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कर्मचारी भविष्य निधि संगठन
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

EMPLOYEES' PROVIDENT FUND ORGANISATION

(Ministry of Labour & Employment, Govt. of India)

मुख्य कार्यालय / Head Office

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Bhavishya Nidhi Bhawan, 14, Bhikaiji Cama Place, New Delhi – 110 066.

No: IMC/38/SOFM/2010/2455-2467

Date: - 20.06.2011

To,

All Applicants:

1. ICICI Prudential Asset Management Corporation Limited,
2. Reliance Capital Asset Management Limited
3. State Bank Of India
4. HSBSC Asset Management (India) Private Limited
5. UTI Asset Management Company Limited
6. Franklin Templeton Asset Management (India) Private limited
7. ICICI Securities Primary Dealership Limited
8. Security Trading Corporation of India Primary Dealer Limited
9. Kotak Mahindra Asset Management Company Limited
10. Birla Sun Life Asset Management Company Limited

Subject: Response to clarification on Request for Proposal (RFP) for the appointment of fund managers for managing EPFO corpus.

Sir,

This is with reference to the clarifications raised by the applicants to EPFO/CRISIL during the Pre Bid Conference on Request for Proposal (RFP) for the appointment of fund managers for managing EPFO corpus held on 14.06.2011 at Mumbai.

Please find attached herewith the response to the clarifications raised by the applicants.

Yours Faithfully,

(K.L.Goyal)

Regional P.F. Commissioner-I (IMC)

Attachment:

1. Pre Bid Conference Response.

Response to clarifications raised by applicants on the Request for Proposal for the selection of fund managers to manage the EPFO corpus

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
1	Birla Sun Life Asset Management Company Limited	2.1.9 Page 8	Exercise due diligence and care in all its decisions on investment management and operations as would be exercised by other persons engaged in the same business	Can Fund accounting be outsourced? Custodian will be appointed by EPFO and is clear	The fund manager can decide on the same and the cost will need to be borne by the fund manager.
2	Birla Sun Life Asset Management Company Limited	2.1.12 Page 8	Not utilize the services of the sponsor or any of its associates or its associates brokers, employees or their relatives (or the services of the sponsor or any other Fund Manager appointed by EPFO, or any of their associates, employees or their relatives), for purpose of any securities transaction and distribution and sale of securities	Whether the services of associates of other Fund Managers of EPFO cannot also be used for securities transaction and broking and if so, would EPFO issue an approved list or an exclusion of brokers after award of mandates?	After the appointment of the fund manager by the EPFO, each fund manager will have to submit a detailed list of its associates, sponsor, etc to EPFO. The same will be shared by EPFO with the appointed fund managers.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
3	Birla Sun Life Asset Management Company Limited	2.1.13 Page 9	Shall submit a quarterly certificate from a statutory auditor for compliance of the Section 2.1.11 & 2.1.12	Whether the statutory auditor will be appointed by the Fund Manager or EPFO, and can the fee be charged to the Fund?	The statutory auditor will be appointed by the Fund Manager and the cost will also be borne by the Fund Manager.
4	Birla Sun Life Asset Management Company Limited	2.1.16 Page 9	Ensure that a firewall is maintained both in terms of staff and systems, in respect of the corpus managed for the EPFO, to segregate it from its other businesses.	Will FOS system have to be segregated too?	There is no specified requirement to have a separate physical segregation; however the necessary firewall would need to be maintained.
5	Birla Sun Life Asset Management Company Limited	4.2. & 6.7.1 Page 17 and 35	Experience of retirement fund management	What is the definition of retirement funds? Does it include only segregated mandates of different retirement funds etc or wider than that? For new applicant MFs which are shortlisted can the weightage be accorded to the experience in managing long term debt funds like Capital Protection Oriented Funds & Fixed Maturity Plans as they also have an investment objective of protecting downside and delivering specified returns similar to retirement funds?	Following funds will be considered under retirement funds for the purpose of the evaluation: 1. Funds managed for exempted trusts under the discretionary Portfolio Management Services (PMS) of the applicant. 2. Dedicated 100% debt funds, for retirement fund management having an exemption under the Income Tax Act, 1961. 3. Debt funds launched under the National Pension System by fund managers where 100% of

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					the shareholding is held by the applicant or its holding company.
6	Birla Sun Life Asset Management Company Limited	4.2. & 6.7.1 Page 17 and 35	AUM of retirement fund management	For the purpose of like to like comparison for Mutual Funds only, where the statistics performance & scale are publicly available should EPFO funds managed in the last tranche be considered? For new shortlisted candidates (MFs only), can the weightage towards retirement funds be added to their experience & AUM in Long Term Debt portfolios?	The criteria for evaluation will be common across all applicants as stated in the RFP document.

