Trade Allocation and Execution Policy

of

BUGLEROCK CAPITAL PRIVATE LIMITED

(Formerly known as o3 Securities Private Limited)

Registered with the Securities and Exchange Board of India as a Portfolio Manager with effect from May 16, 2017

Registration No. INP000005430

Contents

Applicability

This Policy applies to all members of the Portfolio Management (PM) team and the Operations team. It is imperative that every member thoroughly reads and fully understands this Policy. All team members are expected to strictly comply with the outlined requirements at all times.

Introduction

The Portfolio Management Services (PMS) must always maintain high standards of service, exercise due diligence, and ensure the utmost care in their operations. To meet these objectives and safeguard investor interests, specific systems, procedures, and practices are mandated for PMS operations.

The core responsibility of the investment team is to meet its investment objectives while complying with all applicable regulations, as stated in the client agreement. The PMS must define its investment processes, establish a robust control mechanism, and identify process owners and authorities with final responsibility.

The PMS offers the following investment options:

- Discretionary Services
- Non-Discretionary Services
- Investment Advisory Services

1. Regulatory Reference:

This Policy is drafted in accordance with SEBI Circular No. SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133, dated September 30, 2022, and is subject to periodic updates to ensure compliance with evolving regulations.

2. Objectives

The key objectives of the Investment Process Operations Manual are:

- To ensure that the operational function is driven by well-defined processes rather than individuals.
- To streamline and simplify investment and operational procedures.
- To serve as an internal control mechanism by clearly defining process ownership and responsibility.
- To provide a ready-reference guide for team members to enhance compliance and operational efficiency.

3. Investment Committee

The Investment Committee is composed of the Chief Investment Officer (CIO), Portfolio Manager(s), Compliance Officer, and Chief Operating Officer (COO). The Committee's primary responsibilities include:

- Reviewing and approving any amendments or updates to this Policy.
- Overseeing the implementation of investment processes across all products.
- Reviewing investment objectives prior to documentation filing.
- Monitoring and supporting investment decisions, especially concerning regulatory and tax matters.
- Ensuring that products are managed in accordance with their defined objectives.
- Reviewing and monitoring product performance.
- Approving the investment policy for each product as detailed in this Policy.
- Reviewing profit and loss reporting at both the securities and portfolio levels.

4. Fund Management Team & Research

The Fund Management team, consisting of Portfolio Managers and research analysts, is tasked with:

- Leading the implementation of all designated strategies.
- Ensuring that investments adhere to the strategy objectives and comply with SEBI (Portfolio Managers) Rules, 2020.
- Preparing research reports for all recommended stocks, with justifications for any investment outside the strategy's benchmark index.
- Documenting rationale for each investment decision.
- Noting all stock recommendations and investments in Investment Committee meetings.
- Informing the Committee about specific scenarios such as:
    - Individual client order placements or pooled orders from the Portfolio Manager's trading account.
    - Deviations from the intended securities allotment during order placement.
    - Margin or collateral placements and their allocation across clients.
    - Documenting and justifying deviations from standard practices, which require prior written approval from the Principal Officer and Compliance Officer.

The Fund Management team will meet regularly to discuss market updates, regulatory developments, and other issues affecting fund management activities.

5. Portfolio Manager Responsibilities

The Portfolio Manager is responsible for:

- Day-to-day investment management, including asset dealing.
- Ensuring alignment with the objectives of each product, strategy, and client while adhering to SEBI regulations.
- Leveraging the Fund Management Team's input during investment decisions.
- Relying on external and in-house research to make informed market decisions.
- Maintaining detailed records of all buy/sell decisions, including the rationale for each trade, indicative price, and investment objectives.
- Reviewing portfolios regularly, ensuring that cash flows and investment objectives align with regulatory guidelines.

6. Dealing Team Responsibilities

The dealing team supports the Fund Management department by:
Executing and placing orders promptly and accurately.
Time-stamping all transactions related to order placement, execution, and trade allocation.
Providing market insights to Fund Managers during and after market hours.
Adhering to the Dealing Room Code of Conduct.
Handling additional tasks as assigned by Senior Management regarding trading operations.

7. Compliance Responsibilities

The Compliance team ensures regulatory compliance by:

- Keeping stakeholders informed of all SEBI circulars and amendments.
- Reviewing and approving any changes to system limits, subject to approval by the Principal Officer and Compliance Officer.

8. Back-Office (Trades & Settlements)

The Back-Office team is responsible for:

- Uploading portfolio positions, saleable stock, AUM, and liquidity data from the custodian before market opening.
- Updating investment rules and restrictions in line with regulatory changes and management decisions.
- Managing user creation, account creation, and client master records.
- Confirming and reporting trades executed by the Fund Management team to custodians and brokers in compliance with prescribed procedures.

