

**ANGEL ONE INVESTMENT MANAGERS & ADVISORS
PRIVATE LIMITED**

VALUATION POLICY

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1. BACKGROUND

Angel One Investment Managers & Advisors Private Limited (“**Ionic Asset**” or “**AOIMAPL**” or the “**Investment Manager**”) is *inter alia* engaged in the business of providing investment management services to the Alternative Investment Funds (each Alternative Investment Fund collectively referred to as “Funds” and individually as “Fund”) registered with the Securities and Exchange Board of India (“**SEBI**”) under the SEBI (Alternative Investment Fund) Regulations, 2012, (“**AIF Regulations**”).

2. VALUATION METHODOLOGIES

The Net Asset Value (“NAV”) and valuation of investments of the Fund shall be determined on the Valuation Day as specified in the respective Fund Documents and in accordance with the provisions of the SEBI (Alternative Investment Funds) Regulations, 2012 and circulars issued by the Securities and Exchange Board of India (“SEBI”) from time to time.

Classes/Series will be valued at the Valuation Day of each month. On any Valuation Day, the value of investments of each Class/Series will be determined as set forth below and in the Fund Documents. The Trustee may, at its discretion, permit any other method of valuation if it considers that such method better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

The Trustee has delegated to the Investment Manager the determination of the Net Asset Value of the Fund, of each Class/Series of the Fund.

The Units in a given Class may be divided into multiple Series to equitably reflect the different fees payable by certain Unit holders as a result of the purchase of Units by Unit holders at different times during the year. The initial series in respect of each Class will be designated as “Series One” and each subsequently issued series will be numbered sequentially. For the purposes of series accounting, each series of Unit will constitute a “Series Account” to which the Capital Contribution received from the issue of Units of that Series will be allocated, together with investments and income, gains and losses derived therefrom. Liabilities of the Fund will generally be allocated among the series proportionately and debited to the various series accounts. However, liabilities specifically attributable to a particular series of Units (including Management Fees or Additional Allocation that may be payable) will be debited to the Series Account for that series. The Fund is permitted to consolidate different series of Units into a single Series at any year-end, provided that the consolidation will have no adverse impact on any Unit holder or affect the calculation of expenses or the Management Fees or the Additional Allocation that may be payable with reference to any Unit.

3. APPOINTMENT OF INDEPENDENT VALUER, AND VALUATION FREQUENCY AND NAV REPORTING

In accordance with Regulation 23 of the SEBI (Alternative Investment Funds) Regulations, 2012, the valuation of investments of the Fund shall be undertaken by an Independent Valuer appointed by the Alternative Investment Fund.

For Category I and Category II Alternative Investment Funds, the valuation of investments shall be carried out by an Independent Valuer at least once every six (6) months. The valuation frequency may be extended up to one year with the approval of at least seventy-five percent (75%) of the investors by value of their investment in the Fund.

For Category III Alternative Investment Funds, the calculation of Net Asset Value (NAV) shall be independent from the fund management function and the NAV shall be disclosed to investors at intervals not longer than quarterly in case of close-ended funds and monthly in case of open-ended funds, or such other frequency as may be prescribed by SEBI from time to time.

The Independent Valuer shall be independent of the Sponsor, Trustee and Investment Manager and shall possess appropriate qualifications and experience in valuation of financial instruments and securities.

4. FAIR VALUATION PRINCIPLES

The Investment Manager shall ensure that valuation of investments is carried out in a fair, consistent and transparent manner so as to reflect the true and fair value of the underlying assets of the Fund.

The following principles shall be adhered to while undertaking valuation:

- Valuation shall be based on objective and verifiable data wherever available.
- Appropriate valuation methodologies shall be applied consistently across valuation periods.
- Any potential conflict of interest in the valuation process shall be identified and appropriately managed.
- Adequate documentation shall be maintained supporting the assumptions and valuation methodology adopted.

5. FUND'S LIABILITIES

The Fund's liabilities shall comprise the following:

- All borrowings and other amounts due;
- All administrative expenses payable or incurred, including establishment and registration costs payable to registration agents; legal fees; audit fees; fees payable to the Investment Manager and all other fees/charges/expenses/ Additional Allocation listed out in the Memorandum;
- All known liabilities, whether due or not yet due, including dividends declared but not yet paid;
- All disputed as well as undisputed tax liabilities or any tax or other liabilities as may be determined by the Investment Manager; and
- All other liabilities of any kind to third parties.

6. DETAILED SECURITY/ ASSET-WISE VALUATION PROCEDURE

For the purpose of determining the Net Asset Value the following valuation policy would be used:

a) Equity and related Securities

ASSET CLASS	TRADED/ NON-TRADED	BASIS OF VALUATION
Equity Shares, Preference Shares, Equity Warrants	Traded	On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.
	Non - Traded	<p>1. When a security, is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other SE will be used, provided such closing price is not exceeding a period of 30 calendar days.</p> <p>2. In all other cases:</p> <p>a. Equity Shares: Based on the latest available Balance Sheet, net worth shall be calculated as follows:</p> <ul style="list-style-type: none"> i) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid-up Shares. ii) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose. iii) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share. iv) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised

