



**DISCLOSURE DOCUMENT OF PORTFOLIO MANAGEMENT SERVICES**

offered by

**ALCHEMY INVESTMENT MANAGEMENT LLP**  
IFSCA Registration No. IFSCA/FME/II/2022-23/050

**JULY 2023**



## DISCLOSURE DOCUMENT OF PORTFOLIO MANAGEMENT SERVICES

offered by

**ALCHEMY INVESTMENT MANAGEMENT LLP**  
IFSCA Registration No. IFSCA/FME/II/2022-23/050

Unless otherwise mentioned, the data has been updated as on June 30, 2023.

- (i) The purpose of this disclosure document is to provide essential information about Portfolio Management Services (“PMS”) in a manner to assist and enable the investor to make an informed decision in engaging a Portfolio Manager (“Disclosure Document”).
- (ii) This Disclosure Document provides the necessary information about the Portfolio Manager required by an investor before investing. The investor may retain the Disclosure Document for future reference.
- (iii) Details of Principal Officer:  
Ruchika Bhatia  
Alchemy Investment Management LLP  
Unit No. 1120 A Signature,  
11<sup>th</sup> Floor, Block 13B Zone – I,  
GIFT SEZ Gandhinagar – 382355



1. **Disclaimer Clause:**

This Disclosure Document has neither been approved nor disapproved by IFSCA (as defined herein below) nor has IFSCA certified the accuracy or adequacy of the contents of this Disclosure Document.

2. **Definitions:**

The terms used in the Disclosure Document are defined as follows.

- (a) **“Act”** means the International Financial Services Centres Authority Act, 2019 as amended from time to time.
- (b) **“Accreditation Agency”** means an entity permitted by the IFSCA to undertake the activity of accrediting accredited investors.
- (c) **“Accredited Investor”** means any person who fulfils the eligibility criteria as specified by IFSCA and in the manner specified by the IFSCA.
- (d) **“Agreement”** means Portfolio Management Agreement and shall include any recitals, schedule(s), its Part(s), annexure(s), or exhibit(s), which may be annexed to that Agreement and any amendments made by the Parties in writing.
- (e) **“AIM”** means Alchemy Investment Management LLP.
- (f) **“Applicable Law(s)”** means relevant laws, regulations, rules, directions, requirements, and licenses issued, passed or imposed from time to time by a legislature, government, governmental authority or regulatory authority whether national, state or local and includes rules and regulations issued pursuant to or under the laws in force in IFSC, including the FM Regulations.
- (g) **“Assets”** means (i) the Portfolio and/or (ii) the Funds and includes all accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and /or replacements 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 the Assets.
- (h) **“Associates”** means (i) a company or a limited liability partnership or a body corporate in which partner of the Portfolio Manager holds, either individually or collectively, twenty percent or more of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a company or a limited liability partnership or a body corporate which holds, either individually or collectively, twenty percent or more of the paid-up equity share capital or partnership interest, as the case may be in the Portfolio Manager; and (iii) any other company or a limited liability partnership or a body corporate, in which the entity referred in (ii) above holds twenty percent or more of its paid-up equity share capital or partnership interest, as the case may be.
- (i) **“Banking Units”** means the financial institution that is licensed by the IFSCA to undertake financial services as per Applicable Law.
- (j) **“Bank Account”** shall mean (a) a specific bank account of the Portfolio Manager in a Banking Unit, (b) a specific bank account of the Investor in a Banking Unit, a bank in India or a Foreign Jurisdiction, or, (c) any other manner as may be specified by the IFSCA, which will be used by the Portfolio Manager to operate, accept or deposit or withdraw the cheques, demand drafts and funds transfer drawn in favor of the Investor for the purposes of this Agreement. Provided that when the Funds are maintained in the specific bank account of a Investor, the Portfolio Manager shall ensure that it is duly authorized to

operate bank account either by itself or through a custodian. It is clarified that the Portfolio manager shall segregate each Investor's Assets in separate accounts.

- (k) **"Investor(s)"** means a person who has entered into the Agreement with the Portfolio Manager to avail the Services offered by the Portfolio Manager.
- (l) **"Investor Securities"** mean the Securities which form part of the Portfolio.
- (m) **"Custodian"** means IFSCA or SEBI registered Custodian as may be appointed by the Portfolio Manager as per the Applicable Law, for custody of Securities of the Investors and to avail other custodial services.
- (n) **"Discretionary Portfolio Management Services"** means the Portfolio Management Services rendered to the Investors, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Assets (including the Portfolio and Funds) of the Investors, where the Portfolio Manager exercises its sole and absolute discretion with respect to investments or management of the Assets of the Investors, entirely at the Investor's risk, in such manner as the Portfolio Manager may deem fit.
- (o) **"Depository Account" or "DP Account"** means one or more demat accounts opened, maintained, and operated by the Portfolio Manager in the name of the Investors to keep the securities of all Investors, where the securities of each of the Investors would be separately identified for the purpose of the Portfolio Management Services provided that a pool demat account can only be opened by the Portfolio Manager if the investment of the Investor's Funds are in jurisdictions permitting omnibus account structure and prior consent of the Investor shall be taken for such investment.
- (p) **"Disclosure Document"** means this document provided by the Portfolio Manager to the Investor as specified in the FM Regulations.
- (q) **"Effective Date"** means the date on which minimum investment amount, as per the FM Regulations, is placed in the Bank Account or DP Account.
- (r) **"Financial Planning"** shall include analysis of Investors' current financial situation, identification of their financial goals, and developing and recommending financial strategies to realise such goals.
- (s) **"FM Regulations"** means the International Financial Services Centres Authority (Fund Management) Regulations, 2022 including any amendments thereto from time to time and all relevant rules, guidelines, circulars issued by IFSCA in this regard.
- (t) **"FME"** means fund management entity as construed under the FM Regulations.
- (u) **"Funds"** means the monies managed by the Portfolio Manager on behalf of the Investor pursuant to the Agreement and includes any further monies placed by the Investor from time to time with the Portfolio Manager for being managed pursuant to this Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- (v) **"High Water Mark"** means the highest NAV at which the Portfolio Manager has charged Performance Fee.

