

Reliance on this prospectus for the purpose of buying the shares referred to herein may expose an individual to a significant risk of losing all of the property or other assets invested

PROSPECTUS

SBM MAHARAJA FUND

(A PUBLIC COMPANY WITH LIMITED LIABILITY INCORPORATED UNDER THE LAWS OF THE REPUBLIC OF MAURITIUS, LICENSED UNDER THE SECURITIES ACT 2005 AND THE FINANCIAL SERVICES ACT 2007)

**OFFERING OF
PARTICIPATING SHARES OF NO PAR VALUE IN THE CLASS DESIGNATED AS SBM
MAHARAJA BOND FUND, AND
IN SUCH OTHER CLASSES AS MAY BE LAUNCHED FROM TIME TO TIME**

DATED: 04 JUNE 2018

IMPORTANT NOTICE

This Prospectus is submitted in connection with an offer of non-voting redeemable Participating Shares in **SBM Maharaja Fund** (“the **Fund**”), to potential Investors not resident in India. This Prospectus must be read in conjunction with the Constitution of the Fund.

While the Fund described in this Prospectus is incorporated in Mauritius and holds a category 1, global business licence issued by the Financial Services Commission (“**FSC**”) of Mauritius, this Prospectus has been filed with the FSC in order to obtain an authorisation to be a collective investment scheme but will not be filed with or approved or disapproved by any other regulatory authority of any other country or any other jurisdiction, nor has any such regulatory authority, including the FSC, passed upon or endorsed the merits of this offering.

A copy of this Prospectus was submitted to the FSC and the FSC has on 30 November 2015 authorized the Fund to offer the Shares to the public pursuant to the Prospectus.

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

This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful in any jurisdiction to make any such offer or solicitation is not permitted to be made.

The value of the investments of the Fund, which may be designated in any currency, may rise or fall due to global market conditions and exchange rate fluctuations of individual currencies. Prospective investors should be aware that the price of Shares and the income from them can go down as well as up and they may not realize their initial investment. Your attention is drawn to the **Section 12** titled “**RISK FACTORS**”.

Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund’s failure.

An investment in the Fund is only suitable for investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to bear any loss which might result from such investment. Prospective investors should not treat the contents of this Prospectus as advice relating to the investment or legal or taxation matters. It is recommended that, prospective investors consult their investment advisers, legal advisers and accountants or other professional adviser to understand the contents of this Prospectus.

Prospective investors should be aware that the price of Participating Shares and the income derived from them could go down as well as up. There is no assurance that the investment objectives of the Fund will actually be achieved.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with any offering, subscription or sale of Participating Shares, other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund. Neither the circulation and / or delivery of this document nor the allotment or issue of Participating Shares shall under any circumstances create any implication that there has been no change in the financial position or affairs of the Fund since the date hereof.

Statements made in this Prospectus are based on the law and regulations of Mauritius as currently in force and are subject to changes in such law and regulations. This Prospectus does not constitute an offer to sell or a

solicitation of an offer to buy the Participating Shares in the Fund in any state or other jurisdiction where, or to any person or entity to whom, it is unlawful to make such offer or solicitation or where the registration or other legal requirements of that state or jurisdiction have not been complied with.

The Directors of the Fund, whose names appear in Section 4.1.1, accept responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, and after making reasonable enquiries, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect the import of such information.

The statements and information contained in this Prospectus have been compiled as of 21 March 2018 unless otherwise stated herein, from sources believed to be reliable. Neither the delivery of this Prospectus nor any offer, allotment or issue of any Participating Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

Copies of the Prospectus and the Constitution of the Fund together with a copy of the global business licence issued by the FSC are available for inspection at the registered office of the Fund.

No application has been made for the Fund to be listed on any stock exchange.

SELLING RESTRICTIONS INDIA

THIS PROSPECTUS MAY NOT BE DISTRIBUTED DIRECTLY OR INDIRECTLY IN INDIA OR TO RESIDENTS OF INDIA AND THE PARTICIPATING SHARES ARE NOT BEING OFFERED AND MAY NOT BE SOLD DIRECTLY OR INDIRECTLY IN INDIA OR FOR THE ACCOUNT OF ANY RESIDENT OF INDIA. NO INVESTMENT MAY BE MADE IN THE FUND FROM MONIES SOURCED FROM INDIA, DIRECTLY OR INDIRECTLY.

GENERALLY

GENERALLY, THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF SHARES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS FOR GENERAL GUIDANCE ONLY, AND IT IS THE RESPONSIBILITY OF ANY PERSON OR PERSONS IN POSSESSION OF THIS PROSPECTUS AND WISHING TO MAKE APPLICATION FOR SHARES TO INFORM THEMSELVES OF, AND TO OBSERVE, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR SHARES SHOULD INFORM THEMSELVES AS TO LEGAL REQUIREMENTS ALSO APPLYING AND ANY APPLICABLE EXCHANGE CONTROL REGULATIONS AND APPLICABLE TAXES IN THE COUNTRIES OF THEIR RESPECTIVE CITIZENSHIP, RESIDENCE OR DOMICILE. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT WOULD BE UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE FUND IS INCORPORATED IN MAURITIUS AND IS LICENSED BY THE FINANCIAL SERVICES COMMISSION OF MAURITIUS UNDER THE FINANCIAL SERVICES ACT 2007. THE CONTACT DETAILS OF THE FINANCIAL SERVICES COMMISSION OF MAURITIUS ARE AS FOLLOWS:

ADDRESS: THE FINANCIAL SERVICES COMMISSION
54 CYBERCITY,
EBENE, MAURITIUS
TELEPHONE: +230 403 7000
FACSIMILE: +230 467 7172

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.

ADDITIONAL NOTICES

THE FSC HAS ISSUED A CATEGORY 1 GLOBAL BUSINESS LICENCE TO THE FUND WHICH IS AUTHORISED AS A COLLECTIVE INVESTMENT SCHEME. IT MUST BE UNDERSTOOD THAT IN GIVING THIS AUTHORISATION, THE FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THE FUND.

THE FSC TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS AND SHALL NOT BE LIABLE TO ANY ACTION IN DAMAGES SUFFERED AS A RESULT OF THIS PROSPECTUS BEING DULY REGISTERED WITH THE FSC.

THIS PROSPECTUS HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF POTENTIAL INVESTORS INTERESTED IN A POSSIBLE INVESTMENT IN THE FUND AND ANY REPRODUCTION OR DISTRIBUTION OF THIS PROSPECTUS IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND IS STRICTLY PROHIBITED.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE PARTICIPATING SHARES OF THE FUND FROM ANY PERSON OTHER THAN THE FUND. NO PERSON, OTHER THAN SUCH PERSON, RECEIVING A COPY OF THIS PROSPECTUS MAY TREAT THE SAME AS CONSTITUTING AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE PARTICIPATING SHARES IN THE FUND DESCRIBED HEREIN.

THE FUND IS A SUITABLE INVESTMENT ONLY FOR INVESTORS FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND HAVE THE FINANCIAL RESOURCES NECESSARY TO ASSUME THE RISKS INVOLVED IN THE FUND'S INVESTMENT PROGRAM. THE FUND RESERVES THE RIGHT TO WITHDRAW OR MODIFY THIS OFFERING AT ANY TIME PRIOR TO THE ACCEPTANCE OF SUBSCRIPTIONS FROM INVESTORS.

THE INFORMATION ON TAXATION CONTAINED IN THIS PROSPECTUS IS A SUMMARY OF CERTAIN TAX CONSIDERATIONS BUT IS NOT INTENDED TO BE A COMPREHENSIVE DISCUSSION OF ALL TAX CONSIDERATIONS AND IMPLICATIONS ARISING OUT OF THIS PROSPECTUS OR SUBSCRIPTION TO THE PARTICIPATING SHARES. THE CONTENTS OF THIS PROSPECTUS ARE NOT TO BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN COUNSEL, ACCOUNTANT, OR INVESTMENT ADVISOR AS TO:

- (A) THE LEGAL REQUIREMENTS WITHIN THEIR OWN JURISDICTIONS FOR THE PURCHASE, HOLDING, REDEMPTION OR OTHER DISPOSAL OF THE PARTICIPATING SHARES;
- (B) ANY FOREIGN EXCHANGE RESTRICTIONS AND REQUIREMENTS TO BE COMPLIED WITH; AND
- (C) THE INCOME AND OTHER TAX CONSEQUENCES THAT MAY APPLY IN THEIR OWN COUNTRIES RELEVANT TO THE PURCHASE, HOLDING, REDEMPTION OR OTHER DISPOSAL OF PARTICIPATING SHARES.

THIS PROSPECTUS IS QUALIFIED IN ITS ENTIRETY BY THE CONSTITUTION OF THE FUND (AS AMENDED FROM TIME TO TIME), AND IN THE EVENT OF ANY CONFLICT ARISING BETWEEN ANY STATEMENT MADE HEREIN AND ANY PROVISION OF THE CONSTITUTION OF THE FUND, THE CONSTITUTION OF THE FUND SHALL PREVAIL.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN ASSESSMENT OF THE FUND AND THE TERMS OF THE OFFERING AS WELL AS THE ADVICE FROM THEIR OWN REPRESENTATIVES, INCLUDING THEIR OWN LEGAL ADVISERS AND ACCOUNTANTS, AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THE FUND AND AN INVESTMENT THEREIN AND INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED OR ENDORSED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS.

PARTICIPATING SHARES IN THE FUND ARE ILLIQUID AS THEY ARE UNLISTED AND ARE NON-READILY REALISABLE SECURITIES. YOUR ABILITY TO REDEEM YOUR INVESTMENT IN THE FUND MAY BE SEVERELY IMPAIRED.

THE LEVELS AND BASES OF TAXATION AND ANY RELEVANT RELIEFS FROM TAXATION REFERRED TO IN THIS PROSPECTUS CAN CHANGE, ANY RELIEFS REFERRED TO ARE THE ONES

WHICH CURRENTLY APPLY AND THEIR VALUE DEPENDS UPON THE CIRCUMSTANCES OF EACH INDIVIDUAL INVESTOR.

THE FUND IS NOT SUBJECT TO ANY INVESTMENT GUIDELINES OF ANY REGULATORY BODY WHICH IMPOSE PRUDENTIAL REQUIREMENTS TO LIMIT RISK.THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVE OF THE PARTICIPATING SHARES WILL BE ACHIEVED.

AS IS TRUE OF ANY INVESTMENT, THERE IS A RISK THAT AN INVESTMENT IN THE PARTICIPATING SHARES MAY BE LOST ENTIRELY OR IN PART AND AN INVESTMENT IN THE FUND IS ONLY SUITABLE FOR INVESTORS WHO ARE AWARE OF AND UNDERSTAND THE RISKS INVOLVED AND ARE ABLE TO WITHSTAND THE LOSS OF THEIR INVESTED CAPITAL. PROSPECTIVE INVESTORS ARE REFERRED TO SECTION 13 FOR A SUMMARY OF CERTAIN OF THE RISKS INVOLVED. IF YOU ARE IN ANY DOUBT ABOUT THE SUITABILITY OF INVESTING IN THE FUND, YOU SHOULD CONTACT AN INDEPENDENT FINANCIAL ADVISER.

AN INVESTMENT IN ANY FUND IS NOT INTENDED TO BE A COMPLETE INVESTMENT PROGRAMME FOR ANY INVESTOR AND PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WHETHER AN INVESTMENT IN THE PARTICIPATING SHARES IS SUITABLE FOR THEM IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL RESOURCES.

THE INFORMATION IN THIS PROSPECTUS IS QUALIFIED IN ITS ENTIRETY BY THE AGREEMENTS AND DOCUMENTS REFERRED TO HEREIN, BY ANY SUPPLEMENT IN RELATION TO THE PARTICIPATING SHARES AND BY THE CONSTITUTION OF THE FUND, COPIES OF WHICH ARE AVAILABLE FROM THE ADMINISTRATOR UPON REQUEST.

FORWARD LOOKING STATEMENTS

THE PROSPECTUS CONTAINS STATEMENTS WHICH CONTAIN WORDS OR PHRASES INCLUDING “WILL”, “AIM”, “WILL RESULT”, “POSSIBLE”, “LIKELY”, “BELIEVE”, “PROPOSE”, “EXPECT”, “WILL CONTINUE”, “ANTICIPATE”, “ESTIMATE”, “INTEND”, “PLAN”, “CONTEMPLATE”, “SEEK TO”, “FUTURE”, “OBJECTIVE”, “GOAL”, “SHOULD”, “PROJECT”, “WILL PURSUE”, AND SIMILAR EXPRESSIONS OR VARIATIONS OF SUCH EXPRESSIONS, THAT ARE “FORWARD-LOOKING STATEMENTS”. ANY PROJECTIONS OR FORWARD-LOOKING STATEMENTS OR OPINIONS CONTAINED IN THE PROSPECTUS CONSTITUTE ESTIMATES BY THE BOARD OR THE INVESTMENT MANAGER, AS THE CASE MAY BE, BASED UPON SOURCES DEEMED TO BE RELIABLE, BUT THE ACCURACY OF THIS INFORMATION IS NOT GUARANTEED NOR SHOULD YOU CONSIDER THE INFORMATION ALL-INCLUSIVE. BY THEIR NATURE, CERTAIN FORWARD LOOKING STATEMENTS ARE ONLY ESTIMATES AND COULD BE MATERIALLY DIFFERENT FROM WHAT ACTUALLY OCCURS IN THE FUTURE AS A RESULT, ACTUAL FUTURE GAINS AND LOSSES COULD MATERIALLY DIFFER FROM THOSE THAT HAVE BEEN ESTIMATED.

PROSPECTUS

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1. DIRECTORY AND SUMMARY OF PRINCIPAL TERMS

1.1. Directory

| | |
|--|--|
| Administrator, and Registrar and Transfer Agent | SBM Fund Services Ltd Level 3, SBM Tower, 1 Queen Elizabeth II Avenue Port Louis, Mauritius |
| Company Secretary | Rogers Capital Fund Services Ltd C/o Rogers Capital Fund Services Ltd St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius |
| Auditors | Ernst & Young 9 th Floor, NeXteracom-Tower I, Cybercity, Ebene, Mauritius |
| Banker | SBM Bank (Mauritius) Ltd SBM Tower, 1, Queen Elizabeth II Avenue, Port Louis, Mauritius |
| Custodian | IL&FS Securities Services Ltd IL&FS House, 14, RahejaVihar, Chandivili, Andheri (E), Mumbai 400072, India |
| Principal/Registered Office of the Fund | C/o Rogers Capital Fund Services Ltd St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius |
| Investment Manager | SBM Mauritius Asset Managers Ltd 1 Queen Elizabeth II Avenue, Port Louis, Mauritius |
| Legal Advisors on matters of Indian Regulatory and tax matters: | Gandhi Paleja & Associates Chartered Accountants I/12, Everest Bldg, Opp. Tardeo Bus Depot, Tardeo, Mumbai 400 034 |
| Mauritian Laws: | BLC Robert & Associates Ltd 2nd Floor, The Axis, 26 Bank Street, Cybercity, Ebene 72201, Mauritius |

1.2. 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 Fund and the classes constituted therein, certain risks associated with Participating Shares, and the terms on which investments may be made.

Structure

SBM Maharaja 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 and is authorized as a Collective Investment Scheme (“CIS”) for the purposes of the Mauritius Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008.

The Fund shall have at least 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 will appoint a resident Administrator and bank, and will maintain its books of account, records and Register of Members at its registered office.

Fund

The Fund is incorporated in Mauritius 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 is being established as an investment vehicle for pooling of funds from potential Investors.

Investment Manager

SBM Mauritius Asset Managers Ltd (“SBM MAM”), a private company incorporated with limited liability under Mauritius laws is the Investment Manager of the Fund. SBM MAM holds a CIS Manager licence. 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 daily 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 will not participate in the profits or losses of the Fund, but shall carry all voting rights for 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 4 entitled “Fund Management and Administration”.

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 would be purely advisory with no executor powers or binding effect whatsoever. Investment advisors may appoint sub-advisors from time to time to assist them in their advisory function, 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**”) of no par value each. 10 Management Shares have been issued to the Investment Manager at a price of US\$ 1.00 each, and are fully paid up. The Management Shares have the following rights:
 - (i) one vote for each Management Share;
 - (ii) on a winding up, the payment of an amount treated as having been paid up on them out of the General 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 to be made no recourse shall be had to any other assets of the Fund whether comprised within any of the Classes or otherwise; and
 - (iii) are non-redeemable;

The Investment Manager (or one of its affiliates/nominees) will hold all the Management Shares issued by the Fund.

- (b) classes of participating shares of no par value each (“**Participating Shares**”), which shall be issued to Subscribers, with the following rights:
 - (i) No voting rights, except upon a variation of rights;
 - (ii) the right to an equal share in dividends declared and authorized by the board of directors subject to satisfying the solvency test;
 - (iii) are redeemable at the option of the holder or the Fund;
 - (iv) on a winding up, the payment to the holders of the Class Shares of each Class of a sum as nearly as possible equal to the amount of the Net Asset Value of those Shares held by such holders respectively PROVIDED THAT there are sufficient assets available in the relevant Class to enable such payment to be made. In the event that as regards any Class, there are insufficient assets available in the relevant Class to enable such payment to be made, the available Class Assets shall be distributed exclusively to the holders of the Class Shares of that Class pro rata to their respective shareholdings.

The rights, privileges and liabilities of the Participating Shares shall be in relation to the specific Class of Participating Shares, and to no other Class.

The Fund may also offer Participating 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 Participating Shares with rights, powers and duties different than those set forth above. This right of the Board of the Fund will 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 special resolution of the holders of the Shares.

Transfer Restrictions

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

Administrator

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

Eligible Investors

Shares may be subscribed for only by Qualified Holders who can either be an institution or individual and resident or non-resident of Mauritius. The Fund will 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.

Indian residents are not eligible for making investments in the Fund.

