

HIGH YIELD PORTFOLIO

September 2026

Investment Objective

Portfolio Manager will typically invest in secured/unsecured non-convertible debentures to maximize the yield.

Type of Securities.

The Portfolio will be invested in listed debentures. The Portfolio may have some exposure to other debt instruments including Money Market Instruments, interest/credit derivatives, listed PTCs, units of mutual funds, fixed deposits or any other permissible securities under the applicable laws.

Benchmark and basis for choice of benchmark

CRISIL Credit Index: The Portfolio shall be sector agnostic but given the higher issuance are from the BFSI sector, portfolio will be tilted towards BFSI. Due to the nature of the transactions, there is not publicly available appropriate benchmark which captures risk return trade off of such Portfolio. Since the portfolio is typically investing in non-convertible debentures or debt instruments, a debt benchmark will be an appropriate choice to compare the performance. Hence, the above-mentioned benchmark is the most suitable amongst the benchmarks made available vide circular APMI/2022-23/02 dated March 23, 2023 issued by Association of Portfolio Managers in India.

Basis of Selection

Investment in non-convertible debentures issued by companies. The Portfolio shall be sector agnostic but given the higher issuance are from the BFSI sector, the allocation to BFSI would be higher compared to other sectors. Portfolio will invest in well-researched securities of issuers with ratings ranging between BBB+ to AA.

Indicative investment horizon

Ideal Investment Horizon for this Portfolio is 24-36 months

Allocation

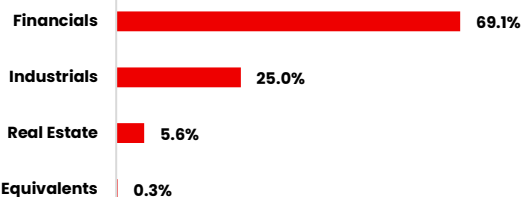
Non-convertible debentures, government securities, state development loans, treasury bills, commercial papers, certificate of deposits: 75-100%
Other Instruments including FDs, units of mutual funds: 0-25%

Portfolio Performance*		
AUM	INR 441.72 Crores	
Period	Portfolio	CRISIL Credit
1 Month	0.65%	0.53%
3 Months	2.88%	2.95%
6 Months	5.02%	4.29%
1 Year	10.99%	9.56%
Since inception date	10.98%	9.58%

*Returns are computed basis Time Weighted Rate of Return (TWRR)\$ including all Fees and Expenses. The performance has been calculated considering all cash holdings and investment in liquid funds. Returns are adjusted for inflows/outflows. Benchmark is CRISIL Credit Index. For the details on segregation of Investment Approaches kindly refer to disclosure document available on the website pms.nipponindiaim.com. Performance as on 31st August 2026. Inception date is 9th May 2025. Past performance may or may not sustain in the future. The investors are requested to read all the offer documents carefully before investing.

Sector Allocation #^

Holdings (Market Value)



The current portfolio holdings may or may not be a part of the future portfolio Holdings. Cash and Cash equivalents include Fixed deposits, Liquid fund and cash.

^All data as of 31st August 2026. Numbers have been rounded-off to one decimal place.

Important Disclosures

Investors can directly invest / participate in the portfolio. Should the investor decide to invest directly, they may write to us at pms@nipponindiaim.com or call us on +91 22 68087000.

The performance related information provided herein is not verified by SEBI.

Risk associated with the Investment Approach:

- Investment in Debt Instruments:** The Portfolio Manager expects to invest in debt instruments including non-convertible debt instruments, listed debt instruments, The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the investment documents. An obligor's willingness to pay interest or to repay principal due in a timely manner may be affected by, among other factors, its cash flow. Sometimes, the fluctuation in the market price of such instruments is likely to have a direct bearing on the value of the investment in the Portfolio Entities. Further, there may be additional costs involved in complying with the disclosure and regulatory requirements. Further, such investments in listed debt instruments may be required to be made on the basis of publicly available information only due to the limited ability to conduct due diligence on such companies.
- Credit Risks:** One of the fundamental risks associated with the intended investments is credit risk, i.e., the risk of non-payment of agreed amounts by Portfolio Entities and other obligors, to the Client. Such non-payment will result in a reduction of the returns and a reduction in the value of the relevant investments in the Portfolio Entities. In addition, in case of the bankruptcy of a Portfolio Entity, the Client could experience significant delays in the enforcement and realization of the collateral securing an investment in a Portfolio Entity. Further, such collateral may be released without the consent of the Portfolio Manager.