- (w) **"IFSCA"** means International Financial Services Centers Authority.
- (x) **"IFSC"** means an International Financial Services Centre set up in a SEZ and as approved by the Central Government from time to time.
- (y) **"Investment Advice"** means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the Investor and may include Financial Planning.
- (z) **"Net Asset Value" or "NAV"** means the value of the Assets and shall be aggregate of (a) the amount of cash in the Bank Account; and (b) the value of the Investor's Securities calculated as per the Securities Valuation Policy (c) any form of receivable at the end of any day, net of the liabilities accrued in the Portfolio.
- (aa) **"Non-Discretionary Portfolio Management Services"** means the Portfolio Management Services rendered to the Investor, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Assets (including the Portfolio and Funds) of the Investor, where the Portfolio Manager shall provide advice in relation to the Assets and manage the Assets (including the Portfolio and Funds) in accordance with the instructions of the Investor at the absolute discretion of the Investor with respect to investments or management of the Assets of the Investor and entirely at the Investor's risk.
- (bb) **"Portfolio"** means the holdings of Securities managed by the Portfolio Manager on behalf of the Investor pursuant to the Agreement and includes any further securities placed by the Investor with the Portfolio Manager for being managed pursuant to the Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (cc) **"Portfolio Manager"** means Alchemy Investment Management LLP.
- (dd) **"Portfolio Management Fees"** means fees payable by the Investor to the Portfolio Manager as specified in the Agreement, for the Portfolio Management Services.
- (ee) **"Portfolio Management Services" or "PMS"** means the portfolio management services rendered to the Investor by the Portfolio Manager, on the terms and conditions contained in the Agreement and in accordance with the Applicable Laws and FM Regulations (whether as a discretionary portfolio manager or otherwise), with respect to investments or management of the Portfolio of Securities and the Funds of the Investor.
- (ff) **"Parties"** means all the signatories to the Agreement and 'Party' means any party to the Agreement.
- (gg) **"Product"** shall mean investment products offered by the Portfolio Manager and accepted by the Investor for the purposes of investments. The detail of such products / investments approaches are brought out in this Disclosure Document.
- (hh) **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

(ii) **“Securities” includes: -**

- “securities” as defined under the Securities Contracts (Regulation) Act, 1956, including applicable ‘financial products’ as defined under the IFSCA Act, shares, scrips, stocks, bonds, warrants, convertible and nonconvertible debentures, fixed return investments, equity linked instruments, negotiable instruments (to the extent permitted by the FM Regulations), deposits, money market instruments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and / or by any mutual funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and
- any other instruments or investments as may be specified by the IFSCA from time to time.

(jj) **“Securities Valuation Policy”** means the policy of the Portfolio Manager, from time to time, for valuation of the Securities forming part of the Assets.

(kk) **“Services”** means the services to be provided by the Portfolio Manager as set out in the Agreement.

(ll) **“TDS”** means tax deducted at source.

**3. Description:**

(i) **History, Present Business and Background of the Portfolio Manager**

Alchemy Investment Manager LLP (“AIM”) is a registered as a Fund Management Entity (Non-Retail) with the IFSCA in terms of section 13 of the Act read with regulation 12 of the FM Regulations to carry out the activities of a fund management entity (“FME”). A registered FME may offer Portfolio Management Services to its Investors in accordance with the terms of the FM Regulations.

AIM was set up for the purpose of providing Portfolio Management, Investment Management and Advisory Services to its Investors. To this end, AIM applied and received the FME license under the FM Regulations on December 6, 2022.

Currently, AIM provides discretionary or non-discretionary Portfolio Management Services and Investment management services.

AIM acts as the Investment Manager to the Schemes launched by Alchemy Alternative Investment Trust and registered with IFSC as an Alternative Investment Fund - Category III – vide registration number IFSC/AIF2/2022-23/0039/01 dated January 9, 2023.

