

DISCLOSURE DOCUMENT

**Compound Everyday Capital Management LLP**

Portfolio Management Services

Form C

The Securities & Exchange Board of India (Portfolio Managers) Regulations 2020

Regulation 22

---

Name of the Portfolio Manager	Compound Everyday Capital Management LLP
SEBI Registration Number	PM/ INP000006633
Registered Office Address	"Sakar Bhawan", 2nd Floor (ATM Side), 21/4 Ratlam Kothi Main Road, Above Federal Bank, Indore (M.P.)- 452001
Phone	+91-731-2510070
Email ID	<a href="mailto:sumit@cedcapital.in">sumit@cedcapital.in</a>

---

We confirm that:

1. The Disclosure Document forwarded to the Securities & Exchange Board of India (SEBI) is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;
2. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us/ investment in the Portfolio Management Services;
3. The Disclosure Document has been duly certified by an independent Chartered Accountant, CA. Satyendra Jain, Proprietor/ Partner of M/s. Satyendra Jain & Company, Chartered Accountants, having membership no. 412948 firm registration number 015788C and office at 310, City Plaza, 3rd Floor 564, M.G. Road, Regal Sq. Indore - 452 001 (M.P.).

For and on behalf of:

Compound Everyday Capital Management LLP

Sumit Sarda

Principal Officer

Date: May 11, 2023



**CA CERTIFICATE**

We hereby certify that the disclosures made in the enclosed Disclosure Document dated May 11, 2023 prepared and forwarded by Compound Everyday Capital Management LLP in terms of the Fifth Schedule of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 and the guidelines and directives issued by the Board from time to time, are true, fair and adequate to enable the investors to make a well informed decision.

This certificate is issued on the basis of the information and documents given/produced before us and on the basis of representations made by Compound Everyday Capital Management LLP.

Place : Indore  
Date : Date: May 11, 2023

For **Satyendra Jain & Co.**  
Firm Registration No. : 015788C  
Chartered Accountants

**(Satyendra Jain)**  
**(Proprietor)**  
Memb. No. 412948

**UDIN: 23412948BGTSKS6583**

## DISCLOSURE DOCUMENT

### Portfolio Management Services

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

1. The Disclosure Document has been filed with the Securities & Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
2. The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging Compound Everyday Capital Management LLP as a Portfolio Manager.
3. The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor may be advised to retain the document for future reference.
4. This is the first Disclosure Document filed with SEBI. This Document does not supersede any previous Disclosure Document.
5. The following are the Details of the Portfolio Manager:

---

Name of the Portfolio Manager	Compound Everyday Capital Management LLP
SEBI Registration Number	PM/ INP000006633
Registered Office Address	"Sakar Bhawan", 2nd Floor (ATM Side), 21/4 Ratlam Kothi Main Road, Above Federal Bank, Indore (M.P.)- 452001
Phone	+91-731-2510070
Website	<a href="http://www.cedcapital.in">www.cedcapital.in</a>

---

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

---

Name of the Principal Officer	Mr. Sumit Sarda
Phone	+91-731-2510071
Email	sumit@cedcapital.in
Registered Office Address	"Sakar Bhawan", 2nd Floor (ATM Side), 21/4 Ratlam Kothi Main Road, Above Federal Bank, Indore (M.P.)- 452001

---

Date: May 11, 2023

## Table of Contents

1.	Disclaimer Clause .....	5
2.	Definitions .....	5
3.	Description .....	7
3.1	History, present business and background of the Portfolio Manager .....	7
3.2	Promoters and directors of the Portfolio Manager and their background .....	8
3.3	Group entities .....	8
3.4	Details of services being offered .....	9
3.5	Investment in own account .....	9
4.	Penalties and Litigations .....	9
5.	Services Offered .....	10
	Discretionary Portfolio Service .....	10
	Investment Advisory Service.....	10
6.	Risk Factors .....	10
7.	Client Representation .....	12
8.	Related Party Transactions.....	12
9.	Financial Performance of Portfolio Manager .....	12
10.	Portfolio Management Performance .....	13
11.	Audit Observations .....	13
12.	Nature of Expenses .....	13
13.	Taxation.....	14
14.	Accounting Policies.....	16
15.	Investor Services .....	16
16.	Details of Investment in the Securities of related parties of the portfolio Manager .....	17
17.	Details of diversification policy of the portfolio manager.....	17
16.	Details of Investment in the securities of related parties of the portfolio manager.....	17
17.	Details of the diversification policy of the portfolio manager.....	17