3. **Interest Rate Risk:** The Portfolio Investments may be exposed to interest rate risks. Changes in prevailing market interest rates could affect the value of such investments. Factors that may affect market interest rates include inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in domestic and foreign financial markets. The Portfolio Manager may or may not seek to hedge its interest rate risk.
4. **Risk of Rating Migration:** Change of rating (credit worthiness) would impact the price of debt securities. If it is downgraded, its market value would drop. If the security is upgraded its market value would increase. The extent of decline or increase would depend on the extent of rating change and the residual tenor of the debt security.
5. **Basis Risk:** During the life of floating rate security, the underlying benchmark index may become less active and may not capture the actual movement in the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
6. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in valuation of the assets of the Client.
7. **Liquidity Risk:** The corporate debt market is relatively illiquid vis-a-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity therefore may suffer. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. The liquidity, in general, in the Indian debt market is considerably lower than that of developed markets.
8. **Inadequate Collateral:** If there is a decrease in the value of the underlying securities of the Portfolio Investment, the Client may not have sufficient collateral to cover losses and may experience losses upon foreclosure. It is generally believed that the Portfolio Entities generally are and will be able to repay the debt investments from their available capital, from future capital-raising transactions or from cash flow from operations. However, to mitigate the credit risks, the Portfolio Manager may take a security interest in all or a portion of the assets of the Portfolio Entities, including the equity interests of their subsidiaries. There is a risk that the collateral securing the debt investments may decrease in value over time, may be difficult to appraise or sell in a timely manner and may fluctuate in value based upon the business and market conditions, including as a result of an inability of the Portfolio Entity to raise additional capital, and, in some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration of a Portfolio Entity's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration of the value of the collateral for the debt investments. Consequently, although such debt investment is secured, the Client may not receive principal and interest payments according to the debt investment's terms and the value of the collateral may not be sufficient to recover the Client's investment should the Client be forced to enforce the remedies.
In addition, because the Portfolio may be invested in small and medium sized companies in the target industries, a portion of the assets securing the investment may be in the form of intellectual property, if any, inventory, equipment, cash and accounts receivables. Intellectual property, if any, which secures a debt investment could lose value if the company's rights to the intellectual property are challenged or if the company's license to the intellectual property is revoked or expires. In addition, in lieu of a security interest in a Portfolio Entity's intellectual property the Client may sometimes obtain a security interest in all assets of the Portfolio Entity other than intellectual property and also obtain a commitment by the Portfolio Entity not to grant liens to any other creditor on the company's intellectual property. In these cases, the Client may have additional difficulty recovering the Client's principal in the event of a foreclosure.
9. **Other Debt in Portfolio Entities ranking pari-passu / senior:** In a few instances, the Portfolio Entities may incur debt that ranks equally with, or senior to, the Portfolio's investments in such companies. The Portfolio Manager plans to invest in debt investments issued by the Portfolio Entities. Some of the Fund's Portfolio Entities are permitted to have other debt that ranks equally with, or senior to, the Fund's debt investments in the Portfolio Entity. By their terms, these debt instruments may provide that the holders thereof are entitled to receive payment of interest or principal on or before the dates on which the Client is entitled to receive payments in respect of the Portfolio's debt investments. These debt instruments may prohibit the Portfolio Entities from paying interest on or repaying the Fund's investments in the event of, and during, the continuance of a default under the debt instruments. In addition, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a Portfolio Entity, holders of debt instruments ranking senior to the Client's investment in that Portfolio Entity would typically be entitled to receive payment in full before the Client receives any payment in respect of its investment. After repaying senior creditors, a Portfolio Entity may not have any remaining assets to use for repaying its obligation to the Client. In the case of debt ranking equally with the Client's debt investments, the Client would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy.
10. **Pre-payments of the debt investments:** The Portfolio is subject to the risk that the investments made in Portfolio Entities may be repaid prior to maturity. At the time of a liquidity event, such as a sale of the business, refinancing or public offering, many of the Portfolio Entities may avail themselves of the opportunity to repay the debt investments prior to maturity. The Portfolio Investments generally allow for repayment at any time subject to certain penalties. When this occurs, the Portfolio Manager generally re-invests these proceeds in temporary investments, pending their future investment in new Portfolio Entities. These temporary investments have substantially lower yields than the debt being prepaid, and the Client could experience significant delays in reinvesting these amounts. Any future investment in a new Portfolio Entity may also be at lower yields than the debt that was repaid. As a result, the Client's results of operations could be materially adversely affected if one or more of the Portfolio Entities elects to prepay amounts owed to the Client.
11. **Bankruptcy of Portfolio Company:** Various laws enacted for the protection of debtors may operate to the detriment of the Portfolio if it is a creditor of a Portfolio Entity that experiences financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Portfolio Investment to other creditors or require the Client to return amounts previously paid to it by such Portfolio Entity.
12. **Temporary Investments:** To the extent that the Portfolio Manager has already called capital from the Investors, pending investment in Portfolio Entities, these funds may be retained in cash or may be invested in Temporary Investments. Such investments may substantially reduce the Portfolio's overall return.
13. **Development Risk:** The investments may be made in stressed projects of the Portfolio Entities. There may arise scenarios where the development of such stressed projects are not completed, and the Portfolio Manager may appoint a development manager to complete the same. In such a scenario, the Portfolio may be exposed to additional risks, including but not limited to risks of title of property, approvals from statutory authorities, construction, marketing, sales, legal, taxation and environmental risks. The Portfolio Manager will take steps to mitigate the same on a best effort basis, including by appointing an experienced development manager as mentioned above.

Kindly refer to the Disclosure Document for detailed statement on risks associated with the Investment Approach and Other Risks.

Disclaimer

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