

SBM INDIA FUND

(THE “FUND”)

PROSPECTUS

Revised as at April 8, 2021

This Prospectus (“Prospectus”) and accompanying materials are confidential and has been prepared solely for consideration of a limited number of prospective qualified Investors outside India interested in the offering described herein (the “Offering”).

This Prospectus does not constitute or contain an offer or invitation to subscribe for or to purchase shares in any jurisdiction, unless in the relevant jurisdiction such an invitation could lawfully be made to an Investor without compliance with any registration or other legal requirements or where such registration or other legal requirements have been complied with. The information in this Prospectus is subject to change, alteration, modifications and amendments from time to time.

This Prospectus is being furnished to prospective Investors on a confidential basis for them to consider an investment in the SBM India Fund and may not be used for any other purpose. This Prospectus may not be reproduced or provided to others without the prior written permission of the Board of SBM India Fund (the “Board”). By accepting delivery of this Prospectus, each prospective Investor agrees to the foregoing.

This Prospectus is a prospectus and the interests herein are being offered to the public and constitute offer to the public in Mauritius.

THIS CONFIDENTIAL PROSPECTUS IS BEING FURNISHED TO INVESTORS ON A CONFIDENTIAL BASIS AND MAY NOT BE USED FOR ANY OTHER PURPOSE. THE INVESTORS MAY BE INVESTING IN THE PARTICIPATING SHARES IN SBM INDIA FUND (“FUND”) SET UP AS AN OPEN-ENDED FUND. IN ADDITION, ANY U.S. INVESTORS MUST ALSO BE ACCREDITED INVESTORS AND QUALIFIED PURCHASERS (EACH AS DEFINED HEREIN). THIS PROSPECTUS IS CONFIDENTIAL AND MAY NOT BE REPRODUCED OR PROVIDED TO OTHERS WITHOUT THE PRIOR WRITTEN PERMISSION OF THE FUND. NO PERSON RECEIVING A COPY OF THIS PROSPECTUS IN ANY TERRITORY MAY TREAT THE SAME AS CONSTITUTING AN INVITATION TO HIM, UNLESS IN THE RELEVANT TERRITORY, SUCH AN INVITATION COULD LAWFULLY BE MADE TO HIM WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL REQUIREMENTS OR WHERE SUCH REGISTRATION OR LEGAL REQUIREMENTS HAVE BEEN COMPLIED WITH. BY ACCEPTING DELIVERY OF THIS PROSPECTUS, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING. NO INVESTMENTS IN THIS FUND SHOULD BE MADE BY (i) RESIDENT OF INDIA; OR (ii) ANY OTHER PERSON USING MONEY SOURCED FROM INDIA OR (iii) ANY OTHER DISQUALIFIED PERSON HEREUNDER.

THE DIRECTORS OF THE FUND WHOSE NAMES APPEAR IN THIS PROSPECTUS, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE

CASE). THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

IF YOU ARE IN DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR ATTORNEY/SOLICITOR, ACCOUNTANT OR FINANCIAL ADVISER(S). THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE TREATED AS ADVICE RELATING TO INVESTMENT, LEGAL OR TAXATION MATTERS. PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN INDEPENDENT ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THE FUND AND INVESTMENT THEREIN.

THE FUND IS INCORPORATED IN MAURITIUS AS A PUBLIC COMPANY LIMITED BY SHARES AND HOLDS A CATEGORY 1 GLOBAL BUSINESS LICENCE BEARING LICENCE NUMBER C110004712 ISSUED ON THE 31ST OF MARCH 2011 BY THE MAURITIUS FINANCIAL SERVICES COMMISSION ("FSC") AND IS AUTHORISED TO OPERATE AS AN OPEN ENDED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF THE MAURITIUS SECURITIES ACT 2005, AS AMENDED, AND THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED-END FUNDS) REGULATIONS 2008 ISSUED THEREUNDER (THE "REGULATIONS"). HOWEVER, IT MUST BE UNDERSTOOD THAT, IN GIVING THIS AUTHORISATION, **THE FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THE FUND. THE FSC SHALL NOT BE LIABLE TO ANY ACTION IN DAMAGES SUFFERED AS A RESULT OF THIS PROSPECTUS BEING DULY REGISTERED WITH THE FSC.**

INVESTORS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FUND'S FAILURE. THE FUND IS OFFERING PARTICIPATING SHARES (SUBJECT TO CERTAIN TERMS AND CONDITIONS SPECIFIED BELOW IN THIS PROSPECTUS), DENOMINATED IN U.S. DOLLARS, AND AS AN OPEN-ENDED FUND, SUCH PARTICIPATING SHARES SHALL BE AVAILABLE ONLY TO THE PROSPECTIVE INVESTORS.

THIS PROSPECTUS HAS BEEN DRAWN UP IN COMPLIANCE WITH THE MAURITIUS SECURITIES ACT 2005, AS AMENDED, AND THE REGULATIONS.

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DEFINITIONS

“1933 Act”		means the U.S. Securities Act of 1933, as amended.
“1940 Act”		means the U.S. Investment Company Act of 1940, as amended.
“Accounting Date”		means the 30 th of June in each year or such other date as the Directors may from time to time decide commencing with the date of incorporation in case of the first accounting year and thereafter commencing on the 1 st of July of each year.
“Act”		means the Companies Act 2001 of Mauritius, as amended.
“Administrator” "Registrar"	and	means SBM Fund Services Ltd , a Company incorporated under the provisions of the Mauritius laws and having its registered office address at SBM Tower, 1, Queen Elizabeth II Avenue, Port Louis, Mauritius and includes such subsequent administrator, registrar as may be appointed by the Fund from time to time to provide administrative and registrar services to the Fund.
"Auditors"		means Deloitte having its office at 7th-8th Floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Cybercity, Ebène, Mauritius, which has been appointed by the Fund to act as an auditor to audit the accounts of the Fund in accordance with the International Financial Reporting Standards and includes subsequent auditors as may be appointed by the Management Shareholder in annual meetings from time to time.
“Board”		means the Directors of the Fund.
“Business Day”		means any day (except Saturday and Sunday and such other days as the Board may determine) on which banks in Mauritius, United States of America and India as well as the Indian Stock Exchange (or such other places as may be decided by the Directors from time to time) are open for business.
“CFTC”		means the U.S. Commodity Futures Trading Commission.
“Banker”		means SBM Bank (Mauritius) Ltd having its office at SBM Tower, 1, Queen Elizabeth II Avenue, Port Louis, Mauritius and/ or any other banker as may be appointed by the Board.
“Class”		A class of shares created by the Fund in accordance with Article 11 of the Constitution.

“Class A Participating Shares”	means Class A Participating Shares held by Institutional Investors.
“Class B Participating Shares”	means Class B Participating Shares held by Individual Investors.
“Class Share”	means a Participating Share of whatever class, series or category, the proceeds of which issue are comprised in the Class Assets attributable solely to the Class in respect of which the Class Share was issued.
“Class Assets”	means in relation to any Class, the assets of the Fund attributable to that Class comprising assets represented by the proceeds of the issue of Participating Shares of that particular Class, reserves (including retained earnings and capital reserves) and all other assets attributable to that Class.
“Class Dividend”	means a dividend attributable by the Fund in respect of Class Profit of a Class.
“Class Profit”	means profits attributable to a Class.
“Constitution”	means the Constitution of the Fund dated the 1st October 2007, as same may be amended or adopted from time to time.
“Custodian”	means IL&FS Securities Services Ltd , having its registered office at IL&FS House, Plot No 14, Raheja Vihar, Chandivali, Andheri (East), Mumbai - 400072, India or any other custodian as may be appointed by the Board from time to time.
“Custodian Agreement”	means the agreement between the Fund and the Custodian as may be amended from time to time.
“Custody Fees”	means the fee payable to the Custodian as appointed by the Fund.
“Dealing Day”	means with respect to the issue of Participating Shares, any Business Day or such other day as the Directors may determine. With respect to the redemption of Participating Shares, the Dealing Day means the Redemption Date or such other date as the Directors may determine. The first Dealing Day for the issue and redemption of Participating Shares shall be within 15 Business days after the Offer Period.
“Directors”	means the directors of the Fund whose names are set out under the caption “Management and Administration of the Fund” in Section IV of this Prospectus being directors of the company for the time being or, as the case may be, the directors assembled as a Board in a Meeting or as a Committee of the Board.

"ERISA"	means the U.S. Employee Retirement Income Security Act of 1974, as amended.
"FSA"	means the Financial Services Act 2007 of Mauritius, as amended.
"FSC"	means the Financial Services Commission of Mauritius.
"Fund"	means " SBM India Fund ", holding a Category 1 Global Business License and authorized as an Open-ended Collective Investment Scheme in Mauritius.
"IFRS"	means the International Financial Reporting Standards.
"Individual Investors"	means a natural person and corporate investor other than Institutional Investors.
"Initial Issue Price"	means the initial fixed price at which Participating Shares ("PS") will be issued during the Initial Offer Period as set out in this Prospectus.
"Institutional Investors"	means financial institutions, banks, Foreign Institutional Investors, mutual funds, sophisticated investors, large corporates, insurance companies, pension funds, labour union funds, corporate profit-sharing plans, and college endowment funds or as may be determined by the Board.
"Investor"	means any person who is qualified to invest in the Fund and has made capital commitments pursuant to execution of the Subscription Form for Class A Participating Shares or Class B Participating Shares, including high net worth individuals, corporates, institutional Investors, trusts, limited partnerships, pension funds, endowments, etc.
"Investment Advisor"	means Invesco Asset Management (India) Private Limited , having its office 2101-A, A Wing, 21st Floor, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai – 400013, from time to time to render non-binding and non-exclusive investment advisory services.
"Investment Advisory Agreement"	means the investment advisory agreement entered into between the Investment Manager and the Investment Advisor, pursuant to which the Investment Advisor will provide non-binding and non-exclusive investment advisory services to the Investment Manager.
"Investment Manager"	means SBM Mauritius Asset Managers Ltd , a company incorporated under the laws of Mauritius and having its registered office at SBM Bank (Mauritius) Ltd, Level 3, State Bank Tower, 1 Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius, or such other person who

may be appointed as Investment Manager of the Fund.

“Investment Management Agreement”	means the investment management agreement entered into between the Fund and the Investment Manager as amended from time to time pursuant to which all the investment / divestment decisions will be delegated, subject to the overall supervision of the Fund’s Board, to the Investment Manager.
“Management Fee”	means the fee payable to the Investment Manager by the Fund under the Investment Management Agreement.
“Management Shares”	means a share in the capital of the Fund of USD 1.00 par value designated as a Management Share and having the rights provided for under the Constitution with respect to such shares.
“Management Shareholder”	means the holder of one or more Management Shares.
“Performance fee”	means the fee payable to the Investment Manager by the Fund on an excess return over the benchmark S&P BSE 500.
“Performance period”	means the one-year interval from 1 st April to 31 st March of each year.
“Prospectus”	means this confidential Prospectus and all supplements hereto, and includes the Annexure hereto.
“Minimum Holding”	means US\$ 100,000 in the case of Class A Participating Shares and US\$ 100 in the case of Class B Participating Shares.
“Net Asset Value” or “NAV”	means the net asset value of the Fund or a Class, as the context may require, calculated as described under the caption “Determination of Net Asset Value” in Section VII of this Prospectus.
“Participating Shares”	means a participating redeemable preference share (“PS”) in the capital of the Fund of no par value issued in accordance with the provisions of the law and the Constitution and having the rights provided for under the Constitution with respect to the shares. The terms “Participating Share” shall embrace all classes of such shares except when referred to in their separate classes.
“Qualified Holder”	means any person (being over the age of 18), corporation or entity who is an Eligible Investor other than (i) a U. S. Person unless that person is both (a) an “Accredited Investor” within the meaning of Rule 501(a) under the 1933 Act as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and (b) a “Qualified Purchaser” as defined in Section 2(a)(51) of the 1940 Act; (ii) any person, corporation or entity which cannot acquire or hold the Shares without violating laws or regulations applicable to it; or (iii)

any person, corporation or entity whose holding of the Shares, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered;(iv) any person, corporation or entity whose holding of the Shares, in the opinion of the Directors, does not conform with the requirements of this Prospectus and the Constitution; (v) a custodian, nominee or trustee for any person or entity.

“Redemption Date”	means any Dealing Day on which Participating Shares may be redeemed.
“Redemption Price”	means the price per Shares at which such Shares are redeemed in accordance with the Constitution.
“SEC”	means the U.S. Securities and Exchange Commission.
“Securities”	means the equity and equity related securities, fixed income securities including debt, money market and securitised debt, stocks, bonds, options, warrants, notes, direct investments in real estate, mutual funds, other investment vehicles or in derivatives of any of the above.
“Share”	means a share in the capital of the Fund from time to time, which is either a Management Share, or a Participating Share and includes a Class Share.
“Shareholders”	means a person who is registered as the holder of shares for each class for the time being kept by or on behalf of the Fund.
“Subscription Form”	means the Subscription Form entered into by an investor with the Fund for subscription to the Participating Share of the Fund.
“Valuation Day”	means in relation to the Fund or a Class, any Business Day on which the Net Asset Value is determined or such other date as the Directors may determine.
“Valuation Point”	means end of day of the relevant Valuation Day.

References herein to “Dollars” and to the sign “US\$” or “\$” are to the currency of the United States.

All references to time are to Mauritius time, unless otherwise stated. Capitalized terms not otherwise defined herein shall have the same meaning as ascribed to them in the Constitution and vice versa. The Constitution and the Prospectus shall be considered concurrently for the purposes of interpretation and construction thereof. In case of any conflict in any term of the Constitution and the Prospectus, recourse shall be made to the intention set out in the Prospectus.

SECTION I: SUMMARY OF PRINCIPAL TERMS

The following summary is intended to highlight certain information in the body of this Prospectus and is intended only for quick reference. The information in this table is subject to more detailed information provided elsewhere in this Prospectus. The terms hereof are subject to modification or withdrawal. Potential Investors are urged to read carefully this entire Prospectus and the Appendices before making an investment in the Fund.

INTRODUCTION

This Prospectus describes details of the Funds being offered and the classes constituted therein, certain risks associated with Participating Shares, and the terms on which investments may be made.

