

APPENDIX 1

ASK INVESTMENT FUND – ASK INDIA OPPORTUNITIES FUND 1

(a Sub-Fund of ASK INVESTMENT FUND)

*This Appendix forms part of and should be read in conjunction with
the Information Memorandum for ASK Investment Fund.*

1. INTRODUCTION

ASK Investment Fund (the "**Fund**") is a unit trust constituted in the Republic of Singapore as an umbrella fund. The Fund is constituted by a trust deed dated 5 April 2017 entered between ASK Capital Management Pte Ltd (the "**Manager**") and BNP Paribas Trust Services Singapore Limited (the "**Trustee**"), as may be amended, varied or supplemented from time to time (the "**Trust Deed**"). Units are now being offered for sale to investors in ASK India Opportunities Fund 1 (the "**Sub-Fund**" or "**AIOF1**"), a sub-fund of the Fund.

This Appendix has been prepared in connection with the offering of Class A, Class B and Class I Units in the Sub-Fund. The Manager has the discretion to establish new Classes of Units in the Sub-Fund from time to time.

Investors should note that this Appendix forms part of and should be read in conjunction with the Information Memorandum for the Fund, as may be amended, varied or supplemented from time to time (the "**IM**"). Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the IM. In the event of any inconsistency between the provisions of this Appendix and the IM, the provisions of this Appendix will apply.

2. QUALIFIED PERSONS

Units in the Sub-Fund shall only be available for subscription by:

- (a) "**accredited investors**" as defined in section 4A of the SFA, or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made; or
- (b) "**institutional investors**" as defined in section 4A of the Act as defined in the SFA.

3. INVESTMENT ADVISER

The Manager has appointed ASK Investment Managers Private Limited (as the investment adviser of the Sub-Fund (the "**Investment Adviser**"). The Investment Adviser is responsible for providing non-binding advice in relation to the Sub-Fund's investments, the Investment Adviser is licensed by the Securities Exchange Board of India ("**SEBI**") to provide portfolio management and investment advisory services, and has been the pioneer in portfolio and wealth management services in India, catering to institutions and private clients, both in India and abroad.

While the Investment Adviser will provide non-binding advice / recommendations to the Manager regarding the Sub-Fund's investments, the final discretion to invest rests with the Manager. The Investment Adviser provides investment management, advisory and portfolio management services and has been the investment manager of the Indian Entrepreneur Fund since its inception on 14 February 2013.

4. INVESTMENT CONSIDERATIONS

4.1 INVESTMENT OBJECTIVE

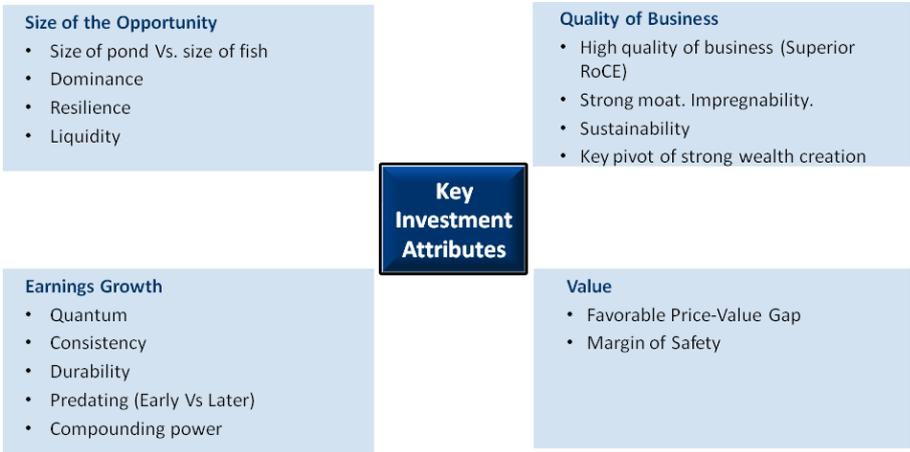
The investment objective of the Sub-Fund is to seek long term gains from investments primarily in Indian equities listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) or any other stock exchange as determined by the Manager from time to time, that represent high quality businesses, run by sound management teams and that trade at reasonable prices compared to their intrinsic value.

(a) Investment Philosophy

AIOF1’s investment philosophy, team (investment adviser to the Manager) and process (with the exception of Singapore level additional requirements) will be identical to that of IEF and is described in greater details below.

The investment philosophy is based on the following 3 principles:

- Greater uncertainty of earnings VS quantum of earnings growth.
- Superior and consistent quality of earnings VS quantum of earnings growth.
- High quality at a reasonable price VS inferior quality at arithmetically “cheap” price.

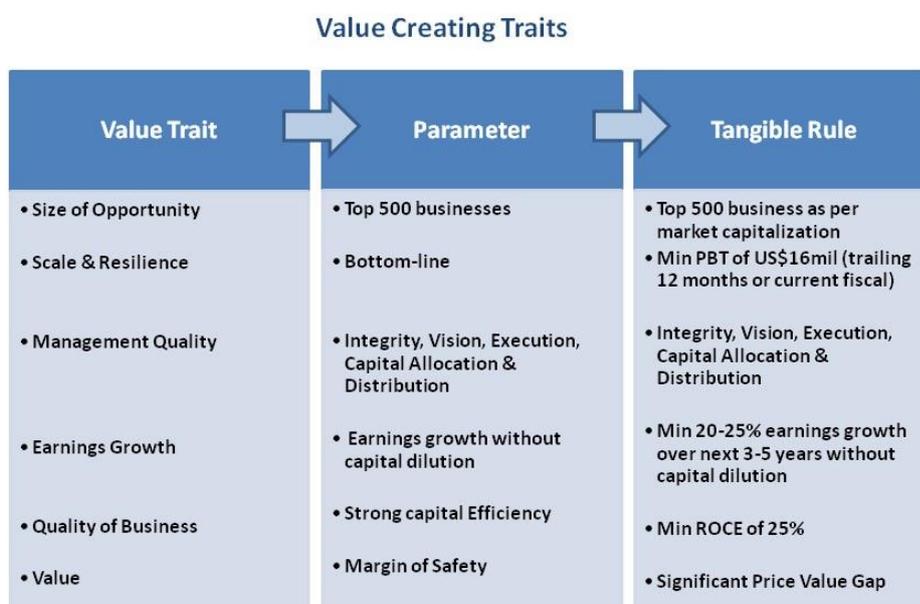


In addition to the above, good management quality is a given constant

(b) **Investment Process**

ASK Investment Managers Private Limited follows a bottom-up investment process, focusing on individual businesses and invests with a long-term orientation towards delivery of its investment objectives; i.e. preservation of capital and appreciation of capital over a period of time. We believe that if a business can compound its earnings and generate increasing stream of free cash flows, the value of such a business should increase and market place should be able to price it over a period of time. If such a businesses can be invested into at a discount to value, the total returns to the investors are expected to be enhanced accordingly. We seek to deliver the same to the investors in a very disciplined & controlled, quantitative filter-based investment environment, selecting only the highest quality companies with good compounding abilities. We put special emphasis on value-based stock picking while observing the following tenets:

- Price the “value” rather than valuing the “price”.
- Buy “growth” businesses at “value” prices.
- Disciplined investing into outstanding businesses.
- Seek compounding opportunities.



**Note: These Value Creating traits pertains to the Indian Entrepreneur Fund.*

The investment process focuses on businesses that have the attributes to generate long-term wealth for our investors. For example, we seek to invest into businesses that can grow in a compounded manner over long periods of time at growth rates that exceed 20%, in a non-dilutive manner. To deliver this, the quality of the business should be good and the business should have demonstrated delivery of Return Of Capital Employed ("ROCE") of over 25%. A minimum profit before tax (PBT) criterion of INR 1 billion (approximately USD 16 million) is insisted to ensure both, business stability and investibility from a research perspective.

ASK Investment Managers Private Limited has a proven track record in managing funds with similar investment objectives since 2010. The investment team focusses on the largest 500 businesses in the country, from which those businesses with entrepreneurial energy are shortlisted. The filters of value creating traits (as showcased in the infographic above) are applied and a final shortlist is obtained. The portfolio is crafted from this shortlist ensuring adequate diversification of sectors, markets, and nature of business.

The investment approach is team-based. It enables a rounded view on a particular business and avoids mistakes. This is crucial while managing a concentrated portfolio strategy.

A rigorous risk and quality management process is also an integral mainstay of the investment process and has been described in detail in subsequent sections.

