RBI. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself.

Market Risk

Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.

Volatility Risk

Investment in derivatives also requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.

Execution Risk

The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.

The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.

The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However the gains of an options writer are limited to the premiums earned.

The exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.

Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.

The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.

Counter Party Risk

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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. The counter party may default on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty at the then prevailing (possibly unfavourable) market price.

Liquidity Risk

Derivatives also carry a market liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.

During the life of the derivative, the benchmark might become illiquid and might not be fully capturing the interest rate changes in the market, or the selling, unwinding prices might not reflect the underlying assets, rates and indices, leading to loss of value of the portfolio.

Where derivatives are used for hedging, such use may involve a basis risk where the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risk may be inter-related also e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

Pricing Risk

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor / unitholder. Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may not be available at all times. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.

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

The following are certain additional risks involved with use of fixed income derivatives:

Interest rate risk:

Derivatives carry the risk of adverse changes in the price due to change in interest rates.

Risks associated with Covered Call Strategy $

Market Price Risk

The risk associated with covered calls is the loss of upside, i.e. if the shares are assigned (called away), the option seller forgoes any share price appreciation above the option strike price.

Liquidity Risk

The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity, or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not

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be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.

Volatility Risk

The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss. The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.

Risks associated with Repo transactions in Corporate Bonds

The Scheme may be exposed to counter party risk in case of repo lending transactions in the event of the counterparty failing to honour the repurchase agreement. However, in repo transactions, the collateral may be sold and a loss is realized only if the sale price is less than the repo amount. The risk is further mitigated through over-collateralization (the value of the collateral being more than the repo amount).

Risks associated with segregated portfolio

1. Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer.

2. Security comprises of segregated portfolio may not realise any value.

3. Listing of units of segregated portfolio on recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

Risks associated with Securities Lending $

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

Risk Factors associated with Credit Default Swap $

Credit Risks- Couter party default creates a considerable risk in swap agreements. Parties may default on payment obligations.

Market Risks- CDS can be highly volatile in value, shifting with the underlying credit quality or general market conditions and could realise significant losses.

The Indian CDS market is still in its growing stage and lacks proper depth.

Risks associated with investment in units of mutual fund

Investment in Mutual Fund Units involves investment risks, including but not limited to risks such as liquidity risk, volatility risk, default risk including the possible loss of principal.

Liquidity risk – The liquidity of the scheme's investments is inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemption requests, or of a

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restructuring of the scheme's investment portfolio, these periods may become significant. In view of the same, the right to limit redemptions will be in accordance with SEBI mandated process.

Volatility risks: There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The scheme will manage volatility risk through diversification across companies and sectors.

Default risk - Credit risk is risk resulting from uncertainty in counterparty's ability or willingness to meet its contractual obligations. This risk pertains to the risk of default of payment of principal and interest. Government Securities have zero credit risk while other debt instruments are rated according to the issuer's ability to meet the obligations.

Risk Associated with investment in Instruments having Special Features:

Credit Risk/Principal at risk: The issuer has the option to write off the principal in times of severe financial stress. Since these bonds are unsecured investor will have any recourse to recover money in case issuer write off the principal. Such bonds may get converted into equity on happening of certain pre-defined event.

Central Bank may instruct issuer of the bonds to write down the entire value of its outstanding AT1 bonds, if it thinks the bank has passed the Point of Non-Viability (PONV), or requires a capital infusion to remain a going concern.

Also, issuer may not pay interest under certain circumstances. Such interest can not be recovered in future also.

Interest Rate Risk: where there is no defined maturity, it may yield lower interest especially when the interest rates are rising.

Liquidity Risk : There is no surety that bond holder will get your principal back on the call date as the issuer may choose to extend the tenure of bonds at a future date. Bond holder has the option of selling these bonds in the secondary market but bond holder may have to exit at a loss as the bond's price may differ from the cost price. Also, some of these are bonds are thinly traded, which means there are limited buyers.

Risk factors associated with investment in unrated securities: $

Default Risk

The scheme may invest in unrated securities as permitted under regulation. Investment in unrated securities involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments.

Volitility Risk

Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tend to be more volatile and such securities tend to be less liquid than rated debt securities.

Risk factors associated with investment in Tri-Party Repo:

The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in

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case of default by any member in settling transactions routed through CCIL). As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.

Default Risk

Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/ default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund

Risk associated with potential change in Tax structure

Tax Risk

Summary of tax implications given in the taxation section in SID is based on the current provisions of the applicable tax laws. This information is provided for general purpose only. The current taxation laws may change due to change in the 'Income Tax Act 1961' or any subsequent changes/amendments in Finance Act/Rules/Regulations. Any change may entail a higher outgo to the scheme or to the investors by way of securities transaction taxes, fees, taxes etc. thus adversely impacting the scheme and its returns.