

# STANDARDISED APPROACH TO VALUATION OF INVESTMENT PORTFOLIO OF ALTERNATIVE INVESTMENT FUNDS (AIFS)

June 21, 2023

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## BACKGROUND

On June 15, 2023, SEBI notified and amended SEBI AIF Regulations, to standardized the approach for valuation of Investment Portfolio of AIF.

## BRIEF

### Eligibility Criteria of Independent Valuer (IV):

Registered with IBBI & shall be a member of ICAI/ICSI/ICMAI/CFA

Holding or Subsidiary Company of Credit Rating Agency

Any other criteria as specified by SEBI

Note: Experience of min 3 years in valuation and not be associated with IM/Sponsor/trustee

## IMPACT

The importance of independent valuation, standardized valuation methods, accountability of the Manager, and transparent reporting shall ensure fair and accurate valuation of the AIF's investments.

### Manner of Valuation

As per valuation norms of SEBI (Mutual Funds) Regulations, 1996

Guidelines specified by AIF industry association representing 33% of Total AIF's

### Responsibility of Investment Manager (IM):

Deviation of > 20% between 2 consecutive valuation or > 33% in a financial year from valuation procedures and policies to arrive at fair value then disclose the same to investors & record the reason for same.

Disclose True and fair value of the investments as per procedures & policies adopted by AIF & mentioned in PPM

Changes in method of valuation shall be considered as material change and need to follow the process as specified in the mentioned SEBI circular

### Compliance

Comply with the provisions of Benchmarking as per this Circular

Submission of Compliance Report of this circular on SEBI SI Portal

SOURCE : SEBI CIRCULAR - SEBI/HO/AFD/PoD/CIR/2023/97