Portfolio Research Method and Filtration

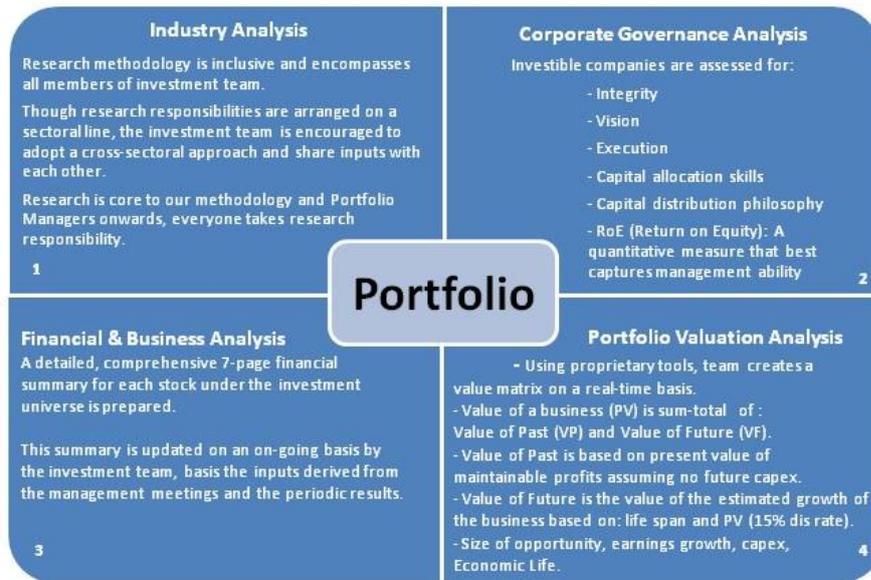
500	› Top 500 as per market capitalization.
306	› Only companies > 25% promoter / family holding (except in very rare and fit cases) › Universe of Entrepreneur and/or Family Owned Business = 306 cos.
210	› Condition of minimum PBT of USD 16 mn (INR100 crore).
123	› Subjective evaluation on management quality, their integrity, vision, past track record, execution, capital allocations and distribution skills, corporate governance standards etc.
59	› Quality of Business (Capital Efficiency) – Minimum ROCE of 25%.
20	› Two more filters for selection of stocks a) Minimum 20 % earnings growth over the next 3 to 5 years without capital dilution and b) Significant Price-Value gap (margin of safety). › Final Portfolio.

The multi-year combined experience of the team is crucial in evaluating the management quality and the past track record of potential and existing portfolio companies. The investment team closely monitors key management changes for the focus set of companies. Any management change is re-evaluated over a period of time to judge its efficacy. This does result in a few companies dropping out of the focus set and also a few companies coming into the focus list.

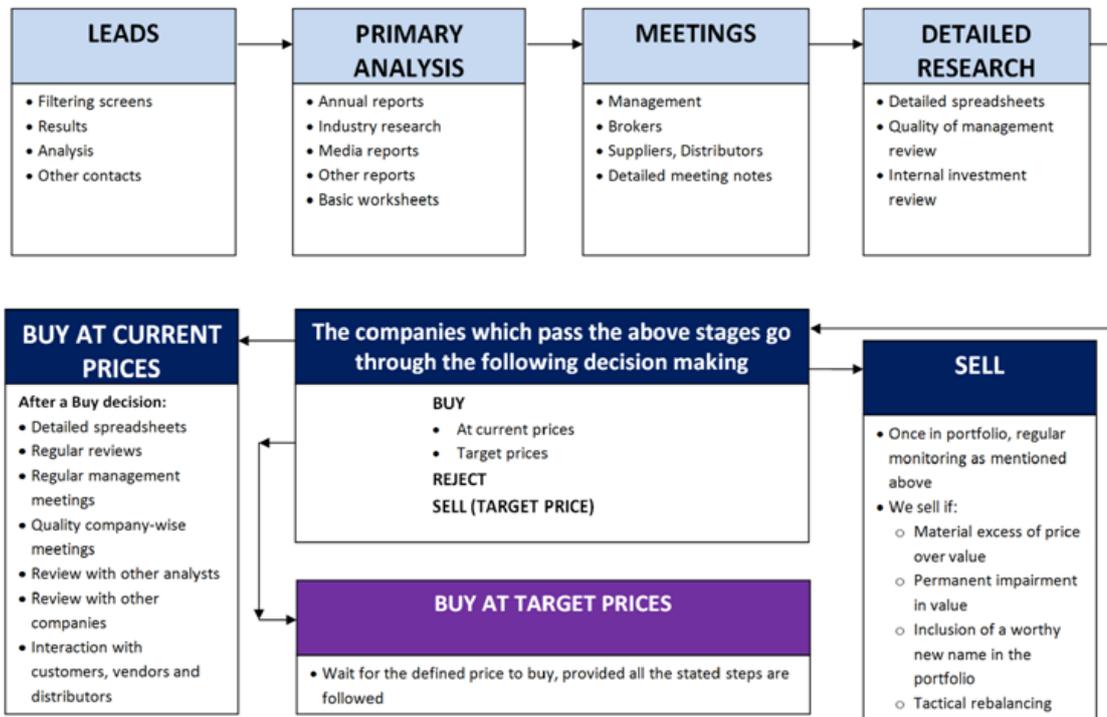
Quantitative criterion of a minimum ROCE results in further reduction in the shortlist. From the final shortlist, the investment analysts prepare detailed financial and valuation models (as described below in Idea Generation Process infographic). The relevant Fund manager has the benefit of the relative valuation of the various businesses and crafts the portfolio to ensure requisite diversification of risks and presence of desired attributes in consultation with the senior members of the Portfolio Management Team i.e. CIO and Executive Director.

If any business witnesses a deterioration in its performance over a period of time and the quantitative financial criteria are not met, such a business would drop out of the investment universe. Similarly, a business which is showing improvement that is sustainable may get into the universe. Initial Public Offerings ("IPOs") are also evaluated.

Idea Generation Process



Research & Investment Process Flowchart



4.2 INVESTMENT STRATEGY

Asset Allocation and Risk Profile

The monies of the Fund are invested in equities, equity-related instruments and money market instrument.

Under normal circumstances, while the Sub-Fund seeks to be fully invested in equities, it is anticipated that the broad asset allocation of the Fund will be as follows:

Instrument	% of investible funds (indicative)	Risk Profile
Equity instruments (including American Depositary Receipts (“ ADRs ”) and Global Depositary Receipts (“ GDRs ”).	75% to 100%	High
Cash, cash equivalents, money market instruments	Not exceeding 33%, except during the initial portfolio build or large subscriptions/redemptions.	Low

The allocation is not absolute and may vary depending upon prevailing market conditions and the Manager retains the option to alter the asset allocation for short term periods on defensive considerations. In the above context, apart from normal connotation, the term ‘equity instruments’ also means warrants and fully convertible debentures.

Investment in Securities including Investments in ADRs and GDRs

The fund may invest in American Depositary Receipts (“**ADR**”) and Global Depositary Receipts (“**GDR**”) which are subject to SEBI, Reserve Bank of India (“**RBI**”) and other applicable regulations in force from time to time. A GDR is USD denominated instrument tradable on a stock exchange in Europe or USA. An ADR is a tradeable instrument denominated in USD and permits foreign investor to access non-US markets for investments.

4.3 GENERAL INVESTMENT RESTRICTIONS

Subject to applicable law, the Sub-Fund will ensure that no investment shall be made which would result, immediately after such investment having been made, in: -

- (a) the value of the Sub-Fund’s holding of securities of any one company or body, taken at market value at the time of purchase, exceeding 10% of the Net Asset Value of the Sub-Fund;
- (b) the purchase of a security of an issuer where, immediately after the purchase, the Sub-Fund would hold more than 10% of the total issued capital class of securities of that issuer;
- (c) the value of the Sub-Fund’s total holding of illiquid assets, such as unquoted investments, taken at market value at the time of the purchase, exceeding 10% of the Net Asset Value of the Sub-Fund;
- (d) the contract value of the Sub-Fund’s holding of futures contracts (other than futures contracts entered into for hedging purposes) exceeding 5% of the Net Asset Value of the Sub-Fund;
- (e) with the exception of (f) below the value of the Sub-Fund’s total holdings of options and warrants (other than the those held for hedging purposes) exceeding 10% of the Net Asset Value of the Sub-Fund, but together with (a) above limited in any one company or body corporate to 10% of the Net Asset Value of the Sub-Fund in terms of the exercise price;
- (f) the value in terms of the exercise price of call options exceeding 25% of the Net Asset Value of the Sub-Fund;
- (g) the purchase or sale of a physical commodity, including precious metals;
- (h) the purchase of real estate;

- (i) the purchase of a mortgage; or
- (j) the purchase of a security for the purpose of exercising control or management of the issuer of the security.

In addition, the Sub-Fund will not do any of the following:

- (i) invest directly in land or buildings (or any options, rights or interests in respect thereof);
- (ii) make any investment which would involve the assumption of unlimited liability;
- (iii) make any loan out of the Sub-Fund's assets or securities or guarantee any loan without the Shareholders prior approval;
- (iv) issue directly or indirectly, any offshore derivative instruments;
- (v) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money;
- (vi) borrow money or provide for the creation of any encumbrance on its assets except where the transaction is a temporary measure to accommodate requests for the redemption of securities of the Sub-Fund while the Sub-Fund effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the Sub-Fund does not exceed 10% of the net assets of the Sub-Fund taken at market value at the time of the borrowing.
- (vii) subscribe to securities offered by a company under formation;
- (viii) invest in any security receipts (as defined under the Indian Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002);
- (ix) engage in the business of underwriting or marketing securities of any other issuer;
- (x) purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;
- (xi) deliver or cause to be delivered securities other than in dematerialised form for settlement of its transactions undertaken on BSE, NSE or any other recognised stock exchange, except in cases where the issuer of such securities has established connectivity with all depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996; or
- (xii) purchase a security from, or sell a security to, one of the following persons;
 - (A) the Investment Adviser, Trustee or the Custodian;
 - (B) an officer of the Investment Adviser, Trustee or the Custodian; or
 - (C) an affiliate of a person referred to in subparagraphs (xii)(A) and (B), unless the purchase from or sale to the affiliate is carried out at arm's length.