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7	Birla Sun Life Asset Management Company Limited	4.2. & 6.7.1 Page 17 and 35	Assets Under Management (AUM) of long term debt portfolios*	If the objective of RFP is to identify Fund Manager with a capability to manage Long Term Debt funds (vis-à-vis a manager who remains long only irrespective of market conditions), then the ideal choice would be someone who has acted in the interest of the investors and remained duration light during the volatile markets of 2008-09 and built long positions as interest rates have bottomed. E.g. our actively managed G Sec strategy that has an average portfolio maturity (over the 12 quarters) of less than 5 years but has the Investment Objective of playing on duration to take advantage of dislocations in the yield curve from time to time	Long term debt portfolios are portfolios that have an average maturity of not less than 5 years over the 12 quarter ending dates.
8	Birla Sun Life Asset Management Company Limited	4.2. & 6.7.1 Page 17 and 35	Purchase yield on non-owned funds	Due to active management of portfolio duration, some of the Long term debt portfolios have had significant investment in CBLO from time to time. What will be the impact & treatment of such investments in the average weighted purchase yield of the Long Term Portfolios?	All securities in the portfolio should be considered while computing the average maturity of the portfolio. Since long term debt portfolios will be evaluated on point to point return method, Purchase Yield is not

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					required.
9	Birla Sun Life Asset Management Company Limited	5.3 Page 20	Custodian services	Will EPFO also open the SGL A/c? Name of entity in which the account will be opened.	EPFO will open the SGL account. The name of the entity will be disclosed to the fund managers after the account has been opened by EPFO.
10	Birla Sun Life Asset Management Company Limited	5.8 Page 23	Investment of the existing EPFO corpus	Will each tranche of allocation have to be managed separately for the returns assessment?	The performance assessment will be made on the total incremental flow received till that point in time.
11	Birla Sun Life Asset Management Company Limited	6.4.3 Page 32	There will be no separate fee payable for transaction costs like brokerage etc.	Can brokerage be capitalized?	No.
12	Birla Sun Life Asset Management Company Limited	6.4.4 Page 32	Reimbursement on idle funds crossing Rs 100000/-	Will the 2 days apply from the Trade date or T+1 (G-sec)?	The starting date for the calculation of idle funds will be the following date on which the fund moves into the account. The deal date will not be counted for the calculation of idle funds.
13	Franklin Templeton Asset Management (India) Private Limited	6.2.1 Page 28	Technical data format Portfolio data format	Weighted Average purchase yield would mean YTM of the portfolio especially in case of a Mutual Fund scheme-please clarify	Long term debt portfolios will be evaluated on Point to Point returns.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
14	Franklin Templeton Asset Management (India) Private Limited	Point 17 Page 19	Qualitative information	Does the word limit (500 words) apply to all 16 questions or for item 9 to 16	All write ups other than the one in case of point 9 in 4.2.2 of the RFP will need to be provided in the manner prescribed in the RFP. The write-up in case of point 9 may be provided in 5 pages/1250 words.
15	Franklin Templeton Asset Management (India) Private Limited	Point 11 Page 19	Qualitative information	Please elaborate on what constitutes "operations"	Operations involve execution of investment decisions and will include areas such as front, mid and back office processes.
16	Franklin Templeton Asset Management (India) Private Limited (FTAMIL)	6.2.2 Page 28	Technical data format Financial Strength	FTAMIL follows a financial year Oct to Sept under Compy. Act 1956. Given this should we submit nos. ending Sept or March nos. which in our case are not approved by shareholder?	Data can be submitted for the financial years that the Fund manager follows under the Companies Act, 1956.