Structure

SBM India Fund ("Fund") has been incorporated in Mauritius as a public company with limited liability, and holds a Category 1 Global Business License issued by the FSC on the 12 October 2007 = The Fund is authorized to operate as:

- (i) an Open-ended Collective Investment Scheme ("CIS") for the purposes of the Mauritian Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008; and
- (ii) a Global Scheme pursuant to Regulation 16 of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008

The Investment Manager manages the assets of the Fund and conducts the Fund's investment activities, subject to the overall supervision of the Board of the Fund.

The Fund shall, at all times, have two directors who are local residents of Mauritius, and who can exercise independence of mind and judgment on its Board and shall retain a resident company secretary. The Fund has appointed the Administrator and Banker, and shall maintain its books of account, records and register of Shareholders at its registered office.

Fund

The Fund has been incorporated in Mauritius on the 12th October 2007 as a public company with limited liability. The registered office of the Fund is located at C/o Rogers Capital Fund Services Ltd, St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.

The Fund has been established as an open ended investment vehicle for pooling of funds from the potential Investors.

Investment Manager

SBM Mauritius Asset Managers Ltd ("SBM MAM"), a private company incorporated with limited liability under the laws of Mauritius is the Investment Manager of the Fund. The Investment Management Agreement grants to the Investment Manager, investment authority over the assets of the Fund and authorizes the Investment Manager to manage

the Fund's securities portfolio on a day to day basis, subject to the overall supervision of the Board of the Fund.

The Investment Manager and its nominees may hold Management Shares as may be determined by the Board. The Management Shares shall not participate in the profits or losses of the Fund, but shall carry all voting rights of the Fund, provided the holders of Participating Shares shall be entitled to vote only in cases of variation of their Class rights. For more information about the Investment Manager, please refer to Section IV titled "Management and Administration of the Fund".

**The Investment
Advisor**

The Investment Manager may enter into an Investment Advisory Agreement pursuant to which an investment advisor would be engaged to provide non-binding and non-exclusive investment advice to the Investment Manager based on the investment policy and objective of the Fund. The role of any such Investment Advisor shall be purely advisory with no executory powers or binding effect whatsoever. Investment advisors may appoint sub-advisors from time to time to assist them in their advisory function, subject to the approval of the Investment Manager and as per the terms of the relevant Investment Advisory Agreement.

Capital Structure

The share capital of the Company is divided into the following classes of shares with the rights specified hereinafter:

(a) One class of management shares ("Management Shares with a par value of USD 1.00 each to be issued to the Investment Manager with the following rights:

- (i) one vote for each Management Share and all voting rights relating to the management of the Fund shall be vested in the Management Shares which is held by the SBM Mauritius Asset Managers Ltd;
- (ii) the holders of the Management Shares shall have no right to receive dividends nor any rights to participate nor receive any surplus funds upon liquidation of the Fund other than a return of the nominal paid-up capital per Management Share of US\$ 1.00; and are
- (iii) non-redeemable.

(b) One class of participating shares ("Participating Shares") for Institutional Investors, thereafter denominated as Class A Participating Shares, which shall be issued, at no par value in USD as shall be determined by the Board of Directors with the following rights:

- (i) No voting rights;

(ii) the right to an equal share in dividends declared and authorized by the Board subject to satisfying the solvency test;

(iii) the right to an equal share in the distribution of the surplus assets of the Fund.

(c) One class of participating shares (“Participating Shares”), thereafter denominated as Class B Participating Shares, which shall be issued, at no par value in USD as shall be determined by the Board of Directors with the following rights:

(i) No voting rights;

(ii) (ii) the right to an equal share in dividends declared and authorized by the Board subject to satisfying the solvency test;

(iii) the right to an equal share in the distribution of the surplus assets of the Fund.

Management Shares

Management Shares having a par value US\$ 1 per share shall hold all the voting rights in the Fund except (a) as provided in the Constitution, and (b) for the right of Shares of each Class to vote on variations of its Class rights. The Investment Manager (or one of its affiliates/nominees) shall hold all the Management Shares issued by the Fund, which are non-redeemable, at a price per share equal to its par value. The Management Shares shall have no rights to receive the dividends or other distributions from the Fund except for a return of their par value when the Fund is wound up.

The Fund may also offer Shares, prior to or subsequent to the date hereof, on terms different than those received by the Shareholders set forth above and, accordingly, the Board of the Fund reserves the right to create additional classes of Shares with rights, powers and duties different than those set forth above. This right of the Board of the Fund shall be subject to the statutory restriction that no action will be taken to vary the class rights attaching to Shares without the prior approval by way of the special resolution of the holders of the Shares.

Administrator

The Fund has entered into an investment administration agreement (the “Investment Administration Agreement”) with SBM Fund Services Ltd (the “Administrator”). The Administrator shall perform NAV calculation, accounting, registrar, corporate actions and other administration services for the Fund.

FPI Licensee

The Fund is registered as a Foreign Portfolio Investor (FPI), satisfying the eligibility criteria prescribed under the FPI Regulations. It can invest in the securities of the Indian market.

Eligible Investors

No offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful. The Shares are a speculative investment and their purchase involves a high degree of risk. A subscription for the Shares should be considered only by subscribers who have carefully read and understood this Prospectus. Indian residents are not eligible for making any investments in the Fund. Shares may be subscribed only by the Qualified Holders who can either be an institution or individual and resident or non-resident of Mauritius. The Fund shall not knowingly offer or sell Shares to any Investor who is not a Qualified Holder or to whom such offer or sale would be unlawful, or to any Investor who, by investing in the Fund, would commit a breach of the laws and regulations relating to the prevention of money laundering in his jurisdiction, or in Mauritius.

Minimum Investment

The minimum initial investment for the Shares that shall be accepted from a Qualified Holder is US\$ 100,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares. The Board may, after consulting the Investment Manager, and at its sole discretion, waive the minimum investment amount provided that this does not breach the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, issued under the Securities Act 2005 of Mauritius.

Subscriptions

After the Initial Offer Period, the Shares shall be offered to the Qualified Holders for subscription on a daily basis ("Offer Period"). The subscription price per Investor Share shall be the Net Asset Value per Investor Share as on the Valuation Day immediately preceding the Dealing Day on which the Application is accepted. The form for Subscriptions (together with relevant know-your-customer documents) shall be sent to the Administrator at least 3 (three) Business Days prior to the relevant Dealing Day. Cleared funds in respect of the subscription monies relating to the Subscription must be received in full, in the Fund's bank account at least 1 (one) Business Day prior to the relevant Dealing Day. All applications for Subscriptions should be received in accordance with the form provided in the Subscription Form entered into by the Shareholder with the Fund.

Investment Objective

The objective of the Fund is to generate long-term capital appreciation through investment in equity and equity-related instruments in India. The Fund adheres to a multi-cap investment strategy and invests in the stocks across different sectors.

Investment Strategy

The funds received from investors shall be invested in the equities of:-

1. Companies that are fundamentally sound, but generally are deemed undervalued at the time of investment.
2. Companies that have embarked on the path of turnaround by restructuring of their operations, hiving off unrelated business etc. and where the results of the turnaround are likely to accrue in the long term.

3. Companies with strong management, but operating in commodities, where there are signs of bottoming out of the business cycle.

The Fund intends to identify potentially undervalued stocks across sectors utilizing both top down and bottom up approach and believes in incubating such stocks for a while before they find favour with rest of the market.

This can be done by monitoring stock/sector ownership and relating it to the fundamentals of the sector with an objective to get out of over-owned stocks and get into under-owned ones.

The Fund will also try to proactively identify new investment themes before a majority of investors and examine the play on the relative attractiveness of mid capitalizations and large capitalizations and adjust the market capitalizations of the portfolio towards higher return potential.

The Fund will have reasonably diversified portfolios without the risk of being overly diversified in as much as the Fund will aim to have concentrated well-researched portfolio, which would be around 10-25 in terms of the number of stocks per portfolio. This will vary according to the size of the Fund.

Term of the Fund

The Fund shall continue to be in existence indefinitely; provided that with the approval of the holders of Management Shares by special resolution, the Fund may, at any time dissolve, liquidate its investments and distribute its assets to the Shareholders. On the liquidation of the Fund, the assets available for distribution will be divided as follows:

- (a) First, in the payment to the holders of Participating Shares of a sum in US Dollars (or in any other currency selected by the liquidator) as nearly as possible equal to the amount of the Participating Shares held by such holders respectively, provided that there are sufficient assets available in the Class to enable such payment to be made. In the event that there are insufficient assets available in the Class to enable such payment to be made, the available assets attributable to the Class shall be distributed exclusively to the holders of the Participating Shares pro rata to their respective Shareholdings;
- (b) Second, in the payment to the holders of the Management Shares of sums up to the par value paid up thereon out of the assets of the Fund. In the event that there are insufficient assets as aforesaid to enable such payment in full to the holders of the Management Shares no recourse shall be made to any other assets of the Fund whether comprised within the Class or otherwise; and
- (c) Third, in the payment to the holders of Participating Shares of any balance then remaining in the Class, such payment being made as nearly as practicable in proportion to the number of Participating

Shares held in the Class.

Risk Factors

An investment in the Fund involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their investment and who have limited need for liquidity in their investment. There can be no assurance that the Fund will achieve its investment objective. An investment in the Fund carries with it the inherent risks associated with investments in securities and other instruments. In addition, in trying to meet its investment objective, the Fund might underperform the markets in scenarios of strong upward or downward cycles. The Fund seeks to generate returns out of identifying themes and market segments that are likely to outperform in the future. This may or may not happen. Each prospective Eligible Investor should review the Prospectus and the agreements referred to herein, and seeking appropriate professional advice, before deciding to invest in the Fund.

Side Letters

The Fund may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more Shareholders and/or its advisors which provide such Shareholders and/or its advisors with additional and/or different rights (including, without limitation, with respect to the Subscription Fee, redemptions, access to information and minimum investment amounts) than other Shareholders have pursuant to this Prospectus and the Constitution. Such Shareholders and/or its advisors may be employees or affiliate of the Investment Manager, relatives of such persons, or certain large or strategic Investors. The Fund will not be required to notify any or all of the other Shareholders of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders.

Dividend policy

In accordance with the Fund's investment objective, it is not envisaged that any income or gains derived from its investments will be distributed by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of 6 years from the date of declaration, such dividend will be forfeited and will revert to the Fund. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

Transfer Restrictions

Subject to the Constitution, no transfer may be made without the prior written consent of the Board of the Fund, and any attempt to do such transfer without such consent shall not be valid.

Exculpation and Indemnification

The Investment Manager, the Board of the Fund, the Administrator and certain of their affiliates are entitled to certain exculpation and indemnification rights under the Fund's Constitution, various service

agreements with the Fund and the Prospectus.

**Shareholder
Reports**

The following reports shall be made available on the website of the Investment Manager or its affiliates or upon request: (i) annual financial statements of the Fund prepared in accordance with IFRS and audited in accordance with International Standards of Auditing by an independent firm of chartered accountants established in Mauritius; (ii) in the discretion of the Investment Manager, periodically, a letter from the Investment Manager discussing the results of the Shares; and (iii) other reports as determined by the Board of the Fund in its sole discretion. The Fund shall bear all fees incurred in providing such reports. The Investment Manager may agree to provide certain Shareholders with additional information on the underlying investments of the Fund, as well as access to the Investment Manager and its employees for relevant information.

**Voting rights and
Amendments**

Holders of Shares, other than the Management Shares, have no right to participate in the management of the Fund and in particular to vote at meetings of Shareholders. The Shares, however, generally carry the right for the holder to receive notice of, and to vote at, Shareholders' meetings only in relation to resolutions purporting to vary the rights attaching to Shares. Such resolution shall require the affirmative approval of members holding at least 75% of the shares of that Class whose rights are being varied.

Brokerage Practices

Portfolio transactions for the Fund shall be allocated by the Investment Manager to brokers on the basis of best execution and in consideration of such brokers' ability to effect transactions, the brokers' facilities, reliability and financial responsibility, and the provision or payment of the costs of research and other brokerage related services. The Investment Manager will have the sole discretion of managing the broker practices.

**Material
Documents**

The Constitution, the Subscription Form, the Investment Management Agreement, the Investment Administration Agreement and the Custodian Agreement.

**Additional
Information**

Prospective Investors are invited to meet with the Investment Manager for a further explanation of the terms and conditions of the offering of Participating Shares and to obtain any information necessary to verify the information contained in the Fund Documents, to the extent the Investment Manager possesses such information or can acquire it without unreasonable effort or expense. Request for such information should be directed in writing to the Investment Manager. However, no representations or warranties shall be binding on the Fund unless such representation and warranties are made in writing and signed and approved by the Fund.

Functional Currency	The Fund’s functional currency (i.e., the currency in which it maintains its books, records and financial statements) will be the U.S. Dollar.
Investor Suitability Standards	No offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful. The Participating Shares is a speculative investment and their purchase involves a high degree of risk. A subscription for Participating Shares should be considered only by subscribers who have carefully read and understood this Prospectus and the relevant Fund Documents. The Shares shall be available only to Qualified Holders.
Company Secretary	Rogers Capital Fund Services Ltd , a Management Company incorporated under the laws of the Republic of Mauritius and licensed by the Mauritius Financial Services Commission with its registered address at St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.
Custodian	IL&FS Securities Services Ltd , a public company limited by shares incorporated under the laws of India with its registered office at Raheja Vihar, Chandivili, Andheri (E), Mumbai - 400 072 Maharashtra, India. The Custodian holds the assets of the Fund on behalf of Shareholders. The Custodian may appoint sub-custodians, nominees, agents or delegates at the expense of the Company or otherwise in the performance of its duties subject to the Custodian Agreement.
Auditors	Deloitte , a company incorporated under the laws of the Republic of Mauritius with its registered address at having its office at 7th-8th Floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebène, Mauritius.
Tax Consultants	Gandhi Paleja & Associates , a partnership registered under the laws of the Republic of India with its registered address at I/12, Everest Bldg., Opp. Tardeo Bus Depot, Tardeo, Mumbai 400 034, India.
Governing Law and Jurisdiction	The rights, obligations and relationships of the parties to the Fund documents will be governed by the laws of the Republic of Mauritius and the courts of the Republic of Mauritius shall have exclusive jurisdiction to settle any claims, actions or disputes arising in connection with or relating to the Fund, the Fund documents or the acquisition of Shares in the Fund.