Subscriptions

After the Initial Offer Period, the Participating Shares will be offered to Qualified Holders at the prevailing Net Asset Value per Share on each Dealing Day (being the Net Asset Value per Share prepared on the Valuation Day preceding the Dealing Day) and subject to the terms contained in the Constitution and this Prospectus or the relevant Supplement. Unless otherwise provided for in the Prospectus or Supplement relating to the relevant Class, the form for Subscriptions must be sent to the Administrator at least 2 (two) Business Days prior to the relevant Dealing Day, and 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 Objectives

The objective of the Fund is to generate long-term capital appreciation through investments in India.

Investment Strategy

The investment strategy may vary according to the active sub-fund in the vehicle. Details are provided in the applicable Supplement containing the terms of offering of each Class.

Term of the Fund

The Fund will continue 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:

(i) First, in the payment to the holders of the Class Shares of each Class of a sum as nearly as possible equal to the amount of the Net Asset Value of those Shares held by such holders respectively PROVIDED THAT there are sufficient assets available in the relevant Class to enable such payment to be made. In the event that as regards any Class, there are insufficient assets available in the relevant Class to enable such payment to be made, the available Class Assets shall be distributed exclusively to the holders of the Class Shares of that Class pro rata to their respective shareholdings; and

(ii) Second, in the payment to the holders of the Management Shares of sums up to treated as having been paid up on them out of the General 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 to be made no recourse shall be had to any other assets of the Fund whether comprised within any of the Classes or otherwise.

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. Each prospective Eligible Investor should review the Prospectus and the agreements referred to herein before deciding to invest in the Fund.

Management Fees

Pursuant to the Investment Management Agreement, the Investment Manager will receive a management fee in respect of each Class as may be specified in the Prospectus and/or Supplement pertaining to the relevant Class. If the Investment Management Agreement is terminated at any time, for any reason whatsoever, the Investment Manager will be entitled to a proportionate Management Fee as of the date of the termination.

Performance Fees

Pursuant to the Investment Management Agreement, the Investment Manager may receive a Performance Fee in respect of each Class as may be specified in the Prospectus and/or Supplement pertaining to the relevant Class. The Performance Fees shall be net of the management fee.

The Performance Fee which shall be a percentage (as may be specified herein or in the applicable Supplement containing the terms of offering for that Class) of the appreciation of each of the Client Portfolio over the High Water Mark, subject to a Hurdle Rate which shall be a percentage per annum (as

may be specified herein or in the applicable Supplement containing the terms of offering for that Class) on an IRR basis in USD terms. The Performance Fees shall be payable at the end of the Performance Period or at the redemption of the Client Portfolio (in whole or in part) during which the appreciation in the Client Portfolio above the prevailing High Water Mark would be calculated. In case of a redemption made by the Subscriber, the Performance Fees shall be payable only for the portion of the Client Portfolio being redeemed. In order to ensure that Subscribers are not penalized if their Client Portfolio has not performed as well other Client Portfolios, the Fund may compulsorily redeem Participating Shares in the performing Client Portfolios in order to pay the Performance Fee attributable to that Client Portfolio.

All or any part of the Performance Fee may be waived at the discretion of the Investment Manager.

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.

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 Performance Fee, the Subscription Fee, redemptions and access to information) 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.

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

Shareholders have no right to vote or participate in the management of the Fund. The Participating Shares, however carry the right for the holder to receive notice of and to vote at Shareholders' meetings upon a variation of rights. Such variation must be approved by the holders of three-quarters of the Shares of that class of Shares.

Brokerage Practices

Portfolio transactions for the Fund will 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.

Fund Documents

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

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 (or such other currency as may be determined by the Board).

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. Investment in the Participating Shares is speculative and the purchase of Participating Shares 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 Participating Shares shall be available only to Qualified Holders.

2. DEFINITIONS

Capitalized terms used in this document and otherwise not defined herein shall have the meanings specified to them in the Constitution of the Fund unless the context otherwise requires. Further, in addition to the terms defined elsewhere in this Prospectus, whenever used in this Prospectus, unless repugnant to the meaning or context thereof, the following words and terms shall have the meanings set forth below:

- “Act”** means the Mauritius Companies Act No. 15 of 2001 as may be amended from time to time.
- “Administration Agreement”** means the agreement between the Fund and the Administrator as amended from time to time.
- “Administrator” or ‘Registrar”** means SBM Fund Services Ltd, licensed and regulated by the FSC, 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.
- “Applicable Law”** All applicable statutes, enactments, laws, ordinances, bye-laws, rules, regulations (including the FII Regulations), guidelines, notifications, notices, and/or judgments, decrees, injunctions, awards, writs or orders of any court, statutory or regulatory or taxation authority, tribunal, arbitral tribunal, board or stock exchange in any applicable jurisdiction, as may be in force and effect during the subsistence of this Prospectus.
- “Article(s)”** means the Article(s) of the Constitution of the Fund.
- “Auditors”** means Ernst & Young, Mauritius having its office at 9th Floor, NeXteracom-Tower I, Cybercity, Ebene, 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 holders of Management Shares in annual meetings from time to time.
- “Banker”** means SBM Bank (Mauritius) Ltd, having its office at SBM Tower, 1, Queen Elizabeth II Avenue, Port Louis, Mauritius and / or any other bank as may be appointed by the Board.
- “Board” or “Directors”** means the Board of Directors of the Fund.
- “Broad Based Fund”** A fund established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine percent of the shares or units of the fund. Provided that if the broad based fund has an institutional investor who holds more than forty nine percent of the shares or units in the fund, then such institutional investor must itself be a broad based fund.

If the fund has more than one class, then each class needs to be broad-based. For this purposes, classes that have common portfolio will be

combined for purpose of computing broad-base requirements.

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| “Business Day” | Any day (except Saturdays, Sundays, public holidays and such other day as the Directors may determine) on which banks in Mauritius and in Mumbai, India are operational. |
| “Class” | A class of Participating Shares in the Fund created in accordance with the Constitution and the reference to the term “Class” in this Prospectus shall mean any or all Sub-Classes of such Class, as the context may require. |
| “Class Assets” | In relation to any Class, the assets of the Fund attributable to that Class comprising assets acquired from 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 Liabilities” | A liability of the Fund attributable to a Class. |
| “Class Share” | A Participating Share of whatever Class, 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. |
| “Client Portfolio” | Client Portfolio for a Subscriber shall mean the relevant Net Asset Value per Share multiplied by the number of Shares held by such Subscriber. |
| “Company Secretary” | means Rogers Capital Fund Services Ltd, licensed and regulated by the FSC pursuant to section 77 of the Financial Services Act 2007, and includes such subsequent company secretary as may be appointed by the Fund from time to time to provide company secretarial services to the Fund. |
| “Constitution” | means the Constitution of the Fund, as amended from time to time. |
| “Custodian” | IL&FS Securities Services Ltd, having its office at IL&FS House, 14, RahejaVihar, Chandivili, Andheri (E), Mumbai 400072, India, registered with the Securities and Exchange Board of India, or such other Custodian as may be appointed by the Board from time to time. |
| “Custodian Agreement” | means the custody agreement between the Fund and the Custodian. |
| “Dealing Day” | in relation to any Class shall be the Business Days as may be determined by the Board and specified in this Prospectus or the Supplement relating to such Class on which the Participating Shares may be issued and/or redeemed. |
| “FPI Regulations” | means the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and any modifications and re-enactments thereof as applicable from time to time. |

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| “Foreign portfolio investor” | means a person who satisfies the eligibility criteria prescribed under regulation 4 of FPI Regulations and has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the Act: Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| “Fiscal Year” | means twelve months period ending on 30 June each year. |
| “FSC” | means the Financial Services Commission of Mauritius. |
| “Fund” | means SBM Maharaja Fund , a public company with limited liability, incorporated in Mauritius. |
| “Functional Currency” | means US Dollars (or such other currency as may be determined by the Board) in which the Fund maintains its books and records and its financial statements. |
| “General Assets” | means assets of the Fund which are not attributable or attributed to any Class, including cash representing the proceeds of the sale or liquidation of such assets, as the context may require and any profits or benefits made or derived there from. |
| “High Water Mark” or “HWM” | with respect to each Client Portfolio shall initially be equal to the value of the Client Portfolio at the time of the initial subscription by the Subscriber. The HWM for any Valuation Date shall be adjusted by the applicable Hurdle Rate. In case of part redemption of Client Portfolio, the HWM would be proportionately adjusted by reducing it in the proportion of the Client Portfolio being redeemed. In case of interim subscriptions, the HWM will be appropriately adjusted by increasing the Client Portfolio by the additional subscription amount. Thereafter, at end of each Performance Period, where a Performance Fee is paid, the HWM for the next Performance Period will be reset to equal the Client Portfolio at the end of current Performance Period after deduction of Performance Fees. |
| “Hurdle Rate” | means the minimum threshold performance prescribed for the Client Portfolio on an annualised basis which must be complied with, for the Performance Fees to be payable. |
| “India” | means the Republic of India. |
| “Initial Offer Period” | in relation to any Class shall be the period as may be determined by the Board and specified in this Prospectus or the Supplement relating to such Class. |

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| “Initial Offer Price” | in relation to any Class shall be the fixed price determined by the Board at which the Participating Shares shall be issued during the Initial Offer Period, as may be set out in the relevant Supplement. |
| “Initial Target Subscription Amount” | In relation to a Class, the amount that the Fund aims to receive from Subscribers as subscriptions monies for the acquisition of Participating Shares of that Class pursuant to the offering set out in this Prospectus and/or the relevant Supplement in relation to that Class. |
| “INR” | means the lawful currency of India for the time being in force. |
| “Investment Advisor” | means an investment advisor appointed by the Investment Manager, from time to time to render non-binding and non-exclusive investment advisory services. |
| “Investment Advisory Agreement” | means an investment advisory agreement entered into between the Investment Manager and the Investment Advisor, pursuant to which the Investment Advisor provides non-binding and non-exclusive investment advisory services to the Investment Manager. |
| “Investment Manager” | means SBM Mauritius Asset Managers Ltd, a company incorporated under Mauritius Law and having its registered office at 1 Queen Elizabeth II Avenue, Port Louis, Republic of Mauritius. |
| “Investment Management Agreement” | means the investment management agreement executed by the Fund and the Investment Manager, as amended from time to time, pursuant to which all investment / divestment decisions will be delegated to the Investment Manager, subject to the overall supervision of the Fund’s Board. |
| “Management Fee” | means the fee payable to the Investment Manager pursuant to the Investment Management Agreement and as is set out in this Prospectus. |
| “Management Share” | A share in the capital of the Fund of no par value designated as the Management Share and having the rights provided for under the Constitution and as summarised in this Prospectus. |
| “Management Shareholder” | means the holder of one or more Management Share. |
| “Mauritius” | means the Republic of Mauritius. |
| “Mauritius Law” | means the Laws of Mauritius including the Act, and any other acts or regulations for the time being in force. |
| “Meeting” | means a meeting of the Shareholders held in accordance with the Constitution. |
| “Member” or “Shareholder” | means a person who is registered as the holder of Shares in the Register of Members for the time being kept by or on behalf of the Fund. |

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| “Minimum Funding” | In relation to a Class, 5% of the Initial Target Subscription Amount being the minimum amount that the Fund is required to receive from Subscribers as subscription monies for the acquisition of Participating Shares of that Class so as to begin operating as a scheme. |
| “Net Asset Value” or “NAV” | In relation to any Class or Sub-Series, means the amount determined pursuant to the Constitution as being the value of the assets of such Class or Sub- Series less the liabilities attributable to such Class or Sub-Series. |
| “Net Asset Value per Share” | The net asset value per Participating Share of a Sub- Series, or a Class where no Sub-Series have been created, calculated in accordance with the provisions of the Constitution on each Valuation Day and rounding off the resultant amount to the nearest four decimal places. |
| “Participating Share” | A non-voting, redeemable participating share of no par value in the Fund, issued as a Participating Share and having the rights as set out in the Constitution. In this document, the term “Participating Share” shall include all Classes of Participating Shares except when referred to in their separate Classes. |
| “Performance Fee” | means the fees payable to the Investment Manager on the appreciation in value of Client Portfolio. |
| “Performance Period” | means the period ending 30 June of every calendar year. |
| “Placement Fee” | means the fee payable by the Subscriber in relation to the relevant Class to placing agents/ principal distributors/and other referring persons through the Fund, in relation to the placement of Participating Shares. |
| “Prospectus” | means this Prospectus, as may be amended or supplemented from time to time. |
| “Qualified Holder” | means any person (being over the age of 18), corporation or entity other than (i) any person, corporation or entity which cannot acquire or hold Participating Shares without violating laws or regulations applicable to it;(ii) any person, corporation or entity resident in India or who is or is controlled by a person resident in India. (for the purposes of this certification, a “controller” means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise))) who: (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or (c) who in fact exercises control over an entity and “control” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner. Provided that, in the case only where an entity’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity’s controller for the purposes of |

this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies) (iii) any person, corporation or entity whose holding of Participating 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 Participating Shares, in the opinion of the Directors, does not conform with the requirements of the Prospectus and the Constitution, or (v) a custodian, nominee or trustee for any person or entity described in (i) to (iv) above.

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| “RBI” | means the Reserve Bank of India. |
| “Redemption Date” | means the Dealing Day on which Participating Shares are redeemed. |
| “Redemption Fee” | means the fee that may be payable by Subscribers to the Fund or the Investment Manager upon a redemption of Participating Shares, as set out in this Prospectus or the Supplement. |
| “Redemption Price” | means the price at which Participating Shares will be redeemed being the Net Asset Value per Share, calculated in accordance with the provisions of the Constitution. |
| “Redemption Request” | A notice given in accordance with the Constitution for the redemption of Class Shares. |
| “Register of Members” | means the register of Shareholders in the Fund. |
| “Regulations” | means The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, issued under the Securities Act 2005 of Mauritius. |
| “SEBI” | means the Securities and Exchange Board of India. |
| “Settlement Day” | means any Business Day within 10 Business Days from the Redemption Date, unless otherwise provided for in the Prospectus or Supplement pertaining to the relevant Class. |
| “Share” | means a Participating Share or a Management Share forming part of the capital of the Fund, as may be issued from time to time. |
| “Sub-Series” or “Sub-Class” | means a sub-class of a Class of Participating Shares. |
| “Subscription Form” | means the agreement to be entered into between the Fund and the Subscriber in relation to the subscription of Participating Shares. |
| “Subscriber” | means any Qualified Holder whose application to acquire Participating Shares has been accepted by the Fund. |
| “Supplement” | any document issued from time to time, modifying, substituting or |

supplementing any provision of this Prospectus.

“US dollars” or “US\$”

means the lawful currency of the United States of America for the time being in force.

“Valuation Day”

in relation to any Class, means such day as the Board may determine on which the Net Asset Value shall be calculated and specified in this Prospectus or the Supplement relating to such Class.

3. THE FUND

3.1. Jurisdiction & structure of the Fund

The Fund is a company incorporated under the laws of Mauritius on **26 November 2015** as a public company limited by shares, and licensed by the FSC as a Category 1 Global Business Licence Company (**‘GBC 1’**) under the Financial Services Act 2007 and authorised as a collective investment scheme under the Securities Act 2005 and the Regulations. The Fund’s licence is renewable on 30 June of each year provided that the Fund complies with the conditions attached to the licence and pays its licence fees within the prescribed period.

The Fund shall have at least two directors who are residents of Mauritius, and who can exercise independence of mind and judgment on its Board and shall retain a resident company secretary. The Fund will appoint a resident Administrator and bank, and will maintain its books of account, records and Register of Members at its registered office.

The Fund has been established as an investment vehicle for the pooling of funds from potential investors. The Fund is a multi-class vehicle and the Fund may create different Classes of Participating Shares subject to compliance with the Applicable Law including the FPI Regulations.

Notwithstanding the foregoing, for cash management purposes, the Fund may invest certain monies in interest bearing deposits.

The Fund has obtained a tax residency certificate from the Mauritius Revenue Authority and hence should be able to avail the benefit of the India-Mauritius Double Tax Avoidance Agreement (**‘Treaty’**), and other treaties as appropriate. As a Mauritian tax resident, the Fund would under the Treaty be entitled to receive from India, distribution proceeds from the disposal of Indian securities without being subject to payment of any capital gains tax in India, provided the gains are not connected with a Permanent establishment in India. Further information is set out under **Section 9 titled “Tax Considerations”** of this Prospectus. Please also refer to the risk factors pertaining to taxation mentioned under the **Section 12 titled “Risk Factors”**.

3.2. Authorisation of the Fund

All consents, approvals, authorizations or other permissions of the Fund as well as of all regulatory authorities required by the Fund under the laws of Mauritius have been obtained for the establishment of this Prospectus and for the issue of Shares and for the Fund to undertake and perform its obligations under the Prospectus.

A copy of this Prospectus was submitted to the FSC and the FSC has authorized the Fund to offer the Shares to the public pursuant to the Prospectus.

3.3. Capital Structure of the Fund

At the date of issue of this Prospectus, the Fund has only one Class, namely, SBM Maharaja Bond Fund. This Prospectus relates to the offering of Participating Shares in SBM Maharaja Bond Fund the particulars of which are found in the Applicable Supplement.

Depending upon whether suitable investor interest is identified, and subject to prior approval of SEBI and the FSC as may be required, the Fund may create different Classes of Participating Shares for the purpose of investing in different schemes, provided that each such Class meets the broad based criteria as prescribed by SEBI or Classes having common portfolio meets the broad based criteria on consolidated basis. Each such Class of Participating Shares may have different terms and conditions attached to them. Each Class of Participating Shares may be further sub-divided into any number of classes which shall be known as a “Sub-Series” or “Sub-Class” of that Class.

Each Class may have different Sub-Series for different kind of investors. For example the Fund may launch a Class with two Sub-Series. Investors that are residents of Mauritius may be issued with Participating Shares in a particular Sub-Series, and international investors may be issued with Participating Shares in a separate Sub-Series. Additionally, different Sub-Series may have different fees and expenses. The underlying portfolio of each Sub-Series in a Class shall be the same.