9. Investment participation

For clients providing securities as initial corpus investment, the Back-Office team must:

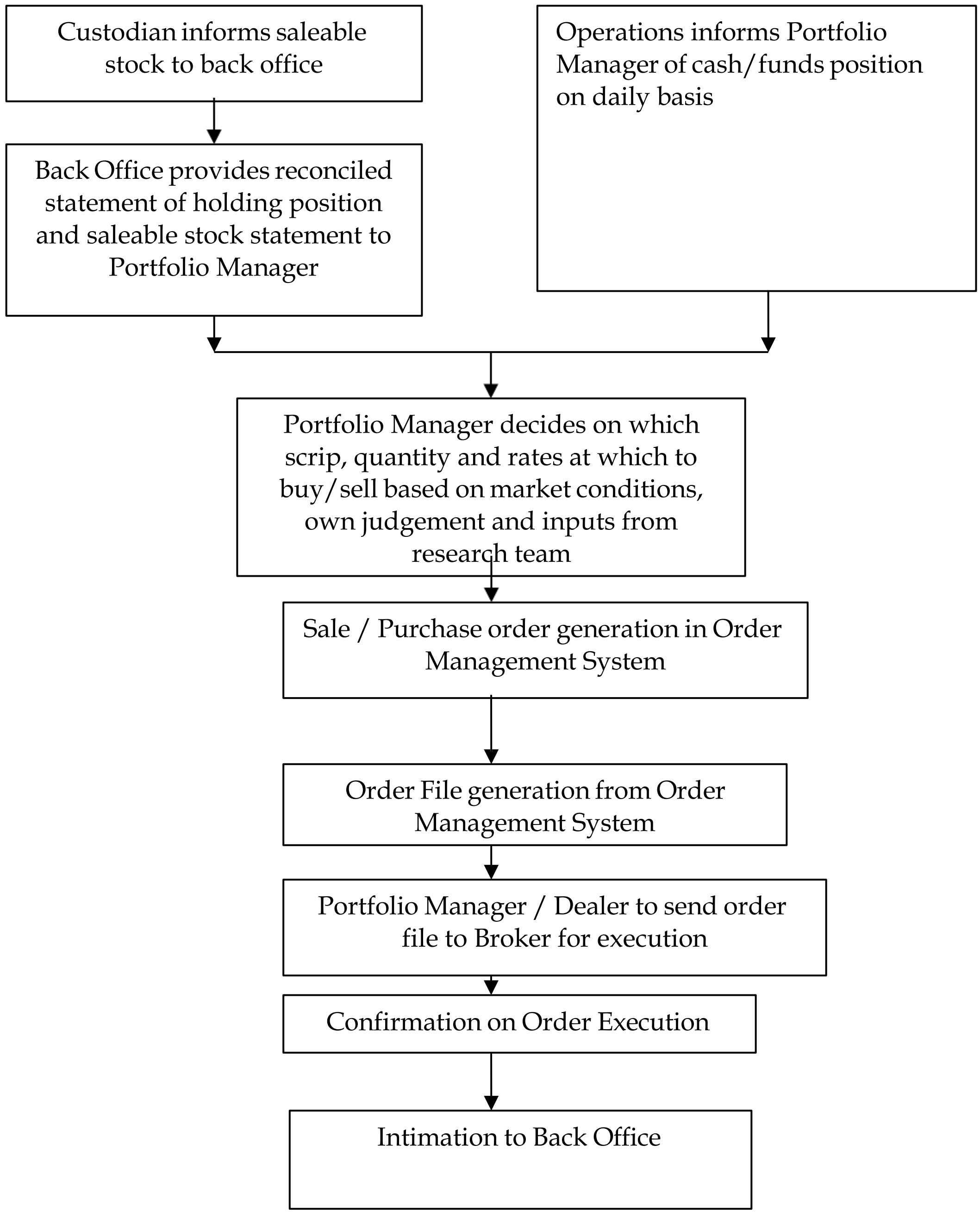
- Verify securities transferred based on custodian reports, ensuring compliance with client agreements.
- Value securities at prevailing market prices or as specified in client agreements for illiquid or thinly traded securities, ensuring the minimum value of Rs. 50 lakhs (inclusive of cash allocations, if applicable).

