

COLACO & ARANHA

(AMFI Registered Mutual Fund Distributors)

(Distributor Code: ARN-3089, valid up to 18 March 2025)

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STATUTORY, BROKERAGE & OTHER DISCLOSURES AND COMMUNICATION OF GENERAL POLICIES TO MUTUAL FUND AND DIRECT EQUITY CLIENTS OF THIS FIRM

1. Introduction:

All mutual fund distributors have to pass an examination conducted by the National Institute of Securities Markets (NISM). Thereafter, they have to register with the Association of Mutual Funds in India (AMFI) and obtain an AMFI Registration Number (ARN). We fulfill both these requirements. The AMFI distributor code of this firm is ARN-3089.

When investing in mutual funds, you have two options. You can invest directly with the mutual fund or proceed through a distributor. Investing directly with mutual funds is less expensive. However, you will receive neither advice nor services from us if you choose the direct option.

2. AMFI Code of Conduct for Distributors of Mutual Funds:

We are bound by a code of conduct prescribed by AMFI, which is displayed on the notice board of our office. You are entitled to demand photocopies of this code of conduct or ask for the code of conduct to be emailed to you absolutely free of charge. This code of conduct can also be accessed on the AMFI website (www.amfiindia.com) and the websites of individual mutual funds. You are strongly urged to familiarise yourself with the said code of conduct and form an opinion about whether we are adhering to the same.

If you have the slightest reason to believe that we are deviating from the said code, we would be grateful if you bring this to our notice immediately. If in your opinion remedial action is not taken by us within a reasonable time, or you are not satisfied with such remedial action, you must change distributors or go direct immediately. This is in your own interest.

3. Important documentation pertaining to mutual fund investment plans advised by us for you, or chosen by you:

Comprehensive documentation about specific mutual fund investment plans is freely available at our office as well as on the websites of all mutual funds. The most comprehensive document is the **Scheme Information Document (SID)**. Next is the **Statement of Additional Information (SAI)**.

The SID mainly contains information about mutual fund schemes. The SAI primarily contains information about the mutual fund, its asset management company, its trustees, sponsors, etc. The SID should be read together with the SAI and not in isolation, because the SAI is part of the SID.

The **Key Information Memorandum (KIM)** is essentially a summary of the SID and SAI. As per SEBI regulations, every application form is to be accompanied by the KIM.

We reiterate that the SID, SAI and KIM of all mutual fund investment plans that we distribute are available at our office and on the websites of mutual funds free of cost. Furthermore, these are amended from time to time and addendums thereto are also available on the websites of the mutual funds and through our office.

We strongly recommend that all mutual fund investors make the effort to go through these important documents and other useful publications such as reports and 'fact sheets' published by all mutual funds regularly.

For up to date information about mutual fund investment plans, monthly fact sheets are very useful and can be accessed at

<https://www.amfiindia.com/investor-corner/online-center/monthlyfactsheets>

Comprehensive and useful information for mutual fund investors is available in the "Investor Corner" section of the website www.amfiindia.com. This is the website of the Association of Mutual Funds in India.

4. Risk, Risk Management, Past Performance and Investor Education:

All investments, including mutual fund investments, are fraught with risk. This is the first and most important point that you as a mutual fund investor must understand and accept.

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Second, risk is of two types – **risk that cannot be managed** (for example, betting, gambling, speculation in financial, currency, cryptocurrency and commodity markets and games of pure chance) and **risk that can be managed**. The risk in equity and mutual fund investments can very definitely be managed.

This is achieved by employing time-tested risk management tools which can control and significantly reduce risk. Some of these risk management tools are diversification, asset allocation, the setting of investment time horizons, systematic investment and regular reviews.

Third, past performance of any mutual fund investment plans is neither a predictor nor a guarantee of future returns. No one can predict future returns. By investing wisely however, you can increase the probability that you will obtain optimum returns and manage risk.

Investment author Frank L Netti points out that, "Poor investors seek the highest possible returns, while great investors seek the highest probability of good returns".

Fourth, educating yourself about investment is important. You can always ask for copies of our basic papers on personal finance and investment.

Our papers give you:

- A brief overview of personal investment
- A simple guide to personal financial planning
- Sound general investment strategies for mutual fund investments
- Some insights into real estate investment
- Insights into equity (stock market) investment
- An explanation of objective-oriented investing'
- A few useful notes on personal finance and investment

Whether in the physical or electronic forms, the latest versions of these papers are available to you free of cost. Finally, we also urge you to take steps to increase your own knowledge of personal investment and personal finance. For this, we have a list of recommended reading, which contains the world's best books and literature on investment. The list appears at the end of our guide to personal investment.

5. Disclosure about commissions earned by us on your investments:

We do not charge advisory fees or transaction fees to any of our investors for mutual fund investments. We do receive commissions from mutual funds on investments routed through us.

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Comprehensive details about such commissions are contained in "brokerage structure" documents supplied to us at regular intervals by mutual funds with whom we are associated. Printouts of these brokerage structures are displayed prominently on the main notice board of our office and also on our website **www.colacoaranha.in**.

We do not do business with all mutual funds. We only deal with about ten leading funds. All brokerage reports of mutual funds with which we are empanelled are displayed at our office, and on our website. You can thus be aware of remuneration in the form of trail and other commissions received by us for the different schemes of various mutual funds from which schemes recommended to you are chosen.