SECTION II: STRUCTURE

FUND

The Fund is a public company, limited by shares incorporated under the laws of Mauritius on 12th of October 2007. The Fund holds a Category 1 Global Business License from the Mauritius Financial Services Commission (“FSC”) on the 31st of March 2011 (the “License”) and has been authorised to operate as an open-ended fund CIS under the Securities Act 2005, as amended. The Fund’s license is renewable on the 30th of June of each year provided that the Fund complies with the conditions attached to the License and pays its annual license fees within the prescribed period. The Fund is authorised by the FSC to operate as open-ended Fund for the purposes of the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008 (“Regulations”) the registered office of the Fund is at C/o Rogers Capital Fund Services Ltd, St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.

The Fund’s objective is to generate long-term capital appreciation through investment in equity and equity-related instruments in India. The Fund adheres to a multi-cap investment strategy and invests in stocks across different sectors.

The funds collected under the Fund are invested in the equities of:-

1. Companies that are fundamentally sound, but generally are undervalued at the time of investment due to lack of Investor interest.
2. Companies that have embarked on the path of turnaround by restructuring of operations, hiving off unrelated business etc. and where the results of the turnaround are likely to accrue in the long term.
3. Companies with strong management, but operating in commodities, where there are signs of bottoming out of the business cycle.

The Fund identifies potentially undervalued stocks across sectors utilizing both top down and bottom up approach and believes in incubating such stocks for a while before they find favour with rest of the market. This is done by monitoring stock/sector ownership and relating it to the fundamentals of the sector with an objective to get out of over-owned stocks and get into under-owned ones.

At the date of this Prospectus, the Fund has (i) Management Shares and (ii) Participating Shares issued in two (2) Classes of Shares currently, of which one class is for Institutional Investors and second one for Individual Investors. The Participating Shares are issued to Qualified Holders. The Constitution allows the Fund to create further classes of shares with different rights should the Board deem appropriate.

The Fund shall also issue Management Shares which shall have all the voting rights, except in case of a modification or variation of rights of a specific Class, and which shall be held by the Investment Manager. No dividends shall be payable on the Management Shares.

The Fund has appointed SBM Mauritius Asset Managers Ltd, as the Investment Manager under the Investment Management Agreement, to manage and invest the assets of the Fund in accordance with

Section III: Investment Objectives, Strategy and Process, as stated below.

The Investment Manager may enter into an Investment Advisory Agreement. The Investment Advisor shall provide non-binding and non-exclusive investment advice to the Investment Manager on the investment opportunities available. The Investment Manager shall have full discretion to accept or reject investment advice provided by Investment Advisor and shall be under no obligation whatsoever to invest as per advice provided by Investment Advisor.

The Fund will be governed by the Companies Act 2001, the FSA 2007, Income Tax Act 1995 as amended, the Regulations and such other laws and regulations now applicable to it as amended from time to time.

EXCHANGE OF INFORMATION

There exist under the laws of Mauritius including treaty provisions, various exchange of information mechanisms between Mauritius and certain countries including India, whereby the authorized public authority in Mauritius will provide such lawful request of exchange of information made by a foreign competent authority.

SECURITIES ACT 2005

The Fund has been authorised to operate as Collective Investment Scheme under the Securities Act (2005) and the Securities (Collective Investment Scheme and Closed-end Fund) Regulations 2008. Pursuant to the legislative framework under which it is licensed, the Fund is required to comply with certain specific obligations.

SECTION III: INVESTMENT OBJECTIVES, STRATEGY, PROCESS, RESTRICTIONS AND RISK CONSIDERATIONS

INVESTMENT OBJECTIVE

The investment objective of the Fund is to generate capital appreciation through investment in equity and equity related instruments in India.

INVESTMENT STRATEGY

The investment approach of the Fund is to identify companies that are fundamentally sound but generally are undervalued at the time of investment due to lack of investor interest, turnaround by restructuring of operations, hiving off unrelated business etc. and where the results of the turnaround are likely to accrue in the long term; companies with strong management, but operating in commodities, where there are signs of bottoming out of the business cycle. The Fund intends to identify potentially undervalued/attractive stocks across sectors utilizing both top down and bottom up approach and believes in incubating such stocks for a while before they find favour with the rest of the market.

The Fund aims at investing in a diversified portfolio of securities across major sectors in India. While its benchmark is BSE 500, it is not the intention of the Investment Manager to track or invest in all securities in the index. The Fund may invest in a limited universe of stocks.

ASSET ALLOCATION PATTERN

Instruments	Indicative Allocations (% of total assets)		Risk Profile
	<i>Minimum</i>	<i>Maximum</i>	<i>High/Medium / Low</i>
Equity and Equity-related instruments (including units of equity mutual funds)	85	100	High
Debt & Money Market Instruments and/ or Units of Indian Fixed Income Mutual Funds	0	15	Medium

The above percentages will be reckoned at the time of investment and the above allocation is based on a steady state situation. The above asset allocation is only indicative and may vary according to circumstances at the sole discretion of the Investment Manager on defensive consideration. Investments other than in equity will be made for managing liquidity. The preferred instruments will be money market instruments.

BENCHMARK INDEX

On the basis of investment objective / asset allocation pattern of the Fund, S&P BSE 500 has been currently selected as the benchmark of the Fund. The performance of the Fund will be compared with that of benchmark.

About S&P BSE 500:

S&P BSE 500 – Stock Market Index, consisting of 500 stocks, is maintained by Bombay Stock Exchange Ltd. The changing pattern of the economy and that of the market were kept in mind while constructing this index. S&P BSE-500 index represents nearly 93% of the total market capitalization on BSE. BSE-500 covers all 20 major industries of the economy. In line with other BSE indices, effective August 16, 2005 calculation methodology was shifted to the free-float methodology.

SOURCE: WWW.BSEINDIA.COM

INVESTMENT RESTRICTIONS

The following investment restrictions are currently applicable to the Fund and in line with the Regulation 65 and 66 of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 except where exemption has been sought:

At the time of investment, the Fund shall not take an exposure higher than 10% of its NAV into the equity shares or equity related instruments of any one company in accordance with the approval received from the FSC to depart from Regulation 65(a) pursuant to Regulation 67 of the CIS Regulations.

1. In light with Regulations 65(b), the Fund shall not purchase a security of an issuer where, immediately after the purchase, the collective investment scheme would hold more than 10% of a class of securities of that issuer;
2. The Fund shall not purchase a security for the purpose of exercising control or management of that issuer of that security.
3. The Fund shall not purchase an illiquid asset if, immediately after the purchase more than 10% of the net assets of the collective investment scheme, taken at market value at the time of the purchase, would consist of illiquid assets.
4. The Fund shall not purchase or sell a physical commodity, including precious metals.
5. The Fund shall not own more than 10% of any company's paid up capital carrying voting rights.
6. The Fund may not invest in aggregate more than 5% of its net asset value in the shares of other collective investment schemes. The Fund shall not acquire more than 10% of the shares of any single collective investment scheme.
7. The Fund shall not make any investment in:
 - a. any unlisted security of an associate or group company of the Investment Adviser.
 - b. any security issued by way of private placement by an associate or group company of the Investment Adviser.
 - c. the listed securities of group companies of the Investment Adviser which is in excess of 15% of the net assets.

8. The Fund may employ certain derivative instruments and forward transactions for efficient portfolio management. The use of derivative and forward transactions for investment purposes involves special risks which may:
- a. significantly raise the risk profile of the Funds.
 - b. increase the volatility of the Funds when taking additional market or securities exposure.
 - c. depend on the ability of the Manager of the Fund to predict movements in the prices of securities.
 - d. place some reliance on the imperfect correlation between instruments and the underlying securities
 - e. involve investing in instruments not traded on exchanges and are not standardised, which in turn may involve negotiations on transactions on an individual basis

9. In the event that the Fund will deal with derivative instruments, the Fund will comply with the following restrictions for trading in exchange traded derivatives in accordance with the framework specified by SEBI:

a. Position limit for the Fund in equity index options contracts:

- i. The Fund position limit in all index options contracts on a particular underlying index shall be 1% of the total open interest of the market in index options per stock exchange.
- ii. This limit would be applicable on open positions in all options contracts on a particular underlying index.

b. Position limit for the Fund in equity futures contracts:

- i. The Fund position limit in all index futures contracts on a particular underlying index shall be 1% of the total open interest of the market in index futures per stock exchange.
- ii. This limit would be applicable on open positions in all options contracts on a particular underlying index.

c. Additional position limit for hedging

In addition to the position limits at point (a) and (b) above, the Fund may take exposure in equity index derivatives subject to the following limits:

- i. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Fund's holding of stocks.
- ii. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Fund's holding of cash, government securities, Treasury Bills and similar instruments.

d. Position limit for the Fund for stock based derivative contracts

The Fund's position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, is defined in the following manner:

- i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of the Fund shall not exceed the higher of:

1% of the free float market capitalization (in terms of number of shares) or

5% of the open interest in the derivative contract on a particular underlying stock (in terms of number of contracts).
- ii. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

The following additional restrictions shall be applicable to the Fund with respect to investment in derivatives:

- a. The Fund shall not write options or purchase instruments with embedded written options.
- b. The total exposure related to option premium paid must not exceed 20% of the net assets of the Fund.
- c. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
- d. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
 - i. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
 - ii. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point (c).
 - iii. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
 - iv. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- f. The Fund may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the Fund. Exposure in such transactions should not exceed 10% of the net assets of the Fund.

g. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point (a).

h. Definition of exposure in case of derivative positions:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts

i. The Fund may employ certain derivative instruments for efficient portfolio management in accordance to the approval received from the FSC to depart from Regulation 65(g) pursuant to Regulation 67 of the CIS Regulations such that the Fund may purchase or sell derivatives up to 10% of its Net Asset Value for portfolio management purposes.

10. In accordance with Regulations 66(a), the Fund shall not borrow money or provide for the creation of any encumbrance on its assets except in the two following situations –

(i) the transaction is a temporary measure to accommodate requests for the redemption of securities of the collective investment scheme while the collective investment scheme effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the collective investment scheme does not exceed 5% of the net assets of the collective investment scheme taken at market value at the time of the borrowing; and

(ii) the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity

11. The Fund does not intend to hedge currency exposure to Indian Rupees (“INR”). However, the Investment Manager may from time to time enter into currency hedging contracts.

12. The Fund shall not:

- a. subscribe securities offered by a company under formation;
- b. engage in the business of underwriting or marketing securities of any other issuer;
- c. lend money, securities or other assets as per Regulations 66(d)
- d. 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
- e. purchase a security from, or sell a security to, one of the following persons -
 - i. the CIS manager or the custodian;

- ii. an officer of the CIS manager or the custodian;
 - iii. an affiliate of a person as defined under the regulation, unless the purchase from or sale to the affiliate is carried out at arm's length
- f. guarantee securities or obligations of another person;

RISK CONSIDERATIONS

All securities investments present a risk of loss of capital. The Investment Manager moderates this risk of loss through a careful selection of investments. However, no guarantee or representation is made that the Fund's investment strategy will be successful.

The Fund's investments in portfolio companies may be subject to wide swings in value. The Investment Manager follows an investment policy, which, if unsuccessful, could involve substantial losses. Although the Investment Manager has the flexibility to react to changing market conditions, adverse changes in a portfolio company's situation may lead to substantial losses. The Investment Manager makes no guarantee, either oral or written, that the Fund's investment objective will be achieved. Under the Investment Management Agreement, the Investment Manager is not liable for any error in judgment and/or for any investment losses the Fund may experience, in the absence of bad faith, fraud, gross negligence, wilful misconduct or a wilful violation of applicable law.

Eligible Investors should be aware of the risks associated with the Fund's investment policies and are advised to consult with their professional advisors, such as lawyers, financial advisors or accountants, when determining whether an investment in the Fund is suitable for them. An investment in the Fund may lead to returns in the long-term, and Investors should be aware that they may not achieve capital appreciation/income in the short-term.

RISK MANAGEMENT

The Fund's positions are the result of extensive research and due diligence analysis. This includes diversification by industries, geographies, security types and market capitalization. The positions in the portfolio comply with certain concentration limits as may be decided by the Investment Manager from time to time. The areas of concentration include limits on exposure to any single security, market sector concentration, and market capitalization concentration.

Eligible Investors should consider, among others, the following non-exhaustive list of factors, before subscribing in the Participating Shares:

Investment-Related Risks

The Fund adopts a multi-cap investment strategy and limits the number of holdings so that it might underperform in particular scenarios of strong upward or downward cycles. The Fund seeks to generate returns out of identifying themes and market segments that are likely to outperform in the future. This may or may not happen.

Stock Market Volatility

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

The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the 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 Fund is also subject to the risk of the failure of any of the exchange on which its positions trade or of its clearing house.

Liquidity or Marketability Risk

The securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

Risks associated with investing in Derivatives

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. Execution of such strategies depends upon the ability of the Investment Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Investment Manager involve uncertainty and decision of Investment Manager may not always be profitable. No assurance can be given that the Investment Manager will be able to identify or execute such strategies.

Leverage

The Fund has no intention to use any leverage.

Business Risk

There can be no assurance that the Fund will achieve its investment objective. There may not be an operating history by which to evaluate their likely future performance. The investment results of the Fund are reliant upon the success of the Investment Manager. Moreover, the past performance of the Investment Manager may not be indicative of their future performance.

Currency Risk

The Fund may invest most of the Fund's assets in debt and equity securities denominated in the Indian Rupees ("INR"). However, the Fund values its securities and other assets in U.S. Dollars. To the extent unhedged, the value of the Fund's assets will fluctuate with the exchange rate between the U.S. Dollar and the INR. Thus, an increase in the value of the U.S. Dollar compared to the INR in which the Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the

prices of the Fund's securities in the Indian market. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effects of increases and reducing the effects of decreases in the prices of the Fund's non-U.S. Dollar securities. The Fund may, at the discretion of the Investment Manager, enter into foreign exchange hedging transactions in an attempt to hedge the non-U.S. Dollar underlying exposure of the assets of the Fund.

Tax Risk

Investors are subject to a number of risks related to tax matters. Tax laws relevant to the Fund, Mauritius, India and other jurisdictions may be subject to changes.

