Key Information Memorandum (KIM)

Zerodha Nifty 8-13 Yr G-Sec ETF

(An open-ended scheme replicating/tracking the Nifty 8-13 yr G-Sec Index. A Relatively High Interest Rate Risk and Relatively Low Credit Risk.)

***BSE Symbol / Scrip Code** : [ ] , **NSE Symbol** : [ ]*

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(An open-ended scheme replicating/tracking the Nifty 8-13 Yr G-Sec Index. A Relatively High Interest Rate Risk and Relatively Low Credit Risk)
***BSE Symbol / Scrip Code :** [⏺️], **NSE Symbol :** [⏺️]*

<table>
<tr><th>This product is suitable for investors who are seeking*:</th><th>Risk-o-meter of the Scheme</th><th>Risk-o-meter of the Benchmark (Nifty 1D Rate Index)</th></tr>
<tr><td>Medium to long term Income.</td><td rowspan="2">
</td><td rowspan="2">
</td></tr>
<tr><td>Investment in securities in line with Nifty 8- 13 Yr G-Sec Index to generate comparable returns subject to tracking error.</td></tr>
<tr><td colspan="3">Investors should understand that their principal will be at Moderate Risk</td></tr>
</table>

Potential Risk Class ('PRC") Matrix of the Scheme

As per SEBI Circular dated, June, 07, 2021, the potential risk class matrix based on interest rate risk and credit risk, is as below:

Credit Risk ➡️ **Interest Rate Risk ⬇️**	**Relatively Low (Class A)**	**Moderate (Class B)**	**Relatively High Class (Class C)**
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High Class (Class III)	A-III		

The product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

[Face Value of ₹10 and Offer for Sale of Units at 1/100th of the value of Nifty 8-13 Yr G-Sec Index to be issued at a premium, if any, approximately equal to the difference between face value and allotment price during the New Fund Offer ("NFO"), and at intraday NAV based on the actual execution price of the underlying portfolio during the Ongoing Offer for applications directly received at AMC)]

New Fund Offer opens on	August 08, 2025
New Fund Offer closes on	August 12, 2025

Scheme reopens on	**Scheme will reopen for continuous Sale and Repurchase within 05 Business Days from the date of allotment of units under NFO**

Name of Sponsor	**Zerodha Broking Limited**
Name of Mutual Fund	**Zerodha Mutual Fund**
Name of Asset Management Company	**Zerodha Asset Management Private Limited**
Name of Trustee Company	**Zerodha Trustee Private Limited**
Address	**Indiqube Penta, New No. 51 (Old No. 14), Richmond Road, Bangalore - 560 025**
Website	**www.zerodhafundhouse.com**

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For details of the scheme/ Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights and services, risk factors, penalties & pending litigations, etc. investor should, before investing, refer to the Scheme Information Document and Statement of Additional Information available free of cost or access the same from the website www.zerodhafundhouse.com

The scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

The Key Information Memorandum is dated August 05, 2025.

<table>
<tr>
<td>Investment Objective</td>
<td>The primary goal is to provide returns that, before expenses, align with the total returns of the securities represented by the Nifty 8-13 Yr G-Sec Index, subject to tracking error.

There is no assurance or guarantee that the investment objective of the scheme would be achieved.</td>
</tr>
<tr>
<td>Asset Allocation Pattern of the Scheme</td>
<td>Under the normal circumstances, the asset allocation (% of Net Assets) of Scheme's portfolio will be as follows:

<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Securities covered by Nifty 8-13 Yr G-Sec Index</td><td>95%</td><td>100%</td></tr>
<tr><td>Other Debt and Money market instruments*</td><td>0%</td><td>5%</td></tr>
</table>

*Money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and Private Sector Corporate Entities, Term Money, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with unexpired maturity of one year or less and other Money Market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.

The net assets of the scheme will be invested predominantly in securities constituting the Nifty 8-13 Yr G-Sec Index. This would be done by investing in all securities with the same weightage that they represent in the Nifty 8-13 Yr G-Sec Index.

