

JM Financial Mutual Fund

Valuation Review as per Policy - Report

Period: April 2023 to March 2024

Report No: JMFMF/IA/01/2023-24

Mr. Amitabh Mohanty
Chief Executive Officer,
JM Financial Asset Management Limited
8th Floor, Cnergy, Prabhadevi,
Mumbai 400 025.

Dear Sir,

Subject: Valuation Review as per Policy - Report for the period April 2023 to March 2024

We are pleased to present our valuation review as per policy for the period April 2023 to March 2024. The review of Valuation Policy process is performed as per the engagement letter no. CNK/IA/PRO/117/2023-24 dated August 05, 2023.

The scope of the engagement has been set out in our appointment letter and the coverage is tabulated in the index.

Accordingly, we have reviewed the existing valuation policy (version March 2024) and its adherence by performing independent check on sample basis. We are pleased to submit the review report as per **Appendix**.

We wish to extend our appreciation to the staff and management of JM Financial Asset Management Limited for the co-operation extended to us during our course of review.

Thanking You.
For CNK & Associates LLP
Chartered Accountants
FRN. 101961W/W-100036

VIPUL Digitally signed
SHASHIKAN by VIPUL
T GOSALIA SHASHIKANT
GOSALIA

(Vipul Gosalia)
Partner
Membership No. 100065
UDIN:24100065BKELDG5767

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1. NOTE TO READERS

- Internal Audit Performed by CNK & Associates LLP (“CNK”) is in terms of the scope, methodology and other terms and conditions, mutually agreed with the Management and documented in terms of an Engagement Letter, issued by CNK.
- The Internal Audit Activity is designed to provide reasonable assurance to the Management on the effectiveness of internal controls with respect to the areas audited and report material weaknesses/deviations observed. Internal Audit activity cannot be relied upon to detect frauds or to disclose all irregularities that may exist.
- The responsibility for establishing, maintaining, and monitoring internal controls and processes, to ensure compliance with laws and regulations, to confirm adherence to internal policies and procedures, and to manage risks in terms of the risk management framework adopted, is that of the Management. It is also the responsibility of the Management to initiate/direct action based on internal reports that are designed to include useful recommendations for improvement of performance and to avoid weaknesses that could lead to material loss or misstatement.
- Internal Audit scope generally covers a series of different functions/units/activities of the organization but may not comprehensively cover all functions/units/activities in a given year. Hence, comprehensive coverage of the entire organization is not always envisaged as part of Internal Audit every year.
- We, as Internal Auditors, rely on the information, explanations, reports and records provided by the Management (which we have received as per the requisition given by us) for the conduct of our audit, without any further validation of their accuracy and completeness. Similarly, photocopies, scanned copies and data dumps provided to us are accepted as accurate and complete, without any comparison with the original records.
- We rely on the Management to periodically update us on key information and events relevant for the conduct of our audit and for fair assessment of risks and controls within the organization. Material information known to the Management and not shared with us would limit the coverage of internal audit and, consequently, the quality of the audit reporting.
- For the review of internal controls and processes, the Internal Auditors rely on sampling and test check of records and as such, inherent risk resulting from drawing conclusions about the population based on review of a small sample cannot be entirely eliminated.
- Internal audit is conducted for a specific reference period.

2. Objectives, Methodology, Scope, and Coverage

AUDIT OBJECTIVES
Providing assurance to the management that internal checks and controls are properly planned and are operational, in all key areas of activity covered in the scope.
AUDIT SCOPE
Valuation Review and its certification and procedures as required by updated valuation policy (Version March 2024). Refer Annexure I for detailed scope.
AUDIT METHODOLOGY
The audit methodology adopted by us comprises of the following: <ul style="list-style-type: none">➤ Samples selected to validate the valuation have been taken as per policy from the months of April 2023 to March 2024.➤ Discussions with the concerned auditee to confirm the observations.➤ Issue of draft report for auditees' comments and agreed actions.➤ Finalization of the report based on the feedback provided after discussion with the auditees.