## 1. Disclaimer Clause

---

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and 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 the document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

## 2. Definitions

---

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively: -

- a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) "Agreement" means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- c) "Application" means the application made by the Client to the Portfolio Manager to place its funds and/or securities with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- d) "Assets" means (i) the Portfolio and/or (ii) the Funds.
- e) "Body Corporate" shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.
- f) "Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- g) "Board" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- h) "Client" means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and /or funds.
- i) "Custodian" means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.

- j) "Depository Account" means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.
- k) "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 agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- l) "Discretionary Portfolio Manager" means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.
- m) "Document" means this Disclosure Document.
- n) "Financial Year" means the year starting from April 1 and ending on March 31 of the following year.
- o) "Funds" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to Portfolio Investment Management 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.
- p) "Non-discretionary Portfolio Management Services" means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, 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 ensure that all benefits accrue to the Client's Portfolio.
- 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, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- s) "Portfolio" means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- t) "Portfolio Manager" shall have the same meaning as given in regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.

- u) "Principal Officer" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
- v) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.
- w) "Scheduled Commercial Bank" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- x) "SEBI" means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.
- y) "Securities" includes: "Securities" as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:
  - i. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
  - ii. derivative;
  - iii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
  - iv. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
  - v. units or any other such instrument issued to the investors under any mutual fund scheme;
  - vi. Government securities;
  - vii. such other instruments as may be declared by the Central Government to be securities;
  - viii. rights or interest in securities;
  - ix. Exchange Traded Funds; and
  - x. Liquid Funds.

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 in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

### **3. Description**

---

#### **3.1 History, present business and background of the Portfolio Manager**

Compound Everyday Capital Management LLP (the LLP) is a limited liability partnership incorporated under the Limited Liability Partnership Act 2008 vide certificate of registration issued by Registrar of Companies, Gwalior, Madhya Pradesh.

This LLP was preceded by a multi family office under the aegis of Compound Everyday Capital that was founded by the portfolio manager in 2012 to manage the wealth of few close families under value investing framework. Before setting up the multi family office, the portfolio manager had worked as EA to the Chairman, Enam Securities Pvt. Ltd. In 7 years

2012-2019 the multi family office delivered 21.8% audited returns net of expenses and before fees. This was achieved without use of leverage and/ or derivatives and with average portfolio turnover under 8%. With rising requests from more friends and family the existing structure became complex to manage and it was decided to transition to a separately managed account structure in form of Portfolio Management Services. The LLP received registration as Portfolio Manager under the SEBI (Portfolio Managers) Regulations 2020 on April 12, 2019 vide registration number PM/INP000006633.

### 3.2 Promoters and directors of the Portfolio Manager and their background

Particulars	Partner 1	Partner 2	Partner 3
Name	Sumit Sarda	Suman Sarda	Surbhi Sarda
DPIN	05284460	00123023	09364949
PAN	ASHPS0606F	AEAPS5460C	ASXPK0757D
Qualification	PGDBM (IIM Bangalore), CA, CS(Final cleared), B.Com	B.A.	CA, B.Com (Hons.)
Experience	16 years	18 years	14 years
Ownership Details (incl date of appointment)	49% (25 April 2018)	49% (25 April 2018)	2% (20 October 2021)
Profit Share	Ratio of weighted average capital during a financial year	Ratio of weighted average capital during a financial year	Ratio of weighted average capital during a financial year
Other Directorships	Sarda Resources Pvt. Ltd. Sadgun Real Estate Pvt. Ltd.	Sarda Resources Private limited Vishnujas Infrastructure Private limited	None
Previous Positions held	1. Executive Assistant to the Chairman, Enam Securities	1. Director, Sarda Resources Pvt Ltd	