Availability and Accuracy of Information

The Investment Manager will select investments for the Fund on the basis of information and data derived from first-hand research by the Investment Manager. Although the Investment Manager intends to evaluate all such information and data and to seek independent corroboration when the Investment Manager consider it appropriate and when it is reasonably available, the Investment Manager will not in many cases be in a position to confirm the completeness, genuineness or accuracy of such information and data.

Availability of and Ability to Acquire Suitable Investments

While the Investment Manager believes that many attractive investments of the type in which the Fund may invest are currently available and can be identified, there can be no assurance that such investment will be available when the Fund commences investment operations, or that available investments will meet the Fund's investment criteria. Furthermore, the Investment Manager may be unable to find a sufficient number of attractive investment opportunities to meet the Fund's investment objective.

High Portfolio Turnover and Recognition of Gains

The Fund's investment strategy may result in a short holding period before investments are rolled over into new investments or sold. This will cause the recognition of any investment gains on a more frequent basis than other investment strategies. Many of those gains will not likely qualify for the holding period needed for capital gains tax treatment. Therefore, taxable Investors in the Fund may have a greater need to pay regular taxes (out of their own resources or by requesting redemptions) than compared to other investment strategies that hold investments longer.

Small- to Mid-Capitalised Companies

The financial instruments of small- to mid-capitalised companies tend to be closely followed by fewer market participants than those of larger capitalised listed equities. The result is persistent structural inefficiencies as well as those of a transient or frictional nature related to both corporate events and identified short to medium term mispricing. This could work to both the Fund's advantage and disadvantage.

Dividend related risk

Payments of dividends are not currently contemplated. Those who anticipate the need for income from dividends from their investments should not invest in the Fund. **It is presently intended that all earnings**

of the Fund will be reinvested.

Availability of Investment Strategies

The success of the Fund's investment activities depends on the Investment Manager's ability to identify overvalued or undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager shall be able to identify suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities markets. A reduction in corporate sector activity and the pricing inefficiency of the markets in which the Fund seeks to invest, as well as other market factors, can reduce the scope for the Fund's investment strategies.

Concentration of Investments

Although it is the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The 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.

General Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for equities as well as interest-sensitive securities. Unexpected volatility or illiquidity in the markets in which the Fund (directly or indirectly) holds positions could impair the Fund's ability to carry out its business or cause it to incur losses.

Emerging Markets

The Fund invests its assets in emerging markets. Investment in such markets involves risk factors and special considerations, which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation could result in loss to the Fund. By comparison with more developed securities markets, most emerging countries securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing and registration procedures may be under developed, thereby enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to more developed markets.

Suspensions of Trading

Each securities exchange typically has the right to suspend or limit trading all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions of any listed securities and,

accordingly, could expose the Fund to losses.

Government Intervention

The prices of instruments in which the Fund may trade or invest will be subject to certain risks arising from government regulation of or intervention in the markets, through regulation of the local market, restrictions on investments by foreign residents or limits on flows of investment funds. Such regulation or intervention could adversely affect the Fund's performance.

Dependence upon the Investment Manager

The Fund is highly reliant upon the knowledge and expertise of the Investment Manager in selecting, acquiring, monitoring and ultimately disposing of suitable investments. The success of the Fund will therefore depend significantly upon the ability of the Investment Manager and its continuing involvement with the Fund. Should the services of the Investment Manager not be available to the Fund for part of or the entire duration of the operation of Fund the success of the Fund may be adversely affected.

Management Participation

Participating Shareholders will not participate in the management of the Fund or in the conduct of its business. In addition, the Participating Shareholders are not able to remove or replace the Investment Manager, the Administrator, or any other agents of the Fund, a decision to do so being a matter entirely for the Directors of the Fund and the holder of the Management Shares.

Counterparty Risk

The Fund will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the Fund.

Investments in Initial Public Offerings

The Fund may invest in initial public offerings. Such investments offer the opportunity for significant appreciation; however, they are speculative and involve a high degree of risk. It is a characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of newly public companies may fail.

Options

The Fund has authority to invest in options. The purchaser of a put or call option can lose its entire investment in a relatively short period of time.

Futures

Transactions in futures and forwards carry a high degree of risk as prices can be volatile and market movements cannot be accurately predicted.

Track Record

No assurance can be given that the Fund will succeed in meeting its investment objective or that its assessments of the short-term or long-term prospects, volatility and correlation of the types of investments referred to in this Prospectus will prove accurate.

Illiquidity

It is not anticipated that there will be an active secondary market for the Shares and it is not expected that such a market will develop. Participating Shareholders will, however, be able to realise their investment in the Fund by redeeming their Shares or by a transfer to an investor who is a Qualified Holder as described under Section V below. Redemptions will generally only be accepted on a daily basis and may, in appropriate circumstances, also be deferred at the discretion of the Directors as set out under Section VI below.

Substantial Redemptions

Substantial redemptions by Participating Shareholders within a short period of time could cause the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the Net Asset Value of the Fund. The resulting reduction in the Net Asset Value of the Fund could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Compulsory Redemptions

Under certain circumstances, as outlined under Section VI, the Fund may compulsorily redeem Participating Shareholder's Shares.

Risk of Early Losses

If the Fund begins trading under market conditions which result in substantial early losses, the risk of the Fund having to terminate its trading will be substantially increased. The Fund could experience substantial cash flow difficulties were its assets to be depleted early, particularly in view of the fees and expenses to which the Fund is subject to. The Fund may commence trading operations at an unpropitious time resulting in significant initial losses.

Early Termination

In the event of a premature termination of the Fund's activities, the Fund would have to distribute to the Participating Shareholders their pro rata interest in the assets of the Fund. At the time of such sale or distribution, certain securities held by the Fund may be illiquid and could therefore be worth less than the initial cost of such securities, resulting in loss to Shareholders.

Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

Transaction Costs

The Fund's investment approach will involve a high level of trading and turnover of the Fund's investments which may generate substantial transaction costs which will be borne by the Fund. Brokers' commissions may vary depending upon the broker and upon the level of service provided by such broker.

Indemnification

Under the Fund's Constitution, the Directors of the Fund are entitled to be indemnified out of Fund's assets against costs, losses and expenses which such person may incur or become liable in connection with the execution of such person's duties. In addition, the Investment Manager, the Administrator, the Custodian and Company Secretary are entitled to indemnity by the Fund under the terms of their respective agreements for services with the Fund. These obligations could require the Fund to make substantial indemnification payments.

Tax Considerations

Where the Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund will not be able to recover such withheld tax and so any change would have an adverse effect on the Net Asset Value of the Fund. Where the Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Fund.

DIVIDENDS OR DISTRIBUTIONS

The Fund does not intend to make any distribution, otherwise than by way of redemption of the Participating Shares.

SECTION IV: MANAGEMENT AND ADMINISTRATION OF THE FUND

INVESTMENT MANAGER

The Fund has appointed SBM Mauritius Asset Managers Ltd (“SBM MAM”), as the Investment Manager under the Investment Management Agreement, to manage and invest the assets of the Fund. SBM MAM was incorporated as a private company limited by shares on the 11th October 1999 and is licensed as a CIS Manager by the FSC. The Board of directors of the Investment Manager consists of the following persons:

Mr. Pierre Marrier D’Unienville

Mr. Alain Eric Koo Khen Heong Venpin

Mr. Shailendrasingh Sreekeessoon

Mr. Roshan Ramoly

Mrs. Reedhee Bhutoo

Mr. John Wallace

Subject to the Investment Management Agreement, the Investment Manager may delegate, with the consent of the Company, the management of the Funds' portfolio, or any part thereof, to other investment professionals or related companies. The Investment Manager or its appointed investment advisor is not restricted from providing administration services to the Company.

The Investment Management Agreement between the Fund and SBM MAM may be terminated by either party giving not less than sixty (60) days’ written notice (or such shorter period as the parties shall agree in writing), subject to the approval of the Financial Services Commission and that an Investment Manager acting as a replacement shall have been identified and is satisfactory to the Directors and shareholders and willing so to act. The Agreement can be terminated without a notice period by one party giving written notice to the other party in case of liquidation (except for voluntary liquidation), breach of any term of the Agreement that cannot be remedied and the Fund/Investment Manager ceases to hold all necessary authorisations, approvals, registrations or licenses.

ADMINISTRATOR

SBM Fund Services Ltd, a company incorporated under the laws of Mauritius has been appointed as the Fund’s administrator, registrar and paying agent (the "Administrator"). The Administrator and its affiliates provide administrative services for other investment funds.

The Administrator is authorised under the Securities Act 2005. The office address of the Administrator is at SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius and the telephone number is +230 202 1445 and fax number is +230 210 3369.

Pursuant to an administrative services agreement between the Fund and the Administrator (the "Administration Agreement"), the Administrator is responsible, under the ultimate supervision of the Directors, for certain matters pertaining to the administration of the Fund, including: (i) maintaining the Fund’s accounts, (ii) calculating the Net Asset Value and the Net Asset Value per Share (iii) maintaining the Fund’s principal corporate records, (iv) communicating with Shareholders, (v) accepting the subscriptions of new Shareholders, (vi) making redemptions of the Shares, and (vii) ensuring compliance

with Mauritius law and regulation (including but not limited to anti-money laundering regulations). The fee payable to the Administrator is based on its standard schedule of fees charged by the Administrator for similar services.

The Administration Agreement is governed by Mauritius law and generally subject to termination by the Administrator or by the Fund upon 90 days' written notice. Under the Administration Agreement between the Fund and the Administrator, the Administrator shall not be responsible for any loss or damage which the Fund may sustain or suffer as a result of or in the course of the discharge of its duties under the Administration Agreement other than loss or damage arising by reason of the wilful or intentional neglect or misconduct or fraudulent behaviour of the Administrator and the Fund will indemnify the Administrator or any company or entity associated with the Administrator or any director, officer, shareholder or employee thereof against, and hold them harmless on a full indemnity basis from, any expense, loss, liability or damage arising out of any claim asserted or threatened to be asserted by any third party in connection with the Administrator's serving or having served as such pursuant to the Administration Agreement; provided however, that the Administrator will not be indemnified with respect to any expense, loss, liability or damage which was caused by its own wilful or intentional neglect or misconduct or fraudulent behaviour. The Administrator is not responsible for valuing the Fund's investments and, in providing services to the Fund, will not act as guarantor or offer or of the Shares in any respect nor is the Administrator responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

The Administrator has no responsibility with respect to trading activities, the Investment Manager, the management or performance of the Fund, or the accuracy or adequacy of this Prospectus.

BOARD OF DIRECTORS OF THE FUND

The Board is responsible for the overall management and control of the Fund in accordance with the Constitution. However, the Directors are not responsible for the day to day operations and administration of the Fund nor are they responsible for making or approving any investment decision, having delegated such investment responsibilities to the Investment Manager pursuant to the Investment Management Agreement and the day to day administrative functions to the Administrator pursuant to the Administration Agreement in accordance with its powers of delegation as set out in the Constitution. The Directors will periodically review the performance of the Investment manager and Administrator. The Investment manager and Administrator will provide such information as may from time to time be reasonably required by the Directors to facilitate such review. The Directors are entitled to indemnification in accordance with the Fund's Constitution. The Board may, as it deems appropriate, appoint Prime Brokers for the Fund from time to time.

The names of the Directors on the Board and their biographies are as follows:

Mr. Muhammad Assad Yussuf Abdullatiff

Mr. Assad Yussuf Abdullatiff is the Chief Executive of AXIS Fiduciary Ltd, a leading Mauritius-based independent trust company providing a full spectrum of fiduciary and corporate services to an international client base. Mr. Assad Yussuf holds an LLB (Hons) and an LLM in Business Law and is admitted to the Bar of Mauritius. Mr. Assad Yussuf counts several years of experience in the financial services sector in Mauritius, and prior to joining AXIS was an Assistant Director at the Board of Investment of Mauritius, where he was the Head of the Financial Services Cluster and responsible for

the promotion of Mauritius as an International Financial Centre.

Mr. Assad Yussuf has been a speaker at various international conferences on the topic of the development of Mauritius as a world class financial centre. He is a full member of the Society of Trust and Estate Practitioners (STEP), a member of STEP Council and the immediate former Chairman of STEP Mauritius.

Mr. Shaan Kundomaal

Mr. Shaan Kundomal has held numerous senior management positions in Mauritius and abroad working for both local and MNCs, notably the British American Tobacco where he was the Marketing Finance Manager responsible for the Indian Ocean Islands.

Since 2010, he has been an entrepreneur investing in Renewable Energy, real estate and financial services. In 2012, he co-founded Capital Horizons, an award winning financial services company offering corporate structuring, advisory and family office services. In 2013, he also co-founded Capital Horizons Investment Holding which is a shareholder in a number of real estate developments in Mauritius.

Mr. Shaan Kundomal sits on the board of directors of several important companies, including public companies and has sat on national committees, amongst which the steering group on Energy of the MID commission, under the aegis of the Prime Minister's office of the Republic of Mauritius.

Mr. Shaan Kundomal has read Finance and Business Administration at the American University of Paris, France and studied Law with the University of London and was awarded an LLB with honors. He also holds a LLM in International Business Law from the Panthéon-Assas University (Paris 2).

Mr. Shailendrasingh Sreekeessoon

Mr. Shailendrasingh Sreekeessoon is currently the Chief Executive Officer of SBM (NBFC) Holdings Ltd. He has over 20 years of experience in the business and financial sectors in Mauritius across several fields including marketing and economic research, strategy, strategic communications, programme management, M&A and SME financing. He joined the non-banking cluster of the SBM Group in July 2019 and was appointed CEO of the Company in July 2020.

Mr. Sreekeessoon holds a BSc in Economics, with first class honours, and an MSc in Finance and Economics from the London School of Economics and Political Science. He is also a Fellow of the Association of Chartered Certified Accountants (FCCA).

CUSTODIAN

Under the Securities and Exchange Board of India (Foreign Institutional Investors), Regulations, 1995 the Fund is required to appoint a domestic custodian in India for maintaining the Indian investments. For this purpose, the Fund has appointed Stock Holding Corporation Of India Ltd. to act as the Custodian and has entered into the Custodian Agreement.

