Invesco Mutual Fund

Sixteenth Amendment to Investment Valuation Policy & Procedure ("Valuation Policy") of Invesco Mutual Fund.

The amendment under Section **A.3** of Annexure I of the Valuation Policy is effective from **September 20, 2023**. The other amendment / changes in valuation policy as mentioned below will be effective from **September 22, 2023.**

Amendments in Part A - Equity & Equity Related Instruments (Annexure I of the Valuation Policy)

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
1.	Para A.1 - Traded: Equity and Equity Related Securities (Including Redeemable Preference shares and Cumulative Convertible Preference Share (CCPS), Partly Paid-up Equity Shares, Rights & Warrants):	**Traded: Equity and Equity Related Securities (Including Redeemable Preference shares and Cumulative Convertible Preference Share (CCPS), Partly Paid-up Equity Shares, Rights & Warrants):** Traded Securities will be valued at the last quoted closing price on the selected Stock Exchange. Where security is not traded on the selected stock exchange on a particular valuation date, the last quoted closing price on another Stock Exchange may be used. If a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used, provided such date is not more than thirty (30) days prior to valuation date. In case preference shares and CCPS are not traded for more than 30 days, the same shall be valued in good faith by AMC and appropriate illiquidity discount will be applied. The selected Stock exchange would be the National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, the price on Bombay Stock Exchange (BSE) would be considered. Reasons for change of the stock exchange selected for valuation of security will be recorded in writing by AMC.	**Traded: Equity and Equity Related Securities (Including Redeemable Preference shares and Cumulative Convertible Preference Share (CCPS), Partly Paid-up Equity Shares, Rights & Warrants, Infrastructure Investment Trust (InvIT) & Real Estate Investment Trust (REIT):** Traded Securities will be valued at the last quoted closing price on the selected Stock Exchange. Where security is not traded on the selected stock exchange on a particular valuation date, the last quoted closing price on another Stock Exchange may be used. If a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used, provided such date is not more than thirty (30) days prior to valuation date. In case preference shares, CCPS, REITs and InvITs are not traded for more than 30 days, the same shall be valued in good faith by AMC and appropriate illiquidity discount will be applied. The selected Stock exchange would be the National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, the price on Bombay Stock Exchange (BSE) would be considered. Reasons for change of the stock exchange selected for valuation of security will be recorded in writing by AMC.
2.	Para A.3 - Unlisted shares / preference shares / warrants (excluding instruments issued by listed Companies and due for listing and primary market issue)	Not applicable since investments allowed only in listed or to be listed equity and equity related instruments.	**Unlisted Equity Shares** As per the MF Regulations, schemes of Invesco Mutual Fund will invest only in listed or to be listed equity and equity related instruments. However, if unlisted equity shares are received / allotted pursuant to scheme of arrangement and / or resolution plan approved under insolvency proceedings or any other corporate action / circumstances, then the unlisted equity shares will be valued "in good faith" as per the Methodology of Valuation given in para 9.8 of SEBI master circular for Mutual funds dated May 19, 2023. as follows:

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
			a) Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of item (1) and (2) below: 1. Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares. 2. After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options. 3. The lower of (1) and (2) above shall be used for calculation of Net Worth per share and for further calculation in (c) below. b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 per cent. i.e. only 25 per cent of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose. c) The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share. The above valuation methodology shall be subject to the following conditions: a) All calculations shall be based on audited accounts. b) If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. c) If the Net Worth of the company is negative, the share would be marked down to zero. d) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. e) In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of