A small portion of the net assets will be invested in Debt and money market instruments permitted by SEBI / RBI including call money market or in alternative investment for the call money market as may be provided by the RBI, to meet the liquidity requirements of the scheme.

The Scheme does not intend to undertake/ invest/ engage in the following:

<table>
<tr><th>S.NO.</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr>
<tr><td>1.</td><td>Derivatives</td><td rowspan="2"></td><td rowspan="2"></td></tr>
<tr><td>2.</td><td>Securitized Debt</td></tr>
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3.	Short selling of securities	The Scheme will not invest/engage in these instruments.
4.	Stock Lending and Borrowing	
5.	Repo in corporate debt	
6.	Unrated instruments (except TREPs/ Government Securities/ SDL / Repo in Government Securities);	
7.	Foreign securities/ADR/GDR	
8.	ReITs and InVITs	
9.	Instruments having Special Features as defined in SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021 /032 dated March 10, 2021;	
10.	Credit Enhancements & Structured Obligations; and	
11.	Credit Default Swap	

The cumulative gross exposure through government securities, repo transactions, money market instruments and such other securities/assets as may be permitted by the Board from time to time, subject to regulatory approvals if any, should not exceed 100% of the net assets of the scheme.

However, cash and cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

The Scheme shall be considered to be replicating the underlying index, provided:

i. The duration of the portfolio of Scheme replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.
ii. ETFs/Index Funds replicating a Constant Maturity index may invest in securities with residual maturity within+/-10% of maturity range of the index.

Portfolio Rebalancing:

As per SEBI Circular dated May 23, 2022, the Scheme shall be considered to be replicating the index if the duration of the portfolio of the Scheme replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.

Post any transactions undertaken in the scheme portfolio, in order to meet the redemption and subscription obligations, it shall be ensured that replication of the portfolio with the index is maintained at all points of time, subject to permissible deviations.

	The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimise the Tracking Error to the maximum extent possible. ● In case of change in constituents of the index due to periodic review, the portfolio of the scheme shall be rebalanced within 7 calendar days. ● In case the rating of any security is downgraded to below the rating mandated in the index methodology (including downgrade to below investment grade), the portfolio can be rebalanced within 30 calendar days. ● In case the rating of any security is downgraded to below investment grade, the said security may be segregated in accordance with SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 on "Creation of segregated portfolio in mutual fund schemes. **Change in Asset Allocation:** The above mentioned investment pattern is indicative and subject to the SEBI (MF) Regulations, the asset allocation pattern indicated above may vary from time to time, on account of receipt of maturity proceeds, interest and/or receipt of subscription. As per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, the Fund Manager, may deviate from the above investment pattern for a short term period on defensive considerations. The same will be rebalanced within 7 Business Days and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time. **Short term defensive consideration:** Subject to SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 and circulars issued thereunder, the asset allocation pattern indicated above may change for a short term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be rebalanced within 07 calendar days from the date of deviation and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time. **Timelines for deployment of Funds mobilized in a New Fund Offer (NFO)** Pursuant to SEBI Circular dated February 27, 2025, the funds mobilized during the New Fund Offer (NFO) shall be deployed in accordance with the asset allocation pattern of the scheme within 30 business days from the date of allotment of units. In exceptional cases where the AMC is not able to deploy the funds within this period, shall provide an explanation, including details of the efforts made to deploy the funds, to the Investment Committee of the AMC. The

	Investment Committee may extend the deployment timeline by up to 30 business days and shall provide recommendations to ensure timely deployment in the future.
Investment Strategy	Zerodha Nifty 8-13 yr G-Sec ETF is an open-ended exchange-traded fund that seeks to align its performance with that of the Nifty 8-13 yr G-Sec Index by adhering to a passive, index-based investment methodology. The Scheme aims to replicate the index by investing primarily in the Government Securities that comprise the benchmark, in approximately the same proportion. A minimum of 95% of the Scheme's total assets will be invested in securities forming part of the underlying index. The remainder may be allocated to money market instruments to manage liquidity, cash flow needs, or operational expenses. As a passively managed product, the Scheme does not seek to outperform the index or adopt tactical allocation based on interest rate or macroeconomic views. There is no active security selection, and investment decisions are not influenced by short-term market movements or forecasts. Temporary deviations from the index composition may occur, particularly around reconstitution or rebalancing events. In such cases, the portfolio shall be rebalanced by AMC within 7 days from the date of said deviation. **Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee does not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.**
Risk Profile of the scheme	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized at page no. 17-24. For details on risk factors and risk mitigation measures, please refer to the Scheme Information Document (SID).
Plans and Options	Not Applicable.
Applicable NAV	The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted, subject to the provisions of 'realisation of funds' and 'cut off timings' as described in this Scheme Information Document.