3. APPENDIX

Sr. No.	Audit Area	Observation	Auditee Response																										
1	<p>We have reviewed the valuation policy for the period April 2023 to March 2024 and carried out review of its procedures and internal controls based on the following:</p> <ul style="list-style-type: none"> ➤ All listed equity securities were valued as per the closing price of such security on a recognized stock exchange i.e. NSE and BSE. ➤ All debt and money market instruments were valued on the basis of aggregated prices as provided by the Credit Rating Agencies. ➤ All Corporate Debt Market Development Fund (CDMDF) instruments were valued on the basis of AMFI NAV Report. <p>The sample dates are mentioned below:</p> <table border="1" data-bbox="754 1442 1225 1951"> <thead> <tr> <th>Month</th> <th>Dates</th> </tr> </thead> <tbody> <tr><td>April 2023</td><td>12.04.2023, 28.04.2023</td></tr> <tr><td>May 2023</td><td>09.05.2023, 31.05.2023</td></tr> <tr><td>June 2023</td><td>21.06.2023, 30.06.2023</td></tr> <tr><td>July 2023</td><td>14.07.2023, 31.07.2023</td></tr> <tr><td>August 2023</td><td>02.08.2023, 31.08.2023</td></tr> <tr><td>September 2023</td><td>01.09.2023, 28.09.2023</td></tr> <tr><td>October 2023</td><td>03.10.2023, 31.10.2023</td></tr> <tr><td>November 2023</td><td>03.11.2023, 30.11.2023</td></tr> <tr><td>December 2023</td><td>15.12.2023, 28.12.2023</td></tr> <tr><td>January 2024</td><td>02.01.2024, 30.01.2024</td></tr> <tr><td>February 2024</td><td>02.02.2024, 19.02.2024</td></tr> <tr><td>March 2024</td><td>06.03.2024, 27.03.2024</td></tr> </tbody> </table>	Month	Dates	April 2023	12.04.2023, 28.04.2023	May 2023	09.05.2023, 31.05.2023	June 2023	21.06.2023, 30.06.2023	July 2023	14.07.2023, 31.07.2023	August 2023	02.08.2023, 31.08.2023	September 2023	01.09.2023, 28.09.2023	October 2023	03.10.2023, 31.10.2023	November 2023	03.11.2023, 30.11.2023	December 2023	15.12.2023, 28.12.2023	January 2024	02.01.2024, 30.01.2024	February 2024	02.02.2024, 19.02.2024	March 2024	06.03.2024, 27.03.2024	No Observation	No Comments
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4. ANNEXURES

ANNEXURE I: SCOPE AND EXTENT OF CHECKING

Process	Extent of Checking
Valuation Review and its certification and procedures as required by updated valuation policy (Version March 2024).	Sample 24 dates

Disclaimer:

As per Eight Schedule of SEBI Mutual Fund Regulations 1996;

1. Mutual fund is responsible:
 - For valuation of its investments in accordance with the valuation policies and procedures approved by the Board of the asset management company to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time.
 - For ensuring that assets held by the mutual funds shall be consistently valued according to the policies and procedures. The policies and procedures shall describe the process to deal with exceptional events where market quotations are no longer reliable for a particular security.
2. The Asset Management Company is responsible:
 - For the periodic review of the valuation policies and procedures to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets. The Board of Trustee and the Board of Asset Management Company shall be updated of these developments at appropriate intervals.

5. RISK RATING CRITERIA

RISK CLASSIFICATION	Particulars
Operations	There is operational risk
Financial Reporting	There is a financial reporting risk
Regulatory Compliance	There is a risk of non-compliance to applicable laws and regulations
ROOT CAUSE DEFINITION	
IT System Deficiency	When the process weakness / control gap is a result of inherent limitation of the information technology architecture supporting the business processes
Process Deficiency	When the process weakness / control gap is as a result of inherent limitation of the business process
Operational Ineffectiveness	When the exception noted results from non-adherence to laid down procedures
External	When the control gap is due to some external factor which is not controllable