None of these restrictions shall require the realisation of any assets of the Sub-Fund where any such restriction is breached as a result of any event outside the control of the Sub-Fund occurring after the relevant investment was made or upon exercise of conversion of rights attached to any investments held by the Sub-Fund, but no further such investments may be acquired for the account of the Sub-Fund until the relevant restriction(s) is/are complied with

and regard shall be made to such limits when contemplating changes to the Sub-Fund's portfolio.

4.4 PRODUCT SUITABILITY

The Sub-Fund is suitable for investors who wish to seek exposure to initial public offerings on BSE and NSE in India, and public-listed equities of BSE and NSE in India, and who are willing and able to accept that their principal will be at risk.

You should consult your financial adviser if you are in doubt as to whether it is suitable for you to invest in the Sub-Funds.

4.5 PERFORMANCE BENCHMARK

The performance benchmark against which the Sub-Fund's performance will be measured is the S&P BSE 500, on annual compounded basis and net of all fees, costs and expenses. The Sub-Fund aims to match or exceed the performance of the benchmark.

5. INVESTING IN THE SUB-FUND

5.1 ISSUE OF UNITS

Units in Classes A, B and I will be offered during the Initial Offer Period (being such period as the Manager may determine upon prior notice to the Trustee) at the Initial Subscription Price of USD 1.000.

The class currency of the Units is the USD.

The number of Units issued will be truncated to two (2) decimal places or such other truncation or rounding method as may be determined by the Manager with the approval of the Trustee and upon giving prior written notice to Holders.

Unless otherwise waived by the Manager (whether wholly or in part and whether generally or in a particular case), the Manager may impose a preliminary charge of up to 5% of the Initial Subscription Price on the issue of Units.

Units will be issued on the next Business Day (defined below) immediately after the close of the Initial Offer Period in respect of applications, together with application moneys in cleared funds, received by the Trustee by 4.00 p.m. (Singapore time) on the last day of the Initial Offer Period. Unless otherwise agreed with the Manager, applications and/or cleared funds received after that time shall be carried forward to the next Dealing Day.

After the Initial Offer Period, Units will be available for issue at the Subscription Price on each Dealing Day, which will be every Business Day. For the purposes of this Sub-Fund, a Business Day means any day (other than a Saturday, Sunday and gazetted public holiday) on which banks are open for usual business in Singapore, India and the United States of America. Notwithstanding the aforesaid, investors should note that the Manager may impose a cap on the size of the Sub-Fund for capacity reasons. The Manager will exercise such discretion in consultation with the Trustee in the interest of the existing investors of the Sub-Fund. In such a case, the Sub-Fund will "soft-close" and applications for Units will cease to be accepted for such period as the Manager deems fit.

To be dealt with on a Dealing Day, applications for Units must be received by the Trustee (as the appointed transfer agent) via facsimile on or before the Dealing Deadline of the Units which will be 4.00 p.m. (Singapore time) on a Dealing Day, with the receipt of cleared funds by 4.00 p.m. (Singapore time) on or before the applicable Dealing Day (or such other time as determined by the Manager with the approval of the Trustee either generally or in a particular case). For cleared funds to be received prior to 4.00 p.m. (Singapore time) on the day of the close of the Initial Offer Period or 4.00 p.m. (Singapore time) on or before the applicable

Dealing Day, payment must be made for value at least one Singapore business day preceding the relevant payment deadlines.

The Manager, in consultation with the Trustee (as transfer agent), has the discretion to accept late applications and late application moneys provided they are received prior to the Valuation Point relating to the relevant Dealing Day. Where the application for Units is received after the Dealing Deadline or application moneys in cleared funds are not received by the prescribed time stated above, such applications will be processed on the next Dealing Day.

Investors should note that none of the Trustee or the Manager accepts any responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised persons.

The Valuation Point for the Sub-Fund is the close of business in the last relevant market to close on each Valuation Day.

The Subscription Price will be based on the Net Asset Value of a Unit as at the applicable Valuation Point on the relevant Dealing Day as determined in accordance with the provisions of the Trust Deed.

The minimum initial and subsequent investment amount for Class A, Class B and Class I Units are as follow:

Share Class	Annual Management Fee	Minimum Initial Investment Sum	Minimum Subsequent Investment Sum	Minimum Holding
Class A	2.0%	US\$10,000	US\$5,000	10,000 Units
Class B	1.5%	US\$100,000	US\$10,000	100,000 Units
Class I	1.25%	US\$1,000,000	US\$100,000	1,000,000 Units

The minimum total subscription of Units during the Initial Offer Period is US\$1,000,000. In the event that the minimum total subscription is not received, all application moneys will be returned (without interest) by telegraphic transfer to the bank account from which the moneys were originally debited at the expense and risk of the subscriber.

5.2 REDEMPTION OF UNITS

Holders of Classes A and I Units may redeem their Units at no charge by submitting a redemption notice (the "**Redemption Notice**") to the Trustee.

Holders of Class B Units may redeem their Units prior to the fourth anniversary of the date of inception of the Sub-Fund (the "**Inception Date**") by submitting a redemption notice (the "**Redemption Notice**") to the Trustee (as transfer agent). Redemptions of Units prior to the fourth anniversary of the Inception Date are subject to an early redemption charge as follows:

Redemption date	Early redemption charge (% of Gross Redemption Proceeds)
1 st year (from the Inception Date to the day immediately preceding the first anniversary of the Inception Date)	4.0%
2 nd year (from the first anniversary of the Inception Date to the day immediately preceding the second anniversary of the Inception Date)	3.0%
3 rd year (from the second anniversary of the Inception Date to the day immediately preceding the third anniversary of the Inception Date)	2.0%

4 th year (from the third anniversary of the Inception Date to the day immediately preceding the fourth anniversary of the Inception Date)	1.0%
5 th year (from the fourth anniversary of the Inception Date to the day immediately preceding the fifth anniversary of the Inception Date) onwards	0%

The early redemption charge takes into account the transaction costs and bid/ask spread relating to early redemptions by Holders. The early redemption charge will be retained for the benefit of the Sub-Fund.

To be dealt with on a Dealing Day, a Redemption Notice must be received by the Trustee (as the appointed transfer agent) no later than the Dealing Deadline on the relevant Dealing Day. For this Sub-Fund, Dealing Days and Dealing Deadlines for subscriptions and redemptions are identical.

Subject to the discretion of the Manager, in consultation with the Trustee (as transfer agent), to accept late Redemption Notices prior to the Valuation Point relating to the relevant Dealing Day, any Redemption Notice received after the Dealing Deadline will be processed on the next Dealing Day at the Redemption Price applicable on that Dealing Day.

The Redemption Price will be based on the Net Asset Value per Unit as at the applicable Valuation Point on the relevant Dealing Day as determined in accordance with the provisions of the Trust Deed.

The minimum redemption amount is provided in the table in paragraph 5.1 above.

Partial redemptions of holdings of Units may be effected in not less than 1000 Units per transaction provided that such redemptions provided that they do not fall below the minimum holding as stated in the table provided at paragraph 5.1 above. In the event the value of Units held by a particular Holder after a redemption will be less than the minimum initial investment amount, the Holder shall be deemed to have requested a redemption in respect of his entire holdings on the said Dealing Day.

The Manager will endeavour to cause redemption proceeds to be paid as soon as practicable following the relevant Dealing Day at the risk and expense of the Holder redeeming his Unit by telegraphic transfer to the pre-designated bank account under his name. Proceeds will be paid after deducting the costs (if any) of effecting the telegraphic transfer. No third party payment will be permitted. Where the Sub-Fund does not hold sufficient cash or cash equivalents to make payment for the redeemed Units without detriment to the Sub-Fund or where a market disruption event has taken place or for any other reason provided in the Trust Deed, the Manager may delay payment of the redemption proceeds. In such a case, the Manager shall make payment at the earliest possible date when it is able to do so and shall notify the relevant Holders of such delay as soon as practicable.