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17	HSBC Asset Management (India) Private Limited	6.7.1 Page 35	Quantitative criteria- Relating to AAUM for long term debt portfolio and asset weighted performance for long term debt portfolios	<p>We request that the evaluation of the fund managers for managing the EPFO be done on the basis of return on investments, where as other long term debt funds are evaluated on the mark to market valuation of stocks held in the portfolios. Those fund managers who may not have direct experience in managing EPFO mandate, their performance criteria needs to be adjusted for such a comparison. We humbly request therefore that the fund managers who have managed EPFO funds be assessed separately. We suggest that the evaluation of present EPFO fund managers can be based on their performance on EPFO funds and for other fund managers, appropriate evaluation criteria be based on the RFP process put up by EPFO.</p> <p>As an example, we suggest that the AUM and weighted avg. yield criteria for long term debt portfolios could be done away with for fund managers who have experience of managing the EPFO mandate and evaluation for the same can be based on criteria set by CRISIL (i.e. the composite score).</p> <p>We believe, this will ensure that the fund managers who haven't performed well with the EPFO mandate do not gain higher weightage just because they have</p>	The criteria for evaluation will be common across all applicants as stated in the RFP document.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
18	HSBC Asset Management (India) Private Limited	6.7.1 Page 35	Quantitative criteria- Relating to calculation methodology for purchase yield of non-owned funds	The illustration for calculation of weighted average yield of long term debt portfolio is based on the market value of portfolio. However, for evaluation of retirement funds, we suggest that the portfolio is evaluated on the basis of return on investments (as calculated for EPFO funds) since it is a HTM portfolio.	The calculations for retirement funds shall be based on book value (clean price of the security, excluding interest accrued) on the date of purchase.
19	HSBC Asset Management (India) Private Limited	General		All the quantitative data is requested as at 31 Dec 2010. Does all the quantitative information need to be provided as at 31 Dec 2010 as well?	The qualitative information needs to be as on the date of submission of the RFP.
20	ICICI Prudential AMC Ltd	2.1.11.2 Page 8	The limit of 5% shall apply for a block of three months on a monthly rolling basis	Is it a block of rolling three calendar months?	The block will be based on calendar months for the computation of the broker limits.
21	ICICI Prudential AMC Ltd	2.1.12 Page 8	Not to utilize the services of the sponsor of any other EPFO Fund Manager or any of its associates	The names of such entities of other Fund Managers are not readily available.	After the appointment of the fund managers by the EPFO, each fund manager will have to submit a detailed list of its associates, sponsor, etc to EPFO. The same will be shared by EPFO with the appointed fund managers.

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22	ICICI Prudential AMC Ltd	2.1.14 Page 9	Responsible for investment management including Accounting	Do the Fund Managers have to do the Fund Accounting also? What is the role of Registrar in this case?	EPFO will appoint the custodian. 4 sub accounts (1 for each fund manager) will be opened with the custodian. Subsequently, each fund manager has to submit MIS to EPFO on periodical basis.
23	ICICI Prudential AMC Ltd	4.2.1 Sr. No. 4 Page 17	Asset weighted performance for debt portfolios	Is data required for only Long Term Debt Funds? Is it based on NAV? Is it for each individual quarter or cumulative performance?	The data is required for long term debt funds. The computation will be based on NAV. The asset weighted performance will need to be computed for each individual quarter.
24	ICICI Prudential AMC Ltd	4.2.1 Sr. No. 5 Page 17	Purchase Yield	Is data required for only Retirement Fund? If it is also for other debt funds, are 'sell' yields to be ignored?	Purchase Yield is required for only retirement fund portfolios. Sell yields have to be ignored.
25	ICICI Prudential AMC Ltd	5.3 Page 20	Custodian Services	Will all custodian charges, CCIL charges and margin deposits be borne by EPFO?	Custodian charges and CCIL charges will be borne/reimbursed by EPFO. All other charges have to be borne by the Fund Manager.