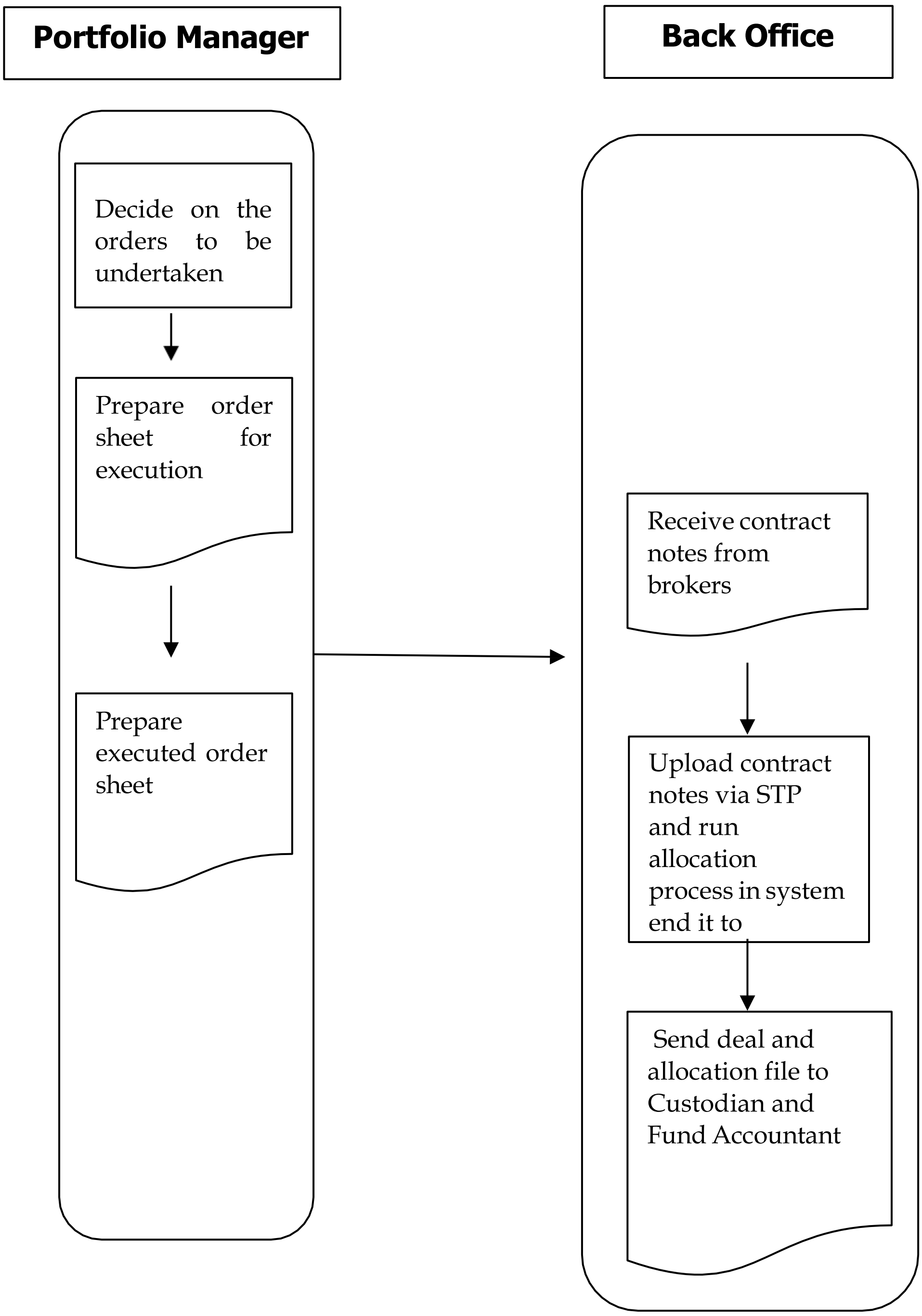
10. Model Portfolio

The Portfolio Manager will construct a model portfolio based on the agreed-upon investment strategy with the client. The Portfolio Manager, with the assistance of the Back-Office, will either retain or sell the securities, following due process for accepting or liquidating securities in the client's portfolio.

11. Investment process - Equity

Investment Process – an overview




Portfolio Manager
Back Office
Decide on the orders to be undertaken
Prepare order sheet for execution
Prepare executed order sheet
Receive contract notes from brokers
Upload contract notes via STP and run allocation process in system end it to
Send deal and allocation file to Custodian and Fund Accountant

Portfolio Managers Role in detailed investment process –

Detailed Investment Process – Role of Portfolio Managers (Equity and Debt Investments)

1. Equity Investment Process

1.1 Investment Decisions by Portfolio Managers

- **Daily Holding and Cash Position Review:**

- Each morning, the Portfolio Manager shall receive a "Holding Statement" from the custodian, detailing the available saleable quantity of equities.
- The Back Office shall inform the Portfolio Manager of the current cash position, ensuring that all investment decisions are based on up-to-date financial information.