The Fund is registered as Category II FPI with the SEBI. The Category II FPIs are required to be broad-based (if there are multiple classes with different portfolios, then each class needs to be broad-based). “Broad based fund” has been defined to mean a fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine percent of the shares or units of the fund. Provided that if the broad based fund has an institutional investor who holds more than forty nine percent of the shares or units in the fund, then such institutional investor must itself be a broad based fund.

For ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered. Only investors of entities which have been set up for the sole purpose of pooling funds and making investments shall be considered for the purpose of determining underlying investors.

Subject to compliance with Applicable Law, the Fund may launch a Class without any Sub-Class or Sub-Series.

A Net Asset Value shall be calculated for each Sub- Series.

The Class Assets and Class Liabilities of each Class shall be kept separate and separately identifiable from Class Assets and Class Liabilities attributable to other Classes. Subject to applicable law the rights, privileges and liabilities of a holder of Participating Shares shall be in relation to that Class Share only and to no other Class.

Each Class shall have its distinct investment philosophy, objective and strategy, as may be set out in the relevant Supplement or Prospectus for such Class.

The terms and conditions of any offering of any other Class of Participating Shares will be contained in a Supplement or Prospectus or other document related to each such offering. The relevant documentation, in prescribed format wherever applicable, in connection with each additional Class of

Participating Shares to be created by the Fund must be submitted to the FSC and SEBI for their prior approval as may be required.

In the Fund, the principles adopted by the Board relating to the payment of the redemption proceeds or other distributions are applied to each Class in isolation, subject to the Fund and the Class satisfying the Solvency Test (as defined in the Act). Payments of redemption proceeds and other distributions may only be paid out of the assets of the Class Assets pertaining to the Class in respect of which the relevant Participating Shares were issued. To the extent permissible, assets of a Class of the Fund will only be available to meet liabilities of creditors of the Fund who are creditors in respect of the relevant Class. See the **Section 12 titled “Risk Factors”** for liabilities in relation to a multi-class company.

The assets, liabilities, income, expenditure and taxation attributable to each Class with respect to investments made pursuant to this Prospectus and future Share offerings will be applied to an account (or book entry) maintained for each Class subject to Applicable Law. The assets so held in respect of each Class will be applied solely in respect of that Class except to the extent that expenses of the Fund that are not directly attributable to a specific Class shall be allocated among each Class at the discretion of the Directors. The Net Asset Value of each Class, will be calculated separately and Participating Shares of a particular Class will be redeemed at the Net Asset Value per Share of that Class at the relevant time. For limitations of such a corporate structure as regards the liabilities of the Fund and the relevant Classes, see **Section 12 titled “Risk Factors”** for cross class liability.

Holders of Participating Shares shall have no control over the management of the investments attributable to the Participating Shares.

4. FUND MANAGEMENT AND ADMINISTRATION

The operations of the Fund will be structured with the objective of maintaining high standards of business ethics, corporate governance and transparency of operations, and will be effected through the following:

- (a) The Board of the Fund; and
- (b) The Investment Manager, under the overall supervision and control of the Board of the Fund.

4.1. The Board of Directors

The property, business and affairs of the Fund will be managed under the direction of the Fund’s Board. The Board will consist of at least three (3) directors, of whom at least two (2) will be Mauritius resident directors.

The Board’s primary function will be direction and supervision of the business and affairs of the Fund in accordance with the Constitution. The Board shall meet as often as necessary to review the operations, administrative affairs and the investments of the Fund.

The Board may exercise all such powers of the Fund and do all such acts and things as are permitted under Mauritius Law and the Constitution of the Fund. In particular, the Board will be tasked with establishing the investment strategy and policy of the Fund and with undertaking periodic reviews thereof in consultation with the Investment Manager. The Board also bears the primary compliance functions of the Fund and is responsible for all representations, reports and disclosures to be made to the regulators and to the investors.

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 each 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.

4.1.1. Board of Directors

A brief biographical description and credentials of each of the Directors is given below.

Profile of Directors

(i) Mr. Eric Venpin

Mr. Eric Venpin is a fellow member of the Institute of Chartered Accountants in England and Wales and is currently the Managing Director of The Lins Consulting Ltd and sits on the Board of several companies. He started his career in London, UK, where he specialised in tax planning and group structuring. He then became a Partner at Deloitte, Mauritius and advised international clients on tax structures and group reorganisations and was also the Partner in charge of the Information Technology Department. He was also a director of DTOS Ltd, one of the main service providers in the Global Business Industry.

In 2005, he was appointed as Managing Director of Mauritian Eagle Insurance Co Ltd, a listed insurance company in Mauritius and also chaired its Investment Committee whose role is to invest the insurance funds both in Mauritius and internationally. A year later, he became the Chief Operating Officer of the Financial Services Sector of Ireland Blyth Limited, one of the largest listed conglomerates in Mauritius and was in charge of the insurance, leasing and global clusters.

Mr. Venpin has also been a speaker at several international conferences on tax planning and is a member of the Society of Trust and Estate Practitioners.

(ii) Mr. Amal Autar

Mr. Amal Autar is the Executive Director of Mauritius International Trust Company Limited (MITCO), one of the leading Management Companies licensed by the Financial Services Commission of Mauritius and which forms part of the Ciel Group. He is an associate member of the UK Institute of Chartered Secretaries and Administrators. A graduate from the University of Witwatersrand South Africa, he has been with MITCO since 1995. He is an associate member of the Society of Trust and Estate Practitioners (STEP) and was the Chairman of the Society of Trust and Estate Practitioners (Mauritius) Limited, the Mauritius branch of STEP Worldwide from 2015 to 2017. He is currently a Board member of STEP Mauritius and a Member of the Mauritius Institute of Directors.

With a career in corporate, tax, trust and estate planning spanning over more than 20 years in the global business sector, he has built an extensive experience in the structuring and administration of global business companies, trusts and funds. He also acts as Director on the board of Mauritius subsidiaries of several international funds and companies.

He was appointed to the Board on 27 July 2015 and is a non-executive director.

(iii) Mr. Lakshmana (Kris) Lutchmenarraidoo

Mr. Lakshmana (Kris) Lutchmenarraidoo has joined SBM as Chief Executive – SBM (NBFC) Holdings Ltd on the 16th January 2017.

Mr. Lutchmenarraidoo is a seasoned banking professional with over 40 years' experience across the Banking & Financial service sectors. During the 13 years has spent at SBM, he held various positions across the bank namely Branch Manager, Head of Internal Audit, and Assistant General Manager. He then moved to occupy the highest positions in various prominent entities such as Mauritius Leasing Company Ltd, Mauritius Post Ltd, Mauritius Post and Cooperative Bank Ltd, La Prudence Mauricienne Assurances Ltée and Mauritius union Assurances Co. Ltd. More recently, he was the Group Managing Director at Phoenix East Africa Assurance Company Ltd., and based in Kenya and supervising operations in Kenya, Tanzania, Uganda and Rwanda.

Mr. Lutchmenarraidoo holds a Banking Diploma from FinAfrica Institute, Milan, Italy. He has a mandate to drive and transform the Non-Banking Financial Cluster in view of tremendously increasing its share of profits within the SBM group.

For the purposes of this Prospectus, the address of each of the Directors of the Fund is the registered office of the Fund.

The Fund's Constitution contains provisions for the indemnification of each of the Directors and officers of the Fund against any loss or liability incurred by reason of being or having been a Director or officer. Further provisions regarding the Directors are included in the Fund's Constitution.

The Directors of the Fund shall be appointed and removed by the holders of the Management Shares.

4.2. Investment Manager

SBM Mauritius Asset Managers Ltd is the investment manager of the Fund.

SBM Mauritius Asset Managers Ltd was incorporated as a private company with limited liability under the Mauritius laws on 20 September 1995 under the Companies Act, 2001 with the Company number C15316.

Pursuant to the Investment Management Agreement entered into between the Fund and the Investment Manager, the Investment Manager will, inter alia, manage the Fund's investments, reinvestment and realisation of the assets of the Fund attributable to the Participating Shares, subject to the overall supervision and control of the Fund's Board.

Subject to the Investment Management Agreement, the Investment Manager may delegate, with the consent of the Board, the management of the Funds' investment portfolio, or any part thereof, to other investment professionals or related companies. The Investment Manager or its appointed Investment Advisor, to the extent permitted, may provide administration services to the Fund.

The details of board of directors of the Investment Manager are provided below:

4.2.1. Board of Directors

A brief biographical profile and credentials of each of the Directors is given below.

Profile of Directors

(i) Mr. J P Pierre Marrier D'Unienville

Mr. J P Pierre Marrier d'Unienville was born in Mauritius in 1969 and educated at the college du St Esprit. He graduated with a Licence in "Sciences économiques" at the University Paul Cezanne in Aix en Provence, France. He then attended and graduated from Institut d'Etudes Politiques de Paris. After working with Ernst & Young in Paris, he returned to Mauritius in 1996.

His first job was as Finance Manager at Phoenix Camp Mineral Ltd, which he left to create the Mauritius branch of South African investment bank, Brait. He ran Brait Mauritius from 1994 to 2004, acting as Investment Banker/advisor on a number of transactions.

In July 2004, Mr. d'Unienville acquired Brait Mauritius, which was then renamed Infinite Corporate Finance Ltd, and he continued to source, advise on and structure acquisitions and disposals, as Infinite remained active on the mergers and acquisitions market.

In December 2007, Infinite acquired Le Warehouse Ltd from IBL, and Mr. Marrier d'Unienville started personally running the company, Infinite's major investment, from January 2009.

Mr. Marrier d'Unienville is a Director of one listed company, Omnicane Limited.

(ii) Mr. Ignace Lam

Mr. Ignace is a Fellow Chartered Certified Accountant with the ability to achieve optimal economic capitalization through strategic planning and relationship management. He is presently the Co-founder of Intermart Mtius Ltd; Intermart (Mtius) is responsible for negotiating with suppliers and also the sole importer of INTERMARCHE Products in Mauritius.

He is also the executive chairman of Family World Ltd, a company formed in 2002 and the Hypermarket was opened in 2004. Since then, Family World has experienced a steady growth over the years and the company is ranked 64 among the top 100 companies in Mauritius.

Mr. Ignace has proven areas of expertise in the following areas, strategic Planning and organizational Leadership, new business development, marketing and sales, corporate and investment finance, growth and expansion strategies, contract negotiation risk and financial strategies.

(iii) Mr. Lakshmana (Kris) Lutchmenarraido

Mr. Lakshmana (Kris) Lutchmenarraido has joined SBM as Chief Executive – SBM (NBFC) Holdings Ltd on the 16th January 2017.

Mr. Lutchmenarraido is a seasoned banking professional with over 40 years' experience across the Banking & Financial service sectors. During the 13 years he has spent at SBM, he held various positions

across the bank namely Branch Manager, Head of Internal Audit, and Assistant General Manager. He then moved to occupy the highest positions in various prominent entities such as Mauritius Leasing Company Ltd, Mauritius Post Ltd, Mauritius Post and Cooperative Bank Ltd, La Prudence Mauricienne Assurances Ltée and Mauritius union Assurances Co. Ltd. More recently, he was the Group Managing Director at Phoenix East Africa Assurance Company Ltd., and based in Kenya and supervising operations in Kenya, Tanzania, Uganda and Rwanda.

Mr. Lutchmenarraido holds a Banking Diploma from FinAfrica Institute, Milan, Italy. He has a mandate to drive and transform the Non-Banking Financial Cluster in view of tremendously increasing its share of profits within the SBM group.

4.2.2. The Investment Management Agreement

The Fund and SBM MAM have executed an Investment Management Agreement which inter alia provides for the terms and conditions of appointment of the Investment Manager by the Fund and the powers and duties of the Investment Manager.

As a result of its other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures.

The Investment Management Agreement may be terminated by either the Fund or the Investment Manager giving not less than sixty (60) days' notice (or such shorter period as the Fund or the Investment Manager shall agree in writing), provided that the Investment Management Agreement shall not be so terminated by the Investment Manager unless, simultaneously with such termination, an Investment Manager acting as a replacement shall have been identified and who is satisfactory to the Board and willing so to act.

The Investment Management Agreement may be terminated at any time without the notice period, by one party giving written notice to the other party if the latter goes into liquidation or shall commit any breach of any term of the Investment Management Agreement which is capable of remedy but has not been remedied within 30 days.

The Investment Management Agreement provides that the Investment Manager (shall not be liable to the Fund for anything done or omitted to be done in the performance of its duties and obligations hereunder the Investment Management Agreement other than anything done or omitted to be done by reason of gross negligence, wilful default, bad faith, dishonesty or fraud of the Investment Manager.

The Investment Management Agreement contains provisions for the indemnification of the Investment Manager and its affiliates, employees and directors by the Fund against liabilities to third parties arising in connection with the performance of its services

See **Section 15** titled "**POTENTIAL CONFLICTS OF INTEREST**".

See **Section 8** titled "**FEES, CHARGES AND EXPENSES**" herein for a general description of the fees payable to the Investment Manager.

4.3. The Investment Advisor

The Investment Management Agreement permits the Investment Manager to appoint investment advisors, at its own cost. Pursuant to such powers, the Investment Manager may appoint an Investment Advisor to act in a strictly advisory capacity by providing non-binding and non-discretionary investment advice, and non-binding and non-exclusive recommendations to the

Investment Manager. For this purpose, the Investment Manager may enter into an Investment Advisory Agreement with one or more Investment Advisors.

The Investment Advisors shall have no authority to manage the affairs of, or bind, the Fund or the Investment Manager. The Investment Advisors shall not take any decision on behalf of the Fund or the Investment Manager and shall only make non-binding recommendations to the Investment Manager.

4.4. Administrator, Registrar and Transfer Agent

The Administrator is incorporated in Mauritius and is licensed and regulated by the FSC as a CIS Administrator *inter alia*, provides company management and administration services to global business companies and collective investment schemes.

Pursuant to an Administration Agreement with the Administrator, the Administrator will act as the Administrator, Registrar and Transfer Agent to the Fund, and to provide administration services to the Fund. The Administrator will perform various administrative and registrar and transfer agency and company secretarial services for the Fund, including:

- a. As Administrator, will be responsible for the day to day administration of the Fund and calculation of the monthly Net Asset Value on each Valuation Day or such other days as the Directors may determine.
- b. As Registrar and Transfer Agent, *inter alia*, be responsible for:
 - (i) maintaining the register of Shareholders of the Fund and generally performing all actions related to the issuance and transfer of Participating Shares and the safe-keeping of certificates, if any;
 - (ii) performing all acts related to the redemption and/or purchase of the Participating Shares;
 - (iii) maintaining a record of dividends declared, if any, and dividends paid;
 - (iv) on behalf of the Fund, dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the replacement or transfer of Participating Shares; and
 - (v) performing all other incidental services necessary to its duties, which duties shall be set out in the Administration Agreement or pursuant to any Registrar and Transfer Agent Agreement or as per the Applicable laws in force from time to time.

The Administration Agreement *inter alia* provides that the Administrator and its affiliates, employees and directors shall not be liable to the Fund or its Shareholders for any act or omission, in the course of, or in connection with, the services rendered by it under the Administration Agreement or for any loss or damage which the Fund may sustain or suffer as a result of, or in the course of, the discharge by the Administrator of its duties pursuant to the Administration Agreement provided that such loss or damage is not occasioned by the gross negligence, wilful default or fraud of the Administrator. The Administrator's liability in these instances is limited. The Administration Agreement also contains provisions for the indemnification of the Administrator and its affiliates, employees and directors by the Fund for all liabilities, losses, costs or expenses arising in connection with the performance of its services, other than such losses resulting from the gross negligence, wilful default or fraud on the part of the Administrator and its affiliates, employees and directors.

The Administrator is permitted to delegate its functions with the prior written consent of the Directors.

The Fund and the Administrator may mutually change the administration arrangements described above. The Fund, in its sole discretion, reserves the right to appoint additional or alternative administrators.

As a result of its other activities, the Administrator may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See **Section 15** titled “**POTENTIAL CONFLICTS OF INTEREST.**”

See **Section 8** titled “**FEES, CHARGES AND EXPENSES**” herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

4.5. Company Secretary

The Company Secretary is incorporated in Mauritius and is licensed and regulated by the FSC as a management company to, inter alia, provide company management and administration services to global business companies and collective investment schemes.

Pursuant to an agreement with the Company Secretary, the Company Secretary will act as the company secretary to the Fund.

As Company Secretary, it will inter alia provide the following secretarial services:

- (i) providing guidance to the Board relating on its duties, responsibilities and powers;
- (ii) informing the Board of all legislation pertaining to meetings of the shareholders and the Board;
- (iii) ensuring that the minutes of all meetings of shareholders and directors are properly recorded, and that all statutory registers are properly maintained; and
- (iv) certifying in the annual financial statements, that the Fund has filed with the Registrar of Companies all such returns as are required under the Act.
- (v) any and / or other such functions as may be required as per the Applicable laws in force from time to time.

4.6. Prime Brokers and Custodians

Under the Securities and Exchange Board of India (Foreign Portfolio Investors), Regulations 2014, the Fund is required to appoint a domestic custodian in India for maintaining the Indian investments. For this purpose, the Fund has appointed IL&FS Securities Services Ltd as the Custodian of the Fund 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 sub-division 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 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 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 to the Custodian Agreement by giving prior written notice of not less than 60 days to the other party, subject to receiving necessary approvals from SEBI. The Fund may engage a new or additional custodian(s) without further notice to the Shareholders.

The Board may, as it deems appropriate, appoint prime brokers, custodians, brokers, banks, clearing associates, depositories, future commission merchants, introducing brokers, counterparties and other financial institutions and intermediaries from time to time, in accordance with the extant applicable laws, including the provisions of the FII Regulations, and which will be appointed on such terms and conditions as may be agreed upon.

Securities transactions for the Fund are allocated to brokers by the Investment Manager. The brokers effecting transactions for its account will be selected by the Investment Manager and will be paid brokerage commissions by the Fund which will be negotiated at arm's length.