In accordance with the terms of the Custodian Agreement, the Custodian shall have the authority to complete and sign any affidavits, certificates of ownership or other certificates relating to the securities and/or cash which may be required by the tax or any other regulatory authority; collect and receive all income and other payments and distributions in respect of the securities and/or cash, and credit the

same to the Fund account; to receive and hold for the account of the Fund any capital arising out of or in connection with the securities and/or cash whether as a result of its being called or redeemed or otherwise becoming payable and credit the same to the Fund's account; receive and hold for the account of the Fund all securities received by the Custodian as a result of a stock dividend, share subdivision or reorganization, capitalization of reserves or otherwise; exchange interim or temporary receipts for definitive certificates, and old or over stamped certificates for new certificates; make cash disbursements or payments for any fees, taxes, duties, levies, expenses and/or any payments except for settlement of securities/foreign exchange transactions; undertake any currency conversion at the prevailing rate as reasonably determined by the Custodian where any payment is received or to be made in a different currency and do all such acts as the Custodian may consider to be necessary or desirable for the above or in order to perform its duties under the Custodian Agreement.

The Custodian shall inform the Fund of notices that it receives in respect of any bonus issues, rights issues, payment calls, takeover bids or general meetings of the issuers/companies in relation to the securities. The Custodian shall also be responsible to review corporate action notice/offer documents, which may contain restriction or exclusion clauses and act upon the same in accordance with the instructions from the Fund.

The Custodian shall not mingle its own assets with the securities held for the Company / Fund and where securities are physically held by the Custodian, such securities shall be physically segregated from the securities of the Custodian or other clients of the Custodian and maintain separate records with respect to securities held for the Company / Fund.

The Fund will indemnify the Custodian and hold it harmless against all charges, costs, damages, losses, claims, liabilities, expenses, fees and disbursements (together with any value added tax or similar tax imposed from time to time), which the Custodian may suffer or incur howsoever in connection with or arising from the Custodian Agreement, except in case of negligence or wilful misconduct of the Custodian.

The Custodian Agreement may be terminated by either party by giving prior written notice of not less than 30 days to the other party.

SECTION V: STATED CAPITAL, INITIAL OFFERING AND SUBSCRIPTIONS

Stated Capital of the Fund

The stated capital of the Fund comprises all amounts received by the Fund or due and payable to the Fund in respect of the Management Shares and Participating Shares and includes Class Shares issued by the Fund and the share premiums in relation to those Shares. The stated capital varies upon the issue and redemption of Shares.

Rights of the Shares

The Participating Shares do not have voting rights. Participating Shares of any Class carry a right to dividends (if any) declared by the Fund in respect of that Class. Holder of Participating Shares shall not be entitled to receive notice of, attend or vote at meetings of Shareholders. In a winding-up, each holder of Shares of a given Class has a right, provided that there are net assets available, to the return of the no par value and a right to share in surplus assets relating to that Class.

Each Management Share, subject to this Prospectus and applicable Law, has attached to it the following rights and obligations as set out in the Constitution including without limitation:

- a. Voting rights in any Meeting;
- b. No dividends shall be payable on the Management Shares, nor are the Management Shares redeemable.
- c. On winding up, to receive any amount paid up on such shares, subject to the constitution and the availability of funds.

Initial Offer

During the Initial Offer Period, the Fund offered Shares at a price of US\$ 100 per Share. No part of the initial offer were underwritten or guaranteed. Upon acceptance by the Fund of the subscription for Shares, the subscribers were allotted such number of fully paid up Shares as shall be equal to the subscriber's investment, net of all bank charges, divided by the subscription price per Share.

Subscriptions

The Shares are offered to Qualified Holders for subscription on a **daily** basis. The subscription price per Share is the Net Asset Value per share as on the Valuation Day immediately preceding the Dealing Day when the Application is accepted. The form for Subscriptions (together with relevant Know-your-Customer documents) needs to be sent to the Administrator at least 3 (three) business days prior to the relevant Dealing Day (or such other dates and/or times as the Board of the Fund may determine). Cleared funds in respect of the subscription monies relating to the Subscription must be received in full, in the Fund's bank account at least 1 (one) Business Day prior to the relevant Dealing Day, failing either of which the application will, subject to the discretion of the Board of the Fund, be held over to the following Dealing Day and the Shares will then be issued at the Subscription Price on that Dealing Day. All applications for Subscriptions should be received in accordance with the form provided in the

Subscription Form entered into by the Shareholder with the Fund.

In case of investors who invest or subscribe more than the Minimum Holding and such investment will lead to the issue of fractional shares ("Fractional Shares"), in respect of that subscription, the Fractional Shares shall, if deemed necessary by the Board, be issued to the nearest 3 decimal places. In the event an Investor requests the number of Shares to be rounded to the nearest whole number, any subscription money, in excess of the amount required to purchase those Fractional Shares, shall be repaid (without interest) to the Investor at the Investor's own risk and subject to all costs and expenses in relation thereto. The Fund reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable at the risk and cost of the applicant.

The Administrator will issue a written confirmation to successful applicants confirming acceptance of their application. Once completed applications have been received by the Administrator, they become irrevocable.

Applications for Shares will not be dealt with and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription. Subject thereto, Shares are deemed to be issued on the relevant Dealing Day.

Minimum Investment

The minimum initial investment in Shares from Qualified Holder is US\$ 100,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares or such lesser amount as the Board of the Fund may in any particular case determine provided that this does not breach the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, issued under the Securities Act 2005 of Mauritius, without, however, being in no circumstances whatsoever be less than US\$ 50,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares. These requirements will not apply to direct subscriptions by the Investment Manager. Existing Shareholders may also subscribe for additional Shares and the minimum subsequent investment amount is US\$ 50,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares or such lesser amount as the Board of the Fund may determine from time to time.

Entry Load

The Fund shall not impose any entry load for Class A Participating Shares. The Fund shall have the right to impose an entry load of up to 3% on the Class B Participating Shares.

Notwithstanding anything written hereinabove, the Fund shall have the right to determine the extent of entry load to be imposed on each Class Share that seeks to subscribe in the Participating Shares.

Exit Load

The Fund shall not impose any exit load for Class A Participating Shares. The Fund shall have the right to impose an exit load of up to 1% on Class B Participating Shares, if these Shares are redeemed on or before 1 year from date of investment. The exit load will be retained by the Investment Manager to meet any administrative costs in relation to redemption of shares and such cognate expenses.

Notwithstanding anything written hereinabove, the Fund shall have the right to determine the extent of

exit load to be imposed on each Class Share that seeks to exit from the Participating Shares.

Ineligible Applicants

The Subscription Form requires each prospective applicant for the Shares to represent and warrant to the Fund that, among other things, he/she is able to acquire and hold the Shares without violating applicable laws.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Board of the Fund or the Investment Manager, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund or the Investment Manager being required to register under any applicable US securities laws.

Eligible Investors

Investment in the Shares is limited to Qualified Holders as provided earlier in this Prospectus and as per the terms of the Subscription Form, each applicant for, and transferee of, the Shares must warrant on the relevant Subscription Form that he is a Qualified Holder and that he (i) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, (ii) is aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded, and (iii) can bear the loss of his entire investment in the Fund.

Form of Shares

All the Shares will be in inscribed/registered form. Entry in the Register of Shareholders is prima facie evidence of the title to those shares.

Anti-Money Laundering

To ensure compliance with the Financial Intelligence and Anti-Money Laundering Act 2002, as amended, and the Code on the Prevention of Money Laundering and Terrorist Financing (“Code”) issued by the FSC, the Administrator requires an applicant for Participating Shares to provide certain information and documents for the purpose of verifying the identity of the applicant, the source of funds and obtain confirmation that the application monies do not represent directly or indirectly, the proceeds of any crime. The request for information may be reduced where an applicant is a regulated financial services business based in Mauritius or in an equivalent jurisdiction (i.e. subject to the supervision of a public authority) or in the case of public companies listed on recognized stock exchanges, as set out in the Code.

The Administrator may, at any time, request such additional information as may be required to comply with the Fund’s reporting obligations in Mauritius and abroad.

Measures aimed at the prevention of money laundering and financing of terrorism require an applicant for the Shares to verify his identity and the source of funds as part of customer due diligence to the Administrator. These measures are applied in accordance with FSC’s Codes and anti-money laundering legislations applicable in Mauritius.

By way of example an individual may be required to produce a copy of a passport or identification card

duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with two documents verifying his residential address such as a recent utility bill or bank statement. In the case of corporate applicants this may require a certified copy of the Certificate of Incorporation (and any change of name), Memorandum and Articles of Association (or equivalent), and register of members/directors which shows the names and residential/business addresses of all directors and beneficial owners respectively. In addition, corporate applicants will be requested to provide a Board Resolution confirming investment in the Fund and the name of the persons authorized to operate this investment.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers necessary to verify the identity or source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided. As a general rule, the Administrator will only pay redemption proceeds to the account, held in the name of the Investor, from which the subscription monies were remitted. Each applicant for the Shares acknowledges that the Administrator and the Investment Manager of the Fund shall be held harmless against any loss arising as a result of a failure to process his application for the Shares if such information and documentation, as has been requested by the Administrator, has not been provided by the applicant.

Each applicant for the Shares are required to make such representations as may be required by the Board of the Fund or the Investment Manager in connection with its anti-money laundering program.

Publication of Net Asset Value

The Net Asset Value per Participating Share of each Class is computed on a daily basis at 17h00 and is made available at the registered office of the Fund. The Net Asset Value is also available at the offices of the Administrator and/or the website of the Investment Manager. The Fund shall take all reasonable steps to ensure that there is no error or delay in publication of Net Asset Value.

SECTION VI: REDEMPTIONS

The Shares may be redeemed after the completion of the Initial Offering Period, on each Dealing Day at the request of a Shareholder, upon delivery of a prior written notice to the Fund at least 3 (three) business days in advance of the Dealing Day. The redemptions on each Dealing Day will be at the Net Asset Value per Share prevailing on that Dealing Day, i.e. calculated on the close of Business Day unless the Board of the Fund consents, no partial redemption of a Shareholder's Shares will be permitted if the value of the Shareholder's outstanding Shares after such redemption is implemented will be less than US\$ 50,000 for Class A Participating Shares and US\$ 100 for Class B Participating Shares. An exit load of 1% will apply for Class B Participating Shares if the Shares are redeemed during the first year of investment.

In the event that the holders of Shares, in the aggregate, request withdrawals of 25% or more of the aggregate balances of the Shares as of any Redemption Date, the Board of the Fund may, in its discretion, reduce the actual amounts redeemed to an amount equal to 10% of the aggregate Shares ("Gate") and satisfy the requested redemptions on a pro rata basis, based on the respective amounts of requested redemptions by each redeeming Shareholder. Redemption requests that are deferred due to such limitation may be revoked by the redeeming Shareholder, and if not revoked, will be given priority at subsequent Redemption Dates. In the interim, all such Shares shall remain subject to the performance of the Fund. The Board of the Fund at its sole discretion may waive the Gate provisions.

Redemption requests may be submitted by fax to the Administrator at the fax number +230 2103369 provided that:

- a) the original signed redemption request is received by the Administrator prior to the relevant Dealing Day; and
- b) the Investor receives written confirmation from the Administrator that the faxed redemption request has been received.

A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares held by such shareholder would be less than the Minimum Holding.

A redemption request, once given, is irrevocable unless the Board of the Fund or the Investment Manager determine otherwise.

Redemption Price

The Redemption Price per Share on each Dealing Day will be at the Net Asset Value per Share prevailing on that Dealing Day, i.e. calculated on the close of business of the Valuation Day preceding that Dealing Day. An exit load of up to 1% of redemption proceeds will be payable on Class B shares redeemed within 12 months of the date on which they are issued. No exit loads will be paid on Class B Participating shares thereafter. The redemption proceeds will be reduced by the amount of the exit load and the net amount will be paid to the Redeeming Shareholder. The directors may waive the payment of an exit load at their discretion generally or in any particular case. The exit load will be retained by the Investment Manager to meet administrative costs in relation to any redemption of shares and such cognate expenses.

Payments

Unless the Directors, agree otherwise, the Fund will only pay redemption proceeds to the account in the name of the Shareholder from which subscription proceeds originated. No third party payments will be made.

A Shareholder who makes a full or partial request for redemption of Shares shall be paid the Redemption Price within the 10 (ten) Business Days of the applicable Dealing Day, or after receipt of the completed original redemption documentation, whichever is later.

Payment of redemption proceeds may be withheld or delayed if information required to satisfy verification of identity is not provided in a timely manner.

Limitation on Redemptions

The Fund may suspend, or postpone the payment on Shares (i) during the existence of any state of affairs which, in the opinion of the Board of the Fund, makes the disposition of the Fund's investments attributable to such Shares impractical or prejudicial to the Shareholders of the relevant Class, or where such state of affairs, in the opinion of the Board of the Fund, makes the determination of the price or value of the Fund's investments impractical or prejudicial to the Shareholders of such Class; (ii) where any withdrawals or distributions attributable to such Class, in the opinion of the Board of the Fund, would result in the violation of any applicable law or regulation; or (iii) for such other reasons or for such other periods as the Board of the Fund may in good faith determine. The Board of the Fund may further suspend redemptions if the Board of the Fund deems it necessary to do so to comply with anti-money laundering laws and regulations or any other legal requirements applicable to the Fund, the Investment Manager, any other service provider to the Fund and/or any affiliates of any of them.

Compulsory Redemptions

The Board of the Fund may, in its sole discretion, for any reason or no reason, including failing to continue to meet the requirements of Section 3(c)(7) of the U.S. Investment Company Act or for purposes of limiting the participation in the Fund of "benefit plan investors" as defined in ERISA, at any time, compulsorily redeem or require a Shareholder to redeem all or any portion of its Shares upon not less than 7 (seven) Days prior written notice.

The Fund also reserves the right to require compulsory redemption of all Shares held by a holder of Shares if the Net Asset Value of the Shares held by the holder of Shares is less than the Minimum Holding and in certain other circumstances as described in the Constitution. Where the Net Asset Value of the Shares held by a holder of Shares is less than the Minimum Holding and the Fund decides to exercise its right to compulsorily redeem, the Fund will notify the Shareholder in writing and allow such holder of Shares, 15 (fifteen) days to purchase additional Shares to meet the minimum requirement. If, following the Investor's investment in the Fund, the Investor becomes a resident of India or applies for or otherwise acquires Indian nationality, the Fund may require such Investor to transfer or compulsorily redeem the whole of its holding of Shares.