(ii) **Partners / Designated Partners of the Portfolio Manager and their background:**

Names of the Partners /Designated Partners	Background of Partners / Designated Partners
	<p>Alchemy Capital Management Private limited (ACM) holds majority interest in AIM with 99.98%. <b>ACM</b> was set up in 1999 for the purpose of providing portfolio management and investment advisory services to its Investors. ACM is a Portfolio Management Services (PMS) license holder under the SEBI (Portfolio Managers) Regulations, 2020. Currently, ACM provides discretionary portfolio management services and investment advisory services to individuals, corporate and institutional Investors.</p>
<p><b>Alchemy Capital Management Pvt Ltd (Partner)</b></p>	<p><b>Anis Bohra</b> is the nominee representative of ACM and appointed as the Designated partner of AIM. His brief profile is given below:</p> <p>Anis Bohra has close to 17 years of experience in fund structuring, fund operations, and creating and operationalizing investment management entities. Throughout his career, he has been involved in conceptualizing, creating, and functioning of several comingled funds ranging from hedge funds in offshore jurisdictions to Indian AIFs across equity and fixed income asset classes. His expertise also includes risk management, setting up and implementation of operational processes. Anis joined Alchemy in 2010. Before joining Alchemy, he spent more than 4 years at Morgan Stanley Fund Services. Anis has a degree in accounting and an MBA in finance. Anis also heads the Fund department of the parent entity.</p>
<p><b>Chirag Pandya (Designated Partner)</b></p>	<p>An associate member of the Institute of Company Secretaries of India (ICSI), Mr. Chirag Pandya also holds a degree in Law and is a post-graduate in Investment Banking. He has about 20 years of experience in the compliance, secretarial, risk and legal sectors. His portfolio boasts of key assignments in top companies including BNP Paribas, Marico and Reliance. Chirag Pandya also acts as the Group Head Compliance &amp; Legal of the parent entity.</p>



**Atul Sharma (Designated Partner)**

Mr. Atul Sharma has over two decades of global business advisory and direct investment experience. Mr. Sharma has advised Asian Governments, Sovereign Wealth Funds, Conglomerates, MNCs and Multilateral Agencies across several industry sectors to address critical challenges related to economic development, creating economic profits / shareholder value, business strategy, growth, cost & balance sheet management and corporate governance. He is a strong advocate of the fundamentals driven investment style that lays emphasis on the right combination of concepts / metrics like economic moats, ROIC, growth and valuation multiples. Prior to joining Alchemy, Mr. Sharma was an independent advisor helping Investors identify and execute their private equity / direct investments and an adjunct faculty at a University in Singapore. Prior to this, Mr. Sharma worked for over 15 years in corporate finance and management consulting firms; including business leadership roles in Stern Stewart & Co and advisory leadership roles in Accenture, Coopers & Lybrand and Arthur Andersen. Mr. Sharma has an MBA degree from the Asian Institute of Management and a B.Sc. Physics degree from St. Xavier's College Mumbai.

**(iii) Details of Services being offered:**

The Portfolio Management Services of the Portfolio Manager have been structured broadly under the following categories:

**(a) Discretionary Portfolio Management Services**

Under the Discretionary Portfolio Management Services, the Portfolio Manager shall deploy the Funds by investing or divesting suitably in securities as per the Applicable Law. The Portfolio Manager shall be acting in a fiduciary capacity, as a trustee, with regard to the Investor's account consisting of investments, accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and / or replacements 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). The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the Portfolio, buying and selling the Securities, keeping safe custody of the Securities with the custodian and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Investor's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Investor's risk. The Portfolio Manager shall have the sole and absolute

discretion to invest on behalf of the Investor in any type of security as per executed Agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision (taken in good faith) in deployment of the Investors' account is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. Provided that the Portfolio Manager shall not use the Investor's Assets for investment in derivative instruments without the express consent of the Investor. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws in force from time to time.

(b) **Non-Discretionary Portfolio Management Services**

Under this category, the investment decisions of the Portfolio Manager are guided by the instructions received from the Investor under an agreement executed between the Portfolio Manager and the Investor. The deployment of Funds is the sole discretion of the Investor and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Investor's instruction. The decision of the Investor in deployment of Funds and the handling of his / her / its Portfolio is absolute and final. The role of the Portfolio Manager apart from adhering to investments or divestments upon instructions of the Investor is restricted to providing market intelligence, research reports, trading strategies, trade statistics and such other material which will enable the Investor to take appropriate investment decisions. However, the Portfolio Manager will continue to act and strictly guided by relevant guidelines, acts, rules, regulations and notifications in force from time to time. For the purpose of acting on the Investor's instructions, the Portfolio Manager shall take instructions in writing or through any other media mutually agreed such as e-mail, fax, telephone or suitable and secured message and may include managing, renewing and reshuffling the portfolio, buying and selling the Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Investor's Portfolio, for an agreed fee structure and for a definite described period, entirely at the Investor's risk.

(c) **Investment Advisory Services**

The Portfolio Manager will provide advisory services, in terms of the IFSCA (Fund Management) Regulations, 2022 and IFSCA (Capital Market Intermediaries) Regulations, 2021, which shall be in the nature of Investment Advice and may include advice relating to investing in, purchasing, selling or otherwise dealing in Securities or investment products, and advice on investment portfolio containing Securities or investment products, whether written, oral or through any other means of communication for the benefit of the Investor and may include Financial Planning. Investment Advice shall be for an agreed fee structure and for a period hereinafter described, entirely at the Investor's risk; to all eligible categories of investors as per the Applicable Law who can invest in Indian market including NRIs, FPIs, etc. The Portfolio Manager shall be solely acting as an advisor to the Investor and shall not be responsible for the investment/divestment of Securities and/or administrative activities on the Investor's Portfolio. The Portfolio Manager shall act in a fiduciary capacity towards its

Investor and shall maintain arm's length relationship with its other activities. The Portfolio Manager shall provide advisory services in accordance with the Applicable Laws including such guidelines and/or directives issued by the regulatory authorities and/or the Investor, from time to time, in this regard.

