

Risk Factors for Old Bridge Focused Fund

Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsor /AMC/Mutual Fund does not guarantee future performance of the scheme.
- The name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.100000/- made by it towards setting up the Fund.
- The present scheme is the first scheme being launched under its management.
- The present Scheme are not guaranteed or assured return Scheme.

Scheme Specific Risk Factors:

Some of the specific risk factors related to the Scheme include, but are not limited to the following:

i. Concentration Risk:

The Scheme seeks to generate long term capital appreciation/ income by investing in equity & equity related instruments of up to 30 companies. This concentrated nature of the portfolio may result in higher levels of volatility vis-à-vis other diversified equity-oriented schemes. Since the scheme will invest in not more than 30 stocks, it is also expected to have higher market liquidity risk compared to a regular diversified equity scheme.

ii. Risk associated with schemes investing in equities:

- The scheme proposes to invest in equity and equity related instruments. Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both micro and macro factors. The value of Equity and Equity related instruments may fluctuate due to factors affecting securities market such as volume and volatility in equity markets, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, general decline in the Indian Markets which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the NAVs of the Units issued under the Scheme may be adversely affected.
- Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.
- Investors may note that AMC/Fund Manager's investment decisions may not be always profitable. Although it is intended to generate capital appreciation and maximize the returns by actively investing in equity/ equity related securities and utilising debt and money market instruments as a defensive investment strategy.

- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. and may lead to the Scheme incurring losses till the security is finally sold.
- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Scheme can go up and down because of various factors that affect the capital markets in general.
- Securities which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges
- Further, the volatility of medium / small - capitalization stocks may be higher in comparison to liquid large capitalization stocks.

iii. Risk Associated with Investing in Fixed Income / Money Market Instruments:

- **Interest-Rate Risk:** Fixed income securities and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest, credit quality, demand and supply. However, in case of Government securities credit risk remains zero, their prices are influenced by the movement in interest rates in the financial system.
In case of floating rate instruments, an additional risk could arise because of changes in spreads of floating rate instruments. With increase in spread of floating rate instruments, the price can fall and with decrease in spread of floating rate instruments, the prices can rise. Moreover, the floating rate instruments having a periodical interest rate reset carry lower interest rate risk compared to a fixed rate debt security. However, in the falling interest rate scenario, the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.
- **Credit Risk:** This risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer/instrument goes down. Different types of securities in which the scheme(s) would invest as given in the scheme information document 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 AAA rated are comparatively less risky than bonds which are AA rated.
- **Re-investment Risk:** This refers to the interest rate risk at which the intermediate cash flows received from the securities in the Scheme including maturity proceeds are reinvested. Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

- **Basis Risk:** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in 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. In the life of the security this spread may move adversely leading to loss 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.
- **Liquidity Risk:** The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.
- **Liquidity Risk on account of unlisted securities:** The liquidity and valuation of the Scheme investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. The unlisted security can go down in value before the divestment date and selling of these securities before the divestment date can lead to losses in the portfolio.
- **Settlement Risk:** Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.

iv. **Risk factors with investing in Derivatives:**

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. As and when the Scheme trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand.

Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract.

The specific risk factors arising out of a derivative strategy used by the Fund Manager may be as below:

- Lack of opportunity available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- **Additional Risk viz. Basis Risk associated with imperfect hedging using Interest Rate Futures (IRF):** The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

- **Risks associated with Covered Call Strategy:**

The risk associated with covered calls is the loss of upside, i.e. if the shares are assigned (called away), the option seller forgoes any share price appreciation above the option strike price.

The Scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.

The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.

v. Risk associated with investing in foreign securities

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.
- Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use

derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.

- Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- Keeping in mind the investment limit in foreign securities currently applicable to Mutual Fund, In terms of Para 13.11.1 of SEBI Master Circular on Mutual Funds dated March 20, 2026 if overall limit for the Mutual Fund in overseas securities reaches USD 1 billion or the overall limit for Mutual Fund Industry in overseas securities reaches USD 7 billion, then Mutual Fund will not be able to invest in overseas securities / will not be able to do incremental overseas investment, unless such limit is increased or further directions is received from SEBI or RBI in this regard. It may be noted that the cap of USD 1 billion will be monitored and enforced at the Mutual Fund level and not at the individual scheme level.

