Abakkus Mutual Fund
Believe in the Basics

Abakkus Investment Managers Private Limited

and Abakkus Trustee Private Limited

INTRADAY BORROWING POLICY

Sr. No.	Details of Change	Date of creation/change	Author	Version no.	Approved by
1	First Version	March 25, 2026 (AMC) and March 30, 2026 (Trustees)	Head of Investments and Research & Chief Operations Officer	1.0	Board of AMC and Trustees
2	Second Version	August 28, 2026 (AMC) and August 31, 2026 (Trustees)	Head of Investments and Research & Chief Operations Officer	2.0	Board of AMC and Trustees

1. Introduction and Objective

This policy outlines the framework for intraday borrowing undertaken by schemes of Abakkus Mutual Fund. Intraday borrowing is used to manage temporary liquidity mismatches arising from timing differences between inflows and outflows.

The objective of this policy is to ensure:
- Regulatory compliance with SEBI provisions
- Proper governance and controls
- Protection of investor interests
- Structured operational procedures

2. Policy Framework

This Policy shall be subject to:

- SEBI (Mutual Funds) Regulations, 2026, as amended from time to time;
- SEBI Circular No. HO/(92)2026-IMD-POD-2/I/16006/2026 dated July 10, 2026 ('Circular');
- SEBI Master Circular for Mutual Funds, as amended from time to time;
- applicable provisions relating to borrowing by Mutual Funds;
- applicable provisions of the Fourth Schedule to the SEBI (Mutual Funds) Regulations, 2026;
- applicable directions, circulars, notifications, guidelines and clarifications issued by SEBI from time to time.

Intraday borrowing shall be undertaken strictly for liquidity management purposes and shall not be used for leverage or speculative activities.

All borrowings must:
- Be backed by same-day receivables permitted as per circular
- Be repaid within the same business day by AMC
- Be executed through approved counterparties by Board

3. Scope

This policy applies to all schemes of the Mutual Fund.

4. Definitions

- **Intraday Borrowing**: Borrowing undertaken to meet a permissible liquidity requirement and fully repaid by the end of the same business day.

- **Guaranteed Receivables**: means receivables identified including eligible inflows from RBI, Clearing Corporations and subscription inflows received in scheme bank accounts.

- **Non-Guaranteed Receivables**: receivables sighted during the day such as inflows from maturity proceeds and/or secondary market settlement from NCDs, CP, CDs, OTC Swaps and other eligible receivables and to be received by the scheme by end of the day.

- **Liquidity Mismatch**: Temporary shortfall in cash due to timing mismatch of inflow and outflow of funds.

5. Permissible Uses

Intraday borrowings shall be used only for the purpose of 1) repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders 2) Pay-in with respect to investments made by the scheme 3) MTM obligations and foreign exchange settlements or 4) Repayment of existing borrowings.

6. Borrowing Limits

Clause 2.2 of the above Circular restricts how much a scheme may borrow intraday, tying the quantum to receivables expected within the same day.

The quantum of intraday borrowings shall be limited to:

- Guaranteed receivables such as inflows from RBI, Clearing Corporations, subscription inflows received in scheme bank accounts etc.
- Non-guaranteed receivables sighted during the day such as inflows from maturity proceeds and/or secondary market settlement from NCDs, CP, CDs, OTC Swaps, etc. and to be received by the scheme by end of the day.
- Intraday borrowing in addition to as referred above, may be availed by AMCs solely for the purpose of meeting redemption and other pay-out to the unitholders as specified under Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.

7. Repayment Obligation and Overnight Conversion

As per clause 2.3 of the above Circular, intraday borrowings must be repaid by end of the day, and any intraday borrowing that is converted to overnight borrowing must remain within regulatory limits and be used only for purposes permitted under Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026. AMC shall be responsible for the compliance of provisions under clause 2.3 stated above.

8. Cost Allocation

All costs associated with intraday borrowing shall be borne by the AMC and shall not be charged to the scheme. Any loss or cost incurred, due to delay in receivables or on account of any unforeseen event shall also be borne by the AMC.

9. Governance Framework

(i) The policy for use of intraday borrowing facility shall be approved by Board of AMC and Board of Trustees.

ii) This policy must be made available on the AMC's website, and must, among other things, cover approval processes and monitoring mechanisms.

(ii) The Trustees shall provide oversight into the adequacy of operational processes and internal controls.

10. Record Keeping

(i) The COO shall be responsible for managing liquidity supervision across schemes and shall be responsible for managing utilization and repayment of intraday facilities

ii) AMCs to maintain appropriate records to substantiate the utilization of intra-day borrowing facility;

iii) Daily scheme wise cash flow statement for liquidity mismatch – opening cash flow statement. All the records shall be maintained at scheme level and operation team to ensure that the guaranteed/ non-guaranteed receivables of one scheme shall not be utilized for other schemes.

(iv) The Compliance Officer shall ensure compliance to SEBI regulations, AMFI guidelines, and internal policies, reviews transactions and processes for regulatory compliance and reports exceptions, breaches, and

(v) The risk team shall conduct independent risk monitoring and assessment.

11. Internal Controls

The internal controls shall include:

- Pre-borrowing validation
- Limit checks

- Segregation of duties
- Same-day repayment tracking
- Audit trails

12. Disclosure

The Policy shall be disclosed on the website of the AMC. The relevant disclosures shall also be included in financial statements.

13. Deviation

Any deviation shall be approved by senior management and reported to Trustees.

14. Risk Management

The risks include liquidity, market, operational and counterparty risks. The mitigation shall include strong controls, limits and monitoring.

15. Review

The Policy shall be reviewed annually or upon regulatory changes.