You are also entitled to obtain printouts/photocopies of the said brokerage reports or have them emailed to you free of charge. Finally, commissions paid to us appear in the consolidated account statements (CAS) that are couriered or emailed to all mutual fund investments at stipulated intervals.

We make it very clear that under no circumstances will we rebate or pass back commissions to investors. We deliberately choose simple, low-cost investment plans of mutual funds because these turn out to be best for normal investors.

The actual brokerages we receive on these funds are as follows:

On overnight, liquid, ultra-short term, money market and low duration funds: Between 0.04% and 0.65%

On equity savings funds: Between 0.4% and 1.10%

On equity index funds: Between 0.15% and 0.3% on NSE-50 funds, between 0.3% and 0.45% on Nifty Next 50 funds and 0.42% and 0.65% on Nifty Midcap 150 index funds.

6. Complaints and investor grievance redressal:

If you have any grievances against our firm, please address the same to us either in person or by telephone or in writing, including by email. Our address and contact details appear at the head of this disclosure document.

We inform you that while you can contact any of our staff for formalities, documentation, procedures and routine work, investor grievances must be brought straightaway to the personal attention of the top management.

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You may therefore direct your complaints about mutual fund and equity investments to any one of the following:

Mr Gerard Peter Colaco, Partner, +91 98450 82603

Mr Reginald R A Aranha, Partner, +91 94484 93240

Mr Cyril J Fernandes, Head, Mutual Funds, +91 94486 82375

Mrs Disha Colaco, Head, Equities & General Administration, +91 98800 94749

We try our best to redress grievances within a week. Do not hesitate to revert to us if any grievance is not redressed within a week. Apart from grievances, your suggestions and feedback are also always welcome.

7. Disclosure about the firm's own activities and investments and measures to avoid conflicts of interest:

The principal activity of this firm is to provide personal investment services to individual investors. The main area of the firm's operations is mutual fund distribution. Additionally, we function as remisiers to Sykes & Ray Equities (I) Limited, Mumbai, members of the Bombay and National stock exchanges and the Central Depository Services Limited (CDSL).

We also distribute capital gains exemption bonds and certain government bonds, subject to their availability and suitability to investors.

The firm makes investments of its own, mainly in equity shares and mutual funds. Whether in mutual funds or stocks, the investment strategies employed and investments chosen by the firm are exactly the same as the ones recommended to its clients.

Thus, we believe in eating our own cooking. Clients have the right, at all times, to verify this, at all times. Incorrect advice by us will affect our investments as much as yours. Thereby, we attempt to establish a commonality of interest, while eliminating conflicts of interest in this area.

The firm's investment programme comprises of long-term, passive, buy-and-hold strategies, with no element of speculation, churning or short-termism whatsoever.

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The firm's investments are on auto-pilot, via long-term SIPs and STPs. Hence the firm's own investment programme does not take up time or interfere with services to clients. On the contrary, our own investing programme ensures that the incidental advice given to clients is based on, not just our extensive reading, but also practical experience, and therefore carries credibility.

Members of our staff are under strict instructions to ensure at all times that work of clients shall take precedence over work pertaining to the investments of the firm. If you detect any deviation from this, kindly bring it to our notice immediately.

You have our assurance that any feedback or complaints from you will not affect relations between us in any way, even if it is found subsequently that there was no fault on our part or on the part of our staff.

We do not accept gifts from mutual funds or other financial institutions, beyond tokens such as a box of sweets or a cake for Deepavali or Christmas. In the past, leading mutual funds have offered us foreign junkets because we reached certain levels of business. We have refused each and every one of these offers and will continue to do so.

We also do not participate in business augmentation contests which such organisations come out with from time to time. If we recommend an investment plan or mutual fund, it is solely because we believe it addresses a financial need of the investor to whom it is recommended.

Finally, the firm does not solicit business, has no sales staff and has had no sales staff since inception. Furthermore, we started reducing our intake of new clients in financial year 2007-08. From financial year 2012-13 onwards we have completely stopped taking new clients. The only exception is when existing clients introduce their children, or the spouses of those children, to our firm.

We may also take the occasional charity case, when referred by someone very close to us and when we are satisfied that the situation of the individual concerned demands our attention. Such cases are however, rare.

We are a well-capitalised and financially sound firm. We have no loans and do not pay interest. Our office is owned by us and we do not pay rent. Importantly, our lifestyles are simple and comfortable, but very definitely not flashy.

In view of what has been stated above, neither the firm nor its workforce is under any pressure to meet sales or business targets. None of our staff receive sales or volume based incentives. They are paid only salaries.

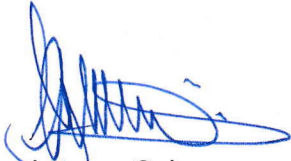
8. We are not, and will not, be SEBI registered investment advisers:

Basic and broad general advice to investors is given in our literature on personal investment and finance referred to above. Care is taken to ensure that the mutual fund investments suggested are suitable to clients.

But we do not do detailed financial planning or offer detailed and comprehensive investment advice to individual clients. Only advice incidental to our primary activities is given.

So, continue with us only if you think that the level of advice you get from our firm is sufficient for your needs.

For COLACO & ARANHA,



Gerard Peter Colaco
PARTNER

Updated on 11 May 2024