vi. Risk Factors Associated with Securities Lending

As with other modes of extensions of credit, there are risks inherent to securities lending. During the period the security is lent, the Scheme may not be able to sell such security and in turn cannot protect from the falling market price of the said security Under the current securities lending and borrowing mechanism, the Scheme can call back the securities lent any time before the maturity date of securities lending contract. However, this will be again the function of liquidity in the market and if there are no lenders in the specified security, the Scheme may not be able to call back the security and in the process, the Scheme will be exposed to price volatility. Moreover, the fees paid for calling back the security may be more than the lending fees earned by Scheme at the time of lending the said security and this could result in loss to the Scheme. Also, during the period the security is lent, the Fund will not be able to exercise the voting rights attached to the security as the security will not be registered in the name of the Scheme in the records of the Depository/issuer.

vii. Risk factors associated with Short Selling

Short-selling is the sale of shares which are not owned by the seller at the time of trade. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock corrects, Short seller can buy the stock back for less than he received for selling it and earn profit (the difference between higher short sale price and the lower purchase price). If the price of stock appreciates, short selling results in loss. Thus, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

viii. Risk associated with Investments in REITs and InvITs

- Price-Risk or Interest-Rate Risk: REITs & InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- Credit Risk: In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre-scheduled.
- Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.
- Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- Risk of lower than expected distributions: The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/ InvITs receives as dividends or the interest and principal payments from portfolio assets.

The above are some of the common risks associated with investments in REITs & InvITs. There can be no assurance that investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

ix. Risks associated with segregated portfolio

- Liquidity risk – A segregated portfolio is created when a credit event / default occurs at an issuer level in the scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. This is also further accentuated by the lack of secondary market liquidity for corporate papers in India. As per SEBI norms, the scheme is to be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. However, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event.
- Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall list the units of the segregated portfolio on a recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. There is no assurance that an active secondary market will develop for units of segregated portfolio listed on the

stock exchange. This could limit the ability of the investors to resell them. There may be possibility that the security comprising the segregated portfolio may not realize any value.

- Valuation risk - The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

x. Risks associated with investing in Tri-party Repo (TREPS) through CCIL

The Mutual Fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India Limited (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. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The Mutual Fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered and the contribution of the Mutual Fund is called upon to absorb settlement/default losses of another member by CCIL, the Scheme may lose an amount equivalent to its contribution to the default fund. 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.

xi. Performance Risk

Performance risk refers to the risk of a scheme being unable to generate returns matching / above the returns of the scheme's benchmark. It would also mean the scheme underperforming against its peer set of other mutual fund schemes having similar portfolios, scheme classification, objective, benchmark and asset allocation. These risks could arise due to a variety of market and economic activities, government policies, global economic changes, currency fluctuations, tax policies, political changes, corporate actions and investors' behaviour.

xii. Risks associated with 'Restriction on Redemption in Mutual Funds

Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Scheme under certain exceptional circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets. Please refer to the paragraph "Restrictions, if any, on the right to freely retain or dispose of

Units being offered” for further details including the procedure to be followed while imposing restriction on redemptions.

xiii. Risks Factors associated with transaction in Units through stock exchange(s)

In respect of transaction in units of the Scheme through stock exchange platform(s), allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by the stock exchange(s) and their respective clearing corporations on which the Fund has no control.

xiv. Risks associated with investments in mutual fund units:

To the extent of the investments made by the scheme in mutual funds units, the risks associated with investing in such funds like market risk, credit & default risk, liquidity risk, redemption risk including the possible loss of principal; etc. will exist.

xv. General Risk factors

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Scheme can go up or down because of various factors that affect the capital markets in general.
- As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under section Right to Restrict Redemption and / or Suspend Redemption of the units.
- At times, due to the forces and factors affecting the capital market, the Scheme may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities / investments amounting to substantial reduction in the earning capability of the Scheme. The Scheme may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
- Investment strategy to be adopted by the Scheme may carry the risk of significant variance between the portfolio allocation of the Scheme and the Benchmark particularly over a short to medium term period.
- Performance of the Scheme may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies.

- The Scheme at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.

For Standard Risk Factors, kindly refer Statement of Additional Information (SAI).

For further details, refer to the Statement of Additional Information and Scheme Information Document available on our website <https://oldbridgemf.com/statutory-disclosures.html#v-pills-tabContent22>

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME
RELATED DOCUMENTS CAREFULLY**