4.7. Auditor

Ernst & Young, 9th Floor, NeXT eracom-Tower I, Cybercity, Ebene, Mauritius are the Auditors of the Fund.

4.8. Indemnification

The Fund's Board, the Investment Manager, and the Administrator, and their respective officers, directors, employees, agents and representatives are indemnified by the Fund and are exculpated from liability to the Fund and the Shareholders to the fullest extent permissible by Applicable Law for any actions taken in good faith, provided that the losses to be indemnified or the liability to be exculpated was not the result of gross negligence, wilful misconduct or fraud.

4.9. Conflict of Interest

The services of the Investment Manager, the Administrator and the Directors are not exclusive and

each such person is free to render similar services to other persons so long as the services to be performed by it are not impaired thereby and to retain for its own use and benefit all fees or moneys payable thereby. Should a conflict of interest arise in relation to the Fund, the Directors will endeavour to ensure that it is resolved fairly.

4.10. The Fund's Stated Capital

The Fund's stated capital consists of the total of all amounts received by the Fund or due and payable to the Fund in respect of the issue of the Management Shares and the Participating Shares issued, and calls on those Shares. The stated capital will vary upon the issue and redemption of Shares.

The Fund has issued 10 Management Shares of no par value, to SBM MAM. It is not expected that further Management Shares will be issued by the Fund. The Management Shares shall be the only Shares of the Fund carrying voting rights.

At present the Fund has only one Class, namely SBM Maharaja Bond Fund. This Prospectus relates to the offering of Participating shares in SBM Maharaja Bond Fund, the particulars of which are found in the Applicable Supplement.

The Directors of the Fund may, in their sole discretion, but in accordance with the Applicable Law, create different Classes of Participating Shares on such terms and conditions as they deem fit without the consent of or notice to the existing Shareholders and after taking necessary approvals of the FSC and SEBI in prescribed format, if applicable. The exception to this is where the rights attached to any existing Class of Shares are to be varied/ affected by the issue of such other Class or Classes of Participating Shares ranking in priority thereto, in which event the consent of the holders of the particular affected Classes will be sought in accordance with the Applicable Law. Each such Class created shall be required to comply with the broad based criteria as prescribed by SEBI or if all Classes have a common portfolio, then, the broad based criteria is to be met by the Fund. In addition, the Fund may, insofar as it is permitted by Mauritian Law, redeem or purchase any Class of the Participating Shares and increase or reduce its stated capital pursuant to its Constitution. The assets, liabilities, income, expenditure and taxation attributable to each Class of Participating Shares, with respect to investments made pursuant to the Prospectus and future Share offerings, will be applied to an account (or book entry) maintained for each Class subject to Applicable Law. The assets so held in respect of each Class will be applied solely in respect of that Class except to the extent that expenses of the Fund that are not directly attributable to a specific Class shall be allocated among each Class at the discretion of the Directors. The Net Asset Value of each Class will be calculated separately and Participating Shares of a particular Class will be redeemed at the Net Asset Value per Share of that Class at the relevant time.

The Fund intends to issue, from time to time, an unspecified number of non-voting, redeemable Participating Shares of no par value during an Initial Offer Period relating to such Class, and at such price as may be determined by the Board and as will be specified in the Prospectus or Supplement relating to such Class, and at the prevailing Net Asset Value per Share thereafter.

Subject to attaining the Minimum Funding, the net proceeds from the sale of Participating Shares of any Class will be invested by the Fund as described in the Prospectus or Supplement relating to that Class.

The expenses of offering and issuing the Participating Shares shall be borne by the Fund. See the **Section 8** titled "**FEES, CHARGES AND EXPENSES**".

4.11. Eligible Investors

Participating Shares may be subscribed for only by Qualified Holders who can either be an institution or individual and resident or non-resident of Mauritius. Each Subscriber must represent and warrant to the Fund that, *inter alia*, he/it is a Qualified Holder and has the full power and authority to acquire Participating Shares without violating the Applicable Laws. The Fund will not knowingly offer or sell Participating Shares to any investor who is a non-Qualified Holder or is resident of India 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 or India.

4.12. Form of Participating Shares

Participating Shares will be issued in inscribed form. Entry in the Register of Members is prima facie evidence of the title to the Participating Shares.

4.13. Rights Attaching to the Shares

4.13.1. Management Shares

Each Management Share shall have 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; and
- (c) In a winding up the Management Share's entitlement shall be only to receive an amount treated as paid up in accordance with Article 48 of the Constitution. In the event that there are insufficient assets to enable such payment in full to the holder of the Management Shares, no recourse shall be had to any other assets of the Fund.

4.13.2. Participating Shares

The Participating Shares shall have the following rights:

- (a) No right to receive notice of any meetings of shareholders and no voting rights except in case of a modification or variation of rights of that specific class;
- (b) No preference or pre-emption rights, outstanding option or any special rights are available to any Participating Shareholder(s);
- (c) In a winding up the rights set out in 48 of the Constitution;
- (d) Shall be entitled to such dividends as may be declared by the Board; and
- (e) Participating Shares will be redeemable at the option of the holder or the Fund;

The rights, privileges and liabilities of the Participating Shares shall be in relation to the specific Class of Participating Shares, and to no other Class.

4.14. Compulsory Redemptions

The Directors have the right to require a compulsory redemption for any reason or no reason, of some or all of the Participating Shares held by a Shareholder at the price per Participating Share equal to the then prevailing Net Asset Value per Share in accordance with the Constitution.

In particular, the Directors may compulsorily redeem in the following circumstances:

- a. if such Shareholder either no longer qualifies as a Qualified Holder or has failed to comply with any anti money laundering requirements in Mauritius or abroad;
- b. if any law has been passed renders it illegal or, in the reasonable opinion of the Directors, impracticable or inadvisable to continue the Fund;
- c. if in the reasonable opinion of the Directors, the holders continued shareholding would for any reason cause the Fund any regulatory, pecuniary, legal, taxation or administrative disadvantage; or
- d. if such Shareholder has requested a partial redemption which would cause the aggregate holding owned by such Shareholder following such redemption to decline below the minimum holding as was applicable to such Shareholder (if any) or below the minimum holding applicable to that class (if any).
- e. any other reason as deemed fit at the sole discretion of the Directors.

Compulsory redemptions will be made at the Net Asset Value per Share within two (2) Business Days of such notice issued to the Shareholder, at the discretion of the Directors.

The Participating Shares may also be subject to mandatory redemption in order to pay the Performance Fees owing to the Investment Manager.

4.15. Temporary Suspension of Dealings and Valuation

The Fund's Constitution provides that the Directors, acting unanimously, may declare a temporary suspension of the determination of the Net Asset Value and the sale, allotment, issue or redemption of the Participating Shares in the events set out in the Constitution.

4.16. Determination of Net Asset Value

Under the overall supervision and direction of the Directors, the Administrator will calculate the Net Asset Value and the Net Asset Value per Share, in each case, as of each Valuation Day. The Net Asset Value shall be the value of all the assets less all the liabilities.

Where the Fund has created a Sub-Series, the Net Asset Value and Net Asset Value per Share shall be calculated in relation to that Sub-Series as if reference herein to a Class was reference to a Sub-Series.

The assets of the Fund will be valued in accordance with IFRS and the directions from time to time of the Directors. The Net Asset Value of the Fund will be computed by the Administrator in accordance with such standards and guidelines.

The assets attributable to a Class shall be deemed to include:

- a. all cash in hand, on loan or on deposit, or on call including any interest accrued thereon, owned or contracted for by the Fund on behalf of the Participating Shares;
- b. all bills, demand notes, promissory notes and accounts receivable, owned or contracted for by the Fund on behalf of the Participating Shares;
- c. all bonds, time notes, shares, stocks, debentures, debenture stock, units of mutual fund, subscription rights, warrants, futures, options and other investments and securities owned or contracted for by the Fund on behalf of the Participating Shares other than rights and securities issued by it;
- d. all stock and cash dividends and cash distributions to be received by the Participating Shares and not yet received by it but declared payable to stockholders on record on a date on or before the day as of which the Net Asset Value of the Participating Shares is being determined;

- e. all interest accrued on any interest-bearing securities owned by the Participating Shares except to the extent that the same is included or reflected in the principal value of such security;
- f. all other investments of the Participating Shares;
- g. the expenses of the Participating Shares in so far as the same have not been written off; and
- h. all other assets of the Participating Shares of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

The assets of a Class shall be valued as follows:

- a. securities traded on a stock exchange or other regulated market are to be valued at (i) the last available closing price at the end of the Valuation Day or, if none, (ii) the middle of the bid and offer price at the end of the Valuation Day, 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;;
- b. unlisted equity securities will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the Directors shall in their discretion deem appropriate in the light of the circumstances;
- c. unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known transacted price or last transacted price dealt on the market on which the securities are traded on the relevant Valuation Day;
- d. 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 Valuation Day plus or minus the premium or discount (if any) from par value written off over the life of the security;
- e. 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 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;
- f. 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 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;
- g. 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 the relevant Valuation Day;
- h. 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;
- i. 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);
- j. if the relevant Valuation Day is a day on which the market for any investments or assets of the Fund 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;

- k. the method of valuation adopted by the Administrator will be consistent with a “year on year” basis unless changed by the Board of Directors at their absolute discretion;
- l. 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;
- m. for the purpose of valuing the assets of the Participating Shares as aforesaid the Directors may with due care and in good faith rely upon the opinions of any persons who appear to them to be competent to value assets by reason of any appropriate professional qualification or of experience of any relevant market; and
- n. valuations shall be prepared in US Dollars

Notwithstanding the foregoing, where at the time of any valuation any asset of a particular Class has been realised or contracted to be realised shall be included in the assets of the Class in place of such asset the net amount receivable by the Class in respect hereof provided that if such amount receivable is not payable until some future time after the time of any valuation the Directors may make such allowance as they consider appropriate.

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 liabilities of the Class shall not include liabilities represented by Shares of another Class, if any, of the Fund. In determining the amount of such liabilities the Directors may calculate any liabilities of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

The Net Asset Value per Share shall be calculated by dividing the Net Asset Value by the number of Participating Shares in issue in that Class and rounding off the resultant amount to the nearest four decimal places. The Net Asset Value per Share will include both realised and unrealised gains and losses in securities and other assets of the Shares.

The Net Asset Value per Share of a Sub-Series shall be calculated by dividing the Net Asset Value of such Sub-Series by the number of Shares in issue in that Sub-Series and rounding off the resultant amount to the nearest four decimal places

Any calculations made pursuant to these provisions shall be made by or on behalf of the Directors and shall (except in the case of manifest error) be binding on all persons.

None of the Directors, the Fund or the Administrator shall be liable for any loss or damage caused to any person, where any price or valuation, used in good faith in connection with the above procedure and methodology of valuation, proves to be an incorrect or an inaccurate estimate or inaccurate determination of the price or value of any part of the property of the Fund.

4.17. Registration and Transfer of Shares

Shareholders of the Fund may not sell, transfer or assign any interest in the Fund without the prior written consent of Directors of the Fund. The Directors have absolute discretion as to whether or not to permit a transfer of a Shareholder's interest in the Fund. Any permitted transfers of Shares must be made by instruments in writing in the statutory form. Any transferee of Shares is required to furnish the same information and complete the same documents that would be required in connection with a direct subscription including, without limitation, being required to complete a Subscription Form, in order for a transfer application to be considered by the Directors. In case of violation of applicable ownership and transfer restrictions, the Directors may decline to recognise and register any transfer of Shares.

5. PROCEDURE FOR APPLICATIONS AND REDEMPTIONS OF CLASS SHARES

Unless otherwise stated in the terms of the offering of the respective Classes, and or the relevant Supplement, the following procedure for applications and redemptions will apply.

5.1. Procedure for Applications

During the Initial Offer Period, Class Shares may be subscribed for at the initial offer price per Share, as may be determined by the Board and subject to the terms contained in the Constitution and this Prospectus or the relevant Supplement. After the Initial Offer Period has expired, the Class/sub-class Shares may be subscribed for at the prevailing Net Asset Value per Share on each Dealing Day (being the Net Asset Value per Share prepared on the Valuation Day preceding the Dealing Day) and subject to the terms contained in the Constitution and this Prospectus or the relevant Supplement.

Upon acceptance of the subscription during the Initial Offer Period, Subscribers shall be allotted such number of fully paid up Class Shares that shall be equal to the Subscriber's investment net of all bank charges divided by the initial offer price per Class Share.

In the event of accepted applications for Class Shares after the Initial Offer Period, the Subscriber shall be allotted such number of fully paid up Class Shares that shall be equal to the Subscriber's investment net of all bank charges divided by the relevant Net Asset Value per Share on the relevant Dealing Day (being the Net Asset Value per Share prepared on the Valuation Day preceding the Dealing Day).

Application for Participating Shares should be made by completing and signing the Subscription Form provided with this Prospectus as **Exhibit A**, or with the relevant Supplement. The Subscription Form, should then be sent along with the relevant customer due diligence documents to the Administrator at the address listed in the Directory, first by e-mail or fax with the original to follow thereafter. These documents should reach the Administrator no later than 5.00 p.m. on the last day of the Initial Offer Period. Cleared funds must be received in full in the Fund's bank account at least one (1) Business Day prior to the close of the Initial Offer Period. Shareholders should be aware of the risks associated with sending documentation by email or fax, and that the Administrator will not be responsible in the event of non-receipt of any documents sent by email or fax.

Unless otherwise provided for in the Prospectus or Supplement relating to the relevant Class, additional subscriptions for Class Shares may be made by completing and signing the Additional Subscription Form provided with this Prospectus as **Exhibit B**, or with the relevant Supplement and emailing or faxing the form to the Administrator at the address listed in the Directory, at least two (2) Business Days prior to the relevant Dealing Day and cleared funds being credited in the bank account

of the Company one (1) Business Day prior to the relevant Dealing Day or such other day as the Directors may determine.

No payment of distribution proceeds will be made unless the original Subscription Form/Additional Subscription Form is received by the Administrator.

Payment for Participating Shares must be effected at the time of subscription, by wire transfer only to the bank account detailed in the relevant Subscription Form. Cleared funds must be received in the Fund's bank account at least one (1) Business day prior to the close of the Initial Offer Period, and thereafter, at least one (1) Business Day prior to the relevant Dealing Day or such other day as the Directors may determine. If cleared funds are not received by this day then the application will be held over to the next Dealing Day following the receipt of the cleared funds, and Shares will then be issued at the relevant subscription price on that Dealing Day.

The Fund has the right to accept or reject (in whole or part) any application for Participating Shares. In case the application is rejected, the applicant will be informed, without any reason being ascribed and any application monies received by the Fund will be returned without payment of interest and net of all bank charges and any other outgoings in respect thereto as soon as practicable, by wire transfer to the applicant's bank account, at the applicant's risk and expense. Applicants should be aware of the risks associated with sending faxed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any email or fax.

Duly completed applications received and accepted are unconditional and irrevocable. Shares will be held in inscribed form and a written confirmation will be sent to the applicant upon receipt of cleared funds, the properly completed Subscription Form and acceptance of such funds by the Fund.

Applicants subscribing for a Participating Shares are advised that the Participating Shares are issued subject to the provisions of the Fund's Constitution, the terms and conditions in this Prospectus, and the provisions of the Subscription Form.

As part of the Fund's and the Administrator's responsibility for the prevention of money laundering, the Fund and/or the Administrator shall require a detailed verification as prescribed by the relevant applicable laws and regulations, of the applicant's identity and the source of payment for the Participating Shares.

The Fund and/or the Administrator reserves the right to request such information as it considers necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund and/or the Administrator may refuse to accept the application and all subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

No Application Request will be entertained unless the original Subscription Form/Additional Subscription Form is received by the Administrator.

Shareholders should be aware of the risks associated with sending documentation by email or fax, and that the Administrator will not be held responsible in the event of non-receipt of any documents sent by email or fax.

Notwithstanding the foregoing, Class Shares shall only be issued subject to the Minimum Funding being achieved. In the event the Minimum Funding is not received during the first six months of the Initial Offer Period, the subscription monies received by the Fund from the Subscribers shall be returned to the Subscribers together with any interest earned thereon, but subject to any bank charges,

unless the period of six months is extended in accordance with the laws of Mauritius. Such subscription monies shall be kept in the Fund's bank account, and shall be returned to Subscribers by bank transfer, to account from which the subscription money originated.

In the interest of the existing investors, the Board at its sole discretion, after consultation with the Investment Manager, may stop accepting fresh subscriptions for any Class or Sub-Series for a period. Thereafter the Board at its sole discretion after consultation with the Investment Manager, may start accepting fresh subscription for such Class or Sub-Series.

Minimum Investment

The Board may impose a minimum investment to be made by Subscribers, which will be set out in the relevant Supplement. These requirements will not apply to direct subscriptions by the Investment Manager. Existing Shareholders may also subscribe for additional Participating Shares of the same Class and the minimum subsequent investment amount, if any, will be set out in the relevant Supplement.

Subscription Fee, Redemption Fees and Performance Fees

If there subscription fees, redemption fees or performance fees that are payable, they will be set out in the Prospectus/Supplement pertaining to the relevant Class.

Sharing of Confidential Information: In the Subscription Form, each subscriber agrees that the Fund, the Administrator or Investment Manager may disclose to each other, to any regulatory body, or to a delegate, agent or any other service provider in any jurisdiction, including jurisdictions outside of the U.S. or the European Economic Area, copies of the subscriber's Subscription Form and any information concerning the subscriber provided by the subscriber to the Fund, the Administrator or the Investment Manager. No such disclosure will be treated as a breach of any restriction on the disclosure of information imposed on such person by law or otherwise.

5.2. Procedure for Redemptions

Class Shares shall be redeemed in accordance with the Law, the Constitution and in accordance with the procedures set out in this Prospectus.

Only fully paid up Class Shares may be redeemed.