4. **Penalties, Pending Litigation or Proceedings, Findings of Inspection or Investigations for which action may have been taken or initiated by any regulatory authority;**

Sr. No.	Particulars	Status
1	Cases of penalties imposed by any regulatory authority	Nil
2	The nature of penalty / direction.	Nil
3	Penalties/fines imposed for any economic offence and / or for violation of any securities laws.	Nil
4	Any pending material litigation / legal proceedings against the Portfolio Manager /its principal officers/partners/designated partners/ key personnel with separate disclosure regarding pending criminal cases, if any.	Nil
5	Any deficiency in the systems and operations of the Portfolio Manager observed by any regulatory agency.	Nil
6	Any enquiry / adjudication proceedings initiated by any regulatory agency against the Portfolio Manager or its partners, Principal Officer or employee or any person directly or indirectly connected with the Portfolio Manager or its partners, Principal Officer or employee.	Nil

5. **Additional details on Services being Offered:**

(i) **Investment Objectives**

The investment objective of our Services is to deliver long term capital appreciation. The investment strategy generally shall be sector agnostic investing across the spectrum of large cap midcap and small cap stocks. Hence the cornerstone of the investment objectives is long term investment performance and endeavour to optimize risks and rewards. However, it needs to be reiterated that investments in securities entail a degree of risk and that there can be no assurance and/or guarantee of such growth/preservation of capital or of there being no capital loss.

(ii) **Investment Philosophy of the Portfolio Manager**

The investment philosophy applicable to the Products is characterized by the following:

- *Growth at reasonable price.* The Product's approach is rooted in the hypothesis that India is a high growth economy and that the best way to benefit therefrom is to identify and invest in companies that are best equipped to take advantage of the emerging domestic and global opportunities.
- *Invest for long term.* The product does not currently expect to trade the assets of the portfolio in and out of investments to capture short-term volatility.

(iii) **Details of the Products managed by the Portfolio Manager.**

**(A) Separate Managed Account (SMA)**

In a SMA strategy, the Portfolio Manager may enter into an Investment Management Agreement or such similar agreements with Investors to manage their portfolio with a specific strategy requirement as mandated by the investor.

**(B) Alchemy High Growth**

a	<b>Investment objective</b>	To generate long-term returns by investing in equities and equity related instruments, across all market capitalizations.
b	<b>Philosophy &amp; Strategy</b>	Alchemy's Investment Philosophy is "Growth at Reasonable Price". The philosophy behind growth investing is based on the assumption that India is a high growth economy with a strong entrepreneurial culture. Our endeavour is to identify and invest in growth companies through a combination of top-down and bottoms up fundamental research to enable long term wealth creation.
c	<b>Description of types of Securities</b>	Equity
d	<b>Basis of selection of types of Securities as part of the Product</b>	<ol style="list-style-type: none"> <li>1. Relevant Universe – We have identified a relevant universe of about 500 companies based on market capitalisation, qualitative governance filters, long term attractiveness and ROE profile of business amongst other parameters.</li> <li>2. Investible Universe - From this relevant universe, an investible universe of companies is created based on assessment of past and future fundamental variables like revenue and EBIDTA growth, cashflow conversion efficiency and core ROE of the business amongst several other relevant variables which may be unique to a business. In addition to objective fundamental parameters and assessment of qualitative management capabilities, governance standards and competitive ability of the business is also carried out. A comprehensive valuation exercise is also carried out based on one and/or combination of valuation parameters like P/E, P/B, EV/EBIDTA, DCF etc to arrive at an acceptable valuation range for investing in the security.</li> <li>3. Portfolio Construction – The Portfolio Manager managing the strategy is then free to construct the Investors Portfolio from within the investible universe at his discretion.</li> </ol>

e	<b>Allocation of Portfolio across types of Securities</b>	Upto 100% in equity (cash portion may be deployed in liquid funds/ debt Securities). <b>Portfolio Construct:</b> A typical Portfolio may generally consist maximum of 25 stocks across sectors.
f	<b>Benchmark</b>	S&P BSE 500- TRI indices
g	<b>Basis for choice of benchmark</b>	S&P BSE 500 index serves as a comprehensive representation of the Indian economy. The index comprises of the top 500 companies listed on the Bombay Stock Exchange, with selection based on a combination of average float-adjusted market capitalization, average value traded, and average total market capitalization. Hence, we believe S&P BSE 500 is the appropriate benchmark which would reflect the realistic comparison with the Portfolio performance.
h	<b>Indicative Tenure or Investment horizon</b>	3-5 years
i	<b>Risk associated with Product</b>	High Risk
j	<b>Other salient features, if any</b>	NA