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26	ICICI Prudential AMC Ltd	6.2.1 Page 28	<p>Portfolio data – Avg. AUM</p> <ol style="list-style-type: none"> 1. Avg. AUM for Retirement Fund 2. Asset weighted point-to-point return for Retirement Fund 3. Weighted avg. purchase yield for Long Term Debt schemes 4. For Retirement Fund 	<p>Does this include Incremental as well as Legacy portfolio? Please confirm:</p> <ol style="list-style-type: none"> 1. It's a cumulative number 2. It's a cumulative return as shown in EPFO performance 3. Should it not be on Book value, instead of on Market value? 4. There is no Market value for purchases 	<p>The incremental portfolio should be considered for the computing the Average AUM. The legacy portfolio should not be considered.</p> <ol style="list-style-type: none"> 1. The Average AUM will be a cumulative number. 2. Performance of retirement funds will be based on Purchase Yield. Asset weighted point to point return for retirement fund is not required. 3. Performance of long term debt funds will be based on Point to Point return. Purchase Yield for long term debt schemes is not required. 4. Performance of retirement funds will be based on Purchase Yield. Asset weighted point to point return for retirement fund is not required.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
27	ICICI Prudential AMC Ltd	6.4.4 Page 32	Idle Funds	As interest is payable on balances available in Savings Bank A/C, no funds remain without interest.	Balances available in savings bank a/c will be considered as idle funds. Only funds that have been invested as per EPFO's investment policy will not be considered idle.
28	ICICI Securities Primary Dealership Limited	4.2.1 Page 17	Asset weighted performance for debt portfolios* (Point to point return by way of geometric mean) (Format Section 6.2.1) Geometric mean of asset weighted point -to- point returns for long term debt portfolios* (owned funds and non owned funds separately) expressed as percentage, from quarter ended March 2008 to quarter ended Dec-2010	In case of retirement funds, the investments made are of HTM nature and portfolio is monitored on the basis of Book Value (not market value). Since there are no frequent (even daily) entry and exit into the scheme, there is no concept of NAV. In such case, please advice on the formula/format to be used for the calculation of point to point returns.	The evaluation for the retirement funds will be done on the Purchase Yield and the evaluation for long term debt portfolios will be done using the Point to Point return. For long term debt portfolios, the portfolio will need to be marked to market on daily basis using the valuations provided by agencies approved by SEBI / RBI.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
29	ICICI Securities Primary Dealership Limited	6.2.1 Page 28	Portfolio data format (Provide the required data in the excel sheet named —RFP Data provided along with the RFP document)	As per the excel sheet format the AUM has to be captured on a daily basis and then the average has to be determined. We would request if the EPFO can consider the AUM data being captured on a weekly basis and then the average being determined, as there will be no significant difference in case of Retirement funds, which do not have incidence of frequent redemptions of units.	The daily AUM will be considered for calculating the average AUM. The calculations that can be used for reference are shown in Table 4.1 of the Illustration sheet in 'Data format.xlsx' shared along with the RFP. Book value and market value should be used for calculating AUM of retirement funds and long term debt portfolios respectively.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
30	ICICI Securities Primary Dealership Limited	6.7.1 Page 35	Assets Under Management (AUM) of long term debt portfolios* (non owned funds) Total assets managed - averaged as at the end of each quarter for all long term debt portfolios* (excluding retirement funds) from quarter ended March 2008 to quarter ended December 2010 (Higher the better)	In this evaluation criteria is there any weightage for the absolute amounts of long term debt portfolios (Non Owned funds) being managed? There is distinct likelihood that long term debt portfolios (other than retirement funds) may be significantly lower than the annual investible surplus being proposed to be managed by any fund manager selected for the purpose. Example: Under this criteria if the highest amount of long term debt being managed, received from any participant, is aggregating to only Rs. 1000 crs, would the participant get full scoring since he is the highest in the criteria even if the absolute amounts managed by the participant vis a vis the annual investible surplus for any fund manager (say 15000 Cr) of the EPFO is minimal. How will the same be evaluated?	Separate weights of 10% each are given for the AUMs of long term debt funds and retirement funds in the evaluation criteria.