- **Broker Selection and Execution:**

- All equity deals will be executed exclusively through empaneled brokers listed with recognized stock exchanges.
- Portfolio Managers are responsible for distributing the total business among the empaneled brokers, adhering to best execution practices.

1.2 Order Preparation and Placement

- **Order Sheet Preparation:**

- Based on the predefined investment strategy, the Portfolio Manager shall prepare and place orders for the purchase or sale of shares.
- Pre-order Compliance Check: Before placing any order, the Portfolio Manager must ensure:
- No violations of SEBI's investment regulations for FII/FPI or SEBI PMS regulations.
- Compliance with SEBI takeover regulations and any internal company limits.
- Adherence to client-specific investment restrictions as outlined in the Client Agreement.
- The order management system shall conduct a pre-order compliance check on investment restrictions to avoid regulatory breaches.

- **Order Placement:**

- Orders will be placed with empaneled brokers, specifying the desired quantity and, where applicable, a price band to guide execution.

1.3 Recording of Investment Decisions

- **Purchase from Secondary/Primary Market:**

The Portfolio Manager shall base investment decisions on comprehensive research, including:
- Updates from the Research Team on quarterly results.
- Publicly available company and industry information.
- Sectoral analysis and meetings with company management.
- Additional information gathered from analysts and other sources.

Each decision must consider client-specific factors, including:
- The investor's objectives, liquidity needs, regulatory investment restrictions, and the stock sector's existing weightage.
- A rationale for each investment decision will be documented.

- **Primary Market Purchases:**
- Research reports from the Research Team are mandatory for primary market purchases.

- If a decision contradicts the Research Team's recommendations, the Portfolio Manager must document the reasons.

Sale in the Secondary Market:
- The Portfolio Manager will use similar research inputs for sale decisions, ensuring that investor-specific factors are considered.
- A rationale for each sale decision will also be documented.

1.4 Purchase of Unlisted Equity Shares

- **Due Diligence and Valuation:**

- Portfolio Managers must conduct thorough due diligence when purchasing unlisted equity shares, including a complete review of the company's operations.
- Justification notes, including detailed rationale and reasonable valuation assessments, are required for each unlisted equity purchase.
- Investment Committee Review: The Investment Committee will periodically review all unlisted equity investments and submit findings to the Board of Directors.
- Compliance with SEBI Guidelines: Total investments in unlisted equity shares must comply with SEBI guidelines and any applicable internal restrictions.

- **Sale of Unlisted Equity Shares:**

- The Portfolio Manager must consider client-specific factors during the sale process.
- A detailed report from the Research Team is mandatory if the exposure to the unlisted equity exceeds predefined thresholds.
- If the sale decision contradicts the Research Team's view, the Portfolio Manager must record a rationale for the divestment.

Note: Currently, the Portfolio Manager only engages in listed securities.

12. Investment process - Debt

The Portfolio Manager may invest in the following segments of the Indian debt market:

- Government Securities (Dated Securities, TB)
- PSU Bonds (Tax free Bonds)
- Corporate Bonds (Coupon, ZCB, DDB, PN, PTC, FRN)
- Short Term Papers issued by Banks (e.g. Certificate of Deposit**)**
- Non-securitized transaction based segment (Call, Repo,)
- Securitized paper.
- MIBOR linked Non-Convertible Debt.
- Debt oriented Mutual Funds including liquid funds.

Reserve Bank of India (RBI) regulates the issuance of government securities, and corporate debt securities and Mutual Funds fall under the regulatory purview of SEBI.

At present, the Portfolio Manager invests only in Liquid Funds under the Debt segment.

➢ **Debt Investment – Common Process**

- Every day morning the portfolio managers shall get the "Holding Statement" detailing the saleable quantity and holding position from back office. The Back office receives the saleable quantity statement **for debt** from the custodian.

- Back office team uploads the files of saleable stock and cash balances in the system and informs the portfolio managers about cash/funds position.

- Portfolio Managers may decide on buy/sell, quantity to buy/sell based on the liquidity needs / requirements.

- Portfolio Managers places the order in the market after recording order in the system.