Except as provided herein or in the relevant Supplement, a Shareholder may request redemption of all or some of its Class Shares as of each Dealing Day. Unless otherwise provided for in the Prospectus or Supplement relating to the relevant Class, Shareholders wishing to redeem Class Shares as of a particular Dealing Day must provide the Administrator with at least three (3) Business Days prior written notice, in the form of the Redemption Request attached to this Prospectus as **Exhibit C**, or with the relevant Supplement, stating their intention to redeem, and the number and Class of Shares to be redeemed as of that Dealing Day.

A Redemption Request, once made, will be irrevocable and may not be withdrawn without the consent of the Board. The Board may defer redemption requests on any Dealing Day if in the opinion of the Board the Fund would no longer be a Broad based fund. Such deferment shall continue until such time as the Broad based fund criteria is satisfied or till such time that the Fund changes its category to Category III FPI, where broad based requirement is not applicable.

The Fund may impose restrictions on the time, frequency, manner of redemption (such as required notice periods), and amount or number of Participating Shares of a given Class that may be redeemed.

Such restrictions shall be set forth in the Prospectus and/or the Supplement applicable to the relevant Class.

Redemption Requests may be submitted by fax to the Administrator at the fax number set out in the Directory provided that:

- 1 the original signed redemption request is received by the Administrator prior to the relevant Dealing Day; and
- 2 the Shareholder receives written confirmation from the Administrator that the faxed Redemption Request has been received.

A Redemption Request 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 would be less than the Minimum Holding.

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.

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

The Redemption Price will be equal to the relevant Net Asset Value per Share on the corresponding Dealing Day (i.e. the relevant Net Asset Value per Share calculated on the Valuation Day preceding the Dealing Day) less the Redemption Fee. The Directors may waive the payment of a Redemption Fee at their discretion generally or in any particular case.

In the event that Performance Fees are payable to the Investment Manager, the Redemption Price to be paid to the Shareholder will be adjusted for the Performance Fees determined as set out in 'Performance Fees' section.

Unless redemptions have been suspended or delayed, each redeeming Shareholder will be paid on Settlement Day or on availability of redemption proceeds, if later, or after receipt of the completed original Redemption Request, whichever is later.

In circumstances where the Fund is unable to liquidate securities' positions in an orderly manner in order to fund redemptions, the Fund may take longer than the Settlement Day to effect settlement of the Redemption Price.

The Fund may take longer than the time periods mentioned above to effect settlements of redemptions, may effectuate only a portion of a requested redemption or may even suspend redemptions(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 redemptions 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. In the discretion of the Directors, the Fund may settle redemptions in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders. In case of redemptions in kind, the Fund shall use its reasonable efforts to sell the Securities on the Shareholders' behalf at a reasonable market price and remit the proceeds (net of any reasonable out-of-pocket expenses) to the Shareholders. The Fund shall only proceed to an in-kind distribution upon prior written consent of the Shareholders.

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with anti-money laundering laws and applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of some or all of the Class Shares held by a Shareholder at the price per Class Share equal to the then prevailing Net Asset Value per Share in accordance with the Constitution.

The Administrator will redeem the Class Shares at the Net Asset Value per Share on the Dealing Day (being the Net Asset Value per Share prepared on the Valuation Day preceding the Dealing Day) less the Redemption Fee or bank charges referred to in the Prospectus or in the relevant Supplement. However, the Board may, in its absolute discretion, waive the whole or any part of the Redemption Fee or bank charges, with respect to all or for any particular investor.

Redemption Requests may initially be sent by fax or email to the Administrator, however, Shareholders should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any Redemption Request sent by fax or email. The original Redemption Request must be sent to the Administrator prior to the Settlement Day failing which, payment of the Redemption Price shall be withheld. Redemption payments will be made in U.S. Dollars unless made in kind, and will be remitted by wire transfer to the bank account from which the subscription price was paid. A Redemption Request received outside the period specified above will be treated as a request for redemption as of the next Dealing Day, or otherwise in the discretion of the Directors.

At the time of making the redemption and paying the Redemption Price, the Fund would have to meet the Solvency Test. In the event that the Fund does not meet the Solvency Test, then the payment of the Redemption Price 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.

6. INVESTMENT POLICY

6.1. Investment Restrictions, Objective and Strategy

The Fund, through each Class of Participating Shares, shall invest in accordance with the general investment policy and investment objectives described herein or as may be set out in the relevant Supplement for such Class and in accordance with the Applicable Law.

Investment objectives and strategies pertaining to a particular Class in addition to this Prospectus will be set out in the relevant Supplement. There can be no guarantee or assurance that the Fund will achieve its investment objectives. The objectives set out in the Prospectus are the targeted and the proposed objectives and they shall be subject to the risks inherent in undertaking such investment opportunities.

Investment Restrictions

The following restrictions shall apply to the investments of each class of the Fund, provided that, should any one or more of these restrictions be exceeded as a result of events, happening subsequent to an investment being made, that are beyond the control of the Fund or the Investment Manager such as, for instance, fluctuations in the market value of underlying investments, the Investment Manager shall seek to remedy the situation in the shortest time possible and shall in so doing take due account of the interest of the Shareholders of the Fund.

| | Investment Restrictions |
|---------|---|
| (i) | Each Sub Fund may not invest more than 10% of its Net Asset Value in listed securities issued by a single issuer (a company or other corporate entity including the subsidiaries thereof) at the time of purchase subject to the authorisation of the Financial Services Commission. |
| (ii) | Each Sub Fund shall not hold more than 10% of any class of security listed or unlisted, issued by a single issuer |
| (iii) | Each Sub Fund may not invest more than 10% of its Net Asset Value in debt securities, listed or unlisted, including Collective Investment Schemes investing principally in debt securities or other Collective Investments Schemes with similar investment objectives. Such limit shall not be applicable for investments in short-term cash deposits, banking and leasing deposits and Bank of Mauritius and Government of India securities. |
| (iv) | Each Sub Fund may not purchase real estate |
| (v) | Each Sub Fund may not purchase a security for the purpose of exercising control or management of the issuer of the security |
| (vi) | Each Sub Fund may not purchase an illiquid asset if, immediately after the purchase more than 10% of the net assets of the asset class, taken at market value at the time of the purchase, would consist of illiquid assets |
| (vii) | Except within the limits established by the Commission purchase or sell derivatives. |
| (viii) | Each Sub Fund may not guarantee securities or obligations of another person |
| (ix) | Each Sub Fund shall not purchase or sell a physical commodity, including precious metals |
| (x) | Each Sub Fund shall not acquire more than 10% of the shares of any single collective investment scheme |
| (xi) | Each Sub Fund shall not invest its entire assets in a single collective investment scheme and shall not operate like a feeder collective investment scheme |
| (xii) | Each Sub Fund shall not purchase mortgage |
| (xiii) | Each Sub Fund shall not subscribe securities offered by a company under formation |
| (xiv) | Each Sub Fund shall not engage in the business of underwriting or marketing securities of any other issuer |
| (xv) | Each Sub Fund shall not lend money, securities or other assets |
| (xvi) | Each Sub Fund shall not purchase 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 |
| (xvii) | Each Sub 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 each class while the class effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the class does not exceed 5% of the net assets of the class taken at market value at the time of the borrowing; (ii) the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity |
| (xviii) | Each Sub Fund shall not 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 referred to in subparagraphs (i) and (ii), unless the purchase from or sale to the affiliate is carried out at arm's length. |

Investment objective

The Fund's investment objective is to generate long-term capital appreciation through investments in India (wherein the Fund is authorized to by its legal documents). The Investment Manager may, at its discretion, also use other derivative products, pre-IPO and IPO investment opportunities or any other appropriate product to meet the Fund's investment objectives.

Investment strategy

The Fund may invest in different asset classes in India, depending on the investment objective of each Class. The Investment Manager may also seek to protect the Fund through the use of derivatives which may be rated or unrated. The Fund will not have a directional bias. The Fund will invest only in areas where the Investment Manager believes that it has an edge and it will tend to reduce or realise positions when the fundamentals deteriorate. Risk management will therefore be an integral feature of the Fund. The Fund will have maximum flexibility to invest in a wide range of investments, including listed and unlisted equities, options, warrants, futures, other equity derivatives and debt securities.

Investment Process

The Investment Manager uses a combination of top-down and bottom-up process in asset allocation, investment selection and risk management. It invests across different sectors and holds a reasonably diversified portfolio to mitigate risks.

The Fund's investment policies and strategies are speculative and entail significant risk. See **Section 12** titled "**RISK FACTORS**".

6.2. Borrowing of Cash and Securities and Certain Loans

The Fund shall only borrow temporarily if required to fund redemption requests. No other borrowings shall be made by the Fund. Such financing facility (which will relate to particular Class) will be secured by securities or other capital of that Class of the Fund pledged to such banks or financial institutions. In accordance with Regulation 66 of the Regulations, the outstanding amount of all financing shall not exceed 5% of the net assets of the Fund taken at the market value at the time of the financing. However, the Fund shall not post Indian securities as collateral to the extent required by Applicable Law.

6.3. Plan of Distribution and Use of Proceeds; Cash Equivalents

The net proceeds of the offering contemplated in this Prospectus will be invested in the manner and in accordance with the policies set forth in this Section. The Fund may, without limitation, hold cash or invest in cash equivalents for short-term investments. In the event that the Board determines that there is not sufficient good value in any debt or money market instruments suitable for investment of the Fund's capital, all such capital may be held in cash and cash equivalents.

6.4. Investment restrictions

The Board may from time to time specify other investment restrictions, or amend the existing investment policy, as may be considered necessary or desirable for efficiency of the operations of the Fund or for conforming to regulatory restrictions. The Fund's investments may be further constrained by any restrictions in Applicable Laws including any applicable Indian regulations (currently including the prohibitions under the FDI Policy, FPI Regulations and FEMA Regulations).

The Fund shall from time to time assess the investment policies and objectives, based on the recommendations given by the Investment Manager and shall have the authority to change the investment policies and objectives with a view to improving the potential returns to the investors over the life of the Fund and to comply with Applicable Law. The Fund shall keep the investors informed of any material change in the investment objectives and policies from time to time.

7. DISTRIBUTIONS

It is the intention of the Board not to make distribution of net income by way of dividends in the normal course. Net income will, therefore, effectively be reflected in Net Asset Value. However, the Directors may declare dividends with respect to any Class/sub-class of Participating Shares in their discretion. Any such dividends declared may reduce the NAV of that Class of Participatory Shares. Any dividends, repayments or other money payable in cash in respect of the Participating Shares may be paid by telegraphic transfer to the bank account from which the subscription monies originated, unless otherwise agreed to by the Board. No payments shall be made to third party bank accounts.

8. FEES, CHARGES AND EXPENSES

Below is a summary and overview of the costs, charges and expenses that may be incurred by the Fund.

8.1. Total Expense Ratio

For any class Participating Shares, the total expense ratio including the management fee may not exceed 3% per annum of the Net Asset Value of the Class or such rates as to be determined by the Board of Directors from time to time.

The Management Fee is payable monthly in arrears.

8.2. Organisation and Establishment Expenses

The Fund will treat its organisational costs and expenses in accordance with International Financial Reporting Standards (“IFRS”), the internationally recognized accounting standards the Fund has adopted. 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 yearend 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 100,000. The Fund will be responsible for all of the necessary expenses of its establishment and operation including, without limitation, fees in respect of borrowed moneys, the cost of maintaining the Fund’s registered office, the Fund’s annual Government fees, registrar of companies fees, licence fees, brokerage commissions, legal and auditing expenses, secretarial, accounting, fund administration, income tax, investment-related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to the Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information and similar ongoing operational expenses. Fees and expenses that are identifiable with a particular Class will be charged to that Class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

Different Sub-Series may be charged different expense ratios.

8.3. Investment Management

Fees of the Investment Manager

- (a) The Investment Manager will receive a Management Fee on the average net assets pertaining to each Class, which will be calculated on a daily basis, which shall be paid out of the monies in the Fund. Different Management Fees may be levied for different Classes. Similarly different Sub-Series in a Class may have different Management Fees. The maximum Management Fee that will be levied in a Class will be stated herein or in the applicable Supplement containing the terms of offering for that Class.
- (b) The Fund shall also pay the Investment Manager a Performance Fee where applicable. Any applicable Performance Fee shall be payable at the end of the Performance Period or at the redemption of the Client Portfolio (in whole or in part) during which the appreciation in the Client Portfolio above the prevailing High Water Mark would be calculated. In case of a redemption made by the Subscriber, the Performance Fees shall be payable only for the portion of the Client Portfolio being redeemed. In order to ensure that Subscribers are not penalized if their Client Portfolio has not performed as well other Client Portfolios, the Fund may compulsorily redeem Participating Shares in the performing Client Portfolios in order to pay the Performance Fee attributable to that Client Portfolio. Details of the Performance fee can be found in the applicable Supplement containing the terms of offering of each Class.

All or any part of the Performance Fee may be waived at the discretion of the Investment Manager.

8.4. Investment Advisory Fees

The Investment Advisor shall be paid an advisory fee by the Investment Manager, as set out in the Investment Advisory Agreement.

8.5. Directors' remuneration

- (a) Each Director receives a fixed annual fee for serving in such capacity. The fee will be paid by the Fund. The Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them in the discharge of their obligations as a director of the Fund.
- (b) Any Director may also act in a professional capacity as provided for by law and he or his firm will be entitled to be remunerated for such services.
- (c) There are no service contracts in existence between the Fund and any of its Directors in their personal capacity, nor are any such contracts proposed.
- (d) None of the Directors has any interest either beneficial or non-beneficial, in the share capital of the Fund.

All Directors will receive reimbursement of reasonable travel (provided such travel is undertaken at the request of the Fund and the costs are agreed in advance with the Fund) and other reasonable costs incurred in connection with their services.

8.6. Fees of the Administrator

For performing and supervising the performance of the administrative services necessary for the operation and administration of the Fund and for acting as Registrar Agent and Company Secretary, the Administrator will receive its customary monthly fee for each Class which shall be paid out of the monies in the Fund. This fee has been set out as 0.25% of Net Asset Value per Class 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.

8.7. Fees of the Company Secretary

For performing and supervising the performance of the company secretarial services necessary for the Fund, the Company Secretary will receive its customary monthly fee for each Class which shall be paid out of the monies in the Fund. This fee has currently been set out as USD 1,800 per annum and will be paid monthly in arrears.

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

8.8. Fees of the Custodian

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 current fees are categorized as follows:

1. Transactions fees: 0.01% on the value of the transaction up to an amount of INR 1,000 per transaction
2. Custody fees: 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.

These fees will be paid out of the monies in the Fund.

8.9. Placement Fees/ Initial sales charge

The Directors shall have the right to appoint placing agents and/ or principal distributors relating to placement of Participating Shares to bring about a wider distribution of the Participating Shares. Such placing agents/ principal distributors shall be entitled to a Placement Fee/ Initial sales charge as specified in the supplement/ annexure/ appendix or details of each share class/ sub-class depending upon the arrangement between the Fund/ Investment Manager with such placement agents/principal distributors. The Placement Fee/initial sales charge may be paid to such placement agents/ principal distributors by the Fund in relation to the relevant Class from the subscription amount of the investor as set out in the Subscription Form of each Subscriber. Alternatively at the discretion of the Investment Manager such Placement Fee/ initial sales charge may be paid by the Investment Manager instead of deducting from the subscription amount of the investor. The said payment of Placement Fee may be paid upfront or on trial basis.

8.10. Subscription Fee and Redemption Fee

The Fund may levy a subscription fee and/or a redemption fee in connection with the subscriptions and redemptions of Participating Shares of a particular Class. The details of any such subscription fee and redemption fee shall be set out in the Prospectus and/or Supplement relating to the relevant Class.

8.11. Other Fees and Operating Expenses

The Fund bears all other expenses incidental to its operations and business, including but not limited to:-

- (i) bidding costs for debt limits,
- (ii) fees and charges of custodians,
- (iii) interest and commitment fees on loans and debit balances,
- (iv) income taxes, withholding taxes, transfer taxes and other governmental charges and duties,
- (v) fees of the Fund's legal advisers and independent auditors,
- (vi) the cost of maintaining the Fund's registered office,
- (vii) the cost of printing and distributing this Prospectus, any other marketing cost and any subsequent information memorandum or other literature concerning the Fund and subscription materials and any reports and notices to Shareholders,
- (viii) consultant and other services provider expenses deemed desirable in the sole discretion of the Directors,
- (ix) the costs incurred in connection with any listing of the Shares, if such listing is deemed desirable by the Shareholders,
- (x) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies,
- (xi) expenses incurred in respect of the custody of the securities held by the Fund,
- (xii) Bank change(s) and remittance charge(s),
- (xiii) Currency hedging charges, if any,
- (xiv) Ongoing/trail commission to the placing agents, principal distributors
- (xv) the Fund's annual Government and statutory fees, and
- (xvi) all similar ongoing operational expenses.

The other fees and operating expenses referred to above that are identifiable with a particular Class will be charged against that Class in computation of its Net Asset Value. Other fees and expenses will be apportioned between all the Classes in such manner as the Directors in their discretion deem just and equitable.

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 for the FPI license, 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.

9. TAX CONSIDERATIONS

9.1. Taxation

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.

9.2. Mauritius Tax Considerations

The Fund

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 coming into force of 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

In addition to the above, the Government of Mauritius has in June 2015, signed the Convention on Mutual Administrative Assistance in Tax Matters (the “Convention”) developed by the OECD and Section 76 of the Income Tax Act was amended to enable implementation of the Common Reporting Standard (“CRS”). Under CRS, Mauritius Financial Institutions will have to report annually to the MRA on the financial accounts held by non-residents for eventual exchange with relevant treaty partners. Amendments may be brought to Mauritius laws to introduce the obligations adopted by Mauritius pursuant to the Convention. Different and potentially obligatory disclosure requirements may be imposed in respect of investors in the Fund and their beneficial owners as a result of CRS, local legislation implementing CRS and/or other legislation similar to CRS.