Numerical Example of Redemption:

1,000 units	USD 1.10	USD 1,100.00
Redemption Request	Notional Redemption Price	Gross Redemption Proceeds
USD 1,100.00	USD 0.00	USD 1,100.00
Gross Redemption Proceeds	Early Redemption Charge*	Net Redemption Proceeds

**Assuming that there is no Early Redemption Charge*

With a view to protecting the interests of Holders, the Manager may limit the total number of Units which Holders may redeem and the obligation to redeem Units is subject to postponement if requests are received in respect of any one Dealing Day for redemptions aggregating more than 10% of the value of Units of the relevant Sub-Fund in issue. Such limitation to be applied *pro rata* to Holders of the relevant Class or Classes who have requested for redemption on such Dealing Day. In such case, the Manager may reduce all but not some of such requests *pro rata* so that they cover no more than 10% of the total number of Units relating to the Sub-Fund then in issue. Any part of a Redemption Notice to which effect is not given by reason of the exercise of this power by the Manager will be treated as if the request had been made with priority in respect of the next Dealing Day for the Sub-Fund and all following Dealing Days (in relation to which the Manager has the same power) according to the length of time for which they have been carried forward until the original request has been satisfied in full and the Holders affected thereby shall be notified by the Manager that such Units have not been redeemed and that they shall be redeemed on the next succeeding Dealing Day. For the avoidance of doubt, the Manager, in its sole discretion, may decide not to impose any limit on the total number of Units that may be redeemed on any one Dealing Day.

5.3 SWITCHING OF UNITS

Holders may (subject always to the Manager's approval) switch all or part of their Units into Units of another Class in the same Sub-Fund or into Units of another Sub-Fund by giving notice to the Trustee (as the appointed transfer agent) marked for the attention of the Transfer Agency Department.

For the avoidance of doubt, no switching fee will be payable in respect of any switching of Units.

5.4 DISTRIBUTION POLICY

It is the present intention of the Manager not to make any distributions in respect of this Sub-Fund. Income earned by the Sub-Fund will be reinvested and reflected in the value of the Units of the Sub-Fund.

6. VALUATION AND PRICES

6.1 CALCULATION OF NET ASSET VALUE

The Net Asset Value of the Sub-Fund will be calculated as at the Valuation Point on the relevant Valuation Day in the Base Currency of the Sub-Fund. The Net Asset Value of the Sub-Fund will be calculated by valuing the assets of the Sub-Fund and deducting the liabilities attributable to such Sub-Fund, as provided for in the Trust Deed.

Where there is only one Class of Units in issue in relation to the Sub-Fund, the Net Asset Value of a Unit of that Class shall be the Net Asset Value of the Sub-Fund divided by the number of Units of the relevant Class in issue as at the Valuation Point immediately prior to the relevant Dealing Day for such Class of Units. Where there are two or more Classes of Units in issue in relation to the Sub-Fund, the Net Asset Value of a Unit of a particular Class shall be calculated by dividing the value of the assets of the Sub-Fund attributable to the relevant Class, less all liabilities of the Sub-Fund attributable to that Class by the number of Units of such Class in issue as at the Valuation Point immediately prior to the relevant Dealing Day for such Class of Units.

The Net Asset Value per Unit of the Sub-Fund will be rounded off to three (3) decimal places or such other truncation or rounding method as may be determined by the Manager with the approval of the Trustee and with the Manager giving prior written notice to Holders if so required by the Trustee. The rounding difference will be credited to the Sub-Fund or if more than one Class of Units is in issue, the relevant Class. The Net Asset Value will be available one (1) Business Day after the relevant Valuation Day.

6.2 SUBSCRIPTION PRICE AND REDEMPTION PRICE OF UNITS

In order to calculate the Subscription Price or Redemption Price of Units of the relevant Class, a separate "Class account" will be maintained for each Class of Units and the assets and liabilities attributable to a Class will be allocated to the relevant Class account.

The Subscription Price or Redemption Price of Units relating to the Sub-Fund for any relevant Dealing Day will be based on the Net Asset Value per Unit.

The Manager may, with the consent of the Trustee and in accordance with the Trust Deed, re-value the Subscription Price or Redemption Price of a Unit if it considers that the Subscription Price or Redemption Price calculated in relation to any Dealing Day does not accurately reflect the fair value of the Units and Holders shall be notified by the Manager or the Trustee.

6.3 BASE CURRENCY

The Base Currency of the Sub-Fund is the US dollar. The Class Currency details are set out in paragraph 5.1 of this Appendix.

7. FEES, CHARGES AND EXPENSES

7.1 FEES PAYABLE BY HOLDERS

The fees payable by Holders for the subscription and redemption of Units of the Sub-Fund are stated in paragraph 5.1 and 5.2 respectively.

7.2 FEES PAYABLE OUT OF THE SUB-FUND

The following fees and charges are payable out of the assets of the Sub-Fund:

(a) Management Fee

The Manager shall be entitled to receive a Management Fee, which may be up to 2.5% per annum of the Net Asset Value of the Sub-Fund. Any increase in the Management Fee is subject to the prior approval by an Ordinary Resolution of a meeting of Holders of the Sub-Fund or relevant Class (as the case may be). The Management Fee is accrued on each Dealing Day and calculated on the basis of the Net Asset Value of the Sub-Fund as at each Valuation Point and payable quarterly in arrears.

(b) Trustee's Fee

The Trustee will receive a fee not more than 0.1% per annum of the Net Asset Value of the Sub-Fund, currently subject to a minimum fee of USD 10,000 per annum.

(c) Fees for administrative, custodial, trustee and registrar services

The Trustee is also entitled to receive registrar and valuation fees for acting as the registrar and valuation agent, respectively or such other fees and expenses as provided in the Trust Deed.

7.3 REIMBURSEMENT OF PRELIMINARY SET-UP EXPENSES

The preliminary expenses of the Fund and the Sub-Fund, the costs incurred in connection with the preparation and execution of the Trust Deed, the preparation of the IM and this Appendix and all initial legal and printing costs will be borne by the Sub-Fund as determined by the Manager and amortised over the first 12 months commencing from the close of the Initial Offer Period of the Sub-Fund or such other period as the Manager may determine.

The portion of the set-up expenses incurred by the Manager and payable to its professional legal advisor for the purpose of establishing the Fund and the Sub-Fund will be reimbursed by the Manager to the Sub-Fund on a yearly basis.

For the avoidance of doubt, the portion of the set-up expenses to be reimbursed by the Manager to the Sub-Fund shall not include any fees payable to the Trustee or its solicitors (where applicable), the Administrator, Custodian and/or any other service provider to the Fund and Sub-Fund.

In the event that all units in the Sub-Fund are redeemed or that the Sub-Fund is terminated prior to the expiry of the 12-month amortisation period, the Manager shall not, unless otherwise agreed with the Manager, be liable to reimburse the outstanding unamortised set-up expenses.

8. RISK FACTORS AND CONFLICTS OF INTEREST

This Investment is only for Accredited Investors as defined in section 4A of the SFA, Institutional Investor as defined in section 4A of the SFA or only to Accredited Investors or investors in an equivalent class under the laws of the country or territory in which the offer is made, or institutional investors or both; (d) limited partnership, where the limited partnership comprises solely of accredited investors or investors in an equivalent class under the laws of the country or territory in which the partnership is formed or institutional investors or both.

Investors should satisfy themselves as “qualified persons” as defined in paragraph 2 above and that the Sub-Fund is suitable for them in terms of their own circumstances and financial position before making any decision to invest in the Sub-Fund. In addition, investors should avoid excessive investment in any single type of investment (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Sub-Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

In addition to the specific risk factors set out below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS AND CONFLICTS OF INTEREST” section in the IM according to the nature of the Sub-Fund and note that the risk factors as mentioned in the IM and this Appendix do not purport to be an exhaustive list of all the risks inherent in an investment in the Sub-Fund. Investors should not solely rely upon such information for any investment in the Sub-Fund and should note that there may be various other risks or considerations not specifically mentioned in these documents, but which may also need to be taken into account before making any decision to invest in the Sub-Fund.

8.1 INDIAN MARKET RISK

Investment in India carries a certain degree of risk mainly associated with equity investing. Accordingly, investment in the Sub-Fund is only suitable for investors who are aware of the risks of investing in India. In particular, potential investors should consider the following risk factors before investing in the Sub-Fund.

The Sub-Fund will invest primarily in equities in India which is considered to be an emerging market. Investors are made aware that usually such markets are less mature and developed than those in advanced countries. The significant risks involved in investing in emerging markets, include liquidity risks, sometimes aggravated by rapid and large outflows of “hot money” and capital flight, currency risks, and political risks, including potential exchange

control regulations and potential restriction on foreign investment and repatriation of capital. Mostly, such risks are significantly higher than those in developed markets.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the equity shares held by the Sub-Fund.

Emerging market countries have varying laws and regulations and, in some, foreign investment is controlled or restricted to varying degrees. In some countries where prior government approval is required for foreign investments, there are regulations that may limit the amount of the foreign investment in a particular type of investment, company or sector of the economy, or there are certain restrictions on foreign capital remittances abroad.

8.2 ECONOMIC DEVELOPMENTS AND VOLATILITY RISKS IN INDIAN SECURITIES MARKETS

The Indian capital markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity and debt securities may react differently to these developments. For example, small cap stocks may react differently from large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. Monetary policy/guidelines from Reserve Bank of India/Government of India may decrease the investment universe or create liquidity constraints or may result in higher settlement costs.

Securities listed on Indian stock exchanges may have low market capitalization and trading volume. There can be no assurance that sales on the Indian stock exchanges will provide a viable exit mechanism for the Sub-Fund's investments.