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			the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation. At the discretion of the AMCs and with the approval of the Trustees, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology. **For Unlisted Preference shares and warrants:** The same shall be valued in good faith by AMC and appropriate illiquidity discount will be applied.
3.	Para A.6 - ADR / GDR / Offshore Securities	• If the security is listed in a time zone ahead of ours then the same day price as provided by Reuters would be used for valuation. • If the security is listed in a time zone behind ours then the previous day's price as provided by Reuters would be used for valuation. • In case the security is not traded on the above mentioned days, price of previous day should be used provided the price is not prior than 30 days. • In case the security is not traded for more than 30 days, the same shall be valued in good faith by AMC and appropriate illiquidity discount will be applied.	• ADR / GDR / Offshore Securities will be valued at the last quoted closing price on the Stock Exchange on which the respective security is listed. In case an security is listed on more than one stock exchange, then the AMC shall select the appropriate stock exchange for valuation and record the same in writing. Any subsequent change in the stock exchange selected for valuation of securities will also be recorded in writing by the AMC and approved by the Valuation Committee. • In case the security is not traded on the above-mentioned days, price of previous day should be used provided the price is not prior than 30 days. • In case the security is not traded for more than 30 days, the same shall be valued in good faith by AMC and appropriate illiquidity discount will be applied.
4.	Para A.9 - Shares on De-merger / Merger and Other Corporate Action Events	**Demerger** 1. In case one entity is demerged into 2 or more entities and the shares of all the resulting entities as well as the demerged entity are traded immediately on de-merger, then the last quoted closing price on the stock exchange will be considered for valuation, provided such closing price is not more than 30 days old prior to valuation date. 2. In case of demerger where the shares of the demerged entity continue to be listed and shares of resulting entity are unlisted, then the value of shares of resulting entity will be calculated as follows: Closing price of shares of demerged entity on immediately preceding trading day before demerger (i.e. cum demerger price) minus Closing price of shares of demerged entity on the trading day immediately after demerger (i.e. ex-demerger price). In case the value derived using above formula is zero or negative then the shares of resulting entity will be valued at zero.	**Demerger** 1. In case one entity is demerged into 2 or more entities and the shares of all the resulting entities as well as the demerged entity are traded immediately on de-merger, then the last quoted closing price on the stock exchange will be considered for valuation, provided such closing price is not more than 30 days old prior to valuation date. 2. In case of demerger where the shares of the demerged entity continue to be listed and shares of resulting entity are unlisted, then the value of shares of resulting entity will be calculated as follows: Closing price of shares of demerged entity on immediately preceding trading day before demerger (i.e. cum demerger price) minus Closing price of shares of demerged entity on the trading day immediately after demerger (i.e. ex-demerger price). In case the value derived using above formula is zero or negative then the shares of resulting entity will be valued at zero.

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		In case there are two or more unlisted entities resulting due to a demerger, then the market value of shares of unlisted entity arrived as above will be allocated to the resulting entities in the ratio of cost of shares till they are listed and traded on a stock exchange. The cost price of new entity/entities would be derived proportionately from the cost price of parent entity. If a company provides any method / ratio for cost allocation as a part of scheme of arrangement, the same will be considered. 3. In case of demerger where shares of all the entities (i.e. demerged entity as well as resulting entities) are unlisted, then the last quoted closing price of demerged entity on the trading day immediately preceding the demerger (i.e cum demerger price) will be considered for valuation of shares of all the entities for a period of 30 days from the date of demerger and such value will be allocated over demerged entity and resulting entities in the ratio of cost of shares. If a company provides any method / ratio for cost allocation as a part of scheme of arrangement, the same will be adopted. In case there are no details available for the company, the same will be valued at fair value as determined by the valuation committee. **Merger** Where company 'X' is merged with company 'Y' and company 'Y continues to be listed post the merger, then the shares of company 'Y' allotted against shares of company 'X' (based on merger ratio) will be valued at the last quoted closing price of company 'Y' on the stock exchange. The aggregate cost of shares of company 'X' will be added to the aggregate cost of shares of company 'Y'. In case where company 'X' and company 'Y' which are listed are merged to form company 'Z' and company 'Z' is unlisted, then the value of shares of company 'Z' will be aggregate of last quoted closing price of shares of company 'X' and shares of company 'Y' on immediate preceding trading day (i.e. cum-merger date) adjusted for merger ratio. The aggregate cost of company 'X and company 'Y shares will be added to derive the cost of company 'Z' shares. Further while valuing shares pursuant to corporate action like merger / demerger, appropriate illiquidity discount may be provided with the approval of Valuation Committee.	In case there are two or more unlisted entities resulting due to a demerger, then the market value of shares of unlisted entity arrived as above will be allocated to the resulting entities in the ratio of cost of shares till they are listed and traded on a stock exchange. The cost price of new entity/entities would be derived proportionately from the cost price of parent entity. If a company provides any method / ratio for cost allocation as a part of scheme of arrangement, the same will be considered. 3. In case of demerger where shares of all the entities (i.e. demerged entity as well as resulting entities) are unlisted, then the last quoted closing price of demerged entity on the trading day immediately preceding the demerger (i.e cum demerger price) will be considered for valuation of shares of all the entities for a period of 30 days from the date of demerger and such value will be allocated over demerged entity and resulting entities in the ratio of cost of shares. If a company provides any method / ratio for cost allocation as a part of scheme of arrangement, the same will be adopted. In case there are no details available for the company, the same will be valued at fair value as determined by the valuation committee. **Merger** Where company 'X' is merged with company 'Y' and company 'Y continues to be listed post the merger, then the shares of company 'Y' allotted against shares of company 'X' (based on merger ratio) will be valued at the last quoted closing price of company 'Y' on the stock exchange. The aggregate cost of shares of company 'X' will be added to the aggregate cost of shares of company 'Y'. In case where company 'X' and company 'Y' which are listed are merged to form company 'Z' and company 'Z' is unlisted, then the value of shares of company 'Z' will be aggregate of last quoted closing price of shares of company 'X' and shares of company 'Y' on immediate preceding trading day (i.e. cum-merger date) adjusted for merger ratio. The aggregate cost of company 'X and company 'Y shares will be added to derive the cost of company 'Z' shares. Further while valuing shares pursuant to corporate action like merger / demerger, appropriate illiquidity discount may be provided with the approval of Valuation Committee.