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31	ICICI Securities Primary Dealership Limited	6.7.1 Page 35	Asset weighted performance for long term debt portfolios* (Point to point return by way of geometric mean) of non owned funds. Geometric mean of asset weighted point-to-point returns for long term debt portfolios*, as percentage from quarter ended March 2008 to quarter ended December 2010 (Higher the better)	The Retirement funds (which follow the guidelines of Ministry of Labour or Ministry of Finance) are required to invest as per the prescribed investment pattern, which requires the retirement fund to invest a portion of their annual investment into government securities which are lower yielding compared to corporate bonds. Any other debt portfolio which is not required to invest as per similar pattern could yield more by investing higher proportion of funds into PSU/ Corporate bonds Is there an evaluation criteria which will focus on the category (i.e. G-Sec, SDL, PSU, corporate bonds) in which the applicants are holding their long term debt portfolios so as to present a fair comparison.	The evaluation criteria will not be based on the performance of individual asset categories like G-sec, SDL and PSU.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
32	ICICI Securities Primary Dealership Limited	6.7.1 Page 35	Purchase Yield of non owned funds. Weighted average purchase yield for all long term debt portfolios*, as percentage from quarter ended March 2008 to quarter ended December 2010 (Higher the better)	Since Retirement Fund investments are of HTM nature, all calculations and assessments are typically on the basis of Book Value and not Market Value. This is the practice followed by most retirement funds. It may please be clarified whether book Value may be used for such HTM Portfolios for representing weighted average purchase yield, AUMs etc.	The calculations for retirement funds shall be based on book value (clean price of the security, excluding interest accrued) on the date of purchase.
33	Kotak Mahindra Asset Management Company Ltd.	Point no. 17 Page 19	Each the above write ups should be not more than two A4 size sheets (500 words).	There are contents which may require more than 2 pages or 500 words to cover such as the profile of the company, profile of board of directors, details of senior management, products, scope of business, etc. Can we have the leeway of exceeding this limit to articulate the details appropriately for proper evaluation	All write ups other than the one in case of point 9 in 4.2.2. of the RFP will need to be provided in the manner prescribed in the RFP. The write-up in case of point 9 may be provided in 5 pages/1250 words.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
34	Kotak Mahindra Asset Management Company Ltd.	4.2.1 Sr no. 1 Page 17	Experience of retirement fund management	An unambiguous definition of retirement funds would help us provide appropriate information. The applicants are mutual funds which are not expected to deal in 'retirement funds' unless they are rendering advisory services to pension funds under PMS license.	Following funds will be considered under retirement funds for the purpose of the evaluation: 1. Funds managed for exempted trusts under the discretionary Portfolio Management Services (PMS) of the applicant. 2. Dedicated 100% debt funds for retirement fund management having an exemption under the Income Tax Act, 1961. 3. Debt funds launched under the National Pension System by fund managers where 100% of the shareholding is held by the applicant or its holding company.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
35	Kotak Mahindra Asset Management Company Ltd.	4.2.1 Sr no. 4 Page 17	Asset weighted performance for debt portfolios* (Point to point return by way of geometric mean)	We have 2 plans under a single portfolio with 2 different NAVs post expenses. For example Gilt scheme having a “retail plan” and an institutional plan. Though the portfolio is same, NAVs differ due to different expenditure ratios. Therefore it could be more appropriate to consider pre-expense NAV for the calculation of point to point returns for the whole portfolio rather than plan wise portfolio. Returns on the portfolio are more relevant to EPFO since it reflects the portfolio management effectiveness; NAV involves commercial element which may not be relevant for the current evaluation process. Please confirm.	The NAVs of both plans will need to be considered for calculating point to point returns. The point to point returns will need to be weighted by the AUM managed under each option.
36	Kotak Mahindra Asset Management Company Ltd.	6.4. Page 32	If idle funds exceed an amount of Rs. 1,00,000/- for a period of more than two working days, the Fund Manager would have to reimburse the EPFO to the extent of savings bank deposit rate + 4 per cent for the appropriate number of	Since investments into G-Secs & long term bonds require much larger ticket size, the fund managers may frequently be left with less than ticket size investible amounts. Whether such less than ticket size investible amounts can be invested in fixed deposits, etc and clubbed into ticket size at the next earliest possible occasion? Please confirm.	The investments have to be as per the investment guideline of EPFO as approved by the Ministry of Labour and Employment.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
			days.		
37	Kotak Mahindra Asset Management Company Ltd.	Page 31	Financial bid	The four fund houses which will be selected based on prescribed criteria would have mostly bid different fees in the financial bid. Will the contract be awarded to them with their respective financial bid fees or will all the four selected fund houses have to accept the lowest bid?	The contract will be awarded to the Fund Manager on the respective financial bid fees. The EPFO also reserves the right to call for a rebid if, in its opinion, the bids received are not reasonable.
38	Reliance Capital Asset Management Company	Point 9 in 4.2.2 Page 19	Write-up on Investment policy, investment process flow and investment research practices	Can we give separate write ups on investment policy, process flow and research practices each amounting to 2 pages / 500 words to give properly explain the topics. In the RFP there is a cap of 2 pages or 500 words on all points.	All write ups other than the one in case of point 9 in 4.2.2. of the RFP will need to be provided in the manner prescribed in the RFP. The write-up in case of point 9 may be provided in 5 pages/1250 words.
39	Reliance Capital Asset Management Company	Point 1& 2 in 4.2.1 Page 17	Assets Under Management (AUM) of retirement funds	Can we include investments of pension funds in MF Schemes while calculating Assets under management of retirement funds as well as for experience calculations	Investments of pension funds in MF Schemes should not be considered either while calculating assets under management of retirement funds or for experience calculations.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
40	Reliance Capital Asset Management Company	Point 4 in 4.2.1 Page 17	Asset weighted performance for debt portfolios* (Point to point return by way of geometric mean) (Format Section 6.2.1)	The table 3.1 (in the excel sheet attached along with RFP) illustrates the NAV based method for calculation of point to point return for the portfolio for various quarters. As there is no NAV based calculations for the EPFO fund management that we were managing, we need your advise on the methodology for calculations of returns for the EPFO fund management i.e. RCAM - EPFO	The evaluation for the retirement funds will be done on the Purchase Yield.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
41	State Bank of India	6.7.1 Page 35	Quantitative Criteria (Point to point return)	<p>In the illustration sheet enclosed to the RFP document, Net Asset Value (NAV) per unit based approach has been suggested to calculate point to point return of long term debt portfolios.</p> <p>However, in case on clients' funds managed by us the funds are normally held till maturity and NAV of the funds are not being calculated.</p> <p>In case of own funds, Held for Trading (HFT) and Available for Sale (AFS) portfolios are marked to market on quarterly basis, however Held till Maturity (HTM) portfolio is not marked to market and NAV is not calculated.</p> <p>In view of the above, we request you to advise us the method to calculate Point to Point return</p>	<p>The evaluation for the retirement funds will be done on the Purchase Yield and the evaluation for long term debt portfolios will be done using the Point to Point return.</p> <p>For long term debt portfolios, the portfolio will need to be marked to market on daily basis using the valuations provided by agencies approved by SEBI / RBI.</p>