8.3 SLOWDOWN IN ECONOMIC GROWTH IN INDIA OR OCCURRENCE OF NATURAL CALAMITIES

Performance and the quality and growth of business are necessarily dependent on the health of the Indian economy. The Indian economy has grown significantly over the past few years. However, there have been periods of slowdown in economic growth over periodic intervals in the past. The growth of the Indian economy is largely determined by the performance of the agriculture sector, which depends on the quality of the monsoon which is difficult to predict. In the past, such economic slowdowns have harmed manufacturing and other industries. Although economic growth recovered significantly, any future slowdown in the Indian economy could affect the investments made.

8.4 SIGNIFICANT CHANGES IN THE INDIAN GOVERNMENT OR ECONOMIC LIBERALISATION AND DEREGULATION POLICIES

The Indian government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private-sector entities, including the Sub-Funds, and on market conditions and prices of Indian securities. Since 1996, the Government of India has changed several times. Although the government has to-date continued India's economic liberalization and deregulation policies, the Manager cannot guarantee that the present or future governments will continue with the same economic policies or the same pace of change. A significant change in government policies could harm business and economic conditions in India in general as well as the price of the shares.

The amount of information available in relation to the companies listed on the Indian securities markets may be lower than the information available in relation to companies trading in more developed countries.

The level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants compared to markets in other more developed economies differs. The SEBI is the body responsible for monitoring disclosure and other regulatory standards for the Indian securities markets and has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Nevertheless, there may be less publicly available information about Indian companies than is available by public companies in developed countries, which could adversely affect the market for our ordinary shares.

Closures of the Indian stock exchanges, defaults by brokers, settlement delays and strikes by brokerage firm employees could adversely affect the market price and liquidity.

The Indian securities markets are smaller than the securities markets in the US and Europe and have been volatile from time to time. The regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants differs, in some cases significantly, from those in the US and some European countries. Indian stock exchanges have experienced problems such as temporary exchanges closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if those were to continue or recur, could adversely affect the market price and liquidity of the securities of Indian companies, in both domestic and international markets.

Broker default and settlement delays may not be true given the trade guarantee mechanism of the stock exchanges in India and the risk factor relating to strike by brokerage houses too is debatable.

8.5 INFLATIONARY PRESSURES IN INDIA

Inflation has been rapidly rising and it has been an area of concern for the government and regulators. High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the Sub-Fund's investments.

8.6 INDIA LEGAL SYSTEM

Laws regarding the legal rights of creditors and the obligations of purchasers or lessees of property are generally significantly less developed in India than those in the US and other European economies and may be less protective of the rights and interests of foreign investors and owners of property in general. In addition, it may be time consuming and difficult to obtain swift and equitable enforcement of such laws or to obtain enforcement of a judgment in a local court.

8.7 INDIAN STOCK MARKET VOLATILITY

The Indian stock markets are volatile and may decline significantly in response to adverse political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently from large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

Securities listed on Indian stock exchanges may have low market capitalization and trading volume. There can be no assurance that sales on the Indian stock exchanges will be a viable exit mechanism for the Sub-Fund's investments.

The prices of financial instruments in which the Sub-Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Sub-Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Sub-Fund also is subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearing house.

8.8 CURRENCY RISK

The Sub-Fund may invest most of its assets in equity securities denominated in the Indian Rupee, and in other financial instruments, the price of which is determined with reference to currencies other than the US dollar. However, the Sub-Fund values its securities and other assets in US dollars. To the extent unhedged, the value of the Sub-Fund's assets will fluctuate with the exchange rate between the US dollar and other currencies, as well as with price changes of the Sub-Fund's investments in the various local markets and currencies. In India, the absence of an Indian Rupee hedging market means that investors will run a Rupee devaluation risk from the time investment funds are brought into India to finance investments until the Rupee repatriation of the funds in US dollars. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. Any amendments to such regulations may impact adversely the Sub-Fund's performance.

Thus, an increase in the value of the US dollar compared to other currencies in which the Sub-Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Sub-Fund's securities in their local markets. Conversely, a decrease in the value of the US dollar will have the opposite effect of magnifying the effects of increases and reducing the effects of decreases in the prices of the Sub-Fund's non-US dollar securities.

8.9 HIGH PORTFOLIO TURNOVER AND RECOGNITION OF GAINS

The Sub-Fund's investment strategy is to create long term wealth from investments in Indian listed businesses. However, during the course of regular investments, some portfolio actions may result in a short holding period. This will cause the recognition of any investment gains on a relatively frequent basis. Many of those gains will not likely qualify for the holding period needed for capital gains tax treatment. Certain jurisdictions permit the investors to choose that a fund be treated as a partnership and hence a pass through vehicle for reporting and taxation purposes. In those circumstances, purchase and sale by the Sub-Fund too, irrespective of the redemption of the shares in the Sub-Fund by the investors, would be reported and taxed.

8.10 SMALLER COMPANY RISK

The Sub-Fund generally does not invest in the securities of small size companies that may be more susceptible to market downturns, and the prices of which may be more volatile than those of larger companies. However, should there be any such investments, such smaller companies generally have narrower markets and more limited managerial and financial resources than larger, established companies.

8.11 INVESTMENT COMPANIES

The Sub-Fund may from time to time invest in investment companies (including but not limited to mutual funds, closed-end funds and index-related securities) investing in securities issued by Indian companies. Operating expenses, including investment advisory and administration fees, of such investment funds, will reduce the return on such investments. Investments in closed-end investment companies may involve the payment of a substantial premium above, or upon sale there may be substantial market discounts below, the value of such investment companies' portfolio securities.

8.12 INTEREST RATE RISK

The values of some or all of the Sub-Funds' investments may change in response to movements in interest rates. The market value of debt securities that are interest rate sensitive is inversely related to changes in interest rates. That is, an interest rate decline produces an increase in a security's market value and an interest rate increase produces a decrease in value. The longer the remaining maturity of a security, the greater is the effect of interest rate changes. Changes in the ability of an issuer to make payments of interest and principal and in the market's perception of its creditworthiness also affect the market value of that issuer's debt securities.

In addition, a decline in interest rates could reduce the amount of current income the Sub-Funds is able to achieve from interest on certain debt, including floating rate debt. To the extent that the cash flow from a fixed income security is known in advance, the present value (i.e., discounted value) of that cash flow decreases as interest rates increase; to the extent that the cash flow is contingent, the dollar value of the payment may be linked to the then prevailing interest rates. Moreover, the value of many fixed income securities depends on the shape of the yield curve, not just on a single interest rate. Thus, for example, a callable cash flow, the coupons of which depend on a short rate such as three-month LIBOR, may shorten (i.e. be called away) if the long rate decreases. In this way, such securities are exposed to the difference between long rates and short rates. The Sub-Funds may also invest in floating rate securities. The value of these investments is closely tied to the absolute levels of such rates, or the market's perception of anticipated changes in those rates. This introduces additional risk factors related to the movements in specific interest rates that may be difficult or impossible to mitigate against, and that also interact in a complex fashion with prepayment risks.

8.13 CONCENTRATION RISK

Although it is the policy of the Sub-Fund to diversify its investment portfolio, the Sub-Fund may at certain times hold relatively few investments. The Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

8.14 MANAGEMENT RISK

Investors have no authority to make decisions or to exercise business discretion on behalf of the Sub-Fund. The authority for all such decisions is delegated to the Investment Adviser. Accordingly, investors must be prepared to entrust management of the Sub-Fund to the Board and the Investment Adviser.

8.15 CORPORATE DISCLOSURE, ACCOUNTING AND REGULATORY RISK

Accounting, financial and other reporting standards in India are not equivalent to those in more developed countries. Differences may arise in areas such as valuation of securities and other assets, deferred taxation, contingent liabilities and foreign exchange transactions.

Certain developments, which are beyond the control of the Sub-Fund such as, government regulation or other similar developments could adversely affect the Sub-Fund's investments.

8.16 EXCHANGE RATE RISK

The Sub-Fund will invest primarily in securities denominated in Indian rupees but its assets will be denominated in US dollars/Euros. Accordingly, a change in the value of the Indian rupee against the US dollar/Euro will result in a corresponding change in the value of the Sub-Fund's assets. This could, for example, affect the redemption proceeds. Indian rupees are exchangeable by the Sub-Fund into US dollars at prevailing market rates. In addition, the ability to exchange Indian rupees into US dollars is dependent upon sufficient currency reserves being available. Accordingly, the value of the Sub-Fund's assets and the liquidity of

the Units may be significantly affected by developments in and outside India relating to exchange rates and controls and availability of currency reserves.

8.17 DERIVATIVE RISK

The Sub-Fund has never entered into any derivatives transactions nor does it intend to do so in future. However, if in the opinion of the Investment Adviser, such transactions will protect the Sub-Fund's assets against adverse market movements, it might do so in an exceptional situation. In any event, derivatives will only be used for hedging purposes and not for speculation.

Derivative instruments may be difficult to value accurately. Any mis-valuation could adversely affect the Sub-Fund and its investors.