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
		In case of any other corporate action, the AMC shall value the security at fair value in good faith on a case to case basis and approval from valuation committee will be sought for the valuation	In case of the demerger or any other corporate action where special price discovery session (pre-open session) is held by the stock exchanges, then price of the resulting company will be the difference in closing price of residual entity on NSE or BSE on day immediately prior to ex-date and closing price determined at the end of special session (pre-open session) on NSE or BSE. Appropriate illiquidity discount may be provided with the approval of Valuation Committee. This is explained by way of example as follows: 1. Company X (**'Residual Company'**) demerges it's financial services business into Company Y (**'Resulting Company'**) and ex-date for the said corporate action was July 20, 2023. 2. The closing price of Company X on July 19, 2023 on NSE was Rs.2,841.85. 3. On July 20, 2023, stock exchanges conducted special pre-open session to discover price of Company X after demerger. 4. At the end of Pre-open session on July 20, 2023, the price of Company X was Rs.2,580.00 5. The value of Company Y ('**Resulting Company**') will be arrived as follows: Rs.2,841.85 minus Rs.2,580.00 = Rs. 261.85 Accordingly, the equity shares of Company Y will be valued at Rs 261.85 subject to illiquidity discount as may be approved by the Valuation Committee till the said shares are listed. In case of any other corporate action, the AMC shall value the security at fair value in good faith on a case to case basis and approval from Valuation Committee will be sought for the valuation

Amendments in Part B - Fixed Income and related securities (Annexure I of the Valuation Policy)

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
1.	Para B.i.4 - Interest Rate Swap (**IRS**)	**Interest Rate Swap (IRS) / OTC derivatives** Prices for all OTC derivatives shall be valued at the average of Valuation prices provided for individual securities by Valuation Agencies. (SEBI Circular No. SEBI/HO/IMD/DF4/ CIR/P/2019/102 dated September 24, 2019). The below process shall be continued to value the Interest Rate Swap (IRS) / OTC derivatives until such time these prices are provided by the Valuation Agencies. In case of IRS contracts, counter parties agree to exchange stream of interest payments on notional value at an agreed date.	**Interest Rate Swap (IRS) / OTC derivatives** All OTC derivatives including IRS will be valued at the average of security level prices provided by valuation agencies. (Para 9.6.3 of SEBI master circular for Mutual funds dated May 19, 2023).

