STANDARD OPERATING PROCEDURE

RISK PROFILING, SUITABILITY & REVIEW SOP

SNMA — An AMFI Registered Mutual Fund Distributor

ARN - 91758

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1. PURPOSE AND SCOPE

To establish a standardized process for assessing, documenting and classifying every investor's risk profile before recommending Mutual Fund investments.

This SOP applies to all investors serviced by SNMA during onboarding, additional investments, portfolio reviews and client discussions.

2. RESPONSIBILITIES

Investor

- Provide complete, honest and accurate financial and investment-related information.
- Answer all risk-profiling questions according to current circumstances and preferences.

Mutual Fund Distributor / Authorised Person

- Explain the purpose of risk profiling in a neutral manner.
- Record responses accurately without influencing the investor's choices.
- Calculate the score, assign the approved category and explain its implications.
- Retain the completed assessment and reassess it whenever required.

3. QUESTIONNAIRE AND SCORING

Risk Profiling Questionnaire consists of 3 questions, each carrying 3 to 10 points. It covers the following parameters:

- Risk Tolerance.
- Financial Capacity.
- Investment Goals.

Scoring Range: 9 to 30 Points

The cumulative score determines the investor's Risk Category.

The approved sample Risk Profiling Form is maintained in Annexure 2.2 A ii.

4. OPERATING PROCEDURE

01 — Collect

Record the investor's details, assessment date and complete responses using the approved form.

02 — Assess

Verify one response per question and calculate the total risk score.

03 — Assign

Map the score to the approved risk classification matrix.

04 — Review Suitability

Consider goals, investment horizon, liquidity, concentration and capacity for loss.

05 — Communicate

Explain the assigned category and obtain the investor’s acknowledgement.

06 — Retain and Reassess

Store the record and review it annually or upon a material change.

5. FOUR RISK CATEGORY CLASSIFICATION MATRIX

Score Range	Risk Category	Interpretation	Indicative Asset Classes
0 – 9	**Conservative**	Low risk tolerance with primary focus on capital preservation and stability.	Liquid Funds, Overnight Funds, Money Market Funds, Ultra Short Duration Funds, Banking & PSU Funds and other low-risk debt-oriented funds.
9 – 15	**Moderately Conservative.**	Slightly Higher risk tolerance than Conservative. Low Equity Funds and conservative Hybrid Funds.	Equity Savings Funds, Conservative Hybrid Funds. Bit of Balanced Adv Fund (which keep low equity)
15 – 21	**Moderate**	Balanced approach between safety and long-term wealth creation with moderate volatility.	Balanced Advantage Funds, Multi Asset Funds, Aggressive Hybrid Funds, Large Cap Funds and Hybrid Equity Funds.
21-26	**Moderately Aggressive.**	Comfortable with higher market fluctuations in pursuit of long-term capital appreciation.	Flexi Cap Funds, Multi Cap Funds, Large & Mid Cap Funds, ELSS Funds and Index Funds.
20 – 30	**Very Aggressive**	High tolerance for market volatility and long-term equity-oriented wealth creation.	Mid Cap Funds, Small Cap Funds, Sectoral Funds, Thematic Funds and diversified equity growth funds.

Categories are ordered from lowest to highest risk. The assigned category must be supported by the completed assessment and suitability review.

6. SUITABILITY AND USE

- Use the prescribed score range when assigning the investor’s risk category.
- Document any lower financial capacity or lower ability to absorb losses before determining suitability.
- Consider objectives, horizon, liquidity, concentration risk and the existing portfolio before any recommendation.
- Risk profiling is a suitability assessment tool and does not guarantee investment performance or returns.

7. REASSESSMENT TRIGGERS

- A material change in income, age, employment status, liabilities or dependants.
- A change in financial goals, investment horizon, liquidity needs or risk tolerance.
- The annual portfolio review, even when no material change has been reported.

8. PROCESS SUMMARY

Identify Investor → Explain Purpose → Complete Questionnaire → Calculate Score → Assign Category → Review Suitability → Record and Retain → Reassess

9. OUR REVIEW PROCESS

Annual Client Review Process

The annual review is initiated before the client's onboarding anniversary. The team gathers current portfolio, transaction, allocation, goal and risk-profile records.

Core 3-Part Review Methodology

- Risk Profile Evaluation: determine whether the classification should be retained, upgraded or downgraded and document the justification.
- Portfolio Evaluation: review performance, suitability, allocation drift and any actionable rebalancing recommendations.
- Goal Status Evaluation: classify each goal as Accumulation, Transition or Distribution according to progress toward its target date.

The finalized review report is shared securely with the client. Confirmation, questions, profile changes and approved actions are documented and retained with the review records.

10. RECORD MAINTENANCE

- Completed Risk Profile Form and scoring evidence.
- Risk Profile Letter and client acknowledgement.
- Annual review records, recommendations and client communications.
- Suitability rationale and any exception or unsuitability acknowledgement.
- The approved Annual Review Report and client confirmation are archived under Annexure 2.2B ii - Review Samples.

This controlled SOP should be read with the completed risk assessment, suitability records and applicable internal compliance policies.