### 3.3 Group entities

Name of company/ firm	Address, Phone numbers	Type of activities handled	Ownership details	Nature/ Quantum of financial dealing	Nature of interest of promoter/ Director	Nature of interest of applicant company
Sarda Resources Pvt. Ltd.	"SakarBhawan", 21/4Ratlam Kothi Main Road, Indore +91 7312510070	RBI registered NBFC providing vehicle finance	Sarda Family and relatives are shareholders	None	Partners are directors in the company	None
Sadgun Real Estate Pvt. Ltd	Navkar, 40 Ravindra Nagar, Indore +91 9424530333	Real Estate and Construction	Kasturchand Jain 48.5% Sumit Sarda 48.5% Bharat Sarda 1% AbhayDoshi 1% Vinod Jain 1%	None	One Partner is directors in the company	None

VishnujasInfrastrucutrePvt. Ltd	78 Anoop Nagar, Indore +91 9424530333	Real Estate and Construction	PremPrakashJaju 50% SumanSarda 50%	None	One Partner is directors in the company	None
---------------------------------	---------------------------------------	------------------------------	------------------------------------	------	---	------

### 3.4 Details of services being offered

- a) **Discretionary Services:** Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's fund's is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client or made available online under secured login and password.
- b) **Investment advisory:** The Portfolio Manager may provide Advisory Services which shall be in the nature of non-binding investment advice, and may include the responsibility of inter alia advising for renewing and reshuffling the portfolio, buying and selling the securities. Additionally, the Portfolio Manager may advise on the safe custody of the securities and monitor book closures, dividend, bonus, rights etc.and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

### 3.5 Investment in own account

The portfolio manager invests its own investible funds in equity and debt instruments and the securities may overlap with the client accounts. Additionally, principal officer, employees and their relatives may also have investment account with the portfolio manager. However whenever a new security is added to or sold from portfolio, it will be added to/ sold from respectively first from client portfolios. Moreover, there will not be any contra trade between client securities and proprietary securities on the same day.

## 4. Penalties and Litigations

- a) 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**
- b) The nature of the penalty/direction: **None**
- c) Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services: **None**
- d) Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any: **None**
- e) 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**

- f) 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

---

### Discretionary Portfolio Service

The Portfolio Manager offers **Discretionary Portfolio service** under one investment approach– **CED Long Term Focused Value**.

**Investment Objective:** The investment objective of the approach is to generate sustainable risk-adjusted absolute returns over long term.

**Investment Philosophy:** The Portfolio Manager invests based on value investing principles with an emphasis on protection of capital. Stocks represent part ownership in earnings and net assets of underlying businesses. Every business has an intrinsic value that is a function of future free cashflows which is influenced by the interplay of market, management and luck. Stock price – a manifestation of human emotions, while reflects the intrinsic value over long run, is like an emotional pendulum in the short run which often materially diverges from intrinsic value owing to capital flows and human emotions & biases. We try to buy at or below intrinsic value and like seeing that value grow over time. The trio of our long term orientation, human emotions (fear) and institutional disinterest will keep giving opportunities to do that.

**Investment Process:** We buy below intrinsic value and sell above intrinsic value. Since intrinsic values are difficult to assess, we focus on simple yet sustainable businesses, run by honest and able management and available at bargain prices. Often such businesses are not cheap. We wait for market/business dislocations or institutional compulsions/fear/disinterest for right price. We normally restrict our portfolio to 10-20 positions. Our investment horizon is for 3-5 years or even more if the stocks remain good and inexpensive.