As a result of either FATCA, CRS or any other legislation under which disclosure may be necessary or desirable which may apply during the life of the Fund, investors in the Fund may be required to provide the Board with all information and documents as the Board may require. The Fund may disclose such information regarding the investors as may be required by the Government of Mauritius pursuant to FATCA, CRS or applicable law or regulation in connection therewith (including, without limitation, the disclosure of certain non-public personal information regarding the investors to the extent required).

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.

9.3. India Tax Considerations

9.3.1. 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 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 Maharaja Fund 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 Maharaja Fund by virtue of the second provision to Explanation 5 to section 9 of the Act.

9.3.2. 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)

9.3.3. 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.

9.3.4. 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 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.

9.3.5. 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.

9.3.6. 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.

9.3.7. 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.

9.3.8. 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 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.

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.

10. LEGAL AND REGULATORY CONSIDERATIONS

Mauritius

10.1. General

The Fund was incorporated in the Republic of Mauritius as a public company with limited liability under the laws of the Republic of Mauritius. It holds a Category 1 Global Business License issued by the FSC and has obtained a tax residence certificate from the Mauritius Revenue Authority. The Fund's objects, as set out in its Constitution, include operation as a collective investment scheme as defined under the Securities Act 2005 and the Securities (Collective Investment Scheme and Closed End Funds) Regulations 2008. The choice of Mauritius as the preferred jurisdiction was reached after considering its economic and political stability and its business friendly environment. Mauritius also has excellent links with Africa and Asia in particular with India. Its booming financial services sector provides an optimum environment for foreign investment and is an appropriate jurisdiction for pooling funds of various potential investors in the Fund due to convenience, comfort and accessibility including time zone management.

Exchange control laws and regulations have been suspended in Mauritius since 1994 and in any case, the Fund is a global business company and therefore not subject to any exchange control restrictions in Mauritius. Any payments made to or by the Fund are therefore not restricted by the exchange control regulations.

However, the Fund will have to comply with the exchange control regulations of the countries where the investments are envisaged.

10.2. Anti-Money Laundering

Mauritius

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.

India

10.2.1. General

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.

10.2.2. 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.

10.2.3. Foreign Direct Investments

The Fund may, choose to, in future, 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 sectoral 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.

10.2.4. 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 has been defined to mean a person who satisfies the prescribed eligibility criteria and has been registered under FPI Regulations. All existing 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.

Broad-based Fund

“Broad based fund” has been defined to mean a fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine percent of the shares or units of the fund. Provided that if the broad based fund has an institutional investor who holds more than forty nine percent of the shares or units in the fund, then such institutional investor must itself be a broad based fund.

For ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered. Only investors of entities which have been set up for the sole purpose of pooling funds and making investments shall be considered for the purpose of determining underlying investors.

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.

With effect from February 03, 2015, FPIs are only permitted to invest in corporate bonds with a minimum residual maturity of three years. FPIs shall not be permitted to invest in liquid and money market mutual fund schemes. There will be no lock-in period for such investments; FPIs are permitted to sell the securities to domestic investors.

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;
- 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 FIIs / 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.

10.2.5. Offshore Derivative Instruments

- 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.

10.2.6. Takeover Code

Under the provisions of the Takeover Code, any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company or acquires or agrees to acquire control over a company, either by himself, or through, or with any person acting in concert) who acquires 5% or more in an Indian listed company is required to notify the company at its registered office and each of the stock exchanges on which the shares of such company are listed, about its holding, its aggregate shareholdings and voting rights within two (2) days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights.

Furthermore, the acquirer holding 5% or more of the shares or voting rights in an Indian listed company is required to inform the company at its registered office and the stock exchange about any change in its holdings representing 2% or more of the shares or voting rights of the company within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition or disposal of shares or voting rights.

Upon the acquisition of 25% or more of shares or voting rights or an acquisition of control of the company (by himself or by persons acting in concert with him), whether direct or indirect, the purchaser / acquirer is required to make an open offer to the other shareholders offering to purchase at least 26% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the provisions of the Takeover Code. Further, under the provisions of the Takeover Code, any existing shareholder of a listed public Indian company, holding 25% or more but less than maximum permissible non-public shareholding in the company is entitled to acquire an additional 5% share or voting rights in the company, in any financial year ending March 31, without making a public offer for such an acquisition. Provided such additional acquisition of shares or voting rights shall not exceed the maximum permissible non-public shareholding in the company. For purposes of determining the quantum of acquisition of additional voting rights of 5% gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing

to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the company.

The Takeover Code also defines indirect acquisition or control. This is defined as the ability to exercise or direct the exercise of voting rights which would otherwise attract the obligation of making a public announcement of an open offer. The threshold point for such indirect control or ability to control is where the proportionate net assets or sales turnover or market capitalization of the target company as a percentage of consolidated net assets value or sales turnover or enterprise value for the entity or business being acquired, respectively, is in excess of 80% on the basis of recent audited financial statements. In such a case, such indirect acquisition would be deemed to be a direct acquisition of the target company for the purposes of the Takeover Code and the obligations relating to timing, pricing and other compliance requirements for the open offer relating to direct acquisition shall apply accordingly.

The open offer for the acquisition of a further minimum of 26% of shares of the company or such other percentage as prescribed under the Takeover Code has to be made by way of a public announcement on the date of agreeing to acquire shares or voting rights in, or control over the company.

Mandatory offer: The initial trigger for a mandatory offer under the Takeover Code 2011 is the entitlement to exercise 25% of the voting rights in a target company (“Initial Trigger”). Shareholders holding between 25% and 75% of a target company are now able to consolidate their shareholding by way of a 5% acquisition in each financial year. This 5% acquisition may be made through negotiated transfers, preferential allotments or on market transactions. The calculation of the 5% limit will be by way of an aggregation of the gross acquisitions.

Voluntary Offer: The Takeover Code 2011 provides a distinct regime for voluntary offers to public shareholders. Only existing shareholders holding between 25% and 75% of the voting rights in a target company are permitted to make a voluntary offer to the public shareholders (“Voluntary Offer”). All acquirers holding less than 25% will need to acquire shares in the target company on the stock exchanges or under a negotiated agreement and trigger the mandatory offer obligations set out above. The minimum offer size of the voluntary offer is 10% and the maximum is such that the aggregate shareholding of the acquirer does not exceed 75%.

Delisting: In cases where an acquisition results in the public shareholding in the target company being reduced to below the limits specified in the listing agreement entered into with the stock exchanges by the company at the time of listing, any further acquisition of shares of such company must comply with the Delisting Regulations. The Takeover Code specifies distinct delisting threshold limits for companies whose initial listing requirement of minimum public shareholding was 25% and those for which it was 10 %, thereby providing distinct “Delisting Thresholds” of 75% and 90%, respectively. If the shares acquired in the tender offer do not cause the acquirer to breach the applicable Delisting Threshold, then no delisting or divesting is required. If purchases made pursuant to the required tender offer cause the acquirer to breach an applicable Delisting Threshold, the target company has a two-year window to come back into compliance with the applicable Delisting Threshold.

Stock exchanges have the discretion to extend this two-year period by an additional year. However, no company can be delisted before the expiry of three years from the date of listing. Additionally, irrespective of any acquisition of shares (such as through indirect takeovers), no acquirer may take control of a target company unless it has first made a tender offer to acquire a specified percentage of the shares in such company in accordance with the Takeover Code 2011. The Takeover Code 2011 provides that an acquirer whose shareholding exceeds the maximum permissible non-public shareholding, pursuant to an open offer under the Takeover Code 2011, shall not be eligible to make a

voluntary delisting offer under the Delisting Regulations, unless a period of twelve months has elapsed from the date of the completion of the offer period.

The Delisting Regulations set out the framework for: (i) voluntary delisting (i.e., where a company seeks to delist its equity shares from any or all of the recognised stock exchanges on which its shares are listed); and (ii) compulsory delisting (i.e., where a recognised stock exchange orders the delisting of the equity shares of a company on any ground prescribed in the rules promulgated pursuant to the Securities Contract (Regulation) Act, 1956, as amended, or any successor thereto). The important changes introduced by the Delisting Regulations include:

The voluntary delisting of equity shares requires the approval of at least 2/3 of the public shareholders of the company; and

In the event of a successful delisting, the remaining public shareholders may tender their shares at the delisting price discovered through the “reverse book building” process within a period of one year from the date of delisting and the escrow account of the Promoter can only be closed after the expiration of this one-year period.

By a notification dated June 10, 2009, the Government has set out the grounds on which the equity shares of a company may be compulsorily delisted by a recognised stock exchange. The grounds include, inter alia: (i) the company having incurred losses during the preceding three consecutive years and having a negative net worth; and (ii) trading in the securities of the company having been suspended for a period of more than six months.

10.2.7. Insider Trading

The Indian Insider Trading Regulations prohibit an insider from dealing, either on its own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price sensitive information. The insider is also prohibited from communicating, counselling or procuring any unpublished price sensitive information while in possession of such information. Regulation 2 (e) of the Indian Insider Trading Regulations defines “insider” as any person who (i) is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or (ii) has received or has had access to such unpublished price sensitive information. Regulation 2 (k) defines “unpublished” as information which is not published by the company or its agents and is not specific in nature. Regulation 2 (ha) defines “price sensitive” information as any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of a company. “Connected persons” include directors, officers and employees of the company and persons who hold a position involving a professional or business relationship with the company (whether temporary or permanent) and who may reasonably be expected to have access to unpublished price sensitive information about the company. A “connected person” shall mean any person who is a or has during the six months prior been concerned with an act of insider trading.

All directors, officers, substantial shareholders and Promoters in a listed company are required to make periodic disclosures of their shareholding as specified in the Indian Insider Trading Regulations.

The Insider Trading Regulations require any person who holds more than 5% shares or voting rights in any listed company to disclose to the company of the number of shares or voting rights held by such person, on becoming such holder, within two (2) working days of:

(i) the receipt of information of allotment of shares; or

(ii) the acquisition of shares or voting rights, as the case may be.

On a continuing basis, any person who holds more than 5% of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by him and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made, provided such change exceeds 2% of total shareholding or voting rights in the company. Such disclosure is required to be made within two (2) working days of:

- (i) the receipt of information of allotment of shares; or
- (ii) the acquisition or sale of shares or voting rights, as the case may be.

Penalty for contravention of code of conduct:

Any employee/ officer/director who trades in securities or communicates any information for trading in securities in contravention of the code of the conduct may be penalised and appropriate action may be taken by the company. SEBI has the power to penalise persons who have violated regulations prescribed by SEBI, including the Indian Insider Trading Regulations and the Takeover Code, with imprisonment of up to ten years or monetary penalties of up to 250 million INR or three times the amount of profits made out of insider trading, whichever is higher. Penalties are prescribed by the Indian Insider Trading Regulations for non-compliance of disclosure requirements, in addition to unlawful insider trading.

10.2.8. Money Laundering

The Prevention of Money Laundering Act, 2005 (the “PMLA”), which came into force on 1st July 2005, embodies India's legislative commitment to the elimination and prevention of money laundering. The main objects of PMLA are (i) the prevention and control of activities concerning money laundering and (ii) the confiscation of property derived or involved in money laundering.

Under the PMLA, a person is guilty of an offence of “money laundering” if that person “directly or indirectly attempts or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property”. The term “proceeds of crime” has been defined under the PMLA to mean property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to an offence listed in the schedule to the PMLA.

Pursuant to the entry into force of the PMLA and the rules enacted thereunder, an FPI is required to maintain a record of all transactions having value of more than INR one million. An FPI is also required to appoint a principal officer who is obligated to report suspicious transactions and cash transactions above INR one million to the Director of the Financial Intelligence Unit set up by the Ministry of Finance. Further, in terms of the relevant Rules, FPIs are required to formulate and put in place an anti-money laundering policy based on the Guidelines issued by the SEBI in this regard. Accordingly, the Fund may furnish such information to the SEBI or the RBI as may be necessary for it to fulfil its obligations under the PMLA and rules enacted thereunder, including provision of any information as may be sought by the Financial Intelligence Unit. By subscribing to the Fund, investors consent to the disclosure by the Fund and/or the Administrator and/or the Investment Manager of any information about them, to the Financial Intelligence Unit and regulators in India including the SEBI and the RBI, upon request, in connection with money laundering and similar matters in India.

The Prevention of Money Laundering (Amendment) Bill, 2013 received Presidential assent on January 3, 2013. The amendment act enlarged the definition of 'money-laundering' to include concealment, acquisition, possession and use of proceeds of crime as criminal activities and removed the limit of INR 500,000 in fine. It provided for attachment and confiscation of the proceeds of crime even without conviction so long as it is proved that money-laundering has taken place and the property in question is involved in the crime. It made sweeping changes to the PMLA to introduce procedures relating to attachment and confiscation of property to give greater powers to the investigating agencies to prevent money laundering. The Government is also likely to bring in more reporting entities and a new category of offences with cross-border implications. The changes are in line with recommendations of the Global Financial Action Task Force, an inter-governmental policy-making body, with a mandate to establish international standards for combating money laundering and terror financing.

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 TIME THIS PROSPECTUS IS PRINTED. INVESTORS ARE URGED TO CONSULT THEIR OWN ADVISORS IN THIS REGARD.

11. ACCOUNTS

The Fund's Fiscal Year end is 30 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 Shareholders 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 sent to each registered Shareholder entitled to receive notice of the Meeting, at least 14 (fourteen) 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.

Additionally, a copy of the Fund's annual report and audited financial statements will be published on the Investment Manager's website.

12. RISK FACTORS

Investment in the Fund entails a high degree of risk and could result in substantial losses. Therefore, investment in the Fund should only be undertaken by investors of substantial means who can withstand a loss of their entire investment and are capable of evaluating and bearing such risks. Prospective investors should give careful consideration to the following risk factors and must rely upon their own examination, and ability to understand the nature of this investment, including the risks involved, in evaluating the merits and suitability of an investment in the Fund. The Fund cannot provide assurance that it will be able to achieve its investment objective or that investors will receive a return of their capital or returns thereon. The Fund is a highly speculative investment and is not intended as a complete investment program. It is designed only for persons who are able to risk losing their investment in the Fund and who have limited need for liquidity. Further, investment results may vary substantially on a quarterly or annual basis.

The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Additional risks and uncertainties not presently known to the Fund, or that it currently deems immaterial, may also have an adverse impact on the Fund's prospects and business. The following are only certain risks to which the Fund is subject and that the Fund wishes to encourage prospective investors to discuss in detail with their professional advisers. If any of the following risks actually occur, the business, financial condition or operations of the Fund could be materially adversely affected, the market price of the Participating Shares could decline and investors could lose all or part of their investment in the Participating Shares.

The risk factors described herein below are indicative.

Potential of Loss

There can be no assurance that the Fund will achieve its investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.

Loss of FPI Registration

The Fund shall be registered with SEBI as a foreign portfolio investor under the FPI Regulations. There is no assurance that continued registration will be allowed. If for any reason, the Fund's registration as a foreign portfolio investor is cancelled, the Fund could be forced to redeem its investments, and such forced redemption could adversely impact the investments made by the Fund (investing in its capacity as a foreign portfolio investor) and thereby the interests of the investors in the Fund.

Bonds

The Fund may invest in bonds or other fixed income securities, including commercial paper, "higher yielding" (and therefore, higher risk) debt securities or convertible bonds when the Investment Manager believes that such securities offer opportunities for capital growth. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities and tend to be more sensitive to economic conditions that are higher rated securities. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. The Fund will therefore be subject to credit, liquidity and interest rate risks. In particular, the evaluation of credit risk for debt securities may be uncertain because credit rating agencies throughout the world employ different standards for evaluating credit risk, thus making comparisons of credit risk evaluations across countries difficult. Moreover, because the market for credit spreads is often inefficient and illiquid, it is difficult to accurately calculate discounting spreads for valuing financial instruments.

Credit Default Swaps

The Fund may trade in credit default swaps (“CDS”). Credit default swaps are over-the-counter derivative contracts which generally trade with wide bid/offer spreads and the cost of trading in and out of such contracts could therefore negatively impact the Net Asset Value of the Fund. There can be no assurance that the counterparty to a CDS will be able to fulfil its obligations to the Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a CDS may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Callable CDS Risk

Callable CDS can be called back any time at the option of the buyer of protection. Their market volume is highly dependent on the size of FCCB issue and the demand for credit protection for these issues. Generally speaking, the demand for credit protection may increase when equity price falls, as FCCB investors seek to hedge themselves, but may wane when equity appreciates and the convertible is deeply in-the-money. Thus, unlike a straight CDS contract, protection seller’s upside is limited as the protection buyer can choose to call back the CDS and enter into a new CDS at more favourable levels. But, on the other hand the protection seller’s potential liability is the same as in the case of a straight CDS.

Collateralised Debt Obligations

The Fund may take long and short positions in collateralised debt obligations (“CDOs”). CDOs are a type of asset-backed security with cash flows linked to the performance of an underlying pool of debt instruments. The underlying pool of collateral backing a CDO may consist of one or more types of debt instrument including without limitation, bonds, bank loans, senior and subordinated debt, investment grade and high yield debt, issued by government as well as corporate entities. The underlying asset pool backing CDOs traded by the Fund may be acquired outright by buying the relevant debt instruments, or acquired synthetically by selling credit protection under a credit default swap or similar derivative instrument. The Fund may trade in CDOs backed by a pool of debt instruments and derivatives on debt instruments and may also trade in a wide range of other CDO products. In addition to the risks associated with debt securities and derivatives, due to the leveraged nature of CDOs such investments may be subject to more acute credit, liquidity and interest rate risks than the underlying component debt instruments and/or derivative instruments.

Credit Spreads

The Fund will make investments that expose it to corporate credit spreads and movements in such spreads will thus impact on the Net Asset Value per Share.

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 characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of newly public companies fail.

Currency Exposure

The Shares are denominated in US Dollars. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in the Rupee and other currencies. The Fund may even make active currency bets in line with its investment objectives. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager may, in certain circumstances, seek to hedge the resulting foreign currency exposure of the Fund. However, the Fund may not be able to successfully hedge all the positions and therefore may be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the currency of investment and such other currencies.