#### (C) Alchemy High Growth – Select Stock

a	<b>Investment objective</b>	To generate long-term returns by investing in equities and equity related instruments, across all market capitalizations.
b	<b>Philosophy &amp; Strategy</b>	<p>1. <b>Philosophy:</b> The philosophy behind growth investing is based on the assumption that India is a high growth economy with a strong entrepreneurial culture. Our endeavor is to identify and invest in growth companies through a combination of top-down and bottoms up fundamental research to enable long term wealth creation.</p> <p>A typical Portfolio may generally consist of between 8-12 stocks across sectors. We may construct such concentrated Portfolios as per the Investors need and understanding.</p> <p>2. <b>Strategy:</b> Invest in companies across the market capitalization range, which have high growth potential and potential to deliver long-term capital appreciation.</p>
c	<b>Description of types of Securities</b>	Equity

<p>d <b>Basis of selection of types of Securities as part of the Product</b></p>	<p>1. Relevant Universe – We have identified a relevant universe of about 500 companies based 16 on market capitalization (above 1000 crores preferably), qualitative governance filters, long term attractiveness and ROE profile of business amongst other parameters.</p> <p>2. Investible Universe - From this relevant universe, an investible universe of companies is created based on assessment of past and future fundamental variables like revenue and EBIDTA growth, cashflow conversion efficiency and core ROE of the business amongst several other relevant variables which may be unique to a business. In addition to objective fundamental parameters and assessment of qualitative management capabilities, governance standards and competitive ability of the business is also carried out. A comprehensive valuation exercise is also carried out based on one and/or combination of valuation parameters like P/E, P/B, EV/EBITDA, DCF etc to arrive at an acceptable valuation range for investing in the security.</p> <p>3. Portfolio Construction – The Portfolio manager managing the strategy is then free to construct the Investors Portfolio from within the investible universe at his discretion.</p>
<p>e <b>Allocation of Portfolio across types of Securities</b></p>	<p>Upto 100% in equity (cash portion may be deployed in liquid funds/ debt Securities).</p>
<p>f <b>Benchmark</b></p>	<p>S&amp;P BSE 500 TRI</p>
<p>g <b>Basis for choice of benchmark</b></p>	<p>S &amp; P BSE 500 index serves as a comprehensive representation of the Indian economy, The index comprises of the top 500 companies listed on the Bombay Stock Exchange, with selection based on a combination of average float-adjusted market capitalization, average value traded, and average total market capitalization. Hence, we believe S&amp; P BSE 500 is considered to be appropriate benchmark which would reflect the realistic comparison with the Portfolio performance.</p>
<p>h <b>Indicative Tenure or Investment horizon</b></p>	<p>3-5 years</p>
<p>i <b>Risk associated with Product</b></p>	<p>High Risk</p>
<p>j <b>Other salient features, if any</b></p>	<p>NA</p>

(D) Alchemy Ascent

a	<b>Investment objective</b>	To generate long term risk adjusted returns
b	<b>Philosophy &amp; Strategy</b>	A High Risk High Return oriented strategy where capital allocation is as important as stock selection and which aims at generating long term return by investing in companies using data intensive research driven Product, to identify companies based on various parameters such as growth, valuation, quality earning and balance sheet health.
c	<b>Description of types of Securities</b>	Equity
d	<b>Basis of selection of types of Securities as part of the Product</b>	Equity stocks are chosen for investment on the basis of 3 factors: <ol style="list-style-type: none"> <li>1. The company fundamentals, as reflected in reported numbers,</li> <li>2. Investment strategy research regarding various market cycles, and</li> <li>3. Risk &amp; Reward ratios</li> </ol> Cash or cash equivalents are chosen when an appropriate equity opportunity is not available
e	<b>Allocation of Portfolio across types of Securities</b>	Upto 100% in equity (cash portion may be deployed in liquid funds/ debt Securities). <b>Portfolio Construct:</b> Average of 25-30 stocks across sectors. (Additional investments would be managed as a separate Portfolio)
f	<b>Benchmark</b>	S&P BSE 500 TRI
g	<b>Basis for choice of benchmark</b>	The S&P BSE 500 index is designed to measure the performance of the top 500 companies listed at BSE Ltd., based on size and liquidity across sectors. Given that the objective of the product is to identify companies strong in growth, valuation, quality earning and balance sheet we believe S&P BSE 500 is considered to be appropriate benchmark which would reflect the realistic comparison with the portfolio performance.
h	<b>Indicative Tenure or Investment horizon</b>	3 to 5 years
i	<b>Risk associated with Product</b>	High Risk
j	<b>Other salient features, if any</b>	NA

**(E) Alchemy Liquid Strategy**

a	<b>Investment objective</b>	To predominantly make investments in Liquid Mutual Funds, short-term debt funds, exchange traded funds, money market mutual funds, and other debt funds to facilitate investors to take Asset Allocation calls between Cash and Equity
b	<b>Description of types of Securities</b>	Debt/Fixed income
c	<b>Basis of selection of types of Securities as part of the Product</b>	To generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt Securities and money market securities.
d	<b>Allocation of Portfolio across types of Securities</b>	100% in Units of mutual funds and/ or fixed income instruments
e	<b>Benchmark</b>	CRISIL Composite Bond Fund Index
g	<b>Basis for choice of benchmark</b>	CRISIL Composite Bond Fund Index seeks to track the performance of a debt portfolio that includes government securities and AAA/AA+/AA rated corporate bonds across maturities. Hence, we believe it is the appropriate benchmark which would reflect the realistic comparison with the Portfolio performance.
f	<b>Indicative Tenure or Investment horizon</b>	Short Term i.e., upto 6 months
g	<b>Risk associated with Product</b>	Low risk
h	<b>Other salient features, if any</b>	NA