**Types of securities** – The approach shall invest in equity shares mainly. In event of lack of reasonably priced opportunities the funds may be temporarily parked in interest bearing securities, liquid mutual fund or liquid ETF. The approach/ portfolio manager shall not invest in associates/group companies of the portfolio manager

**Benchmark:** The performance of the approach shall be benchmarked with BSE Sensex 500 TRI (total returns index).

### Investment Advisory Service

Under these services the clients are provided non binding investment advice based on which they can make take their independent investment actions. Our investment advice uses the research services of Portfolio Management Service and delivers advice to clients on periodic basis to ensure a reasonable risk-adjusted return over long term.

**Note:** In all the above services, the clients are provided an option to be on-boarded directly without intermediation of persons engaged in distribution services.

## 6. Risk Factors

---

The investments made in securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved. Following are the risk factors as perceived by management:

- a) Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- b) As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- c) The performance of the portfolio 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.
- d) The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- e) The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro economic factors.
- f) Investments in debt instruments and other fixed income securities are subject to default risk, liquidity 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 Net Asset Value of the portfolio may be subject to fluctuation.
- g) Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- h) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- i) The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
- j) Derivative products are specialized instruments that require investment techniques and risk analyses 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. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include 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.
- k) There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
- l) The Net Asset Value may be affected by changes in settlement periods and transfer procedures.

## 7. Client Representation

The portfolio manager received SEBI registration on April 12, 2019 and first client was added in July 2019. The number of clients as well as funds managed as of March 31, 2023 :

Category of clients	No. of clients	Funds Managed (Rs Cr.)	Discretionary/ Non-Discretionary
Associates/ group companies (Last 3 years)			
2022-23	1	0.51	Discretionary
2021-22	1	0.58	Discretionary
2020-21	1	0.58	Discretionary
Others (Last 3 years)			
2022-23	35	30.44	Discretionary
2021-22	28	23.85	Discretionary
2020-21	26	18.46	Discretionary
Total (Last 3 years)			
2022-23	36	30.95	Discretionary
2021-22	29	24.43	Discretionary
2020-21	27	19.04	Discretionary

## 8. Related Party Transactions

### Related Parties

Name	Type of relation
Bharat Sarda	Father of one of the partners
	Husband of one of the partners

### Related Party Transaction

Nature of Transaction	FY 22-23 (INR Lacs)	FY 21-22 (INR Lacs)
Rent Paid	6.6	6.6
Nature of outstanding	FY 22-23 (INR Lacs)	FY 21-22 (INR Lacs)
Rent Payable	5.94	NIL

## 9. Financial Performance of Portfolio Manager

Particulars	Amount in Rupees		
	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit/(Loss) before depreciation & tax & After Exceptional & Extraordinary Items (Net of Tax)	(15,84,055)	11,58,579	48,06,822
Less: Depreciation	(2,17,873)	(75,465)	(51,827)
Less: Provision for tax	747	(3,45,000)	(2,10,000)
Profit/ Loss after tax	(18,01,181)	7,38,114	45,44,995
Add/(Less): Balance brought forward from previous year	NIL	NIL	NIL
Balance carried to balance sheet	(18,01,181)	7,38,114	45,44,995

## 10. Portfolio Management Performance

(Calculated using time weighted average method in terms of regulation 22 of the SEBI (Portfolio Managers) Regulations 2020)

The portfolio manager received SEBI registration on April 12, 2019. The first client was onboarded on July 24, 2019. The below returns are calculated from that as starting date. The below returns are the actual aggregate returns of all the portfolios combined net of all expenses and fees.