Reserves

The Fund may establish such reserves as it deems reasonably necessary for Fund expenses and any other contingent Fund liabilities, which could reduce the amount of a distribution upon redemption.

Other Redemption Provisions

If the Board of the Fund in its discretion permits a Shareholder to redeem Shares other than on a regularly scheduled Redemption Date, the Board of the Fund may impose an additional administrative fee to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal.

The Investment Manager believes (but cannot guarantee) that the assets of Shares will be invested in a manner that would allow the Fund to satisfy redemption requests. The Fund has the right to pay cash or in-kind, or a combination of both, to Shareholder that makes a redemption.

SECTION VII: DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the Fund and the Net Asset Value per Share is determined DAILY by the Administrator under the overall supervision and direction of the Directors, and will be communicated to the Investment Manager as at the close of business on each Valuation Day or at such other times as the Board of the Fund after consulting the Administrator may determine.

On any Valuation Day, the value of investments of the Shares will be computed as set forth in the Constitution and Prospectus. The Board may, at their discretion, permit any other method of valuation if they consider that such method better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

The Net Asset Value for the Shares and Net Asset Value per Share will be calculated by the Administrator in the manner described below at each Valuation Day.

The Net Asset Value for each Class as at the relevant Valuation Day shall be the value of all the assets of the Class less the liabilities of that Class, calculated in accordance with the Constitution.

The Net Asset Value per Participating Share of a Class as at any Valuation Day shall be the Net Asset Value at the applicable Valuation Point divided by the total number of Shares of that Class in issue immediately before that Valuation Point and rounding the resultant amount downwards to the nearest four decimal places. The Net Asset Value and Net Asset Value per Participating Share will include both realised and unrealised gains and losses in securities and other assets of the Shares.

The Net Asset Value of a class of the Fund shall be valued as follows:

- a) valuations shall be prepared in US Dollars;
- b) for the purpose of valuing the assets of the Fund as aforesaid the Directors may rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market;
- c) securities quoted or traded on any stock exchange or other regulated market are to be valued at
 - (i) the last available closing price at the valuation Point or, if none, (ii) the middle of the bid and offer price at the valuation Point, or if none, (iii) the last traded price, subject in each case to such discount (if any) as the Directors may consider appropriate if marketability is limited by the size of the holding relative to trading volume or otherwise. Each such price shall be the applicable price on the stock exchange on which the relevant share or other quoted investment is traded or, if the relevant share or other listed investment or, if the relevant share or other investment is traded on more than one stock exchange, on the stock exchange which the Directors consider to be the principal market for trading in that share or other investment;
- d) unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known price dealt on the market on which the securities are traded on or before the day preceding the relevant Dealing Day;

- e) unlisted securities (other than equities) for which there is no ascertainable market value will be valued at cost plus interest (if any) accrued from purchase to (but excluding) the relevant Dealing Day plus or minus the premium or discount (if any) from par value written off over the life of the security;
- f) any value otherwise than in US Dollars shall be converted into US Dollars at the market rate (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which they consider may be relevant and to the costs of exchange;
- g) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received up to the date on which the Net Assets Value is being determined, shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Directors may consider appropriate to reflect the true value thereof;
- h) the value of units or other security in any unit trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the managers thereof on or before the day preceding the relevant Dealing Day;
- i) all derivatives that are primarily traded on over-the-counter market quotations will be valued at bid prices in the case of long positions and ask prices in the case of short positions, or prices that are indicative of fair values as determined by the Directors if such bid and ask prices are not available or deemed inappropriate;
- j) liabilities shall be deemed to include such provisions and allowances for contingencies as the Directors may consider appropriate for the purpose of determining the Net Asset Value, back-to-back arrangements involving the deposit of one currency against the advance of another will not be treated as borrowings;
- k) if the relevant Valuation Point is a day on which the market for any investments or assets of the Company to be valued is closed for business, then such assets or investments shall be valued as at the immediately preceding day on which the relevant market was open for business;
- l) the method of Valuation adopted by the Custodian will be consistent with a “year on year” basis unless changed by the Board of Directors at their absolute discretion;
- m) notwithstanding the foregoing, the Directors may, in their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value.

The Class liabilities comprise of the following:

- a) All borrowings, bill of exchange and other amounts due, including security deposits such as margin accounts in connection with the use of derivative instruments;
- b) All administrative expenses payable or incurred, including establishment and registration cost payable to registration agents; legal fees; audit fees; fees payable to the Investment Manager, the Custodian and all other representatives and agents of the Fund; and the costs of compulsory

publications and the prospectus, accounts and other documents made available to Shareholders;

- c) All known liabilities, whether due or not yet due, including dividends declared but not yet paid;
- d) An appropriate provision for taxation calculated on the Valuation Day, and other provisions or reserves approved by the Board; and
- e) All other liabilities of any kind to third parties.

For the purpose of valuing its liabilities, the Fund may include all regular or periodic administrative and other expenses by valuing this for the whole year or any other period and allocating the result pro rata for the expired period.

The Board will show an asset for the Fund in the following manner:

- a) The proceeds of allocating and issuing particular Participating Shares in the Fund will be allocated in the Fund's books to the asset to which the class of Participating Shares of the Fund relates, and the corresponding assets, liabilities, income and expenditure will be allocated to this asset in accordance with the above guidelines.
- b) If any asset has been derived from another asset, the derived assets will be allocated in the Fund books to the same asset as that from which they derive, and for each new valuation of an asset the growth or fall in value will also be allocated to the asset concerned.
- c) If the Fund has incurred a liability which relates to a specific asset, or to an activity connected with a specific asset, the liability will be allocated to that asset.
- d) If an asset or a liability of the Fund cannot be regarded as a specific amount which can be allocated to a specific asset, and does not relate to all Classes of shares equally, the Board may allocate the asset or liability as they see fit.

The Board of Fund or the Investment Manager may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice. The Board of the Fund or the Investment Manager has delegated to the Administrator the determination of Net Asset Value per Share.

The Net Asset Value per Investor Share on any Valuation Day will be calculated by dividing the Net Asset Value of the relevant Class by the number of Shares of the relevant Class in issue as at the close of business on that Valuation Day.

Suspension

Subject to the provisions of the CIS Regulations, the Fund's Constitution provides that the Directors, acting unanimously, may declare a temporary suspension of the determination of the Net Asset Value of a Class or Classes and the sale, allotment issue or redemption of the Participating Shares in the events set out under Article 20 of the Constitution.

SECTION VIII: FEES AND EXPENSES

Total Expense Ratio

For Class A Participating Shares, the total expense ratio excluding performance fee (owing to the variable nature of the fee) will not exceed 2.4% per annum of the Net Asset Value of the Outstanding Class Shares or such rates as to be determined by the Board of Directors from time to time.

For Class B Participating Shares, the total expense ratio excluding performance fee (owing to the variable nature of the fee) will not exceed 3.0% per annum on the Net Asset Value of the Outstanding Class Shares or such rates as to be determined by the Board of Directors from time to time.

The Management Fee is payable monthly in arrears.

Investment Management

The Investment Manager will receive a Management Fee on the average net assets pertaining to each Class, which will be apportioned on a daily basis, which shall be paid out of the monies in the Fund. Different Management Fees may be levied for different Classes. The Management Fee for Class A Participating Shares is 0.8% p.a. and the Management Fee for Class B Participating Shares is 1.4% p.a.

The Investment Manager will also receive a performance fee of 18% on excess return over the benchmark, S&P BSE 500, applicable as from 1st April 2018 – the excess return being the positive difference between the Fund's return and the return of the S&P BSE 500. With the application of the performance fee, the investors will receive 82% of the excess performance of the Fund over the benchmark. No performance fee will be payable when the Fund's return is below benchmark. The fee is applicable to Class A and Class B share classes.

The performance fee will be calculated by the Fund Administrator and accrued in the Net Asset Value per share calculated at each valuation point based on the performance to date of each Share Class during the Performance Period. The Performance Period is the one-year interval from 1st April to 31st March of each year. Any performance fee will be paid out after the Performance Period end date or at the redemption of the client's portfolio (in whole or in part).

Administrator and Registrar of the Fund

For performing and supervising the performance of administrative services necessary for the operation and administration of the Fund and for acting as Registrar, the Administrator will receive its customary monthly fee for each Class. This fee has been set at 0.15% per annum and will be paid monthly in arrears.

The Administrator will also be reimbursed for all reasonable out-of-pocket expenses agreed to in advance with the Fund.

Custodian of the Fund

The Custodian will receive from the Fund a fee in accordance with the Custodian Agreement entered into between the Fund and the Custodian and as agreed between the Fund and the Custodian from time to time.

The Custody fees currently stands at 0.02% per annum on the value of securities held under custody on behalf of the Fund.

As per the Custodian Agreement, the Fund shall also pay or reimburse the Custodian out of pocket expenses (including but not limited to Stamp Duty, Regulatory charges, any expenses on clients instructions) and depository charges.

Investment Advisor's Fee

The Investment Manager is responsible for the payment of the fees of any Investment Advisor as provided under any Investment Advisory Agreement.

Other Fees and Expenses

Organisational Expenses: The Fund will pay all expenses reasonably incurred in the formation and organisation of and offer and sale of interests in, the Fund, including external legal and administration and regulatory expenses, other professional fees and expenses, printing costs (including costs of preparing and printing this Prospectus, as well as any necessary updates), expenses (including travel costs, expenses in connection with set up, etc.). The Fund's financial statements shall be prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS does not permit the amortisation of organisational costs. For the purposes of Net Asset Value calculation, organizational costs may be amortised over 1 year or written off over such period as the Board of the Fund may determine from time to time and which the Directors believe provide a more equitable treatment to Shareholders. A note reconciling the Net Asset Value calculation at the year-end shall be included in the statutory financial statements of the Fund. The Fund will reimburse the Investment Manager for Organisational Expenses incurred on behalf of the Fund up to a limit of US Dollars 75,000.

Operating Expenses: The Fund shall pay or reimburse the Investment Manager and its affiliates for (i) all expenses incurred in connection with the ongoing Offering of Shares, including, but not limited to, printing of the Prospectus and exhibits and documentation of performance and the issuance of additional Shares, and (ii) all operating expenses of the Fund such as auditors fees, tax preparation fees, governmental fees and taxes, administrator fees, director fees and expenses, costs of communications with Shareholders, and ongoing legal, accounting, auditing, bookkeeping, consulting and the insurance premium expenses for the professional indemnity insurance which the Fund/Investment Manager would incur and other professional fees and expenses.

All Operating Expenses listed above will be charged on actual to the Fund or reimbursed to the Investment Manager on actual. The reimbursement to the Investment Manager will be on monthly basis, unless otherwise determined by the Investment Manager. The Investment Manager at its sole discretion has the right to waive off any of the expenses.

Other Operating Expenses: The Fund shall pay or reimburse all expenses related to the trading / operations of the fund (e.g. brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges, fees payable to the administrator charges, legal fees, India tax consultant fees etc.).

All fees and other expenses incurred in connection with the investigation, prosecution or defence of any

claims, assertion of rights or pursuit of remedies, by or against the Fund including, without limitation, professional and other advisory and consulting expenses and travel expenses, and whether or not pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer will be borne by the Fund.

The Investment Manager or any of its affiliates, in its sole discretion, may from time to time pay for any of the foregoing Fund expenses. Any such person may elect to be reimbursed for such expenses, or to waive its right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

Investment Manager Expenses: The Investment Manager will pay its own general operating and overhead expenses associated with providing the services required under the Investment Management Agreement. These expenses include all expenses incurred by the Investment Manager in providing for its normal operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, insurance, utilities, telephone, secretarial, clerical and bookkeeping services, etc.), but not including any Fund operating expenses described above.

SECTION IX: REPORTS AND FINANCIAL STATEMENTS

The Fund's financial year end is the 30th of June.

The annual meeting of the shareholders of the Fund shall be held every year at the registered office of the Fund or at any other place in Mauritius as may be specified by the notice of the meeting. However it is to be noted that Participating Shares have no right to receive notice of any meeting and no voting rights except in case of a modification or variation of Class rights.

Special meetings of Shareholders shall be in accordance with the Constitution of the Fund at such time and place in Mauritius as may be specified by the notice of the meeting.

Notice of any meeting of Shareholders shall be mailed by registered letter to each registered Shareholder entitled to receive notice of the Meeting, at least 14 (fourteen) Business Days prior to the meeting or sent by electronic means and would be taken to have been received by the Shareholder on the date that it is transmitted.

Shareholders will be sent a copy of the Fund's annual report and audited financial statements, prepared in accordance with IFRS, within 90 days of the end of the period to which they relate and not less than 14 days before the annual meeting.

Liquidation

If the Fund should become insolvent, the Investors in the Fund may be required to repay any distributions wrongfully made to them and forfeit any undistributed profits.

Limited Rights of Shareholders

Shareholders holding Shares have no right to participate in the management or control of the Fund. As a result, the Shareholders must rely entirely on the Investment Manager and the Board to manage the Fund and its investments.

Limitation on Redemptions

At the time of each redemption of any Participating Shares, the Fund as a whole would have to meet the Solvency Test. In the event that the Fund does not meet the Solvency Test, then the payment of redemption proceeds on redemption of Shares would not be possible. The Fund will satisfy the Solvency Test under the Act where the Fund is able to pay its debts as they become due in the normal course of business and the value of its assets is greater than the value of its liabilities.

SECTION X: DOCUMENTATION AVAILABLE FOR INSPECTION

Copies of the Prospectus, Constitution and material agreements are available upon written request to the Company Secretary at the Registered Office of the Company, C/o Rogers Capital Fund Services Ltd, St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.

SECTION XI: TAX CONSIDERATIONS AND LEGAL AND REGULATORY CONSIDERATIONS

TAX CONSIDERATIONS

The following tax summary is of a general nature only, is based on the provisions of law and as in force currently practice and common is therefore subject to changes therein, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Prospective purchasers of Shares should consult their own tax advisers as to the potential tax consequences of the acquisition, holding or disposition of the Shares under the laws of the countries of their citizenship, residence or domicile.

In view of the number of different jurisdictions where local laws may apply to Shareholders, except as specifically set forth herein, this Prospectus does not discuss the tax consequences to a potential investor under the laws of the jurisdictions of which they are citizens, residents or domiciliary and in which they conduct business. Prospective Investors are urged to consult their own professional advisers regarding the possible tax consequences of buying, holding, selling or redeeming the Shares.