8.18 TAX RISK

There may be tax implications and risks arising from the foreign portfolio investor (the "FPI") licensing status of the Sub-Fund as issued by the SEBI. Prospective investors should consult their own tax advisors concerning the tax consequences of their particular situations, including the tax consequences arising under the laws of any other tax jurisdiction which may be applicable to their particular situations.

8.19 REGULATORY APPROVAL RISK

Certain Indian regulatory approvals, including those of the SEBI, the central government and the tax authorities (if tax benefits need to be utilised), may be required before the Sub-Fund can invest in Indian portfolio companies. In addition, the Sub-Fund may require the prior approval of the Foreign Investment Promotion Board of the Ministry of Commerce and Industry of the Government of India and the RBI to invest beyond certain specified equity ceilings in certain Indian portfolio companies.

8.20 LOSS OF FPI REGISTRATION

The Sub-Fund will be registered with SEBI as a Category II FPI under the FPI Regulations. The investment by an FPI in Indian securities will be dependent on the continued registration of the FPI with SEBI. There is no assurance that continued registration will be granted. If the FPI registration of the Sub-Fund is cancelled or not renewed, the Sub-Fund could be forced to redeem its investments, and such forced redemption could adversely impact the investments made by the Sub-Fund and thereby the interests of the investors in the Sub-Fund.

8.21 BROAD BASED FUND CRITERIA

The Sub-Fund would have to meet the broad based fund criteria prescribed by SEBI. Please note that redemption by existing Holders may put a limitation on fresh investments by the Sub-Fund in the event it fails to satisfy the broad based fund criteria as prescribed by SEBI. In the event that the Sub-Fund fails to fulfil the broad based fund criteria, the Sub-Fund may be forced to redeem the outstanding Units or it may need to wind up, in which case, the investors may incur losses. Alternatively, the Sub-Fund may get re-characterised as a Category III FPI.

8.22 INDIAN REGULATORY SECTION RELATING TO FPI

On 7 January 2014, the SEBI notified the FPI Regulations. From the above mentioned date, the FII Regulations have been replaced by the FPI Regulations.

Under the FII Regulations, FIIs were also permitted to invest on behalf of their sub-accounts. In such cases, the sub-account would be required to register as a broad based sub-account of the FII. Under the FPI Regulations, broad based funds are recognised as an investor class that is eligible for registration as a Category II FPI.

The FPI Regulations continue to follow the broad-based criteria with two notable deviations. One, in order to satisfy the broad-based criteria, it would be necessary for a fund to have 20 investors even if there is an institutional investor. Two, for the purpose of computing the number of investors in a fund, both direct and underlying investors (i.e. investors of entities that are set up for the sole purpose of pooling funds and making investments) shall be counted.

Investment Conditions and Restrictions

Under the FPI Regulations, the Sub-Fund may invest in the following:

- a) securities in the primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognized stock exchange in India;
- b) units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange in India or not and units of schemes floated by collective investment schemes;
- c) treasury bills and dated government securities;
- d) derivatives traded on a recognized stock exchange in India;
- e) commercial papers issued by an Indian company;
- f) security receipts of asset reconstruction companies;
- g) Indian Depository Receipts;
- h) rupee denominated credit enhanced bonds;
- i) perpetual debt instruments and debt capital instruments, as specified by the RBI from time to time;
- j) listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines;
- k) non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFCs) by the Reserve Bank of India;
- l) Rupee denominated bonds or units issued by infrastructure debt funds;
- m) unlisted non-convertible debentures/bonds issued by an Indian company subject to the guidelines issued by the Ministry of Corporate Affairs, Government of India from time to time; and
- n) Securitized debt instruments, including:
 - (i) any certificate or instrument issued by a special purpose vehicle set up for securitization of asset/s with banks, financial institutions or non-banking financial institutions as originators; and
 - (ii) any certificate or instrument issued and listed in terms of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations 2008.

Further, FPIs are allowed to engage in delivery based trading and short selling be in compliance with the short selling and securities lending and borrowing framework laid down by SEBI, and also in a manner consistent with the procedures laid down by the respective stock

exchanges including execution of trades involving derivatives on a recognised stock exchange. FPIs are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer.

Ownership Restrictions

The ownership restrictions applicable to FII/sub-accounts/FPIs are as follows:

- The aggregate FII/sub-accounts/FPI holding in any Indian company cannot exceed 24% of the entire paid-up share capital of that company which limit can be further extended to the applicable foreign investment limit in a specific sector by the Indian company concerned through a resolution by its board of directors followed by a special resolution to that effect by its shareholders and subject to prior intimation to RBI. Currently, barring a few sectors such as banking, foreign investment up to 100% is permitted in most sectors.
- The aggregate holding of a single FPI or an investor group in an Indian company must be less than 10 per cent of the issued capital of such Indian company. An investor group is constituted where the same set of beneficial owners invest through multiple entities in which case the investment limits of all such entities shall be clubbed at the investment limit applicable to a single FPI. All entities having direct or indirect common shareholding / beneficial ownership / beneficial interest of more than 50% shall be considered as belonging to the same investor group.
- As per SEBI circular no. CIR/IMD/FIIC/20/2014 dated 24 November 2014 which was issued by SEBI on conditions on issuance of offshore derivative instruments (“ODIs”) under the FPI Regulations, in case of an ultimate beneficial owner who has direct or indirect common shareholding/ beneficial ownership/beneficial interest, of more than 50% in an FPI and an ODI subscriber entity or 2 or more ODI subscribers, the participation through ODIs would be clubbed with the direct holding of FPIs or the other concerned ODI subscriber(s) while determining whether the above investment cap in an Indian company has been triggered.

Debt Investment

The aggregate investments by FPIs in corporate debt and government securities are subject to limits which are notified by RBI and/or SEBI from time to time. In the event the debt limits are not available, the Sub-Fund may not be able to invest all or any of its money. It may also be possible that limit allocated is less than the total investment received in a Sub-Fund. SEBI announces certain caps on aggregate debt investments by FPIs and other long term investors from time to time.

SEBI registered FPIs may purchase, on repatriation basis securities issued by the Government of India (“**Government securities**”) and non-convertible debentures (NCDs)/bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limit for investments by FIIs and long term investors in Government securities is Rs. 2,580 billion, which is approximately USD 40 billion (including sub-limit of Rs. 460 billion, which is approximately USD 7 billion for eligible long term investors registered with SEBI as sovereign wealth funds, multilateral agencies, endowment funds, insurance funds, pension funds and foreign central banks, in dated government securities of one year maturity or more) and for investment by FPIs in the unlisted corporate debt securities and securitised debt instruments shall not exceed Rs. 350 billion, which is approximately USD 5.4 billion within the extant investment limits prescribed for corporate bond from time to time which currently is Rs. 2443 billion, which is approximately USD 38 billion. All future investments shall be in corporate bonds with a minimum residual maturity of 3 years. Further, investment by FPIs in securitised debt instruments shall not be subject to the minimum 3-year residual maturity requirement.

While there are no specific provisions related to treatment of investment in mutual fund units, it is generally understood that SEBI would apply these criteria based on the nature of the

scheme. Thus, as regards investments into the units of a debt oriented mutual fund, the same would be classified as debt investment. Investments into the units of any other mutual fund shall be classified as equity related investment.

*(The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India websites (<https://www.sebi.gov.in>, <https://www.rbi.org.in>) contain most updated circulars and information about investing in debt capital markets in India).

Further, by way of SEBI circular no. CIR/MRD/DP/20/2014 dated 20 June 2014, foreign portfolio investors are allowed to participate in the exchange traded currency derivative segment to the extent of their Indian rupee exposure in India, subject to conditions and restrictions under applicable law. FPIs may take long as well as short positions in the permitted currency pairs up to US\$ 15 million without having to establish the existence of any underlying exposure. To take long positions beyond the prescribed limit, foreign portfolio investors shall be required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.

The RBI and SEBI by way of separate circulars dated 3 February 2015 have restricted the ability of FPIs to invest in debt securities having a residual maturity of less than 3 years. In addition, FPIs cannot invest in debt securities with residual maturity of more than 3 years but having optionality clauses exercisable within 3 years.

Participatory notes and derivative instruments

Under the FPI Regulations, FPIs are allowed to issue P-Notes and/or ODIs only to person who are regulated by an appropriate foreign regulatory authority subject to compliance with 'know-your-client' norms. However, certain categories of FPIs, specifically, Category III FPIs and Category II FPIs (unregulated broad-based funds which are classified as Category II by virtue of their investment manager being appropriately regulated) are not permitted to issue, subscribe or otherwise deal in offshore derivative instruments/P-Notes.

As discussed above, in case of an ultimate beneficial owner who has direct or indirect common shareholding/ beneficial ownership/beneficial interest, of more than 50% in an FPI and an ODI subscriber entity or 2 or more ODI subscribers, the participation through ODIs would be clubbed with the direct holding of FPIs or the other concerned ODI subscriber(s) while determining whether the above investment cap in an Indian company has been triggered.