<table>
<tr>
<td>Minimum Application Amount/ Number of Units</td>
<td>
During NFO:

₹ 1000 and in multiples of ₹ 100 thereafter.

During ongoing offer:

<table>
<tr><th>Purchase</th><th>Additional Purchase</th><th>Redemption</th></tr>
<tr>
<td>On the Exchange:

All categories of Investors may purchase the units through the secondary market on any trading day in a minimum lot of 1 unit and in multiples thereof on the exchange(s) where the units are listed.

Directly with Mutual Fund:

Only Market maker(s) and large investors subject to following:

a. <u>Market Maker(s)</u>: Market maker(s) can directly purchase units with the Fund in “Creation Unit Size”. The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers.

b. <u>Large Investor(s)</u>: Large investors can directly purchase from the fund in “Creation unit size” subject to the</td>
<td>On the Exchange:

The Units of the Scheme can be Purchased in minimum lot of 1 Unit and in multiples thereof.

Directly with Mutual Fund:

Purchase: In Creation Unit Size 2,00,000 units provided amount is greater than ₹ 25 Crore.

The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers and shall not be applicable to (i) schemes managed by Employee Provident Fund Organisation, India; and (ii) Recognized Provident Funds, approved Gratuity Funds and approved Superannuation Funds under Income-tax Act, 1961 till August 31, 2025 or any other date as may be communicated by SEBI from time to time.</td>
<td>On the Exchange:

Investors can redeem (sell) Units on a continuous basis on the National Stock Exchange of India Limited (NSE Limited) and BSE Limited and any other recognised Stock Exchange(s) as may be decided by the AMC from time to time on which the Units are listed. Redemptions made through Stock Exchange(s) will be made by specifying the number of Units to be redeemed and not the amount to be invested. On the Stock Exchange(s), the Units of the Scheme can be sold in a minimum lot of 1 (one) Unit and in multiples thereof.

Directly with Mutual Fund:

The Scheme offers redemptions only for Market Makers and Large Investors in ‘Creation Unit Size’ on all Business Days at</td>
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	value of transaction is greater than the threshold of ₹ 25 crores or such other amount as may be specified by SEBI from time to time.		applicable NAV (along with applicable charges and execution variations) during the Ongoing Offer for applications directly received at AMC. Large investors can redeem directly with the AMC for an amount greater than ₹25 crores. Additionally, transaction handling charges, if any, will have to be borne by the Market Makers /Large Investor. The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV. The subscription/redemption of Units of the Scheme in Creation Unit Size will be allowed both by means of exchange of Portfolio Deposit and by cash (i.e. payments shall be made only by means of payment instruction of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT)). The Fund may from time to time change the size of the Creation Unit

<table>
<tr><td></td><td><table><tr><td></td><td></td><td>in order to equate it with marketable lots of the underlying instruments.

No switch (switch-in/switch-out) requests will be accepted under the Scheme.

The AMC/ Trustee reserves the right to change/ modify the terms of minimum redemption amount provision offered under the Scheme of the Fund.</td></tr></table>
*The limit of ₹ 25 crores or such other amount as may be specified by SEBI from time to time is not applicable for Market Makers and shall not be applicable to (i) schemes managed by Employee Provident Fund Organisation, India; and (ii) Recognized Provident Funds, approved Gratuity Funds and approved Superannuation Funds under Income-tax Act, 1961 till August 31, 2025 or any other date as may be communicated by SEBI.</td></tr>
<tr><td>Despatch of Repurchase (Redemption request)</td><td>Redemption: Within three working days of the receipt of the redemption request.</td></tr>
<tr><td>Benchmark Index</td><td>The performance of the scheme will be benchmarked against the Nifty 8-13 yr G-Sec Index

Performance comparisons for the Scheme will be made vis-à-vis the Benchmark. However, the Scheme's performance may not be strictly comparable with the performance of the Benchmark, due to the inherent differences in the construction of the portfolio.