Inflation rates and interest rates in India

Inflation in India has recently risen to very high levels. High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the portfolio investments. Inflation may also directly affect the investee companies by increasing operating costs and/or reducing the returns from such investments; for instance, if rents at a particular price are fixed. In addition, high inflation may adversely affect local taxation of the companies.

Debt Securities

The Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Fund may invest in distressed and other lower quality debt securities which are subject to the significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk). The Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that the Fund invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events and other factors outside of the control of the Fund.

Derivatives

The Fund may utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and complex structured derivatives. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the value of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and

may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery. The use of derivatives exposes the fund to several additional risks, including: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). Use of complex derivative financial instruments and other techniques such as short sales expose the fund to several other risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

Hedging Transactions

Although the Fund may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, swaptions, caps and floors, futures and forward contracts generally for risk management purposes (the Fund may also utilize them for speculative purposes), there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Fund than if it did not engage in any such hedging transactions. Moreover, the Fund will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Fund may choose not to enter into hedging transactions with respect to some or all of its positions.

Sovereign Debt

Subject to limits under Applicable Law, the Fund may invest in debt securities issued by governments and their agencies, including governments of emerging markets. Investing in instruments of government issuers in emerging markets may involve significant economic and political risks. Holders of certain emerging market instruments may be requested to participate in the restructuring and rescheduling of these obligations and to extend further loans to their issuers. The interests of holders of emerging market instruments could be adversely affected in the course of restructuring arrangements. Sovereign debt rated below investment grade by a nationally recognized bond rating organization is regarded as

predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations.

Cross Class Liabilities

The Fund may have different Classes of Shares with different investment objectives and strategies. In the event that a particular Class suffers severe losses such that the liabilities of such Class exceeds its assets, creditors of that Class may be permitted to seek to recover from the assets of all the Classes of the Fund. There can be no assurance that steps taken by the Board of the Fund to minimize this risk will successfully eliminate any cross Class liability risk.

Multi-class company

In a multi-class company, the assets attributable to individual Classes are not protected from the creditors of other Classes. In the event that the liabilities of one or more Classes exceed the assets of those respective Classes, the Fund may be compelled to meet the deficiency by drawing on assets of other Classes. Creditors of the insolvent Classes may also attach the assets of other Classes. This could directly and/or indirectly result in partial or total loss in the Net Asset Value of solvent Classes. Also, at the time of each redemption of any Class 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 redemption of Shares of a particular Class 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.

Limitations of Investments

Under the existing FPI Regulations, the Fund can invest only up to 10% of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company. The investment of the Fund in equity of an Indian company is accordingly restricted to that extent.

For an FPI to be able to invest in government and corporate debt or debt securities in India, they first need to acquire debt allocation limits through auctions conducted by SEBI from time to time. A limit is a quota up to which an investor is allowed to invest in government or corporate debt securities. SEBI, from time to time, notifies the allocation limits, including the maximum and minimum amount that can be allocated to a single FPI. A failure to obtain or maintain the requisite quota could have a negative impact on the value of an investor's participation in the Fund. SEBI may also in future change the debt limit allocation mechanism for FPIs. Further, there is no assurance that the Fund will be successful in such bids and its failure in such bids poses a risk to the Fund.

Prior approval of SEBI required for any change in structure/ constitution/ addition of classes

On 7 April 2010, SEBI issued revised instructions for filing FII and sub-account registration applications, which expressly prohibits use of entities set-up as Protected Cell Companies ("PCCs")/ Segregated Portfolio Companies ("SPCs") at any level for registration as a FII or its sub-account. Also, entities set-up as Multi Class Vehicles ("MCVs") shall qualify for registration only if certain stringent restrictions are complied with which inter alia include that common portfolios shall be allocated across various share classes and it shall be broad based or if portfolios are segregated for each distinct share class, then each such share class shall satisfy the broad based criteria. Further, issuance of any new class would require a prior SEBI approval. Though the instructions were applicable to applications filed with

SEBI after 7 April 2010, SEBI vide its circular dated 15 April 2010 provided for applicability of the instructions on existing FIIs and sub-accounts as well. As per the Circular even existing FIIs and sub-accounts are required to furnish declaration on or before September 30, 2010 [. Thus, the Fund would be required to seek prior approval from SEBI for issuing any new class of Participating Shares to the investors, which could adversely affect the flexibility of the Fund for issuance of any new class of Participating Shares.

Further, please note that redemption by existing Shareholder may put a limitation on fresh investments by the relevant class of Participating Shares which fails to satisfy the broad based criteria as prescribed by SEBI. In the event, a particular class of Participating Shares does not fulfil the broad based criteria, the Fund may be forced to redeem the outstanding Participating Shares.

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

Each class is required to be Broad Based

Pursuant to SEBI Circular dated April 15, 2010 either each class has to meet the Broad Based Fund criteria established by SEBI or if all classes have common portfolio then the Fund as a whole should meet the Broad Based Fund criteria. This could adversely affect the flexibility of the Fund to create new class of Shares having distinct investment strategy and maintaining its own portfolio, if such class of Shares does not fulfil the Broad Based Fund criteria.

Please note that redemption by existing Shareholders may put a limitation on fresh investments by the Fund in the event it fails to satisfy the broad-based criteria as prescribed by SEBI. In the event, the Fund fails to fulfil the broad-based criteria, the Fund may be forced to redeem the outstanding Participating Shares or the Fund will have to freeze its trading till the time it changes its category of FPI registration to Category III FPI, where requirement of being broad-based is not applicable.

Risk Profile of Issuers

The Fund may invest substantially in corporate debt securities, which carry higher amount of risk than government securities. Further, even among corporate debt securities, debt securities which are AAA rated are comparatively less risky than debt securities which are AA rated. The Fund may invest in lower rated debt or unrated paper which may pose a high degree of risk of capital.

Risks associated with Investments in Unlisted Securities

The Fund may make investments in unlisted companies, whose securities should be considered illiquid. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such securities is much greater than the risk of investing in publicly traded securities. Moreover, these unlisted portfolio companies are not regulated by the same disclosure and investor protection norms that apply to listed companies.

Although the Fund may make investments in derivative instruments or securities of listed companies or units of mutual funds that invest in listed securities, certain investments may include relatively newly established companies and existing companies aimed at exploiting a high-growth high-risk market segment or niche, or is a segment of the industry that has a high degree of investment risk. Newly established companies may have little or no operating history, unproven methodology, untested

management, and unknown future capital requirements. These companies often face intense competition, from established and more experienced companies with much greater financial and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. Some of these companies may be experiencing or may have experienced severe financial problems and these problems may be difficult to, or may never be, overcome.

Investments in more mature companies which are in expansion mode or are in a highly profitable stage also involve substantial risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities.

Credit Risk

Debt securities carry a credit risk of repayment of principal or interest by the borrower. This risk depends on microeconomic factors such as financial soundness and ability of the borrower as also macro-economic factors. Credit risks of most issuers of debt securities are rated by independent and professionally run rating agencies in India. Domestic ratings of credit issued by these agencies typically range from “AAA” (read as “Triple A” denoting “Highest Safety”) to “D” (denoting “Default”), with about 6 distinct ratings between the two extremes. The highest credit rating (i.e. lowest credit risk) commands a low yield for the borrower. Conversely, the lowest credit rated borrower can raise funds at a relatively higher cost.

Price-Risk or Interest-Rate Risk

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

From the perspective of coupon rates, debt securities can be classified in two categories, i.e., fixed income bearing securities and floating rate securities. In fixed income bearing securities, the coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - ‘floats’ - with the underlying benchmark rate, e.g., MIBOR (Mumbai Inter bank Operating Rate), 1-yr treasury bill. Fixed income securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates.

The prices of government securities (existing and new) will be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.

Reliance on Key Personnel

All recommendations with respect to the investment of the Fund's capital will be made by the Investment Manager. Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future will depend largely upon the financial skills of the aforementioned individuals and their ability to source, select, complete and realize appropriate investments. Accordingly, no purchase of the Participating Shares should be made unless prospective investors are willing to entrust all aspects of the management and investments of the Fund to the board of the Fund and the Investment Manager. However, no assurance can be given that the board of the Fund and the Investment Manager will be successful in identifying or consummating economically attractive investments in a timely manner.

Termination of the Investment Management Agreement

As per the terms of the Investment Management Agreement between the Fund and the Investment Manager, both parties shall have a right to terminate the agreement by giving not less than sixty (60) days' notice, upon breach by the other party and failure to remedy such breach (if such breach is capable of remedy) within thirty (30) days of receipt of the notice served by the non-defaulting party requiring the defaulting party to remedy such breach. If the Fund does not find a suitable replacement for the Investment Manager upon termination of the Investment Agreement, it could adversely affect the business or activities of the Fund.

No Current Income

The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will probably not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

No Assurance on Investment Returns

The Investment Manager's task of identifying and evaluating investment opportunities, managing such investments and realising a significant return for the investors is challenging. Many organizations operated by person of competence and integrity have been unable to make, manage and realise such investments successfully. There is no assurance that the Fund will be able to invest its capital on attractive terms or generate returns for its investors. Any inaccuracy of assumptions, failure to satisfy certain financial requirements and the occurrence of any unforeseen events could impair the ability of a company, whether listed or unlisted, to realise project values and cash flows.

The success of the Fund's investment activities will depend on the Investment Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves some degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities and derivatives markets. Market factors including, but not limited to, general liquidity conditions, and a reduction in pricing inefficiency of the markets in which the Fund will seek to invest, may reduce the scope for the Fund's investment strategies. The Fund may be adversely affected by unforeseen events and factors beyond its control including such matters as changes in the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

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 charges to which the Fund is subject. 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.

Competition

The securities industry and the arbitrage business in particular, are extremely competitive. The Fund will be competing with other investors having similar investment objectives including many of the larger investment banking firms, financial companies and other venture capital or private equity funds which have substantially greater financial resources than the Investment Manager has, substantially greater numbers of research staff and more securities traders than the Investment Manager has. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by the Fund and the price it expects to receive upon conclusion of the transaction.

There can be no assurance that the Fund will succeed in finding investments on similar or more favourable terms in comparison to its competitors. Such competition may have an adverse effect on the ability of the Fund to successfully utilize the total commitments as well as on the length of time required for the same. Moreover, these investments are not free from risk and may be subject to the liquidation risk of the issuing entities.

Reliance on Certain Information

The Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the regulatory authorities or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data and makes no representation and gives no warranty in that regard.

Concentration of Investments

From time to time, and subject to Applicable Laws and regulations, a significant portion of the Fund's capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its investments.

Exchange Rules

Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.

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.

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.

Leverage

The Fund is authorised to borrow money to fund redemption requests when deemed appropriate by the Board and to the extent permitted under the applicable regulations. The loans to the Fund will be collateralized with class securities that may decrease in value and so the Fund may be obliged to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund. The Fund shall not post Indian securities as collateral to the extent required by Applicable Law.

Liquidity Risk

The corporate debt market is relatively illiquid vis-a-vis the government securities market. Therefore, there could be difficulties in exiting from corporate bonds in times of uncertainties. If the Fund looks to exit its investment before maturity of the underlying instruments, this may effectively hinder in achieving the investment objective of the Fund and also lead to an adverse taxation which may affect the returns from the Fund.

[To manage liquidity risk for any fixed-income portfolio, the related sub-fund may invest up to 10% of its Net Assets in highly liquid USD fixed-income such as term deposit and US Treasury Bills.](#)

Illiquidity of Shares

Transfers of Shares are restricted; there is no market for Shares and accordingly, Shares may be disposed of only through the redemption procedures described elsewhere in this Prospectus or by a transfer to an Eligible Investor as described in this Prospectus. Under certain circumstances, such redemption procedures may entail a significant delay in redemptions.

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.

Distributions/Redemptions in Cash or Kind

The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions. Notwithstanding the foregoing, the Fund may, in its discretion, settle redemptions in kind. It is presently intended that all earnings of the Fund will be reinvested.

Notice Required

A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.

Compliance and Legal Requirements

The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension and other laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

Change in Applicable Law; Enforcement Issues

Any change in the Applicable Law, which requires changes, including retrospective changes, in the structure or operations or investment policies of the Fund, may adversely impact the performance of the Fund. The Fund (or any portfolio companies) may have difficulty in successfully pursuing any claims in Indian courts due to the slow judicial system in India, as compared to other developed countries. Not only may it be difficult to obtain swift and equitable enforcement of laws, but it may also be difficult to obtain a swift enforcement of a judgment (including a foreign judgement) in Indian courts.

Institutional Risk and Custodial Risks

The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments

which the Fund provides). In the event of such broker's insolvency, the transactions which the broker has entered into as principal could default and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. In this regard, the Fund assets may be held in "street name" such that a default by the broker may cause the Fund's rights to be limited to that of an unsecured creditor.

Reserves

Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.

Forced Liquidation

Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial redemptions would result in the remaining Shareholders proportionally bearing a greater percentage of the Fund's fees and expenses.

Litigation and Claims

The Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a law suit or proceeding arising from a Director's wilful default or fraud or the Investment Manager's gross negligence, wilful default, or fraud in the performance of its duties, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund.

Additionally, the Fund could also be subject to taxation litigations in India and risks of these litigations are high. Any expenses or liabilities on account of tax litigations arising to the Fund shall be borne by the Fund.

Limitation on distributions

At the time of each redemption of any Participating Shares, the Fund would have to meet the Solvency Test. In case the Fund does not meet the Solvency Test, then 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.

Exchange Rate Fluctuations

The Fund invests principally in Indian Rupee denominated instruments, which may be subject to exchange rate fluctuations with consequent reductions in the US dollar denominated Net Asset Value. The Fund may hedge currency exposure of its investments only to the extent of the principal amount so invested in the underlying securities. The hedging shall be subject to applicable credit limits for the Fund and applicable legal and regulatory restrictions.

The repatriation of capital may be hampered by changes in local regulations concerning exchange controls or political circumstances.

Emerging Markets

The Fund will invest in securities of emerging markets including but not limited to India. Investing in the securities of issuers in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of Fund portfolio securities and cash with non-U.S. sub custodians and securities depositories.

Political, Economic, and Regulatory Risks

The liquidity of the Shares and the Net Asset Value of the Fund may be affected generally by changes in policies and laws of the local government (including exchange rates and controls), interest rates and taxation, social and religious instability and political, economic or other developments in the emerging markets. Generally, emerging market regulatory standards and disclosure standards are less stringent than standards in developed countries and there may therefore be less publicly available information about emerging market companies than is regularly available about companies located in developed countries. Accounting standards and requirements in emerging markets differ significantly from those applicable to companies in developed countries. Emerging markets have experienced substantial fluctuations in the prices of listed securities. The emerging market stock exchanges have been subjected to broker defaults, failed trades and settlement delays and local regulators can impose restrictions on trading in certain securities, limitations on price movements and margin requirements.

The increased volume of trading in the emerging markets as a result of the inflow of foreign investment has caused severe settlement difficulties resulting in significant delays in the settling of trades and registering of transfers of securities. The emerging stock markets are more volatile than the stock markets of developed countries. Emerging markets are exposed to the risks of radical, political or economic change which could adversely affect the value of the Fund's investments.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. In addition, hostilities in emerging markets may have a material adverse effect on the market for securities. Hostilities have been experienced between neighbouring countries such as India and Pakistan. In recent years, military confrontations between India and Pakistan have occurred in Kashmir and along the India – Pakistan border. Although the 2 (two) nations are contemplating various measures to ease the tension, including the granting of full most favoured nation status by Pakistan to India, Government of India permitting foreign direct investment in India from Pakistan through Government approval route, the environment continues to remain volatile. Military activity or terrorist attacks in the future could influence the economies by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in

emerging companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the economies and could have a material adverse effect on the market for securities. Political instability or changes in the Government could impact on the liberalisation of the emerging economies and adversely affect economic conditions. Recent government corruption scandals and protests against privatization could slow down the pace of liberalisation and deregulation. A significant change in economic liberalisation and deregulation policies could disrupt business and economic conditions.

Economic and Business Conditions

General economic and business conditions may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.

Risks in relation to Intervening Countries

Where the Fund's investments are held or made through vehicles established in another country, for example, India, the value and performance of investments and returns thereof may be affected by the political, economic and regulatory conditions of that country.

Risks of Taxation

ANYONE CONTEMPLATING AN INVESTMENT IN THE FUND IS STRONGLY ADVISED TO SEEK THE ADVICE OF A QUALIFIED EXPERT ON MATTERS OF TAXATION OF INVESTMENTS IN A FUND INVESTING AS AN FPI.

The section on Tax Aspects is a summary of taxation law and practice in force in the relevant countries at the date of this Prospectus and is subject to changes therein and is not exhaustive. Investors will be subject to risks and uncertainties associated with tax, which can be complex for all types of investors, including tax exempt entities. Levels and bases of taxation in the relevant countries may change. Where investment is made through a Mauritius entity, the repeal or amendment or adverse interpretation of the Treaty or the applicable taxation laws may adversely affect the performance of the investments and thus the value of the Fund. The Fund's investment as an FPI, will be made with an intention to achieve the Fund's investment objectives, and notwithstanding anything contained herein to the contrary, there can be no assurance that the structure of any investment will be tax efficient for any particular investor, that any particular tax result will be achieved or that distributions may not be subject to withholding or other taxes. Prospective investors should consult their own professional advisors with respect to the specific tax consequences of any investment in the Fund.

GAAR

The Government of India has inserted provisions on GAAR in Finance Act 2013 which will be effective from financial year ending March 31, 2016 (i.e. Assessment Year 2016-17). The GAAR provisions are new and its operational guidelines are being introduced gradually, as the applicability of these provisions will commence from April 1, 2015 onwards. These provisions are enacted to restrict tax benefits to transactions or structures that are undertaken with purpose of tax avoidance and lack commercial substance. Once these provisions are implemented and all related operating guidelines are introduced, the Mauritius Treaty could be denied by tax authorities to the Fund in India under GAAR, if the structure is assessed to be covered under GAAR and without commercial substance with objective of tax avoidance.