Strategy	Benchmark	2022-23		2021-22		2020-21	
		Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
CED Long Term Focused Value	<b>BSE 500 TRI</b>	-4.3%	-0.9%	14.9%	22.3%	48.5%	78.6%

## 11. Audit Observations

The Details of observation are as follows:

<u>Particulars</u>	<u>Audit Observations</u>
FY 2020-2021	No Audit Observations
FY 2021-2022	No Audit Observations
FY 2022-2023	No Audit Observations

## 12. Nature of Expenses

SN	Nature of Expenses	Maximum Indicative Rate of Fees (%)*
A	Investment Management and Advisory fees*	
	<ul style="list-style-type: none"> <li>Upfront Fee/ Entry load</li> <li>Fixed Fee</li> <li>Performance Linked Fee</li> <li>Exit Load</li> </ul>	<ul style="list-style-type: none"> <li>NIL</li> <li>Upto 3% of average AUM</li> <li>Upto 30% of returns on high watermark</li> <li>Upto 3% for redemption in first year</li> <li>Upto 2% for redemption in second year</li> <li>Upto 1% for redemption in third year</li> <li>NIL for redemption after three years</li> </ul>
B	Brokerage and ancillary charges (STT, SEBI charges etc.)	On actuals
C	Other expenses including stamp charges, custodian Fees	Upto 0.5% of average AUM
	Fund Accounting charges, audit charges	

\* Basis of Charge (any one or in combination)

- On average daily assets under management
- On capital invested
- On capital committed
- On average daily equity portion of portfolio

Note:

- a) The above schedule mentions the maximum limits of nature of expenses.
- b) Average daily portfolio value means the value of the portfolio of each client determined in accordance with the relevant provisions of the agreement executed with the client and includes both realized and unrealized gains/losses.
- c) The Portfolio Manager may also be entitled to recover transaction fee, brokerage charges, demat fees, and/or disbursement made in respect of the investments (and/or disbursements) and/or any incidentals in the form of stamp duties, registration charges, professional fees, legal fees, consultancy charges, service charges etc. and such other expenses, duties, charges incurred on behalf of the Client on account of the Service provided to him/her/it.
- d) Above expenses are exclusive of GST.

### 13. Taxation

The following information is based on the law in force in India at the date hereof. The information set forth below is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. The client should seek advice from his/her/its own professional advisor if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services.

#### Income Tax:

The maximum tax rates applicable to different categories of assesses are as follows:

Resident individual & HUF	30% + surcharge & cess
Partnership Firms & Indian Companies (other than specified companies below)	30% + surcharge & cess
Indian Companies without exemptions during the financial year 2020-21	22% + surcharge & cess
Indian Companies with exemptions during the financial year 2020-21	30% + surcharge & cess
New manufacturing companies	15%+ surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

#### Surcharge and Cess

Assessee	Rate of surcharge and cess	
	Income	Surcharge Rate
Individuals (including NRIs/PIOs), HUFs, Non-Corporate FIIs	50 Lacs < Income <= 1 Crore	10%
	1 crore < Income <= 2 crores	15%
	2 crore < Income <= 5 crores	25%
	Income > 5 crores	37%
Partnership Firms, Local Authorities and LLPs	Health & Education cess of 4% is payable on the total amount of tax including surcharge.	
	A surcharge of 12% on income tax (on income above 1 crore) and Health & Education cess of 4 % is payable on the total amount of tax including surcharge.	

Companies where the taxable income more than Rs. 1 crores and uptoRs. 10 crore	A surcharge of 7% on income tax and Health & Education cess of 4 % is payable on the total amount of tax including surcharge. (a surcharge of 2% in case of foreign companies).
Companies where the taxable income is more than Rs. 10 Crore	A surcharge of 12% on income tax (on income above 10 crores) and Health & Education cess of 4 % is payable on the total amount of tax including surcharge. (a surcharge of 5% in case of foreign companies).

## **Dividend Taxation**

The Dividend received in respect of the shares and units of Mutual Fund held in the products offered under the Portfolio Management Services are taxable in the hands of investor at normal tax rates under the head income from other sources. As per new provisions, An Indian Company is required to deduct tax at source u/s 194 & 195 in case of residents and non-resident shareholders respectively. Indian company may be listed company or unlisted company. Rate of TDS is 10% (Rate reduced to 7.5% due to outbreak of Covid) and threshold limit is Rs 5,000 for dividend paid to resident individual.

