

## ANTI-MONEY LAUNDERING (AML) POLICY

### PURPOSE

As per the provisions of the Prevention of Money Laundering Act, 2002 (“PMLA”), every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under Section 12 of the SEBI Act) shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the Rules<sup>1</sup> under the PMLA. **ANUBHUTI ADVISORS LLP (AAL)** is a SEBI-registered Investment Advisory Entity (under SEBI (Investment Advisers) Regulations, 2013) dedicated to providing **advice to clients on financial securities, investment strategies, and portfolio allocation**. Given the nature of its business, the scope of application of PMLA regulations to AAL is limited. Nevertheless, AAL is adopting this PMLA Policy, which is commensurate with the nature of its business, organizational structure and type of clients and transactions.

### POLICY AND PROCEDURES TO COMBAT MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF)

#### STRUCTURAL MECHANISM

- AAL is an advisory firm, dedicated to providing buy, hold, or sell recommendations for stocks, bonds, mutual funds, and ETFs participants in the Indian market with independent opinions, research and data.
- All revenue of the company is received through authorised and secure banking channels and further substantiated by the invoices raised. AAL does not accept cash from its customers under any circumstances.
- AAL does not deal with or manage any funds/ assets/ money of its clients.
- AAL does not provide services that are similar to or related to or connected with financial institutions and stockbrokers, sub-brokers, share transfer agents, bankers to an issue, trustees to a trust deed, registrar to an issue, asset management companies, depository participants, merchant banker, underwriter, portfolio manager or research analyst.

#### CLIENT DUE-DILIGENCE

- AAL does not deal with SEBI-regulated entities, IRDA regulated insurance companies, PFRDA regulated pension funds, listed corporate entities and globally regulated financial institutions.

- Before accepting any assignment, AAL obtains sufficient information to identify persons/ entity with whom AAL is likely to undertake a business transaction. The basic details obtained from clients include name of the person/entity, registered address, business address, Permanent Account Number or similar identification number, Goods and Services Tax (GST) registration details and such other details as may be deemed necessary.
- In case of on-boarding clients that are not registered by SEBI or similar domestic and/or global regulators, AAL shall verify the client's identity using reliable, independent source documents, data or information, to the extent such information is available with AAL;
- AAL will not carry out business transactions with any entity whose credentials cannot be established, or ownership status cannot be identified.

## Core Principles of a Risk-Based Approach

### 1. Client Risk Profiling

- Assess client financial situation, objectives, investment horizon, and risk appetite.
- Quantitative scoring combined with qualitative insights (behavioural finance, biases) informs portfolio construction.

### 2. Portfolio Risk Assessment

- Analyze asset-class volatility, liquidity risk, credit risk, correlation across securities, and macroeconomic exposures.
- Evaluate cumulative impact under stress scenarios using simulations or scenario analysis.

### 3. Product Suitability and Compliance

- Match products with client profiles; for example:
  - High-risk appetite → equities, alternative investments.
  - Low-risk preference → fixed-income, conservative funds.

### 4. Operational & Regulatory Risk Management

- Maintain robust data management and reporting systems to track client portfolios.
- Document investment rationale and maintain supervisory oversight.
- Align business and advisory practices with regulatory capital and risk norms for fiduciary responsibility.

## 5. Ongoing Monitoring and Rebalancing

- Regularly reassess both market conditions and client circumstances.
- Rebalance portfolios to manage risk exposures while maintaining strategic goals.

### RECORD KEEPING

- AAL shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, the applicable rules and regulations made thereunder, PMLA as well as other relevant legislation, rules, regulations and circulars, to the extent applicable.
- Since the transactions carried out by AAL are only through registered banking channels, AAL believes that maintaining bank records against the invoices raised would suffice for compliance with this provision. Any deviation from this process, will be recorded and traced, wherever deemed necessary under the provisions of the PML Act and Rules.

### MONITORING OF TRANSACTIONS

- As a policy, dealing in cash with customers/ clients is strictly prohibited. AAL will not accept cash from its clients under any circumstances. Subscription fees and other revenue of the company will be received through registered banking channels only.
- Other than payment against invoices raised, AAL does not deal with any other funds, money or assets of its clients.
- Payment to vendors are made through banking channels only. However, AAL may make payments in cash to regular vendors not exceeding Rs. 25,000/- per transaction.
- AAL shall ensure that appropriate steps are taken to enable recognition of suspicious transactions and have appropriate procedures for reporting suspicious transactions. Any suspicious transaction shall be immediately notified to the Compliance Officer.

### LIST OF DESIGNATED ENTITIES

- An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed here: <https://www.un.org/securitycouncil/content/unsc-consolidated-list>
- AAL shall ensure that business accounts are not opened in the name of anyone whose name appears in said list.
- While determining suspicious transactions, AAL shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

## REPORTING

- In terms of the PML Rules, AAL is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:- Director, FIU-IND

Financial Intelligence Unit-India,

6th Floor, Hotel Samrat, Chanakyapuri,

New Delhi-110021.

Website: <http://fiuindia.gov.in>

## HIRING AND TRAINING OF EMPLOYEES

- AAL shall identify the key positions within the organization structure, having regard to the risk of money laundering and terrorist financing and the size of its business and ensure the employees taking up such key positions are suitable and competent to perform their duties. For the purpose of this policy, key positions shall include the employees holding office as Managing Director, Chief Executive Officer, President, Chief Operating Officer, other senior managerial positions at the same level as that of the Chief Operating Officer and Group Head, Business Development.
- AAL shall endeavour to undertake employee training programmes, so that the members of the staff are adequately trained in AML and CFT procedures.

## ABOUT THE POLICY

- The PMLA Act and Rules can be accessed here: <https://dor.gov.in/acts-list?page=3>
- The terms mentioned herein, whether or not specifically defined, shall have the meaning set forth in the definitions provided under the Prevention of Money Laundering Act, 2002 ("PMLA") and Rules.
- AAL reviews this policy annually or upon significant regulatory changes.

For: ANUBHUTI ADVISORS LLP

Effective Date: 01/04/2024

Approved By: Compliance Officer