

Frequently Asked Questions- STP

1. What is a STP arrangement and why would an investor choose a STP arrangement?

Systematic Transfer Plan (STP) is a facility by which a pre-determined amount can be transferred from one scheme of Alchemy generally Alchemy Liquid Strategy (Liquid) to another scheme at pre-defined intervals.

The investor looking to take Asset Allocation calls between Cash and Equity i.e., who would like to invest in Alchemy's Equity strategy over a duration of time shall choose to invest via STP method.

2. Who can participate in the STP programme?

All investors can participate in the STP programme including NRIs investing in any of Alchemy's equity strategy except for Alchemy High Growth - Select Stock.

For NRI clients based out of US & Canada, the amount invested in the Alchemy Liquid strategy would remain in their saving bank account, thus earning the minimal savings bank interest only.

3. Which products at Alchemy is offered under STP arrangement?

All Alchemy's equity strategy except for Alchemy High Growth - Select Stock.

4. What is Alchemy Liquid Strategy?

Alchemy Liquid Strategy predominantly make investments in Liquid Mutual Funds, short-term debt funds, exchange traded funds, money market mutual funds, and other debt funds to facilitate investors to take Asset Allocation calls between Cash and Equity.

5. How many accounts are opened under STP?

For new clients, 2 accounts will be opened, Liquid strategy and Equity strategy.

For existing clients, only liquid strategy account will be opened. STP can be moved to Existing equity strategy.

6. How does a STP arrangement works?

- The client wishes to opt for STP mode of investment shall generally sign up for two Alchemy strategies one from the Alchemy's equity strategy and Alchemy Liquid strategy.
- 20% of the client's investment goes in the Alchemy equity strategy and the remaining 80% in Alchemy Liquid Strategy.
- All clients investing on or before the 15th day of the month will have their 1st STP on the 5th day of the next month and at the interval of 15 days thereafter.
- All clients investing after the 15th day of the month will have their 1st STP on the 20th day of the next month and at the interval of 15 days thereafter.
- No deviation of dates of STP i.e., 5th and 20th of every month. Only in the case of non-working day the same will be done on the next (subsequent) working day.

- The redemption from the liquid strategy shall be initiated one day prior to the STP transfer date i.e. 4th in case of 5th and 19th in case of 20th. The cash in the equity strategy shall be available for investment in equity strategy on next day i.e. 6th in case of 5th and 21st in case of 20th. The day will be adjusted in case of non-working day.
- On each of the STP date 10% of client investment shall be moved from liquid to equity strategy.
- 8 such STP transactions shall be processed in 15 days intervals.

Refer the examples below:

	Date	Amount (INR)	Date	Amount (INR)
Investment Amount		50,00,000		75,00,000
Date of activation	04-Jan		21-Jan	
Amount Invested in Alchemy Equity Strategy (20%)	04-Jan	10,00,000	21-Jan	15,00,000
Amount Invested in Alchemy Liquid Strategy (80%)	04-Jan	40,00,000	21-Jan	60,00,000
1st STP	05-Feb	4,99,900	20-Feb	7,49,850
2nd STP	20-Feb	4,99,900	05-Mar	7,49,850
3rd STP	05-Mar	4,99,900	20-Mar	7,49,850
4th STP	20-Mar	4,99,900	05-Apr	7,49,850
5th STP	05-Apr	4,99,900	20-Apr	7,49,850
6th STP	20-Apr	4,99,900	05-May	7,49,850
7th STP	05-May	4,99,900	20-May	7,49,850
8th STP	20-May	4,99,900 + returns	05-Jun	7,49,850+ returns

Please note:

- The amount of STP will not be same since there will be third party transactional charges.
- Though generally returns are not negative in liquid investment however the possibility of negative returns cannot be ruled out.
- Non business days are adjusted if any.

7. Can the investor choose the percentage or dates for STP?

No, currently the investor has no option to choose the amount (split of 20:80) or the frequency or the dates, this is fixed for all investors.

8. Can Alchemy deviate on the date i.e. 5th or 20th of the month?

Yes, in best interest of the investor, Alchemy may deviate from the mentioned date. Generally, to manage weekend or holidays at its absolute discretion or for any other reason as deem fit.

9. Can only new investor invest using STP method or an existing investor can use STP method?

No, the existing investor making additional investment can also use STP arrangement with minimum investment of INR 25 lacs.

10. What is a minimum investment size per STP in this arrangement?

We need at least INR 250,000 per STP to operationalise this arrangement.

11. Does STP arrangement reduces the minimum investment amount in PMS?

No, minimum investment in PMS as per regulation is INR 50 lacs for a new investor and that shall continue. The only difference is that on day 1 only 20% of the investment shall be invested in the equity strategy and the remaining 80% in liquid strategy.

12. At what frequency the funds will move in STP arrangement?

Fortnightly, adjusted for non-business day(s) if any.

13. What kind of fees will be charged to investors in Alchemy Liquid Strategy?

Portfolio management fee is NIL for Alchemy liquid strategy. Only Audit charges and Custody charges at actuals will be charged .

14. If the STP value is INR 5,00,000, will the entire INR 5,00,000 will get switch?

No, the transfer in the equity strategy will be subject to third party transaction charges of 2 bps. In this example INR 500,000 transfer will result in investment of IINR 499,900.00 in equity strategy.

15. What happens to the returns generated in the Alchemy Liquid Strategy?

The returns (if any) generated in the liquid strategy will remain in the liquid strategy and it will be transferred along with the last STP. Residual dividend earned during the last STP month will be transferred subsequently due to monthly settlement of dividend cycle.

16. Can there be negative return in Alchemy Liquid Strategy?

Generally, not, however the possibility is not ruled out.

17. Can an investor redeem from Alchemy Liquid Strategy?

No, redemptions are not allowed from Alchemy Liquid Strategy. In case if the investor request for a redemption, the amount in the liquid strategy shall be transferred immediately to the equity strategy of the investor and shall be paid from there after deducting for exit load (if any) on the entire amount.

18. Will distributor earn any fee from Alchemy Liquid Strategy?

No, neither Alchemy nor distributor will earn any fee on the liquid strategy.