13. Other Significant Compliance Aspects:

- All conversations of the Dealing team shall be only through the dedicated recorded telephone lines or through emails from authorized email ids.
- Personal mobile phones or any other communication devices other than the recorded telephone lines shall not be allowed inside the dealing room. However, Office mobile phones shall be allowed inside the dealing room.
- Dealing team will not have access to their personal mobile phones during dealing /market hours.
- Access to internet facilities on computers and other devices inside the dealing room shall be restricted and shall only be used for activities related to trade execution.
- Entry/access to the dealing room shall be restricted to authorized employees only.
- There shall be no sharing of information through any mode, except for trade execution.
- Audit trail of activities related to order placement, trade execution and allocation shall be available.

14. Key Risk and Control

Risk	Control
Rationale behind investment decisions are not documented	• Ensure that the rationale for all investment decisions and recommendations are documented.
Non-discretionary clients orders are not taken correctly	• Note orders received on the order sheet as soon as they are received.
Order sheet not completed after execution	• Review executed order sheets for completeness and return incomplete order sheets to the dealer
Special instructions are not referred to at the time of allocation of securities	• Ensure that the client's specific instructions in terms of his interest in any body corporate etc provided at the time of account opening is captured in the system. .
Allocation is in excess of available bank balances	• PMS system has in-built validation of generating orders to the extent of available bank balance only.
Rectified STP trade details are not received/uploaded	• Follow up for rectified STP trade details with the related secondary market back office and ensure that contract note data is uploaded into the PMS system.

Capital gain/loss on NRI sale transactions are not reported	• The custodian takes care of reporting of all NRI transactions and for the calculation of capital gain / loss.
Securities are not received/short received	• Refer to the short delivery report and follow up with the custodian. • Review the reconciliation report sent by custodian to ensure that securities are received on time

15. Functional Authority Matrix for investments

In the following table, process owners are identified for all investments related activities.

Functions \ Authorities	Research Analyst	Portfolio Manager(s) / Dealer	Back Office
Research	✓		
Brokers Empanelment		✓	✓
Confirming salable Security			✓
Confirming available cash balances			✓
Investment restrictions monitoring		✓	✓
Order Generation / Execution		✓	
Deal Confirmation			✓
Settlement			✓ *

* Back Office shall perform these activities in co-ordination with Custodian.

16. Regulatory Requirement

Portfolio Management Service primarily is governed by the client agreement and the type of the service, i.e., Discretionary and Non-Discretionary Service that the client and the Portfolio Manager have agreed upon.

- **Investment Rules and Regulations**

  - The money or securities accepted by the portfolio manager shall not be invested or managed by the portfolio manager except in terms of the agreement between the portfolio manager and the client. Any renewal of portfolio fund on maturity of the initial period shall be deemed as a fresh placement.
  - The portfolio manager shall invest funds of his clients in money market instruments ("money market instruments" includes commercial paper, trade bill, treasury bills, certificate of deposit and usance bills) or derivatives or as specified in the contract, provided that leveraging of portfolio shall not be permitted in respect of investment in derivatives.
  - The portfolio manager shall, ordinarily purchase or sell securities separately for each client. However, in the event of aggregation of purchases or sales for economy of scale, inter-se allocation shall be done on a pro-rata basis and at weighted average price of the day's transactions. The portfolio manager shall not keep any open position in respect of allocation of sales or purchases effected in a day.
  - Any transaction of purchase or sale including that between the portfolio manager's own accounts and client's accounts or between two clients' accounts shall be at the prevailing market price.

- **Investment Restrictions**

  - The portfolio manager shall not deploy the clients' funds in bill discounting, badla financing or for the purpose of lending or placement with corporate or non- corporate bodies.
  - The portfolio manager shall not while dealing with clients’ funds indulge in speculative transactions that is, he shall not enter into any transaction for purchase or sale of any security which is periodically or ultimately settled otherwise than by actual delivery or transfer of security except the transactions in derivatives.
  - The portfolio manager shall segregate each clients' funds and portfolio of securities and keep them separately from his own funds and securities and be responsible for safekeeping of clients' funds and securities.
  - The portfolio manager may hold the securities belonging to the portfolio account in its own name on behalf of its clients only if the contract so provides and in such an event the records of the portfolio manager and its report to the client should clearly indicate that the securities are held by it on behalf of the portfolio account.
  - The portfolio manager may, subject to authorization by the client in writing, participate in securities lending.
  - That the portfolio manager may manage funds raised or collected or brought from outside India in accordance with SEBI Regulations.

Exceptions

Exceptions in terms of regulatory breaches, if any, about order placement, execution of order, trade allocation amongst various strategies must be informed immediately to Principal Officer and Compliance officer with a detailed rationale for such deviation. Further, all the deviations must be placed before the Investment Committee.

Review

This Policy shall be reviewed atleast annually and updated whenever any material change in order execution process.