8.23 FOREIGN DIRECT INVESTMENTS

As per the recent Consolidated Foreign Direct Investments Policy Circular issued by the government of India through the Department of Industrial Policy and Promotion (DIPP) and Ministry of Commerce & Industry, and which is effective from 7 June 2016, FPIs are not permitted to make investments in excess of ten percent of the total issued equity capital of an Indian company.

8.24 SEBI REGULATIONS ON INITIAL PUBLIC OFFERINGS

In the event that the portfolio companies in which Sub-Fund has invested make an IPO or if the Sub-Fund exits from its investment through an IPO, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "**ICDR Regulations**") could have a significant impact on the ability of the Sub-Fund as an investor in such company or on its exit strategy.

8.25 SEBI TAKEOVER REGULATIONS

Under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time (the "**Takeover Regulations**"), any acquirer who holds, together with persons acting in concert with him, 5% or more of the shares or voting rights of a listed public Indian company, is required to notify the company and the stock

exchanges on which the shares of such company are listed about its holding within the prescribed time period. Furthermore, any acquirer who holds, together with persons acting in concert with him, 5% or more of shares or voting rights is required to inform the company and the stock exchange about any change in its holding by 2% or more of the shares or voting rights in the target company.

Upon the acquisition of 25% or more of shares or voting rights or an acquisition of control of the company, whether directly or indirectly, the purchaser/acquirer is required to make an open offer to the other shareholders offering to purchase at least 26% of all the outstanding shares of the company at an offer price as determined pursuant to the provisions of the Takeover Regulations. Further, under the provisions of the Takeover Regulations, any existing shareholder of a listed public Indian company, holding 25% or more but less than 75% of the shares of the company, is entitled to acquire up to 5% voting rights of the company, in any financial year ending 31 March without making a public offer for such an acquisition.

There are certain exemptions under the Takeover Regulations from the public offer provisions in certain specific instances such as an inter se transfer of shares amongst the persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or the Takeover Regulations for not less than three years prior to the proposed acquisition and transfer of shares pursuant to arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign.

9. GENERAL INFORMATION

9.1 TERMINATION

In addition to the circumstances stated in the IM, the Manager may terminate the Sub-Fund, at its discretion, if the aggregate Net Asset Value of the Sub-Fund falls below USD 1,000,000. The Manager may terminate the Sub-Fund if the aggregate Net Asset Value of the Deposited Property attributable to the Units held by Holders falls below USD 1,000,000.

9.2 RESTRICTED STATUS

The Sub-Fund is a restricted scheme under the Sixth Schedule of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations.

9.3 TAX STATUS

The following is a general discussion and a summary of the Singapore tax consequences applicable to the Sub-Fund, and does not constitute legal or tax advice. It is based on the laws, regulations, interpretations, rulings and decisions (the “**Tax Regulations**”) presently in effect as of the date of this IM. These Tax Regulations may change at any time, and may even be retroactively applied to the date of offering of the Units in the Sub-Fund. These Tax Regulations are subject to interpretation and the relevant authorities or the courts may disagree with the explanations or conclusions set out in the summary below. The Manager reserves the right to take any action which it deems fit to comply with such changes or interpretations in the interests of the Sub-Fund and its Holders.

The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to subscribe for, own or dispose of Units in the Sub-Fund and does not purport to apply to all prospective investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdiction where they are resident. Prospective investors should consult their own tax advisors concerning the tax consequences of their particular situations, including the tax consequences arising under the laws of any other tax jurisdiction which may be applicable to their particular situations. None of the Manager, the Sub-Fund nor their respective directors, officers, employees, agents, representatives and

advisors involved in this IM accepts responsibility for any tax effects or liabilities resulting from the subscription, ownership and disposition of the Units.

Taxation in Singapore

The system of taxation in Singapore is quasi-territorial in approach. Income tax is imposed on income accruing in or derived from Singapore, or on foreign-sourced income received or deemed to have been received in Singapore by a Singapore resident or permanent establishment, subject to certain exceptions.

In principle, Singapore tax is only imposed on income. Gains which are capital in nature are not taxed. However, gains on the disposal of investments may be viewed by the tax authority as constituting income from the carrying on of a trade in investments and may therefore be taxable. Investment funds will generally be regarded as engaging in the activity of trading in investments. Such gains and income are taxable in Singapore if sourced in Singapore. Foreign sourced income (subject to certain exceptions) are taxable in Singapore if it is received or deemed to be received in Singapore. However, the Singapore government has implemented several tax incentive schemes for investment funds that exempts the gains and income derived by qualifying funds from its investment trading activities.

One such tax incentive scheme is provided under section 13CA of the Income Tax Act, Chapter 134 of Singapore (the "ITA") and the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by a Fund Manager in Singapore) Regulations 2010 (referred to as the "**Section 13CA Tax Exemption Scheme**").

It is the intention of the Manager to rely on the Section 13CA Tax Exemption Scheme and to carry on activities in a manner which ensures that no Singapore income tax becomes payable by the Sub-Fund.

Section 13CA Tax Exemption Scheme

Under the Section 13CA Tax Exemption Scheme, "*specified income*" derived by a "*prescribed person*" from funds managed by a prescribed "*fund manager*" in Singapore in respect of "*designated investments*" will be exempted from Singapore income tax. In short, a fund must be a "qualifying fund" under the section 13CA Tax Exemption Scheme to access the tax exemption under the scheme, and an investor must be a "qualifying investor" in order to avoid paying any tax or financial penalty under the scheme. Definitions of these terms are found below or at the end of this tax section.

Qualifying Funds

In order for the Sub-Fund to be treated as a "prescribed person" (i.e. a "qualifying fund"), under the Section 13CA Tax Exemption Scheme, the value of the Sub-Fund must, at all times during the basis period for the year of assessment, not be 100% beneficially held, directly or indirectly, by investors in Singapore (including investors who are resident individuals, resident non-individuals and permanent establishments in Singapore).

In addition, the Trustee of the Sub-Fund would need to satisfy the following conditions:

- (a) the Trustee does not have a permanent establishment in Singapore (other than due to its functions as the trustee of that trust fund, or the presence of a fund manager or any other person who acts on behalf of the trustee in carrying out its functions as the trustee of that trust fund);
- (b) the Trustee does not carry on a business in Singapore (other than its functions as trustee of that trust fund); and

- (c) the income of the Trustee would not be derived from investments which have been transferred to it in its capacity as a trustee of the Sub-Fund (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for their transfer, exempt from tax.

The Manager will endeavour to conduct the affairs of the Sub-Fund such that it will qualify for the Section 13CA Tax Exemption Scheme.

Notwithstanding the above, there is no assurance that the Manager will be able on an ongoing basis to ensure that the Sub-Fund will always meet all the qualifying conditions for the Section 13CA Tax Exemption Scheme. Upon any such disqualification, the Sub-Fund may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate (currently 17%).

Qualifying Investors

Investors should note that Units may only be offered or sold to persons who are each a "relevant beneficiary" or "qualifying investor" of a qualifying fund as described in this paragraph 9.3. The Manager is entitled to reject any application for subscription by any person whom the Manager or the Trustee believe is not a relevant beneficiary or qualifying investor of a qualifying fund (as described in this paragraph 9.3). If an investor subsequently ceases to be a relevant beneficiary or qualifying investor of a qualifying fund (as described in this paragraph 9.3) for any reason and such a fact comes to the attention of the Manager or Trustee, Units owned by that person may be compulsorily realised pursuant to paragraph 6.8 of the IM.

Prospective investors in the Sub-Fund should consult their own advisors regarding the Singapore tax consequences of their investment in the Sub-Fund.

A "relevant beneficiary" or a "qualifying investor" of a qualifying fund is:

- (a) an individual investor;
- (b) a bona fide non-resident non-individual investor which carries out substantial business activities for genuine commercial reasons and has not as its sole purpose the avoidance or reduction of tax (excluding a permanent establishment in Singapore) that:
 - (i) does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or
 - (ii) carries on an operation in Singapore through a permanent establishment in Singapore but does not use funds from its operation in Singapore to invest in the qualifying fund;
- (c) designated person (Government of Singapore Investment Corporation, the MAS, Companies owned by Minister etc.);
- (d) another Section 13R fund which, at all times during the basis period for the year of assessment:
 - (i) beneficially owns directly, 100% of the value of issued securities of the Section 13CA fund; and
 - (ii) satisfies the conditions for qualifying as a Section 13R fund; or
- (e) another Section 13X fund which, at all times during the basis period for the year of assessment, satisfies the conditions of Section 13X fund; and

- (f) an investor other than those listed in (a) to (e):
 - (i) where the qualifying fund has less than 10 investors and such an investor, alone or with his associates, beneficially owns not more than 30% of the total value of issued securities of the qualifying fund (being a company) or the total value of the qualifying fund (being a trust fund), as the case may be; or
 - (ii) where the qualifying fund has 10 or more investors and such an investor, alone or with his associates, beneficially owns not more than 50% of the total value of the issued securities of the qualifying fund (being a company) or the total value of the qualifying fund (being a trust fund), as the case may be.