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
42	State Bank of India	2.1.12 Page 8	Duties and Responsibilities of the Fund Manager	The clause states that the fund manager shall “Not utilize the services of the sponsor or any of its associates or its associate brokers, employees or their relatives (or the services of the sponsor of any other Fund Manger appointed by EPFO)”. It means that the fund managers shall not be allowed to deal with associates/sponsor of self as well as of other fund managers of EPFO. e.g., if A,B,C and D are appointed fund managers of EPFO, then none of A,B,C and D. Considering the limited no. of participants in Indian Debt Market it will drastically reduce the no. of deal able counterparties. Please clarify.	This should not be a cause of concern as there will be enough counter parties available for services to be rendered.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
43	STCI Primary Dealer Ltd	2.1.15 Page 9	File with the EPFO the details of transactions in securities entered into by the Fund Manager or the Key Personnel of the Fund Manager in their personal capacity, in securities where the EPFO corpus is deployed.	Does reporting also have to take place in the following situations: i) EPFO and Fund Manager/ Key Personnel of the Fund Manager in their personal capacity takes position in the same securities during primary auctions/ secondary market on the same date ii) Securities already lying in books of Fund Manager/ Key Personnel of the Fund Manager in their personal capacity and transactions in the same securities entered into on behalf of EPFO	1. Prior reporting has to be done if EPFO and Fund Manager/ Key Personnel of the Fund Manager in their personal capacity take position in the same securities during primary auctions/ secondary market on the same date. 2. Prior reporting has to be done if transactions in the same securities are entered into on behalf of EPFO.
44	STCI Primary Dealer Ltd	4.2.1 Point Nos.2-5 Page 17	Various Data like AUM, Purchase yield is sought in a particular format	Data sought by EPFO will be difficult to generate as the software supports pre-defined reports. Generating the report in EPFO format will involve voluminous entries	The data will need to be submitted in the prescribed format.