ASSET CLASS	TRADED/ NON-TRADED	BASIS OF VALUATION
		<p>earning.</p> <p>v) In case, where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.</p> <p>vi) In case an individual security accounts for more than 5% of the total assets of the Fund, an independent valuer shall be appointed for the valuation of the said security.</p> <p>To determine if a security accounts for more than 5% of the total assets of the Fund, it should be valued by the procedure above and the proportion which it bears to the total net assets of the Fund to which it belongs would be compared on the date of valuation.</p> <p>b. Preference Shares: Intrinsic value will be considered.</p> <p>c. Equity Warrants / Rights entitlement / partly paid up rights shares: Valuation price will be arrived, after applying appropriate discount (investment committee delegated the power to decide the discount factor), after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p>d. Demerger: Where at least one resultant company is not immediately listed, valuation price will be worked out by using cum-price, before demerger reduced for quoted price of the listed resultant company(s). OR In case of a demerger pending listing, the resultant company/ies shall be valued at the intrinsic value arrived at on the date of corporate action</p> <p>e. Merger: Valuation of merged entity would be arrived at by summation of previous day's value of the respective companies prior to merger divided by the entitled quantity of the merged entity in cases where the identity of the entities getting merged is lost until the new entity is listed.</p>

ASSET CLASS	TRADED/ NON-TRADED	BASIS OF VALUATION
		<p>Ex: If Company A and Company B merge to form a new Company C then Company C would be valued at the price equals to A+B.</p> <p>In case of a merger where the identity of one entity continues, valuation of merged entity would be at the closing price of the surviving entity.</p> <p>Ex: If Company A merges into Company B then merged entity would be valued at the price of Company B being the surviving Company.</p>
	Thinly Traded	<p>Policy similar to non-traded Equity Shares.</p> <p>Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security.</p>
	Unlisted Equity Shares	<p>Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below: Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:</p> <p>Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid-up Shares.</p> <p>After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding</p>

ASSET CLASS	TRADED/ NON-TRADED	BASIS OF VALUATION
		<p>Warrants and Options}.</p> <p>The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.</p> <p>Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.</p> <p>The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.</p> <p>The above methodology for valuation shall be subject to the following conditions:</p> <p>All calculations as aforesaid shall be based on audited accounts.</p> <ul style="list-style-type: none"> • In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. • If the net worth of the company is negative, the share would be marked down to zero. • In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earnings. • In case an individual security accounts for more than 5% of the total assets of the Fund, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5%

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		<p>of the total assets of the Fund, it should be valued in accordance with the procedure as mentioned above on the date of valuation.</p> <p>At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.</p>
Futures and Options	Traded	On the valuation day, at the closing price provided by the respective stock exchanges.
	Non - Traded	When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

b) Fixed Income and related securities

RESIDUAL MATURITY OF SECURITIES	CATEGORY	POLICY
<p>For securities with residual maturity ≤ 60 days:</p> <p>(including Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, etc)</p>	Traded Assets	<ul style="list-style-type: none"> At weighted average YTM <p>A security will qualify as a traded security if:</p> <p><u>For securities with residual maturity ≤ 60 days:</u> At least five trades and aggregate volume of INR 250 crore face value or more on a public platform.</p> <p><u>Note:</u> Outlier trades, if any, will be ignored after suitable justification by Investment Committee.</p>
	Non-traded Assets	<p>Assets to be amortized on straight line amortization as long as their valuation remains within $\pm 0.10\%$ band of the price derived from the reference rate for each bucket (reference rate for every 15-day bucket will be provided by rating agencies)</p> <p>In case of amortised value falling outside the above band, the YTM of the asset will have to be adjusted in order to bring the price within the $\pm 0.10\%$ band with suitable justification.</p>
<p>For securities with residual maturity > 60 days:</p> <p>(including Government Securities, Treasury Bills, Cash Management Bills,</p>		At valuation prices provided by rating agencies

RESIDUAL MATURITY OF SECURITIES	CATEGORY	POLICY
State Development Loans, etc)		

Notes:

1. Public Platform refers to:
 - a) Clearcorp Dealing Systems (India) Ltd. (CDSIL), National Stock Exchange – Over the Counter (NSE OTC) & Bombay Stock Exchange – Wholesale Debt Market (BSE WDM):
For Commercial Papers and Certificate of Deposits
 Clearcorp Dealing Systems (India) Ltd. (CDSIL)

For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follows:
 NSE OTC - BSE WDM
 - b) NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, etc.
2. Following assets will be valued at cost plus accruals / amortization:
 - a) Bank Fixed Deposits
 - b) CBLO / Reverse Repo
 - c) New Security (security not forming part of the universe covered by rating agencies) on the day of purchase) - on the day of purchase, in case the same is not traded on a Public Platform (refer note below) and the following non-business days.
A security will qualify as a traded security if:
 - For securities with residual maturity >1 Year: At least two trades and aggregate volume of INR 25 crores face value or more on a public platform.
 - For securities with residual maturity <= 1 Year: At least five trades and aggregate volume of INR 250 crores face value or more on a public platform.
3. Units / shares of mutual funds (including overseas mutual funds) will be valued at the last published NAV.
4. Weighted average YTM shall be rounded up to two digits after decimal point.
5. Securities with Put/Call Options
 - a) Securities with Put option/(s): Once the option is exercised the security would be valued to Put date (being the deemed maturity date) and would follow the valuation principles as applicable for securities with residual maturity <= 60 days (in case the residual maturity is <= 60 days) ignoring the prices provided by rating agencies.
 - b) Securities with Call option/(s): Once the option is exercised the security would be valued to Call date (being the deemed maturity date) and would follow the valuation principles as applicable for securities with residual maturity <= 60 days (in case the residual maturity is <= 60 days) ignoring the prices provided by rating agencies.

7. RECORD MAINTENANCE

The Investment Manager shall maintain proper records relating to valuation methodologies, assumptions, working papers and valuation reports in accordance with applicable regulatory requirements.

Such records shall be maintained for regulatory inspection and audit purposes.

8. POLICY REVIEW

This policy would be reviewed and approved by the Board of Directors once every three (3) years or earlier if required due to changes in regulatory requirements, operational requirements or directions issued by SEBI.

Any amendments or modifications to this Policy shall be approved by the Board of Directors of the Company.