**6. Risk Factors:**

**(a) General risks applicable to all Product:**

- (i) Investments in Securities are subject to market risk and there is no assurance or guarantee that the objectives of the investments will be achieved.
- (ii) The past performance of the Portfolio Manager does not indicate its future performance.
- (iii) Risk arising from the Product, investment objective, investment strategy and asset allocation, market risk, political and geopolitical risk and risk arising from changing business dynamics may affect Portfolio returns.
- (iv) Risk arising out of concentration - At times, portfolios of individual Investors may be concentrated in certain companies/industries. The performance of the Portfolios would depend on the performance of such companies / industries / sectors of the economy.
- (v) The Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the portfolios.
- (vi) The liquidity of the Portfolio investment is inherently restricted by trading volumes in the Securities in which it invests.
- (vii) Investments in general and in the Product/ Services which the Investors have opted are subject to wide range of risks which inter alia also include:
  - (a) Economic slowdown.
  - (b) Volatility and illiquidity of the stocks.
  - (c) Poor corporate performance, economic policies, change of Government and its policies.



- (d) Acts of god, acts of war, civil disturbance, sovereign action, epidemics, global pandemic and such other acts.
- (viii) Other risks including cancellation and postponement of settlements, default, legal actions, third party non-performance, misjudgement/incapacitation of the Portfolio Manager.
- (ix) The Portfolio Manager does not guarantee or assure any return on investment, either of principal or appreciation on the Portfolio or preservation of capital.
- (x) 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.
- (xi) The valuation of the Portfolio's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Investor when the composition / asset allocation pattern changes.
- (xii) Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio. Different segments of the financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell Securities held in the Portfolio due to the absence of a well developed and liquid secondary market for debt Securities would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of Securities held in the Portfolio.
- (xiii) Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted Securities that offer attractive yields. This may however increase the risk of the Portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- (xiv) 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 on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.
- (xv) The Portfolio Manager may, subject to applicable regulations and authorization by the Investor in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out Securities, which can lead to temporary illiquidity. 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 as defined under prevalent Securities lending scheme to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- (xvi) To the extent that the Portfolio will be invested in Securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- (xvii) 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. 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.

- (xviii) **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. Liquidity risk is today characteristic of the Indian fixed income market.
- (xix) **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.
- (xx) **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 is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- (xxi) **Currency Risk:** A substantial amount of the assets may be invested in Investments denominated in a functional currency other than the base currency. Investments in such assets will be subject to the systemic and systematic risks connected with changes in exchange rates. Changes in the exchange rate may result over time from the interaction of many factors that directly or indirectly affect economic and political conditions in the countries in which the account invests.
- (xxii) **Risks associated with investments in derivatives:** The Portfolio Manager may use derivatives instruments like Stock / Index Futures, Stock Options, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments, as permitted under the Regulations and guidelines. As and when the Portfolio Manager trades 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 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. Derivatives require 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. 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. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

**(b) Disclosures on Conflict of Interest:** Subject to 1) The regulatory requirements and 2) any specific agreements entered into with the Investor, the Portfolio Manager hereby provides the following disclosures:

- (i) the Portfolio Manager receives non-binding investment advice and corporate support services from its parent entity.
- (ii) the Portfolio Manager may acquire, have and/or maintain a position in any security similar to the securities held, purchased or sold for the Investor forming part of the Assets of the

- Investor.
- (iii) the Portfolio Manager may purchase or sell on behalf of the Investor any Security which forms part of the Assets or of the Assets of the Portfolio Manager's other Investors or which is otherwise purchased, sold or traded in by the Portfolio Manager on its own account or on account of its other Investors.
  - (iv) the Portfolio Manager may invest on its own account in securities.
  - (v) the Portfolio Manager may have a commercial or other business relationship or arrangement with stock-brokers, Banking Units, Mutual Funds, Intermediaries or companies with whom or through whom transactions are carried out for purchase or sale of any of the securities or with any issuer of securities whose securities are purchased and / or sold for the Investor.
  - (vi) the Portfolio Manager may deal on the Investor's behalf with any Associate of the Portfolio Manager as long as the terms are as favourable to the Investor as would be ordinarily obtained from a concern which is not an Associate.
  - (vii) the Portfolio Manager may deal with its other divisions on the Investor's behalf, so long as the terms are favourable to the Investor as would be ordinarily obtained from a concern which is not a division of the Portfolio Manager.
  - (viii) the Portfolio Manager may purchase or sell securities from or to anyone with whom the Portfolio Manager has a commercial or other relationship or agreement, including selling or purchasing the securities to or from the account of the Portfolio Manager or another Investor of the Portfolio Manager.
  - (ix) employ, retain or appoint any Associate of the Portfolio Manager as broker, custodian, investment adviser, consultant or in any other capacity for carrying out any of the functions or work relating to the Discretionary Portfolio Management Services provided to the Investor.
  - (x) the Portfolio Manager may deal with any Associates of the Portfolio Manager on a principal-to-principal basis for any buying, selling or otherwise in any act relating to the Discretionary Portfolio Management Services provided to the Investor.
  - (xi) the Portfolio Manager may invest in securities, for the issue of which the Portfolio Manager or its Associates is the lead manager, underwriter, merchant banker, advisor or other Intermediary.

