

DSP BLACKROCK
PENSION FUND MANAGERS

INVESTMENT POLICY

Investment Policy

DSP BlackRock Pension Fund Manager's (DSPBRPFM) fiduciary business is managed according to the rules, regulations, guidelines and circulars stipulated for Pension Fund Managers (PFM) by Pension Fund Regulatory & Development Authority (PFRDA) and also incorporate DSPBRPFM's internal policies.

DSPBRPFM's investment philosophy is designed to seek consistent, long-term results by adopting a research-based, methodical approach to investing. The investment process is rigorous and is in line with the investment philosophy which advocates a disciplined approach to investing. We seek to apply this process consistently over time and across different asset classes.

The investment objective of a particular portfolio shapes the investment style that is most appropriate for that given portfolio.

We have robust risk-management controls and processes that are designed to understand, evaluate and mitigate risks.

Statement of Objectives

The Investment Philosophy will be driven by the investment objectives of each of the pension schemes such as scheme type, investment objectives, investment strategy, investment pattern and risk profile. The risk-return positioning of each Scheme is clearly mapped out and taken into account while managing the Scheme.

The objectives are:

- Provide clearly defined investment strategies to the subscribers in accordance with the PFRDA investment guidelines.
- Provide Plan's subscribers with investment choices that are diversified across a range of risk levels, asset classes, and investment strategies in order to accommodate the varying levels of needs and risk tolerance of the subscribers in constructing portfolios to meet their particular financial goals.
- Allocation of subscriber contributions between investment options will be the responsibility of the subscriber.
- Provide subscribers with investment options in equity and fixed income as prescribed under the PFRDA guidelines.

- Monitor the performance of investment options consistent with best practices to satisfy DSP BlackRock Pension Fund Manager's fiduciary responsibilities.

Equity Investment Policy

The investment philosophy at DSPBRPFM is designed to seek consistent, long-term results by adopting a research-based, methodical approach to investing. Aiming at investment excellence within the framework of transparent and rigorous risk controls, through BlackRock, DSPBRPFM has access to a world-wide network built on local experience and resources, thereby adding value through shared knowledge, intelligence and ideas.

Equity Investments will be managed through an index-oriented management approach with focus on tracking the chosen benchmark index. The index-oriented management aims to generate the market return for the subscribers.

The investment will be managed subject to portfolio guidelines prescribed by PFRDA. These relates to investment universe, limits on individual stock holdings, sector weight, cash levels and derivative exposure. These guidelines form part of DSPBRPFM's Fund Manager Guidelines which are reviewed by Investment Committee and Risk Management Committee on an annual basis or at shorter intervals in case of any changes in the PFRDA Guidelines or the Investment Management Agreement (IMA).

Equity investment will be managed from the perspective of relative return and risk as compared to the overall benchmark for the asset class.

Although the investment decision making process involves a team oriented approach, the ultimate authority over stock picking decisions lies with the Fund Manager.

Fixed Income Investment Policy

The Fixed Income investment philosophy at DSPBRPFM is built on a disciplined, research-driven framework. The fixed income investment process is based on the belief that excess returns are driven by duration, yield curve allocation, sector allocation and security selection.

The investment policy will seek to create a management process with sufficient flexibility to capture investment opportunities as they may occur, yet maintain reasonable parameters to ensure prudence and care in the execution of the investment program.

DSPBRPFM's investment management approach seeks to add value over the market rate of return by focusing on changes in interest rates, changes in the shape of the yield curve, changes in yield spreads among bond market sectors and security selection. DSPBRPFM will seek to diversify the fixed income portfolio by maturity, quality, sector and coupon.

The investment will be managed subject to portfolio guidelines prescribed by PFRDA. These relate to investment universe, maximum single issuer and group exposure, minimum rating, minimum maturity, credit quality, cash levels and derivative exposure. These guidelines form part of DSPBRPFM's Fund Manager Guidelines which are reviewed by Investment Committee and Risk Management Committee on an annual basis or at shorter intervals in case of any changes in the PFRDA Guidelines or IMA.

This investment style is driven by a focus on high quality debt instruments, in terms of issuer risk and market liquidity while seeking to maximize returns for the level of risk taken.

Although the investment decision making process involves a team oriented approach, the ultimate authority over security selection decisions lies with the Fund Manager.