The Trustee reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI (MF) Regulations, and other prevailing guidelines, if any by suitable notification to investors to this effect.</td></tr>
</table>

Dividend Policy	Not Applicable
Name of the Fund Manager	Mr. Kedarnath Mirajkar
Name of the Trustee Company	Zerodha Trustee Private Limited
Performance of the scheme	This scheme is a new scheme and does not have any performance track record.
Additional Scheme Related Disclosures	**1. Scheme Portfolio Holdings** Please visit the AMC/MF website viz.www.zerodhafundhouse.com/resources/disclosures for Top 10 holdings by issuer and the portfolio holdings statements of the scheme. **2. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors** Please visit the AMC/MF website viz.www.zerodhafundhouse.com/resources/disclosures for details on names and exposure to Top 7 issuers, Groups and Sectors as a percentage of NAV. 3. **Portfolio Turnover Rate** Not Applicable
Expenses of the scheme **(i) Load Structure**	**New Fund Offer Period** Exit/ Redemption Load: **Not Applicable** **Continuous Offer Period** Exit/ Redemption Load: **Not Applicable**
(ii)Recurring expenses	These are the fees and expenses incurred for the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs, listing fee, etc. The AMC has estimated that the following expenses will be charged to the Scheme as permitted under Regulation 52 of SEBI (MF) Regulations. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund viz. www.zerodhafundhouse.com

Expense Head	% of daily net assets (estimated) (p.a.)
Investment Management and Advisory Fees	**Upto 1.00%**
Audit fees/fees and expenses of trustees[1]	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including Agents Commission and statutory advertisement	
Cost related to Investor Communication	
Cost of fund transfer from one location to another	
Cost towards investor education and awareness[2]	
Brokerage and Transaction cost over and above 0.12% and 0.05% on value of trades for cash and derivative market trades only	
GST on expenses other than Investment Management and Advisory Fees[3]	
GST on brokerage and transaction cost[3]	
Other Expenses[5]	
Maximum Total Expense Ratio (TER) permissible under Regulation 52 (6)[4]	**Upto 1.00%**

[1] *Trustee Fees and Expenses*

In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges, and expenses, a yearly fee of ₹ 1. Such fee shall be paid to the Trustee within seven working days of the end of every year. The Trustee may charge further expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

[2] *Investor Education and Awareness initiatives*

As per SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 read with SEBI Circular no. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024, the AMC shall annually set apart 5% of total TER charged to direct plans, subject to maximum of 0.5 bps of AUM for passive schemes as defined under the circular dated December 31, 2024, within the limits of total expenses prescribed under Regulation 52 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken.

[3] *Refer Point (3) below on GST on various expenses.*

	[4] The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively. *The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor in the Plan(s) under the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.* **GST** As per Para B of the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, GST shall be charged as follows: - a. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations. b. GST on other than investment management and advisory fees, if any, shall be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations. c. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52 of the SEBI (MF) Regulations. The total expenses of the Scheme including the Investment Management and Advisory Fee shall not exceed the limits stated in Regulation 52 of the SEBI (MF) Regulations. The mutual fund would update the current expense ratios on the website (www.zerodhafundhouse.com) at least three working days prior to the effective date of the change and update the TER under the Section titled "Statutory Disclosures" under the sub-section titled "Total Expense Ratio of Mutual Funds".
Tax Treatment for the Investors (Unitholders)	Investors are advised to refer to the paragraph on '**Taxation'** in the '**Statement of Additional Information**' and to consult their own tax advisors with respect to the specific amount of tax and other implications arising out of their participation in the scheme.
Daily Net Asset Value (NAV) Publication	The NAV will be calculated by the AMC for each Business Day except in special circumstances. AMC shall disclose the NAV for each Business Day as below:

	1. On the website of the Fund/AMC - **11.00 P.M. of every business day.** 2. On the website of Association of Mutual Funds in India (AMFI) - **11.00 P.M. of every business day.**	
For Investor Grievances please contact	Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, etc. by sending an email to support@zerodhafundhouse.com The investor service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly. Any complaints should be addressed to the Investor Relations Officer. Address: Investor Relation Officer Zerodha Asset Management Private Limited New No.51, IndiQube Penta, 2nd Floor, Richmond Road, Bangalore - 560025 Email - iro@zerodhafundhouse.com For any grievances with respect to transactions through BSE StAR, the investors / Unit Holders should approach either the stockbroker or the investor grievance cell of the stock exchange. Investors may escalate to the Compliance Officer at compliance@zerodhafundhouse.com and/ or CEO at ceo@zerodhafundhouse.com if they do not receive a response/ not	**Registrar and Transfer Agent** Computer Age Management Services Limited (CAMS) Rayala Tower-1, 158 Anna Salai, Chennai - 600 002 Website: www.camsonline.com Please note that the Investor Grievances are being handled by AMC, so Investors are requested to reach out directly to the AMC.

	satisfied with the response from the Investor Relations Team.	
Unitholders' Information	**ACCOUNT STATEMENTS DURING ONGOING OFFER PERIOD** The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor(if any)) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month via electronic mode (e-CAS) by the twelfth (12th) day from the month end and to investors that have opted for delivery via physical mode by the fifteenth (15th) day from the month end. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) to investors that have opted for e-CAS on or before the eighteenth (18th) day of April and October and to investors that have opted for delivery via physical mode by the twenty first (21st) day of April and October. As the Units of the Scheme will be issued, traded and settled mandatorily in dematerialized (electronic) form, the statement of holding of the Unitholder i.e. beneficiary account holder will be sent by the respective DPs periodically Please refer to SAI for details. **Half Yearly Portfolio Statement** The Mutual Fund/ AMC will disclose the portfolio (along with ISIN) of the Scheme, including Segregated Portfolio, if any, in the prescribed format, as on the last day of half-year i.e. March 31 and September 30, on its website viz. www.zerodhafundhouse.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com within 10 days from the close of each half-year respectively. The Mutual Fund / AMC will send via mail, to the registered email address of the unitholders, the half-yearly statement of scheme portfolio within 10 days from the close of each half-year respectively. Mutual Fund / AMC will publish an advertisement every half-year in an all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder.	

	Annual Report Scheme Annual report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.zerodhafundhouse.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will email the Scheme Annual Report or Abridged Summary thereof to the unitholders registered email address with the Mutual Fund. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI). *Email ID for communication: First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.*

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Risk Factors

Scheme Specific Risk Factors

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and / or ability to meet its investment objective. The specific risk factors related to the Scheme include, but are not limited to the following:

Risks associated with the Scheme:

Risk associated with Exchange Traded Fund:

- Absence of Prior Active Market: Although the units of ETFs are listed on the Stock Exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.

- Lack of Market Liquidity: Trading in units of ETFs on the Stock Exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned Stock Exchange or Market Regulator, trading in the ETF Units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit breaker' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.

- Units of Exchange Traded Funds May Trade at Prices Other than NAV: Units of Exchange Traded Funds may trade above or below their NAV. The NAV of Units of Exchange Traded Funds may fluctuate with changes in the market value of a Scheme's holdings. The trading prices of units of the ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that ETFs can be created / redeemed in Creation Units, directly with the fund and disclosure of iNAV as stipulated by regulations, large discounts or premiums to the NAVs may not be sustainable.

- Regulatory Risk: Any changes in trading regulations by the Exchange or SEBI may affect ability of the market maker to arbitrage resulting into wider premium/ discount to NAV. Although Zerodha Nifty 8-13 yr G-Sec ETF is listed on Exchange, the AMC and the Trustees will not be liable for delay in listing of Units of the Scheme on Exchange / or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.