## **Capital Gains Tax**

### **(a) Long Term**

For Individuals, HUF, Partnerships Firm and Indian Companies From October 1, 2004 in case of listed equity shares and securities and units of equity oriented schemes sold on a recognized stock exchange, which are subject to Securities Transaction Tax (currently 0.001% for units of equity oriented scheme and 0.1% on equity shares), the tax on Long Term Capital Gain would be 10% on the gains in excess of Rs. 1 lakh without providing the benefits of indexation or the benefit of computation of capital gains in foreign currency in the case of non-residents. However the long term capital gains investments made upto 31 January 2018 shall be grandfathered. Long term capital gains in respect of other listed securities or units would be subject to tax at the lower of 20% (plus surcharge and education cess) of the gains computed after cost indexation, or 10% (plus surcharge and education cess) of the gains computed without cost indexation.

### **(b) Short Term**

For Resident Individuals, HUF, Partnerships Firm and Indian Companies Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of shares and units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be @ 15% (plus applicable surcharge and an education cess).

## **Tax Deduction at Source**

TDS is deductible on interest income and would be deducted by the issuer of such security, if any.

## 14.Accounting Policies

---

The following Accounting policy will be applied for the investments of Clients:

Investments in Equities, Mutual funds, Exchange Traded Funds and Debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant scheme on the date of the report or any cut-off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.

- a) Realized gains/ losses will be calculated by applying the first in / first out principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- b) For derivatives and futures and options, unrealised gains and losses will be calculated by marking to market the open positions.
- c) Unrealised gains/losses are the differences in between the current market values/NAV and the historical cost of the securities.
- d) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD etc. shall also be accounted on receipt basis.
- e) Bonus shares shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- f) Right entitlement shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- g) The cost of investment acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the brokers cost note/bought note.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

## 15.Investor Services

---

Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the person	Mrs.Sanjana
Designation	Client Service
Address	"SakarBhawan", 2nd Floor (ATM Side), 21/4 RatlamKothi Main Road, Above Federal Bank, Indore (M.P.)- 452001
Email	<a href="mailto:info@cedcapital.in">info@cedcapital.in</a>
Telephone	+91-731-2510070

---

### Grievance redressal and dispute settlement mechanism:

- i. The Client Service Officer(s) will be the interface between the Portfolio Manager and the Client. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web based complaints redress system (SCORES). The portfolio manager is registered as an intermediary with SCORES.
- ii. Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are

subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Indore only and are governed by Indian laws.

- iii. The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms:-
- iv. All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

## **16.Details of Investment in the Securities of related parties of the portfolio Manager**

---

No investments are made in the securities of related parties of the Portfolio Manager. In future as well the Portfolio Manager shall not invest in the securities of its related parties beyond what is allowed under the Portfolio Manager Regulations and circulars issued under as amended from time to time.

## **17.Details of diversification policy of the portfolio manager.**

---

Diversification is an important part of risk management framework of the Portfolio Manager. The Portfolio Manager looks for good quality companies run by able and honest management across market capitalisation and sectors on bottom up basis without any sectorial bias in its one and only multi cap strategy. Within this universe, companies that are available at reasonable valuations make way to the portfolio. Reasonable valuations are those that ensure that each position at least beats inflation over medium to long term. In case of sparse opportunities, the funds may be parked in liquid funds or liquid ETFs.

With this idea in mind, the Portfolio Manager invests in 10-30 such companies. Unless there are compelling reasons, no individual company will have more than 10% weight on cost basis and 20% on market value basis. There are no sectorial caps but the goal of portfolio construction is to have uncorrelated positions so that single factors/ events donot drive all the companies in one direction.

We believe that investing in 10-30 good quality companies run by able and honest management acquired at a price that has high probability of beating inflation over medium to long term lowers overall portfolio risks.

For Compound Everyday Capital Management LLP

Sumit Sarda  
(Designated Partner)

Suman Sarda  
(Designated Partner)

Place: Indore  
Date: Date: May 11, 2023