**7. Investor Representation:**

Year	Investor Categories	No of Investors*	Funds Managed (In USD mn)*	Nature of Services
2023-2024	Associates/ group companies	1	23	Alternative Investment Fund
	Other Investors	0	-	#
	<b>Total</b>	<b>1</b>	<b>23</b>	
2022-2023	Associates/ group companies	0	-	#
	Other Investors	0	-	#
	<b>Total</b>			
2021-2022	Associates/ group companies	0	-	#
	Other Investors	0	-	#
	<b>Total</b>			

\* Data is as on June 30, 2023

\*The Portfolio Manager is a recently incorporated entity and hence it does not have past performance data for disclosures.

**8. Financial Performance:**

The Financial Performance of the Portfolio Manager (based on audited financial statements) is as follows:

Particulars	Amount (in USD)	
	2021-2022*	2022-2023
Paid up capital	NIL	1,520,752
Reserves	NIL	-44,299
Total Income	NIL	180
Profit / (Loss) Before Tax	NIL	-44,495
Profit / (Loss) After Tax	NIL	-44,299
Networth	NIL	1,476,453

\*AIM was incorporated on Dec 29, 2021.

**9. Performance of Portfolio Manager :**

Name of the Services/ Product	Period	Portfolio Performance (%), Net of all fees and expenses and taxes (if any)	Benchmark Performance (%)
<b>ALTERNATIVE INVESTMENT FUND</b>			
<b>ALCHEMY INDIA LONG TERM FUND</b> (Portfolio Inception Date: 20 Apr 2023) Benchmark Index: S&P BSE500 Index (USD-Adjusted)	2023-2024*	16.6%	10.5%
	2022-2023	-	-
	2021-2022	-	-
<b>DISCRETIONARY SERVICES^</b>	2023-2024*	-	-
	2022-2023	-	-
	2021-2022	-	-
<b>NON -DISCRETIONARY SERVICES^</b>	2023-2024*	-	-
	2022-2023	-	-
	2021-2022	-	-

**Notes:**

- # Data is from April 20, 2023 (i.e. the portfolio inception date) to June 30, 2023
- \*Data is up to June 30, 2023
- ^The Portfolio Manager is a recently incorporated entity and hence it does not have past performance data for disclosures.
- Performance data for Product provided herein above is not verified by IFSCA.

**10. Audit Observations:**

Audit Observations by the statutory auditors of the Company for the preceding 2 years are as below:

Financial Year	Audit Observations
2022-2023	None
2021-2022	None

\*AIM was incorporated on Dec 29, 2021.

**11. Nature of Expenses:**

The following are indicative types of costs and expenses for Investors availing the Portfolio Management Services:

(i) **Portfolio Management Fees:**

Portfolio Management Fees relates to the fee payable by the Investor for the Portfolio Management Services offered to the Investors by the Portfolio Manager. This fee is charged as a percentage of NAV and may be fixed, variable or a combination of both, as set out in the Agreement. Brief details of the fees are given below:

a. Fixed management fees:

- The Fixed Fees are charged to the Investor at the end of every calendar month or quarter at pre-defined fixed rate on the value defined in the agreement. In the event Investor makes any partial or complete withdrawal(s), the Investor shall be liable to pay the Fixed Fees thereon on pro rata basis calculated up to and until the date of such withdrawal(s).

b. Performance Fee:

- Frequency of charging Performance Fee is generally 1 year:
- and is generally charged on the Investor's anniversary date or 31<sup>st</sup> Dec.
- Performance fee is subject to the Portfolio Manager achieving a minimum investment return over and above the hurdle rate.
- In the first instance hurdle rate is generally applicable on starting value and thereafter on the High-Water Mark as defined in the agreement.
- In the event Investor makes any partial or complete withdrawal(s), the Investor shall be liable to pay the Performance Fees thereon on pro rata basis calculated up to and until the date of such withdrawal(s) and the Hurdle rate shall be applicable pro rata.
- The hurdle rate shall be applicable pro rata in respect of any further sums placed by the Investor from the date of such placement till the date of calculating performance fee.

c. Exit fee:

- Applicable on any withdrawal(s) from the Portfolio before the completion of the specified period as per Agreement.
- This fee is charged on partial and full withdrawals.
- On partial withdrawal, fee is charged on the day of corpus withdrawal.
- On full withdrawal, fee is charged on the date when account is marked as closed.
- Such fee is collected by the Portfolio Manager.