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45	STCI Primary Dealer Ltd	4.2.1 Point No.4 Page 17	Point to point returns	As we are not a MF, we do not calculate NAV on a daily basis. Clarification is needed on an alternate way of submitting the data for corpus/portfolio of non-MF bidders.	<p>The evaluation for the retirement funds will be done on the Purchase Yield and the evaluation for long term debt portfolios will be done using the Point to Point return.</p> <p>For long term debt portfolios, the portfolio will need to be marked to market on daily basis using the valuations provided by agencies approved by SEBI / RBI.</p> <p>Applicants who are not presently valuing their long term debt portfolios on a mark to market basis may refer to the file 'Unit Calculation.xlsx' circulated with this document.</p> <p>The calculations for retirement funds shall be based on book value (clean price of the security, excluding accrued interest) on the date of purchase.</p>

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
46	STCI Primary Dealer Ltd	5.9 Page 24	Payment	Will the fee be paid as per the Financial Bid or the lowest fee will be paid to all selected entities	The contract will be awarded to the Fund Manager on the respective financial bid fees. The EPFO also reserves the right to call for a rebid if, in its opinion, the bids received are not reasonable.
47	STCI Primary Dealer Ltd	6.4.3 Page 32	No separate fee payable for transaction costs like brokerage etc.	Clarification needed on the costs to be borne by EPFO and Fund Manager e.g. registrar services, audit fees, CSGL charges, CCIL charges, statutory dues, government taxes, other levies, etc.	Custodian charges and CCIL charges will be borne/reimbursed by EPFO. All other charges have to be borne by the Fund Manager.
48	STCI Primary Dealer Ltd	6.4.4 Page 32	Idle Funds	When is the starting date of Idle Funds calculated? Is it the date on which the fund is moved into the account. Also since the deals are struck on T+1 basis, will the deal date be counted	The starting date for the calculation of idle funds will be the following date on which the fund moves into the Fund Managers' account. The deal date will not be counted for the calculation of idle funds.
49	STCI Primary Dealer Ltd	6.7.2 Sr. no.1.1.1 Page 36	Clarity of Majority Shareholder	Will weights be given only on the % of shareholding or also on the type of shareholder e.g PSU, Bank, Financial Institution, etc.	The weights will be given only on the % of shareholding. No weights will be assigned to the type of shareholder.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
50	STCI Primary Dealer Ltd		Software	Will any specific software be recommended for the selected Fund Manager for the purpose of uniformity in calculation of returns	There will be no software provided or recommended for the selected fund manager for the purpose of uniformity in the calculation of returns.
51	UTI AMC LTD.	2.1.19 Page 10	Penalty of 0.0004% of corpus being managed by the Fund Manager	Clarity on the corpus managed whether the incremental Corpus or it includes the existing fund to be allocated?	The penalty will be on the total corpus allocated to the fund manager.
52	UTI AMC LTD.	5.4 Page 20	Performance Bank Guarantee	What are the Parameters & method of performance computation, whether it includes return also?	The parameters and method of performance computation will be decided later.

Sr. No	Query Raised by	Reference (Clause No. / Page No.) in RFP	Content of RFP	Points of Clarification	Response
53	UTI AMC LTD.	6.2.1 Page 28	Portfolio data format	Retirement fund should be pure debt fund or it can be hybrid fund also?	Following funds will be considered under retirement funds for the purpose of the evaluation: 1. Funds managed for exempted trusts under the discretionary Portfolio Management Services (PMS) of the applicant. 2. Dedicated 100% debt funds for retirement fund management having an exemption under the Income Tax Act, 1961. 3. Debt funds launched under the National Pension System by fund managers where 100% of the shareholding is held by the applicant or its holding company.
54	UTI AMC LTD.	6.4.2.1 Page 32	Allocation from existing Funds	What are the activities to be done on existing corpus apart from reinvesting the interest and redemptions? Whether it includes any NPA or recovery?	The activities will include follow-up for NPAs and recovery.