The taxation of income and capital gains of the Fund and of Shareholders is subject to the fiscal laws and practices of Mauritius, countries where investments are envisaged by the Fund and of the jurisdiction in which Shareholders are resident or otherwise subject to tax. The provisions under any applicable double taxation treaty may also be relevant.

The Fund will provide regular financial information, including annual audited financial statements to its shareholders in compliance with the legal and regulatory requirements applicable to the Fund, but, except as specifically described below, will not be responsible for providing (or for the costs of providing) any other information which Shareholders may, by virtue of the size of their holdings or otherwise, be required to obtain or provide to the taxing or other authorities of any jurisdiction.

In addition, investments in international markets may involve the possible imposition of withholding or other taxes on income received from, or gains with respect to, such investments.

MAURITIUS LEGAL AND REGULATORY CONSIDERATIONS

Fund tax

The Fund holds a Category 1 Global Business Licence and as a tax resident is governed by the Income Tax Act 1995 and as per current tax laws shall be taxed at 15% in Mauritius on its net chargeable income. However, the Fund will be allowed a credit for foreign tax on its foreign source income against its tax liability. If no written evidence is presented to the Director General of the Mauritius Revenue Authority (MRA) showing the amount of foreign tax charged, the amount of foreign tax will nevertheless be conclusively presumed to be equal to 80 percent of the Mauritius Tax chargeable with respect to that income resulting in an effective tax rate of 3 percent.

Currently, no capital gains tax is payable in Mauritius in respect of the Fund's realised investments. Dividends and redemption proceeds paid by the Fund to the Shareholders would be exempt in Mauritius

from any withholding tax. There are no estate duties or inheritance taxes in Mauritius. As the Fund meets all the pre-requisites for issue of a Tax Residence Certificate (“TRC”) and its investments will principally be undertaken in India the Fund has sought and obtained a TRC issued by the Director General of MRA to accede the Treaty. The current TRC is valid for a period of one year and is renewable annually provided the Fund adheres to the undertakings the Board has given to the FSC and the MRA.

There can, however, be no assurance that the Treaty will continue to be in full force and effect during the existence of the Fund or that the Fund will continue to enjoy the benefit of the tax treaties.

Shareholders

Shareholders will not be subject to any form of Mauritian tax on redemption of Participating Shares and payment of dividend by the Fund.

FATCA Regulations

Attention is drawn to the Agreement for the Exchange of Information Relating to Taxes (The United States of America – FATCA Implementation) Regulations 2014 issued pursuant to the Income Tax Act which may require the sharing of information generally to public authorities in Mauritius, in the United States (USA) and elsewhere (the “**FATCA Regulations**”). The Fund may be required to use and disclose information about the Fund (“**Client Data**”) pursuant to (i) sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (also known as the United States Foreign Account Tax Compliance Act) (the “**US FATCA**”), any equivalent law or regulation of the United States or any other jurisdiction, or any intergovernmental agreement between the United States and another jurisdiction relating to FATCA, as may be in effect from time to time and (ii) any agreement entered into by the Administrator (or any of its Affiliates) pursuant to the FATCA Regulations and the US FATCA or any of those equivalent laws, regulations or agreements (together, Tax Compliance Obligations).

Client Data may be disclosed for this purpose directly to third parties, including the United States Internal Revenue Service (“**IRS**”), other foreign tax authorities, or the Company’s domestic tax authority (including for the purpose of onward disclosure to the IRS or other foreign tax authorities). Tax authorities may hold Client Data for as long as permitted to do so under the laws of the jurisdiction of the tax authority and the Administrator may hold Client Data for as long as permitted under the laws applicable to the Administrator, including for the purpose of complying with Tax Compliance Obligations. Client Data will be transferred (in any medium or format) to the United States and other relevant foreign jurisdictions for the purposes set out above.

CRS Compliance

The Common Reporting Standard (CRS) is an information standard for the automatic exchange of information, developed in the context of the Organisation for Economic Co-operation and Development (OECD). The legal basis for exchange of data is the Convention on Mutual Administrative Assistance in Tax Matters and is broadly based on the USA Foreign Account Tax Compliance Act (FATCA) implementation agreements.

CRS aims to identify the tax residency of each and every one of its account holders (most countries are adopting the 'wider approach' under CRS which allows funds to collect tax information from all investors). Tax information is required on all account holders.

CRS requires Financial Institutions (FIs) to report on almost all foreign tax residents. The reporting requirements are the same as FATCA with the exception of:

- Tax residency, date and place of birth are also reported for ALL accounts holders.
- Information must be reported on the CRS schema to the local Tax Authority for onwards forwarding to all countries complying with CRS

Money Laundering

To ensure compliance with the Financial Intelligence and Anti-Money Laundering Act 2002 and the Code on the Prevention of Money Laundering and Terrorist Financing (“Code”) issued by the FSC, the Administrator will require an applicant for Participating Shares to provide certain information and documents for the purpose of verifying the identity of the applicant, the source of funds and obtain confirmation that the application monies do not represent directly or indirectly, the proceeds of any crime. The request for information may be reduced where an applicant is a regulated financial services business based in Mauritius or in an equivalent jurisdiction (i.e. subject to the supervision of a public authority) or in the case of public companies listed on recognized stock exchanges, as set out in the Code.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a distribution until proper information has been provided. Investors should note specifically that the Administrator reserves the right to request such information as may be necessary in order to verify the identity of the investor and the owner of the account to which the distribution proceeds will be paid. Distribution / redemption proceeds will not be paid to a third party account.

Each applicant for Participating Shares acknowledges that the Administrator shall be held harmless against loss arising as a result of a failure to process or delay in processing an application for Participating Shares or redemption request if such information and documentation as requested by the Administrator has not been provided in full with sufficient detail by the applicant.

The Administrator may, at any time, request such additional information as may be required to comply with the Fund’s reporting obligations in Mauritius and abroad.

INDIAN TAX ISSUES

Taxation of investors in India

The Finance Act, 2012 (FA 2012) has amended the Income-tax Act, 1961 (“ITA”) to provide, inter alia, that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be situated in India if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

It is now clarified in Finance Act 2015 (FA 2015) that the share or interest of a foreign entity will be deemed to derive its value substantially from the assets located in India, if on the specified date, value of Indian assets:

- exceeds the amount of INR 100 million;
- represents at least 50% of the value of all the assets owned by the company; and transferor of foreign assets (at any time in twelve months preceding the transfer) holds management or control, or voting power, or total share capital or total interest exceeding 5 percent.

Explanation 5 to section 9 of the Income Tax Act inserted with effect from 1st April 2015 read as under:

“For the removal of doubts, it is hereby clarified that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.”

However, the Finance Act 2017, inserted a second proviso to Explanation 5 to section 9 of the Income Tax Act, which took effect retrospectively from 1st April 2015 and it reads as under:

“Provided further that nothing contained in this Explanation shall apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).]

Since SBM India Fund Ltd. is registered as a Category II Foreign Portfolio Investor, all investors in the fund will be outside the purview of the indirect tax on transfer of their shares in SBM India Fund by virtue of the second provision to Explanation 5 to section 9 of the Act.

Taxation of the Fund in India

The Indian tax implications for the income earned by the Fund from Indian portfolio companies are set out below. The Fund is expected to have income in the form of capital gains, dividends and interest.

- (a) Dividends paid by an Indian company on which Dividend Distribution Tax (“DDT”) has been paid, are exempt from tax in the hands of the Corporate Shareholders. Thus, any dividend distributed by the Indian portfolio companies will not be subject to tax in India in the hands of the Fund, provided DDT at an effective rate of 21.128% (inclusive of a 12% surcharge on the amount of tax plus a 4% health and education cess on the total of the tax and surcharge) has been paid on the amount of dividend, to be computed as prescribed in ITA.
- (b) Interest income received on foreign currency convertible bonds will be taxed at a maximum rate of 10.92% (on basis that income will exceed Rs 100 million. Tax rate of 10.608% will apply if income exceeds Rs 10 million, else tax rate of 10.40% will apply). Interest received from debt incurred in foreign currency will be taxed at a maximum rate of 21.84% (on basis that income will exceed Rs 100 million. Tax rate of 21.216% will apply if income exceeds Rs 10 million; else tax rate of 20.80% will apply). Else, the interest will be taxed at maximum rate of 43.68% (on basis that income will exceed Rs 100 million. Tax rate of 42.432% will apply if income exceeds Rs 10 million; else tax rate of 41.60% will apply).

Interest income received by way of:

- (i) interest on infrastructure debt fund set up in accordance with the guidelines prescribed by the central government,
- (ii) income received by any unit holder being foreign company from business trust approved by Regulatory authorities in India by way of any income distributions,
- (iii) interest income received from specified Indian company in respect of long term monies borrowed in foreign currency from a source outside India by way of long term bonds or loans including infrastructure bonds before July 01, 2017 as approved by Central Government and will be taxed at a maximum rate of 5.46% (on basis that income will exceed Rs 100 million. Tax rate of 5.304% will apply if income exceeds Rs 10 million; else tax rate of 5.20% will apply).

Avoidance of tax

The ITA contains provisions for avoidance of tax which are as follows:

- Where the owner of any securities (owner) sells or transfers coupon bearing securities, and buys back or reacquires the securities, then, if the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by the owner, the interest payable as aforesaid shall, whether it would or would not have been chargeable to income-tax apart from the provisions of this sub-section, be deemed to be the income of the owner and not to be the income of any other.
- Where any person has had at any time during any tax year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.
- However, the ITA provides that there shall be no avoidance of income-tax where the person proves to the satisfaction of the Revenue authorities that there has been no avoidance of income-tax.

Business Income

- The income arising on account of derivatives transactions is treated as Business Income of the Fund in India.
- Since the Fund does not have a Permanent Establishment (“PE”) in India, the Business Income of the Fund shall not be chargeable to any income tax in India.

Capital Gains

The treatment of capital gains for Indian tax purposes depends on whether or not the Tax Treaty applies and, where it does not apply, the treatment varies between the different classes of investors.

Where the Tax Treaty applies, capital gains resulting from the sale of Indian securities (whether listed or unlisted) including shares on conversion of foreign currency convertible bonds, sale of shares underlying Global Depository Receipts (GDRs) issued by Indian companies and transactions in derivatives will not be subject to tax in India under the Tax Treaty. However, the purchase and sale of equity shares, units of equity oriented funds and the sale of derivatives on a recognized stock exchange in India and the sale of

units of equity oriented fund to the Mutual Fund will be subject to a Securities Transaction Tax (“STT”) as discussed below.

However, the Tax Treaty has been recently amended and capital gains arising from the sale of Indian securities (whether listed or unlisted) including shares on conversion of foreign currency convertible bonds, sale of shares underlying Global Depository Receipts (GDRs) issued by Indian companies will be taxed from 1st April 2017 in the following manner:

- (a) Gains from the sale of shares of an Indian company, acquired on or after 1st April 2017, by the Fund, which is a tax resident of Mauritius, will be charged to tax in the same manner as is currently charged to entities to which treaty exemption does not apply. The tax rates are provided in the subsequent paragraph.
- (b) However, the tax rate on the gains referred to in (a) above which arise during the period beginning on 1st April, 2017 and ending on 31st March, 2019 shall not exceed 50% of the tax rate applicable on such gains.
- (c) Gains on sale of any investments made before 1st April 2017 shall be grandfathered and such gains shall not be subject to any tax in India based on the current tax treaty in force irrespective of when such investments are sold.

Gains realized from the sale of investments held by the Fund will be liable to tax based on:

- (a) the duration for which the corresponding investment was held prior to sale; and
- (b) the manner in which the sale is effected.

If the Tax Treaty does not apply or if GAAR provisions are invoked, the treatment for the Fund is as follows:

- (a) Under the provisions of the ITA, listed shares, notified zero coupon bonds (ZCBs), units of SEBI registered equity oriented mutual fund and other securities listed on a recognized stock exchange (including listed derivatives but excluding units of debt mutual fund), held as capital assets, are regarded as short-term capital assets if held for a period of 12 months or less. Shares of unlisted companies are regarded as short-term capital assets if held for a period of 24 months or less. Other assets (including debt-oriented mutual funds) are regarded as short-term capital assets if held for a period of 36 months or less. Capital assets held for a period of more than 12 / 24 / 36 months, as applicable, are treated as long-term capital assets.
- (b) Gains earned by the Fund on transfer of short-term capital assets will be taxed as short-term capital gains at a maximum rate of 43.68% (on basis that income will exceed Rs 100 million. Tax rate of 42.434% will apply if income exceeds Rs 10 million; else tax rate of 41.60% will apply) to the Fund.

However, if short-term capital gain arises on the sale of equity shares or units of equity oriented funds on a recognized stock exchange in India or sale of units of equity oriented fund to the Mutual Fund, it shall be taxable at 16.38% (on basis that income will exceed Rs 100 million. Tax rate of 15.912% will apply if income exceeds Rs 10 million, else tax rate of 15.60% will apply), provided Securities Transaction Tax (STT), as discussed below, has been paid on such transfer.

- (c) Gains earned by the Fund on transfer of long-term capital assets, being unlisted securities, will be taxed as long-term capital gains at an effective rate of 10.92% (on basis that income will exceed Rs 100 million. Tax rate of 10.608% will apply if income exceeds Rs 10 million; else tax rate of 10.40%

will apply) if benefits of currency fluctuations and indexation, as specified in ITA, are not considered. Else, these long term capital gains on unlisted securities and otherwise long-term capital gains on any other security will be taxed at maximum rate of 21.84% (on basis that income will exceed Rs 100 million. Tax rate of 21.126% will apply if income exceeds Rs 10 million; else tax rate of 20.80% will apply).

- (d) However, if the long-term capital gain arises on the sale of equity shares or units of equity oriented funds on a recognized stock exchange in India or sale of units of an equity oriented fund to the Mutual Fund, where STT has been paid on purchase and sale of these securities, as discussed below, it will be taxed at an effective rate of 10.92 per cent (on basis that income will exceed Rs 100 million. Tax rate of 10.608 per cent will apply if income exceeds Rs 10 million; else tax rate of 10.40 per cent will apply). Such long term capital gains were earlier exempt from tax until 31st March 2018 under the provisions of section 10(38) of the Indian Income Tax Act. In order to mitigate the effect of this tax on long term capital gains all notional gains earned until 31st January 2018 are to be grandfathered and hence exempt from tax to that extent. Effectively it means where that the market price of such a security as on 31st January 2018 was more than cost of acquisition, the market price would be deemed to be the grandfathered cost price.