- Political Risks: Whereas the Indian market was formerly restrictive, a process of deregulation has been taking place over recent years. This process has involved removal of trade barriers and protectionist measures, which could adversely affect the value of investments. It is possible that the future changes in the Indian political situation, including political, social or economic instability, diplomatic developments and changes in laws and regulations could have an effect on the value of investments. Expropriation, confiscatory taxation or other relevant developments could affect the value of investments.

- Right to Limit Redemptions: The Trustees, in the general interest of the unit holders of the Scheme offered under this Scheme Information Document and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Business Day depending on the total "Saleable Underlying Stock" available with the fund.

- Redemption Risk**:** The Unit Holders may note that even though this is an open ended scheme, the Scheme would ordinarily repurchase Units in Creation Unit size. Thus, unit holdings less than the Creation Unit size can normally only be sold through the secondary market except situations mentioned under 'Exit opportunity in case of ETF for investors other than Market Makers and Large Investors' in the SID.

- Asset Class Risk: The returns from the types of securities in which a Scheme invests may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and underperformance in comparison of the general securities markets.

- Passive Investments: As the Scheme is not actively managed, the underlying investments may be affected by a general decline in the Indian markets relating to its Underlying Index. The scheme invests in the securities included in its underlying index regardless of their investment merit. The AMC does not attempt to take defensive positions in declining markets. Further, the fund manager does not make any judgement about the investment merit nor shall attempt to apply any economic, financial or market analysis.

- Tracking Error/ Tracking Difference Risk: Tracking Error & Tracking Difference may arise including but not limited to the following reasons:

    - Expenditure incurred by the fund.
    - The holding of cash positions. The fund may not be invested at all time as it may keep a portion of the funds in cash to meet redemptions.
    - The fund will deploy available funds into TRI-PARTY REPO at various points during the day, which may differ from weighted average rate published by CCIL at end of the day (considered for index return computation).
    - Execution of large buys / sell orders.
    - Transaction cost.
    - Realization of Unit holders funds.

<u>Risk specific to investing in securities forming part of Nifty 8-13 Yr G-Sec ETF:</u>

a. Zerodha Nifty 8-13 Yr G-Sec ETF ETF is a passively managed ETF i.e. the amount collected under the scheme is invested in securities comprising the underlying index in the same weightages as they have in the underlying index.
b. The composition of the underlying index is subject to changes that may be affected periodically by the Index Service Provider.
c. Performance of the underlying index will have a direct bearing on the performance of the scheme.
d. The extent of the Tracking error may have an impact on the performance of the scheme.

<u>Tracking Error Risk</u>: The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the respective scheme, corporate actions, cash balance, changes to the underlying index and

regulatory policies which may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index.

Tracking Difference Risk: The Fund Manager may not be able to invest the entire corpus exactly in the same proportion as in the underlying index or goods due to certain factors such as the fees and expenses of the scheme, corporate actions, cash balance, changes to the underlying index and regulatory policies which may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index. Tracking Difference is the Difference of returns between the Scheme and the Benchmark Index annualized over 1 year, 3 Year, 5 Year,10 year and Scheme Since Inception period.

The fund manager will endeavour to limit the tracking difference over one-year period within 1.25%. In case the average annualized tracking difference over 1-year period for Scheme is higher than 1.25%, the same will be brought to the notice of trustees with corrective actions taken by the AMC. However, there can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error/ difference relative to performance of the Underlying Index. Tracking Difference shall be disclosed only if the scheme has completed 1 year period. The Tracking difference shall be disclosed on a monthly basis on the AMC's website viz. www.zerodhafundhouse.com and AMFI website www.amfiindia.com.

Risks associated with Debt and Money Market Instruments or Fixed Income Securities

Credit Risk: This is the risk associated with the issuer of a debenture/bond or a Money Market Instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government Securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

Price-Risk or Interest-Rate Risk: From the perspective of coupon rates, debt securities can be classified in two categories, i.e. Fixed Income Bearing securities and floating rate securities. In Fixed Income bearing securities, the coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - 'floats' – with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury Bill.