- (ii) **Depository & Custodian 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 Investor's Portfolio account.
  - These charges are accrued and charged to Investors at actuals on monthly basis.
  - The Custodians charge the Portfolio Manager based on rates negotiated with them.
- (iii) **Brokerage and transaction costs:**
- These costs relate to charges payable to the broker for execution of transactions on the stock exchange or otherwise on purchase and sale of shares, bonds, debentures, units, and other instruments.
  - These charges are on actual basis as charged by the broker.
  - The brokers charge the Portfolio Manager on each transaction and the same is passed on to the Investor as a part of transaction cost and is included in cost of investment.
- (iv) **Registrar and transfer agent fee: NIL**
- (v) **Miscellaneous Expenses:**
- Expenses in connection with, operation of bank accounts, documentation, Auditing and certification such as stamp duty attestations, notary, legal services, goods and service tax, insurance charges and any other outsourcing/administrative charges, etc. All charges are on an actual basis.
  - The Portfolio Manager shall either deduct all such fees and expenses directly from the Bank Account of the Investor or require the Investor 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 processed accordingly.
  - The fees charged for rendering Portfolio Management Services subject to the limits prescribed by IFSCA from time to time and do not guarantee or assure, either directly or indirectly, any return on the investment made by the Investor.
  - The exact fees charged to the Investor relating to each of the above services will vary depending upon the exact nature of the services to be provided. These shall be annexed to the Agreement depending upon the services to be provided by the Portfolio Manager to the Investor at the time of execution of the Agreement with the Investor.

## 12. **Taxation**

The Investor shall be liable for all tax liabilities on income arising out of his investments in the portfolio management services or advisory services. The Investor is best advised to consult his / her / their tax advisor / consultant for appropriate advice on tax treatment arising on such income.

## 13. **Accounting Policies**

Accounting policy followed by the Portfolio Manager while accounting for the Portfolio investments of the Investors.

### **Basis of Accounting:**

- (a) Books and Records for each Product is separately maintained in the name of the Investor to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the IFSCA (Fund Management) Regulations, 2022, amended from time to time.

- (b) Accounting under the respective Portfolios is done in accordance with Generally Accepted Accounting Principles.
- (c) Transactions for purchase and sale of investments are recognized as of the trade date at cost of acquisition/ disposal. In determining the holding cost of investments and the gain or loss on sale of investment, the "first-in-first-out" method ("FIFO") or any other method as agreed will be followed. The same is done at Product level. The cost of the investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the broker's contract note or levied by any statute except STT (Securities Transaction Tax). Securities Transaction Tax incurred on buying and selling of securities is charged to revenue account. Investments in equity shares/ units of mutual funds are reported at cost of acquisition as at the reporting date.
- (d) Where eligible Securities have been received from the Investor towards initial/additional corpus, the closing market value of the previous day of activation of account / receipt of securities (in case of additional corpus) is considered as capital contribution and deemed to be the cost of investments for the purpose of tracking performance. Closing market value of the investments is based on last quoted closing price as listed on applicable Indian stock exchange.
- (e) Where Securities have been withdrawn by the Investor towards Partial/Full redemption, the closing market value of the previous day of such Securities is considered for the purpose of determining the capital withdrawal value. Closing market value of the Securities is based on last quoted closing price as listed on applicable Indian stock exchange. Difference in cost and market value of the Securities at the time of partial/ full redemption is recorded as gain/loss of the Portfolio, for accounting purpose.

**Income/expenses:**

- (a) All investment income and expenses are accounted on accrual basis except Custodian & Depository charges which are recorded on payment basis based on the actual bills received.
- (b) Dividend is accrued on the Ex-date of the Securities and the same is reflected in the Investors' books on the ex-date. Dividend income or any temporary investments is recognized on an accrual basis. During the year, dividend income in the form of reinvested units is accounted based on the receipt of information from the custodian. As at the year-end, such dividend and corresponding unit reinvestment is accrued from the last custody intimation date till the balance sheet date.
- (c) Similarly, Corporate actions such as Bonus / split / rights entitlements are recognized as investments on the ex-bonus / ex- split / ex- rights date respectively.
- (d) In case of fixed income instruments, purchased/sold at Cum-interest rates, the interest component up to the date of purchase /sale is taken to interest receivable/payable account.

**14. Investors Services**

**(a) Name, address, and telephone number of the investor relation officer who shall attend to the investor queries and complaints are as follows:**

Name: Mr. Rakesh Kar

Designation: Associate Vice President – Funds

Address: Unit No. 1120 A Signature, 11<sup>th</sup> Floor, Block 13B Zone – I, GIFT SEZ Gandhinagar – 382355

Phone: + 079-61693000

Email: [complaints@alchemyim.com](mailto:complaints@alchemyim.com)

**(b) Grievances Redressal & Dispute Settlement Mechanism:**

- (i) If the investor is not satisfied with the response received by following the step (a) above then he/she may escalate the concern with all relevant details by marking a mail to [escalations@alchemyim.com](mailto:escalations@alchemyim.com).
- (ii) All disputes, differences, claims and questions whatsoever will in the first place be tried to be settled by mutual discussions.
- (iii) In the event of failure of settlement through mutual discussions between the Investor and the Portfolio Manager and / or their representatives, the disputes may also be resolved through arbitration or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable. In case the dispute is presented for arbitration then the same shall be referred to a sole arbitrator to be appointed by the Parties mutually or in case of disagreement as to the appointment of the sole arbitrator, to a panel of three arbitrators with each Party nominating one arbitrator and the arbitrators so appointed appointing the third arbitrator. Such arbitration shall be in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in [Mumbai] and be conducted in English language.

For Alchemy Investment Management LLP



*Designated Partner*



*Designated Partner*