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
		One party agrees to pay floating and another agrees to pay fixed rate of interest. Floating rate is decided on the basis of a benchmark such as 'Financial Benchmarks India Pvt. Ltd. (FBIL)' MIBOR/3 Day MIBOR. Valuation of IRS involves valuation of streams of interest payments. The underlying security is valued in the same manner as was valued before entering into IRS contract. Value of IRS contract is the present value of the difference between the fixed and floating interest to be received/paid on maturity of the contract. Floating rate interest till maturity is the interest accrued till the valuation date plus the interest on remaining period at reversal rate. Reversal rate for the day is available on Reuters /Bloomberg for different maturities. The relevant rate is taken on the basis of maturity of the contract. However, if the maturity date falls between the two years, the reversal rate is arrived by interpolation on valuation date.	
2.	Para B.i.6 - Bank Fixed Deposits and Repurchase (Repo) Transactions	**<u>Bank Fixed Deposits and Repurchase (Repo) Transactions</u>:** Repurchase (repo) transactions including tri-party repo i.e. TREPS, Clearcorp Repo Order Matching System i.e. CROMS and Repo in Corporate Debt Securities with tenor of up to 30 days and investment in short-term deposits with banks (pending deployment) shall be valued on cost plus accrual basis.	**<u>Bank Fixed Deposits and Repurchase (Repo) Transactions including Corporate Bond Repo</u>:** Repurchase (repo) transactions including tri-party repo i.e. TREPS, Clearcorp Repo Order Matching System i.e. CROMS and Repo in Corporate Debt Securities with tenor of up to 30 days and investment in short-term deposits with banks (pending deployment) shall be valued on cost plus accrual basis. Repurchase (repo) transactions including tri-party repo i.e. TREPS, Clearcorp Repo Order Matching System i.e. CROMS and Repo in Corporate Debt Securities of maturity above 30 days will be valued at average of security level prices provided by valuation agencies. In case security level prices given by valuation agencies are not available, then such securities would be valued at purchase yield on the date of purchase. The security shall be amortized from 31st day price to redemption price on straight line basis from the 30th day before maturity.

<u>Amendments in Part C – Other securities (Annexure I of the Valuation Policy)</u>

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
1.	Para C.3 - Gold.	Since physical gold and other permitted instruments linked to gold are denominated in gold tonnage, it will be valued based on the market price of gold in the domestic market and will be marked to market on a daily basis. The market price of gold in the domestic market on any business day would be arrived at as under:	Since physical gold and other permitted instruments linked to gold are denominated in gold tonnage, it will be valued based on the market price of gold in the domestic market and will be marked to market on a daily basis. The market price of gold in the domestic market on any business day would be arrived at as under:

Sr. #	Reference / Para No. of Annexure I of the Valuation Policy	Existing Provisions	Revised / Amended Provisions
		Domestic price of gold = (London Bullion Market Association AM fixing in US$ / ounce X conversion factor for converting ounce into kg for 0.995 fineness X rate for US$ into INR) + custom duty for import of gold and other taxes/levies and charges, as applicable + notional premium & fixing that may be charged for delivery of gold to the place where it is stored on behalf of mutual fund. On any day, the LBMA AM fixing or reference rate issued by Financial Benchmarks India Ltd (FBIL) is not available due to a holiday, then the previous day price is applied for the purpose of calculating the value of gold.	Domestic price of gold = (London Bullion Market Association AM fixing in US$ / ounce X conversion factor for converting ounce into kg for 0.995 fineness X rate for US$ into INR) + custom duty for import of gold and other taxes/levies and charges, as applicable + notional premium & fixing that may be charged for delivery of gold to the place where it is stored on behalf of mutual fund. Premium / Discount may be reviewed and applied by the fund manager on an ongoing basis to ensure that valuation of Gold reflects the fair value in comparison with MCX spot price which reflects domestic price. In case MCX spot price is not available, any other appropriate source may be used as agreed upon by valuation committee to determine the domestic price. On any day, the LBMA AM fixing or reference rate issued by Financial Benchmarks India Ltd (FBIL) is not available due to a holiday, then the previous day price is applied for the purpose of calculating the value of gold.
2.	Para C.6: **Corporate Debt Market Development Fund (CDMDF)**	Nil	Units of Corporate Debt Market Development Fund (CDMDF) will be valued at the published NAV as on the valuation day.

Apart from above changes mentioned, the references of SEBI circulars which have now been rescinded after the issuance of SEBI master circular dated May 19, 2023 have also been suitably modified in Valuation Policy by adding the references of SEBI Master Circular.