Fixed Income Securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) will be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.

However, debt securities in the scheme are intended to be held till maturity. For such securities held till maturity, there will not be any interest rate risk at the end of the tenure.

Floating rate securities issued by a government have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimising interest rate risk on a portfolio.

Liquidity Risk: The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the scheme might have to incur a significant "impact cost" while transacting large volumes in a particular security.

Reinvestment Risk: Investments in fixed income securities carry reinvestment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

Basis Risk: The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements. This may result in loss of value of the portfolio.

Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. During the tenure of the security this spread may move adversely or favourably leading to fluctuations in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

Risk of Rating Migration: It may be noted that the price of a rated security would be impacted with the change in rating and hence, there is risk associated with such migration.

Following table illustrates the impact of change of rating on the price of a hypothetical 'AA' rated security with a maturity period of 3 years, a coupon of 9.00% p.a. and a market value of ₹ 100. If it is downgraded to 'A' category, which commands a market yield of, say, 10.00% p.a., its market value would drop to ₹ 97.51 (i.e. 2.49%) If the security is up-graded to 'AAA' category which commands a market yield of, say, 8.00% p.a. its market value would increase to ₹ 102.58 (i.e. by 2.58%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.

Rating	Yield (% p.a.)	Market Value (Rs.)
Existing Rating of AA	9.00	100.00
If upgraded to AAA	8.00	102.58
If downgraded to A	10.00	97.51

Counterparty and Settlement Risk: Counterparty and settlement risk is the probability that the other party may not fulfil its part of the deal and may default on the contractual obligations. This risk comprises credit and liquidity risk both. Corporate Bond Repo will be settled between two counterparties in the OTC segment unlike in the case of TREPS transactions where CCIL stands as central counterparty on all transactions (no settlement risk). Settlement risk in reverse repo will be mitigated by requiring the counterparty (entity borrowing funds from the Mutual Fund) to deliver the defined collateral in the account of the MF before the cash is lent to the counterparty. Further, the

Mutual Fund will also have a limited universe of counterparties, but not limited to, comprising of Scheduled Commercial Banks, Primary Dealers, Mutual Funds and National Financial Institutions.

Legislative Risk: Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme.

Prepayment risk: Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

Different types of securities in which the scheme would invest as given in the SID carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively more risky than bonds, which are AAA rated.

Risks associated with investing in Tri Party Repo through CCIL (TREPS)

The mutual fund is a constituent member of the securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus, reducing the settlement and counterparty risks considerably for transactions in the said segments.

CCIL maintains prefunded resources in all the clearing segments to cover potential losses arising from the default member. In the event of a clearing member failing to honour his settlement obligations, the default Fund is utilised to complete the settlement. The sequence in which the above resources are used is known as the "Default Waterfall".

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilisation of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members.

Thus, the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

Further, it may be noted that, CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

Risks associated with investing in Long term Government of India Securities

Interest rate risk: When interest rates rise, bond prices fall; conversely, when rates decline, bond prices rise. The longer the time to a bond's maturity, the greater will be its interest rate risk. Since the scheme would invest in government securities having maturity from 8 years to 13 years, interest rate risk would remain.

Inflation risk: Inflation causes tomorrow's money to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Legislative risk: The risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Liquidity risk: The risk that the fund may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value.

Risk factors associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other authorised Stock Exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing /settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s). Accordingly, there could be negative impacts to the investors such as delay or failure in allotment / redemption of units. The Fund and the AMC are not responsible for the negative impacts.

Risks associated with segregated portfolio:

The unit holders may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange.

The risks associated in regard to the segregated portfolio are as follows:

A. The investors holding units of the segregated portfolio may not be able to liquidate their holdings till the time of recovery of money from the issuer.
B. The security comprising the segregated portfolio may not realise any value.
C. Listing units of the segregated portfolio on a recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units of the segregated portfolio on the stock exchange.
D. The trading price of units on the stock exchange may be significantly lower than the prevailing Net Asset Value (NAV) of the segregated portfolio.