For the purpose of determining whether an investor of a qualifying fund is an associate of another investor of the fund, the two investors shall be deemed to be associates of each other if:

- (a) at least 25% of the total value of the issued securities in one investor is beneficially owned, directly or indirectly, by the other; or
- (b) at least 25% of the total value of the issued securities in each of the two investors is beneficially owned, directly or indirectly, by a third entity (not applicable where an investor is an independent listed entity and does not have 25% or more shareholding in any other investor).

The Manager and the Trustee reserve the right to request for such information as the Manager or the Trustee (as the case may be) may require in their absolute discretion, and as they may deem necessary, to ascertain whether the investors in the Sub-Fund are associated with each other for the purposes of the Section 13CA Tax Exemption Scheme.

Financial penalty payable by a non-qualifying investor

A non-qualifying investor of the Sub-Fund will have to pay a financial penalty to the IRAS. This financial penalty is determined as follows:

$$\text{Financial Penalty} = A \times B \times C$$

Where:

A is the percentage which the value of the qualifying fund which is beneficially owned by the non-qualifying investor at the last day of the qualifying fund's financial year (basis period) relating to a particular year of assessment;

B is the amount of income of the qualifying fund as reflected in the audited accounts of the qualifying fund for the basis period relating to that year of assessment;

C is the corporate tax rate applicable to that year of assessment.

A non-qualifying investor of the Sub-Fund will have to declare and pay the financial penalty in his income tax return for the relevant year of assessment.

The status of whether an investor of the Sub-Fund is a non-qualifying investor will be determined on the last day of the qualifying fund's financial year. For such purposes, investments by all investors of a qualifying fund will be taken into account in determining the total number of investors and the total amount of investments in the qualifying fund.

An investor, that is not a qualifying investor as at the last day of the qualifying fund's financial year could be granted by the Comptroller of Income Tax ("CIT") a grace period of up to three months from the last day of the qualifying fund's financial year to reduce his percentage of ownership in the qualifying fund to meet the allowable investment limits.

The investor will be granted the grace period if the investor can prove to the CIT that the investment limits are exceeded for reasons beyond the reasonable control of the investor. If the investor still fails to do so upon the expiry of the three months' grace period, the financial penalty computed (based on his percentage of ownership in the qualifying fund as at the last day of the qualifying fund's financial year) will be imposed on such an investor.

Losses from a qualifying fund attributed to non-qualifying investors

Any losses incurred by the qualifying fund will not be allowed to be set-off against other taxable income of the qualifying fund. Any losses of the qualifying fund attributed to non-qualifying investors will not be allowed to be set-off against other taxable income of such investors. These losses will be disregarded.

Reporting obligations

To enable investors to determine their investment stakes in the qualifying fund, in respect of any financial year of the qualifying fund, the fund manager of a Section 13CA fund will have to issue an annual statement to each of its investors, showing:

- (a) the profit of the qualifying fund for that financial year as per the audited financial statement;
- (b) the total value of issued securities of the qualifying fund (being a company) or total value of the qualifying fund (being a trust fund), as the case may be, as at the last day of the qualifying fund's financial year;
- (c) the total value of issued securities of the qualifying fund (being a company) or total value of the qualifying fund (being a trust fund), as the case may be, held by the investor concerned as at the last day of the qualifying fund's financial year; and
- (d) whether the qualifying fund has less than 10 investors as at the last day of the qualifying fund's financial year.

The fund manager of a Section 13CA fund is required to submit a declaration to the CIT if for a particular financial year of the qualifying fund, there are non-qualifying investors and furnish the CIT with the details of such investors.

A non-qualifying investor of a Section 13CA fund will have to declare the financial penalty and provide this amount in its income tax return for the relevant year of assessment.

DEFINITIONS APPLICABLE TO SECTION 13 CA TAX EXEMPTION SCHEME

"Designated investments" is defined to include, among other things, the following:

- (a) stocks and shares of any company, other than a company that is —
 - (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (b) bonds, notes, commercial papers, treasury bills and certificates of deposit, but

excluding in relation to specified income derived on or after 1st September 2012, any bonds, notes, commercial papers, treasury bills and certificates of deposit which are not qualifying debt securities and which are issued by any company that is —

- (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (c) real estate investment trusts, exchange traded funds or any other securities which are —
- (i) denominated in foreign currency issued by foreign governments;
 - (ii) listed on any exchange;
 - (iii) issued by supranational bodies; or
 - (iv) issued by any company, but excluding in relation to specified income derived on or after 1st September 2012, any securities which are issued by any company that is —
 - (I) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (II) not listed on a stock exchange in Singapore or elsewhere;
- (d) futures contracts held in any futures exchanges;
- (e) any immovable property situated outside Singapore;
- (f) deposits held in Singapore with any approved bank as defined in section 13(16) of the ITA;
- (g) foreign currency deposits with financial institutions outside Singapore;
- (h) foreign exchange transactions;
- (i) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivative relating to any designated investment or financial index, with —
- (i) a financial sector incentive company which is —
 - (I) a bank licensed under the Banking Act, Chapter 19 of Singapore;
 - (II) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore; or
 - (III) a holder of a capital markets services licence under the SFA to deal in securities or a company exempted under the SFA from holding such a licence;
 - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- (j) units in any unit trust which invests wholly in designated investments;

- (k) loans that are —
 - (i) granted by a prescribed person to any company incorporated outside Singapore which is neither resident in Singapore nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore;
 - (ii) granted by a Section 13CA, 13R or 13X fund to any offshore trust, where no interest commission, fee or other payment in respect of the loan is deductible against any income of that trustee of the offshore trust accruing in or derived from Singapore; or
 - (iii) granted by a person other than a prescribed person but traded by a prescribed person;
- (l) commodity derivatives;
- (m) physical commodities if –
 - (i) the trading of those physical commodities by a prescribed person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
 - (ii) the trade volume of those physical commodities traded by the prescribed person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the prescribed person in that basis period;
- (n) units in a registered business trust;
- (o) emission derivatives;
- (p) liquidation claims;
- (q) structured products;
- (r) investments in prescribed Islamic financing arrangements under section 34B of the ITA that are commercial equivalents of any of the other designated investments under the definition of “designated investments”;
- (s) private trusts that invest wholly in designated investments;
- (t) freight derivatives;
- (u) publicly-traded partnerships that do not carry on any trade, business, profession or vocation in Singapore;
- (v) interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore; and
- (w) bankers acceptances issued by financial institutions.

"Specified income" is defined to include amongst others, as any income or gains derived from designated investments, as provided above except the following income;

- (a) interest and other payments that fall within the ambit of section 12(6) of the ITA other than —
 - (i) interest derived from deposits with and certificates of deposit issued by any approved bank as defined in section 13(16) of the ITA and from Asian Dollar Bonds approved under section 13(1)(v) of the ITA;
 - (ii) interest from qualifying debt securities;
 - (iii) discounts from qualifying debt securities issued on or after 17 February 2006;
 - (iv) prepayment fees, redemption premiums and break costs from qualifying debt securities issued on or after 15 February 2007;
 - (v) amounts payable from any Islamic debt securities issued on or after 22 January 2009 which are qualifying debt securities;
 - (vi) fees and compensatory payments derived from securities lending or repurchase arrangements with:
 - (A) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (B) the MAS;
 - (C) a bank licensed under the Banking Act, Chapter 19 of Singapore;
 - (D) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore;
 - (E) a finance company licensed under the Finance Companies Act, Chapter 108 of Singapore;
 - (F) a holder of a capital markets services licence who is licensed to carry on business in the following regulated activities under the SFA (or a company exempted under the SFA from holding such a licence):
 - (I) dealing in securities (other than any person licensed under the Financial Advisers Act, Chapter 110 of Singapore);
 - (II) fund management;
 - (III) securities financing; or
 - (IV) providing custodial services for securities;
 - (G) a collective investment scheme or closed-end fund as defined in the SFA that is constituted as a corporation;
 - (H) the Central Depository (Pte) Limited;
 - (I) an insurer registered or regulated under the Insurance Act, Chapter 142 of Singapore or exempted under that Act from being registered or regulated; or
 - (J) a trust company registered under the Trust Companies Act, Chapter 336 of Singapore;

- (b) distribution made by a trustee of a real estate investment trust that is listed on the Singapore Exchange;
- (c) distribution made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a distribution made by a trustee of a trust whose income is exempt from tax under section 13C, 13G, 13O or 13X of the ITA;
- (d) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (e) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

A "**fund manager**" (i.e. the Manager) refers to a company holding a capital markets services licence under the SFA for fund management or one that is exempted under the SFA from holding such a licence.

Prospective investors in the Sub-Fund should consult their own advisors regarding the Singapore tax consequences of their investment in the Sub-Fund.

9.4 INSPECTION OF DOCUMENTS

A copy of the Trust Deed and any supplementary deeds is available for inspection free of charge during normal business hours at the offices of the Manager at its address stated in the Directory to the IM. A copy of the said documents may be obtained from the Manager at that address on payment of a reasonable fee (which may be revised at the sole discretion of the Manager from time to time).

9.5 AUDITED FINANCIAL STATEMENTS

Audited financial statements of the Sub-Fund will be prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

**ASK Capital Management Pte Ltd
25 April 2017**