Taxation of other income

Any other income earned by the Fund on account of making investment in India, except by way of dividends, interest and capital gains, will be taxable at maximum rate of 43.68% (on basis that income will exceed Rs 100 million. Tax rate of 42.432% will apply if income exceeds Rs 10 million; else tax rate of 41.60% will apply)

Minimum Alternate Tax

Under the provisions of the ITA, where the tax liability of a company is less than 18.50% of its book profits (including long-term capital gains arising on the sale of equity shares or units of equity oriented funds on a recognized stock exchange in India or sale of units of equity oriented fund to the Mutual Fund, on which STT has been paid), the company is liable to pay Minimum Alternate Tax (MAT) at maximum rate of 20.202% (on basis that income will exceed Rs 100 million. Tax rate of 19.6248% will apply if income exceeds Rs 10 million; else tax rate of 19.24% will apply).

However, as per Explanation 4 to section 115JB of the ITA, the provisions of MAT will not apply to overseas funds as long as they enjoy treaty benefits, as they do not prepare separate financial statements for Indian operations and MAT is defined to apply entities that prepare its financial statements as per Indian corporate laws.

Securities Transaction Tax

The Fund will be liable to pay STT on the purchase and sale of equity shares, units of equity-oriented funds and on the sale of derivatives where such transaction is entered on a recognized stock exchange in India and on the sale of units of equity oriented fund to the Mutual Fund. STT is levied on the transaction value at the following rates:

- (a) 0.10% on the purchase of equity shares in a company on a recognized stock exchange in India;

- (b) 0.10% on the sale of equity shares in a company or units of equity oriented funds on a recognized stock exchange in India;
- (c) 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognized stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- (d) 0.017% on the sale of option in securities;
- (e) 0.125% on Purchase of option in securities where option is exercised (payable by the purchaser);
- (f) 0.01% on sale of a futures on a recognized stock exchange in India
- (g) 0.001% on the sale of units of equity oriented fund to the Mutual Fund.

STT is not allowable as a deduction in computation of capital gains.

Characterisation of income

Under the ITA, the income arising from sale of securities by FPI's is now compulsorily categorised as capital gains due to the amendment made by insertion of sub-clause (b) in sub-section 14 of section 2 of the ITA which defines a capital asset to include any securities held by a FII. Accordingly income arising from sale of Indian securities by the Fund will be treated as capital gains under the ITA.

In any event, under the Treaty, provided the Fund has no permanent establishment in India, no tax would be payable in India on any such business profits.

General Anti-Avoidance Rule ('GAAR')

Government of India in FA 2015 has deferred GAAR for two years. GAAR will apply to investments made on or after 01.04.2017, when it is due to be implemented.

If the main purpose (or one of the main purposes) of an arrangement (or any step or any part thereof) is to obtain a tax benefit, the arrangement can be declared to be an "impermissible avoidance arrangement. If the arrangement (or any step or part thereof) satisfies at least one of the following four specified tests:

- (i) it creates rights and obligations, which are not normally created between parties dealing at arm's length
- (ii) it results in misuse or abuse of the provisions of the tax law
- (iii) it lacks commercial substance
- (iv) it is carried out by means or in a manner which is normally not employed an authentic (bona fide).

Further, it has been explained that an arrangement shall be deemed to lack commercial substance if, inter alia,

- (i) the substance or effect of the arrangement as a whole is inconsistent with, or differs significantly from the form or its individual steps or a part thereof

- (ii) it involves or includes round trip financing, an accommodating party, or elements that have effect of offsetting or cancelling each other or a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds that is the subject matter of such transaction; or
- (iii) it involves the location of an asset, a transaction or the place of residence of any party that would not have been so located for any substantial commercial purpose other than obtaining a tax benefit for a party; or
- (iv) It does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained.

Tax consequences of invoking GAAR

Once an arrangement is held to be an impermissible avoidance arrangement, then the consequences in relation to taxation of the arrangement, including denial of tax benefits or a benefit under a tax treaty, will be determined keeping in view the circumstances of the case.

Stamp Duty

The Shares of the Fund would not be liable to stamp duty in India. The shares of the Indian companies purchased by the Fund may be liable to applicable stamp duty in India (i.e. on the share certificates) if the same are not in dematerialized form. However, most of the equity shares of Indian companies can be traded on the stock exchanges only in dematerialized form. The sale of dematerialized shares attracts a nominal charge levied by the depositories.

Prospective Subscribers are urged to consult their own tax advisors with respect to their own tax situations and the tax consequences in respect of their investment in the Funds.

LEGAL CONSIDERATIONS RELATING TO INVESTMENTS IN SECURITIES IN INDIA

Certain Indian governmental approvals, including approvals from SEBI or the central government may be required before the Fund can make investments in accordance to its investment policy. The Fund already has FPI registration, being the primary requirement for making investment in Indian listed debt and equity securities. The Fund will operate under Indian laws and securities regulations. If policy announcements or regulations are made subsequent to this offering, which require retrospective changes in the structure or operations of the Fund, these may adversely impact the performance of the Fund.

Any investigations of, or actions against the Fund initiated by SEBI or any other Indian regulatory authority may impose a ban of the investment activities of the Fund.

Foreign Investment – Overview

Foreign investors may invest in Indian companies through a variety of avenues.

Regulatory bodies

Several entities regulate foreign investment in India, including the Reserve Bank of India (“RBI”); the Ministry of Commerce and Industry; the Ministry of Finance; the Foreign Investment Promotion Board (“FIPB”), which is an entity within the Ministry of Finance and the Securities and Exchange Board of India

("SEBI"). The RBI issues many of the most important regulations applicable to Shareholders pursuant to the Foreign Exchange Management Act, 1999 ("FEMA"), and the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000 (the "FEMA Regulations").

Avenues of foreign investment

Foreign investments in Indian companies are governed by the Government of India's policy on foreign investment (the "Foreign Investment Policy"), and by Indian exchange control regulations as set out under the Foreign Exchange Management Act, 1999, (the "FEMA"), as amended from time to time, the regulations and notifications made thereunder .

Foreign investment is classified into (a) FDI and (b) FPI.

Foreign Direct Investments

The Fund may, choose, in future, to invest in India under the foreign direct investment ("FDI") route.

The Government of India, pursuant to its liberalization policy, set up the Foreign Investment Promotion Board ("FIPB") to regulate all FDI into India. FDI means investment by way of subscription and/or purchase of securities of an Indian company by a non-resident investor. FIPB approval is required for investment in certain sectors, such as petroleum (other than refining), defence and strategic industries and for investment in certain other circumstances. Also, the following investments would require the prior permission of the FIPB:

- investments in excess of specified sectorial caps;
- investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and
- investment in industries for which industrial licensing is compulsory.

The Government has indicated that in all cases where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of Indian companies.

The Government has set up the Foreign Investment Implementation Authority ("FIIA") in the Department of Industrial Policy and Promotion. The FIIA has been mandated to (i) translate FDI approvals into implementation, (ii) provide a pro-active one-stop after care service to foreign investors by helping them obtain necessary approvals, (iii) sort out operational problems and (iv) meet with various Government agencies to find solutions to foreign investment problems and maximizing opportunities through a partnership approach.

Investment by FPIs

Background

The provisions governing portfolio investment in an Indian company are set out in Schedule 2 of the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 under the Portfolio Investment Scheme (“**Portfolio Investment Scheme**”). The FPI Regulations replace the existing SEBI (Foreign Institutional Investor) Regulation, 1995 (FII Regulations) and the Qualified Foreign Investors (QFI) framework, and the same are effective from January 7, 2014.

Who is an FPI

An FPI is defined to mean a person who satisfies the prescribed eligibility criteria and has been registered under FPI Regulations. All FIIs and QFIs are to be merged into one category called FPI.

Registration

- FPI registration is to be undertaken and granted by Designated Depository Participants (DDPs) on behalf of SEBI.
- Registration is to be granted within 30 days of application, subject to requisite information being provided.
- Registration will be permanent unless suspended or cancelled.

Categories of FPI

- Category I FPIs include Government and Government-related investors such as central banks, Governmental agencies, sovereign wealth funds and international or multilateral organizations or agencies.
- Category II FPIs include:
 - appropriately regulated broad based funds such as mutual funds, investment trusts, insurance/reinsurance companies;
 - appropriately regulated persons such as banks, asset management companies, investment managers/advisors, portfolio managers;
 - broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated. However, the investment manager of such broad based fund should be registered as a Category II FPI and should undertake that it shall be responsible and liable for all acts of commission and omission of all its underlying broad based funds and other deeds and things done by such broad based funds under these regulations.
 - university funds and pension funds; and
 - university related endowments already registered with SEBI as FIIs or sub-accounts.
- Category III FPIs include all others not eligible under Category I and II FPIs such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.

The Fund is authorized to operate as:

- (i) as an Open-ended Collective Investment Scheme (“CIS”) for the purposes of the Mauritian Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008; and
- (ii) a Global Scheme pursuant to Regulation 16 of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008.

Investment conditions and restrictions

Under the Portfolio Investment Scheme an FPI may purchase the shares or convertible debentures or warrants of an Indian company through registered brokers on registered stock exchanges in India and subject to certain conditions and ceilings acquire shares/ convertible debentures through offer/ private placement. However, the total holding of an FPI cannot exceed 10 percent of the total paid up equity capital or 10 percent of the paid up value of each series of convertible debentures issued by an Indian company and the total holding by all the FPIs cannot exceed 24 percent of paid-up equity capital or paid up value of each series of debentures. Shares or convertible debentures acquired both through the primary as well as the secondary market need to be taken into consideration while computing the ceiling on holdings of an FPI, however, the ceiling will not include investment made by an FPI through offshore funds, global depository receipts and Euro convertible bonds.

Types of securities

A foreign portfolio investor shall invest only in the following securities, namely:

- Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India;
- Units of schemes floated by a collective investment scheme;
- Derivatives traded on a recognized stock exchange;
- Treasury bills and dated government securities;
- Commercial papers issued by an Indian company;
- Indian-rupee denominated credit enhanced bonds;
- Security receipts issued by asset reconstruction companies;
- Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time;
- Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector;
- Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as ‘Infrastructure Finance Companies’ by the Reserve Bank of India;
- Rupee denominated bonds or units issued by infrastructure debt funds;
- Indian depository receipts; and
- Such other instruments specified by the Board from time to time.

Debt Securities

The expression “debt securities” shall include dated Government securities, commercial paper, treasury bills, listed or to be listed corporate debt, units of debt oriented mutual funds, unlisted non-convertible debentures / bonds in the infrastructure sector, security receipts issued by asset reconstruction companies or any other security, as specified by the Board from time to time. There are overall limits

prescribed for investment in debt securities, depending on nature of security (i.e. government or otherwise) and an FPI can invest in debt securities only after applying or bidding for these limits, depending on its availability. There may be cost attached to bidding these limits (auction of limits is undertaken after 90 percent of overall debt limits in that category is exhausted), which is factor of demand and supply. The debt allocation mechanism that is in place for FII / QFIs will also be followed for FPIs. There is time limit of 15 days to utilize the limits applied / bid and time limit of 5 days for reinvestment of limits applied / bid.

General Obligations and Responsibilities

- The FPI shall:
 - comply with the provisions of SEBI FPI Regulations 2014, as far as applicable;
 - as and when required, submit any information, record or documents in relation to activities carried out;
 - subject itself to Indian laws, rules, regulations and circulars issued from time to time;
 - in case of any changes in structure or beneficial ownership of FPI, bring to the same to the notice of its DDPs;
 - abide by the specified code of conduct;
 - report to the board the transactions entered on a daily basis;
 - not render any investment advice about any security in the public accessible media, unless a disclosure of his interest including long or short position in the said security has been made while rendering such advice;
- Every FPI shall maintain and preserve the true and fair books of accounts, records and documents and shall intimate to its depository, the location where the same are maintained.
- Every FPI shall preserve the aforesaid books of accounts, records and documents for the minimum period of five years.
- The FPI board may *suo moto* or on receipt of any complaint from one or more person, appoint an inspecting authority to undertake the inspection of books of accounts, records and documents.

Offshore Derivative Instruments ('ODI')

- An FPI that is regulated and registered as Category I or Category II FPI can issue ODIs to entities that are regulated by appropriate foreign authority (i.e. any person that is regulated / supervised and licensed by a foreign central bank or by a securities or futures regulator in any foreign country or state.
- An FPI shall issue ODIs only to those subscribers which do not have opaque structure(s), as defined under FPI Regulations and after full compliance of KYC norms.
- FPI Regulations clarify that investment restrictions applicable to FPIs shall also apply to ODI subscribers. For this purpose, two or more ODI subscribers having common Beneficial Owner (BO) shall be considered together as a single ODI subscriber, in the same manner as is being done in the case of FPIs. Further, where an investor has investments as FPI and also holds positions as an ODI subscriber, these investment restrictions shall apply on the aggregate of FPI investments and ODI positions held in the underlying Indian Company. In

other words, the investment as FPI and positions held as ODI subscriber will be clubbed together with reference to the said investment restrictions.

- FPIs which issue ODIs shall put in place necessary systems to ensure compliance with applicable law and make periodic filings, as prescribed, with SEBI.

THE ABOVE IS ONLY A BRIEF AND GENERAL SUMMARY OF VARIOUS LEGAL AND REGULATORY CONSIDERATIONS AND CONSEQUENCES IN MAURITIUS AND INDIA. THE LEGAL AND REGULATORY PROVISIONS SUMMARISED ABOVE MAY UNDERGO CHANGES FROM THE TIME THIS PROSPECTUS IS PRINTED. INVESTORS ARE URGED TO CONSULT THEIR OWN ADVISORS IN THIS REGARD.

WINDING UP

Notwithstanding any other provisions of the Constitution, if the Fund shall be wound up, the liquidator shall apply the assets of the Fund in satisfaction of the claims of the creditors and Shareholders of the Fund in accordance with the provisions of the Act and any applicable Law.