Taxation of Offshore Transfer of Shares

In a recent case of a cross border acquisition transaction (Hutchison – Vodafone transaction) involving the transfer of shares of a non-resident company (holding underlying shares in an Indian company) to another non-resident company, the Indian revenue authorities have made inquiries about the said transaction, in their bid to tax the gains arising from such transfer. Further, the Indian revenue authorities have been issuing notices to FIIs requesting them for information on participatory notes issued by them to investors, with an intention of bringing these transactions under the tax net.

This represents an emergence of a new trend on the part of Indian revenue authorities to tax offshore transfer of shares. The outcome of the Vodafone case should provide some clarity on the issue of taxability of offshore transfer of shares and consequently on the taxability of the investors from redemption of shares of the Fund. Until then, there always remains a risk of Indian revenue authorities taxing an offshore transfer of shares.

Taxation on redemption of debt instruments

In case of redemption of debt instrument, there is a potential risk that the tax authorities may not accept the premium on redemption of these instruments, such as non-convertible debentures, deep discounted bond, etc. in the nature of capital gains and may characterize the same as interest payments. In the event, the premium was characterized as interest, there would be adverse tax consequence on the Fund and the returns to the investors shall be adversely affected. Please refer to the Section 10 on “Tax Considerations” for more information on how interest payments are taxed. No opinion has been received or is being sought with respect to the taxation of redemption of debt instruments.

India-Mauritius Double Taxation Treaty

The Mauritius legal framework under which the Fund will invest in India may undergo changes in the future, which could impose additional costs or burdens on the Fund’s operations. Future changes to Mauritian or Indian Law, or the Treaty, or the interpretations given to them by regulatory authorities could impose additional costs or obligations on the Fund’s activities and status in Mauritius. Significant adverse tax consequences would result if the Fund did not qualify for the benefits under the Treaty. There can be no assurance that the Fund will continue to qualify for or receive the benefits of the Treaty or that the terms of the Treaty will not be changed. No opinion has been received or is being sought with respect to the application of the Treaty to the Fund.

Withholding of tax

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.

Risks from Illiquidity

The Shares are not listed or dealt in on any stock exchange and no application for listing on any stock exchange is anticipated. In addition, no market maker in the Shares has been appointed. It may be difficult therefore for an investor to sell or realise his/its Shares otherwise than as provided in the Articles, the Constitution and this Prospectus. In addition, the Fund may make redemption payments to certain Shareholders in specie. Shareholders receiving redemption payments in specie may incur brokerage costs in converting such securities to cash. Such conversions will be subject to the market risks set forth above. A subscription for Shares should therefore be considered only by persons financially able to maintain their investment for an extended period of time and who can afford the loss of all or a substantial part of such investment. If redemptions or other distributions are affected in kind, investors may be required to bear the economic risk of ownership of such investments for an indefinite period.

Risks in relation to Investment Structure

Where the Fund's investments are held or made through entities established in another country, for example, India, the Fund may be subject to risk of financial loss of part/whole of their assets in the event of the bankruptcy, winding up, judicial management, liquidation, or any such similar adverse event affecting such entity.

Winding up

On a winding up, whether as a solvent or an insolvent company, the liquidator will distribute the assets of the Fund in accordance with the Applicable Law and the Constitution.

Limitations on Control by Shareholders

Shareholders have no right to require that Shares of the Fund be invested in a particular manner. The Board of the Fund may under certain circumstances (as outlined in the Constitution) postpone or mandate redemptions of particular shareholders and may impose or remove investment limitations on the Fund. Furthermore, any Share transfer requires the approval of the Board of the Fund. These limitations on the rights of Shareholders may adversely affect the Shareholders' ability to implement their desired investment strategies or decisions.

Non-U.S. Securities

Investing in securities of non-U.S. governments and companies domiciled or operating outside of the United States involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Accounting and Disclosure Standards

Accounting, financial and other reporting standards followed in India are not equivalent to those followed in more developed countries. Differences may arise in areas such as valuation of properties and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent liabilities

and foreign exchange transactions. Accordingly, less information may be available to investors.

The financial statements of Indian companies are prepared in conformity with the generally accepted accounting principles followed in India ("**Indian GAAP**"), consistently applied during the periods stated, except as provided, and no attempt has been made to reconcile any of the information given in this Prospectus or any other principles or to base it on any other standards. Indian GAAP differs in certain material aspects from International Accounting Standards ("IAS")/International Financial Reporting Standards ("IFRS") and other accounting principles and auditing standards with which prospective investors may be familiar.

Indemnification of Directors and the Investment Manager

The investment management agreement between the Fund and the Investment Manager *inter alia* provides for indemnification of the Investment Manager against all actions, proceedings, claims, losses, damages, liabilities, costs and expenses incurred by the Investment Manager by reason of the performance of its obligations or functions under the terms of that agreement, including all legal and professional expenses, except such as shall arise from wilful misconduct, or gross negligence in the performance of its duties, or by reason of a material breach or default of its obligations and duties. The Investment Manager shall not be liable for any error of judgement or for any misconduct or negligence on part of any agent selected by the Investment Manager with reasonable care or if the Fund fails to achieve its investment objectives or for any loss arising out of any advise or for any act or omission in the performance of the investment management services rendered to the Fund or otherwise, except for wilful misconduct, fraud or gross negligence in the performance of its duties. Such indemnification may impair the financial condition of the Fund and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

Risk of the investments being in debt securities that may make bullet payment of interest and principle

The Fund may make investment in debt securities that shall be redeemed by their issuers on a bullet payment basis, on their maturity at specified date(s) and may not be traded, restricting their liquidity. Further the interest on such securities may also be paid by their issuers on bullet payment basis, along with the redemption proceeds.

Forward Looking Statements

This Prospectus contains forward-looking statements. These forward-looking statements reflect the Investment Manager's or Board of Director's views with respect to future events. Actual results could differ materially from those in the forward-looking statements as a result of factors beyond the Fund's control. Shareholders are cautioned not to place undue reliance on such statements.

Passive Investments

Shareholders will have no opportunity to control the operations, including investment and disposition decisions, of the Fund. Shareholders must rely entirely on the Investment Manager to conduct and manage the affairs of the Fund.

Disclosure of Information

To the extent that the Investment Manager determines in good faith that it is reasonably foreseeable that information regarding actual or prospective portfolio investment and/or intermediate companies acquired by the Investment Manager or its affiliates could be disclosed by a Shareholder as a result of such Shareholder being subject to laws in the nature of freedom of information acts, or as a result of it being subject to public disclosure laws, statutes, statutory instruments, regulations or policies of the Fund and the disclosure of such information would not be in the best interests of the Fund, the Investment Manager or the investment, the Investment Manager may, in order to prevent any such potential disclosure, withhold all or any part of the information such Shareholder would otherwise be entitled to receive or have access.

Back-Office Operations

Any one or more of the service providers to the Fund, including the Investment Manager, or the Administrator, the Custodian, the bankers to the Fund or any other service providers may, to the extent permitted by applicable law, outsource some or all of their back-office operations relating to the Fund to third-party service providers. This can potentially expose the Fund and its Shareholders to the risk of sensitive information being inadvertently provided to unauthorised persons. The Investment Manager shall exercise due diligence while outsourcing to reasonably ascertain that proper procedures exist.

Shareholders Will Not Participate in Management

A Shareholder has no right to participate in the management of the Fund or in the conduct of their business. There exists broad discretion to expand, revise, or contract the business of the Fund, without the consent of the Shareholders. Any decision to engage in a new activity could result in the exposure of the Fund's and the Fund's capital to additional risks which may be substantial.

Special Investment and Trading Risks

Special risks may be associated with the Fund's investments in credit and structured finance transactions including CDOs, CLOs and other types of securitised assets. The securities in which the Fund is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions. The valuation of structured finance transactions is more complicated than the analysis of other fixed income instruments due to lack of history with regard to the default behaviour and recovery rates of such or similar corporates. Structured finance transactions executed solely in derivatives form may have unique risks which may include, but not remain limited to, legal enforceability of the contract, regulatory issues towards deliverability of the underlying. The Fund may also invest in other types of special investments carrying illiquidity, complexity and other such risks. These may include, but may not be limited to, investments in private equity, real estate, and other complex investment/trading strategies including those managed by third party investment managers, through a variety of structures.

13. MATERIAL CONTRACTS

The Fund has entered into the following contracts which may be material:

1. The Investment Management Agreement between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed Investment Manager of the Fund;

2. The Administration Agreement between the Fund and the Administrator pursuant to which the Administrator was appointed administrator and registrar and transfer agent, of the Fund;
3. The Agreement between the Fund and the Company Secretary pursuant to which the Company Secretary was appointed as company secretary of the Fund;
4. The Custodian Agreement, between the Fund and the Custodian pursuant to which the Custodian is appointed to act as the custodian to the assets of the Fund.

14. GENERAL INFORMATION AND DATA PROTECTION

14.1. Available Documents

This Prospectus is not intended to provide a complete description of the Fund's Constitution or the agreements with the Investment Manager, Administrator, FII and various brokers summarized herein. Copies of the following documents are available for inspection by Shareholders and prospective investors during normal business hours at the Fund's registered office:

The Prospectus
The Companies Act, 2001 of Mauritius (as amended);
The Constitution and Certificate of Incorporation of the Fund;
The material contracts referred to above or in any Supplement;
The Category 1 Global Business Licence;
The Tax Residence Certificate.

14.2. Enquiries and Communication with the Fund

All communications and correspondence with the Fund and enquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator at the address set forth in the "**DIRECTORY**".

14.3. Data Protection

A subscriber's/investor's personal data may be utilised by the Fund, the Directors, the Investment Manager and/or the Administrator for any of the following purposes:

- (a) to properly identify the subscriber/investor in accordance with anti-money laundering regulatory requirements;
- (b) to properly record the subscriber's/investor's interest in the Fund in accordance with relevant corporate laws and regulations; and
- (c) to advise the subscriber/investor of matters relating to its investment in the Fund, including current values and changes to Fund documentation etc.

By agreeing to invest in the Fund, a subscriber/investor acknowledges and accepts that the Fund, the Directors, the Investment Manager and/or the Administrator may hold and process personal data for the purposes outlined above and further acknowledges and accepts that:

- (a) information supplied on the Subscription Form and otherwise in connection with the subscriber's/investor's subscription may be held by the Fund, the Directors, the Investment Manager, and/or the Administrator and will be used for the purposes of processing the

subscriber's/investor's subscription and completion of information on the register of investors, and may also be used for the purpose of carrying out the subscriber's/investor's instructions or responding to any enquiry purporting to be given by the subscriber or on its behalf, dealing in any other matters relating to the subscriber's/investor's holding (including the mailing of reports or notices), forming part of the records of the recipient as to the business carried on by it, observing any legal, governmental or regulatory requirements of any relevant jurisdiction (including any disclosure or notification requirements to which any recipient of the data is subject). All such information may be retained after the termination of the Fund or the transfer of the subscriber's/investor's holding; and

- (b) subject to the Subscription Form, the Fund, the Directors, the Investment Manager and/or the Administrator may generally, subject to the requirements of Applicable Law relating to personal information, disclose and transfer such information to the Directors, the auditors to the Fund, the prime brokers to the Fund, and the Investment Manager including any of their employees, officers, directors and agents and/or their affiliates or to any third party employed to provide administrative, computer or other services or facilities to any person to whom data is provided or may be transferred as aforesaid, and/or to any regulatory authority entitled thereto by law or regulation (whether statutory or not) in connection with the subscriber's/investor's investment in the Fund.

All individual investors have the right of access to, and to update, all their records (whether held on computer files or manually) held by the Administrator. A copy of such record will be provided to an investor who requests it, upon the payment of a modest administration charge to cover the costs of complying with such requests. Requests should be made in writing to the Administrator at the address provided in the Subscription Form.

The Fund and the Investment Manager may use the general data and personal data which may be fed into and stored on systems which are either proprietary systems of the Administrator and its Affiliates or vendor managed systems where the servers may be in Mauritius or outside Mauritius whether under the control of the Administrator or its Affiliates or not.

15. POTENTIAL CONFLICTS OF INTEREST

The Investment Manager and Administrator and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties (the "**Related Parties**") may face certain conflicts of interests in relation to the Fund. These conflicts include, but are not limited to:

- (i) The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Fund. The Investment Manager and each of its directors may have financial or other incentives to favour some such pools or accounts over the Fund.
- (ii) The Investment Manager believes that it will continue to have sufficient staff, personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.
- (iii) The Fund may invest the Fund's capital in investment funds and/or with other accounts advised / managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Fund and, directly or indirectly, from the

other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Fund.

- (iv) Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. In the event that the Fund intends to engage in any such transaction, the Fund may appoint an independent client representative to give or withhold the consent of the Fund to such transactions.
- (v) The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Fund, deal as principals with the Fund in the sale or purchase of investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.
- (vi) The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the Investment Manager or a Related Party. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honour Shareholders' redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.

Other Activities

The Administrator, the Investment Manager, each of their affiliates and Directors may engage in other business activities and manage the accounts of clients other than the Fund including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Fund. None of the Administrator, the Investment Manager, or their affiliates and directors is required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, investment advisor or managing agent for investment vehicles with objectives similar to those of the Fund.

16. APPLICABLE SUPPLEMENT OF CLASS SHARES IN THE CLASS DESIGNATED AS SBM MAHARAJA BOND FUND

The following details the offering of Class Shares in the Class designated as the SBM Maharaja Bond Fund. In case of contradiction between this section and other sections of this Prospectus, this section prevails. In case any information regarding the offering is not mentioned in this section, the other relevant general sections of this Prospectus apply. The terms hereof are subject to modification or withdrawal. Potential investors are urged to read carefully this entire Prospectus before making an investment in the Fund.

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| Class | SBM Maharaja Bond Fund |
| Offer in relation to the Class designated as SBM Maharaja Bond Fund | <p>The Fund has created Participating Shares in the Class designated as SBM Maharaja Bond Fund which was offered at an initial offer price of US\$ 100 per Participating Share during the Initial Offer Period, and at the prevailing Net Asset Value per Share, on any Dealing Day thereafter. Class Shares shall be fully paid up on subscription.</p> <p>Upon acceptance of the subscription, Subscribers shall be allotted such number of fully paid up Participating Shares in SBM Maharaja Bond Fund that shall be equal to the Subscriber's investment net of all bank charges and subscription fees divided by the initial offer price..</p> <p>The total expense ratio, (including the underlying Fund fees & expenses but shall not include bidding costs incurred for the acquisition of debt limits (if any), any kind of tax liabilities or any extraordinary expenses incurred by the Fund in relation to the Class) should not exceed 3%</p> |
| Investment Restrictions | SBM Maharaja Bond Fund is subject to the restrictions set forth in Section 6.1. |
| Investment Objective | SBM Maharaja Bond Fund is a fixed income offering that seeks to generate optimal returns by investing in a portfolio of debt and debt-related instruments issued by government and corporates in India. The scheme endeavors to maintain an adequate level of credit quality and liquidity. |
| Investment Strategy | <p>SBM Maharaja Bond Fund invests in a diversified portfolio of debt securities and sovereign securities, including but not limited to:</p> <ul style="list-style-type: none"> • T-bills/government bonds; • Corporate bonds; and • Commercial deposit/papers. |
| Applications/subscriptions | Participating Shares in SBM Maharaja Bond Fund may be subscribed for in accordance with the provisions set out in Section 6.1 of this Prospectus. |
| Redemptions | Participating Shares in SBM Maharaja Bond Fund may be redeemed for in accordance with the provisions set out in Section 6.2 of this Prospectus |
| Minimum redemption | \$10,000 |
| Minimum holding | \$10,000 |

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| Business Day | Any day (except Saturdays, Sundays, public holidays and such other day as the Directors may determine) on which banks in Mauritius, and in Mumbai, India are operational |
| Dealing Day | The first Business Day of the week |
| Valuation Day | The last Business Day of the week |
| Management Fee | 0.50% per annum. Management Fee will be calculated on the basis of the Net Asset Value as at each Valuation Day and payable monthly in arrears and which shall be paid out of the monies of the Fund. |
| Subscription Fee | 0.50% on the subscription amount. The Subscription Fee will be retained by the Investment Manager to meet any administration costs in relation to subscription of Shares. However, the Fund and/or the Investment Manager may waive all or any of the subscription fees. |
| Redemption Fee | In respect of the redemption of Participating Shares, a redemption fee percentage will be applied to the Net Asset Value per Share. The Redemption Fee shall be deducted from the Redemption Price payable to the Shareholder. The Redemption Fee will be retained by the Investment Manager to meet administration costs in relation to any redemption of shares and such cognate expenses. This fee percentage has been set at a declining scale depending upon the period of holding the Shares as follows: From investment date to one year - 3.00% of Net Asset Value per Share; From investment date to two years - 2.00% of Net Asset Value per Share; From investment date to three years - 1.00% of Net Asset Value per Share; After three years from investment date - No charge However, the Fund and/or the Investment Manager may waive all or any of the redemption fees. |
| Performance Fee | The Investment Manager will be paid a Performance Fee of 10% (net of management fees) of the appreciation of each of the Client Portfolio over the High Water Mark, subject to a Hurdle Rate of 4% per annum on an IRR basis in USD terms. The Performance Fees shall be payable at the end of the Performance Period or at the redemption of the Client Portfolio (in whole or in part) during which the appreciation in the Client Portfolio above the prevailing High Water Mark would be calculated. In case of a redemption made by the Subscriber, the Performance Fees shall be payable only for the portion of the Client Portfolio being redeemed. In order to ensure that Subscribers are not penalized if their Client Portfolio has not performed as well other Client Portfolios, the Fund may compulsorily redeem Participating |

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| | <p>Shares in the performing Client Portfolios in order to pay the Performance Fee attributable to that Client Portfolio.</p> <p>All or any part of the Performance Fee may be waived at the discretion of the Investment Manager.</p> |
| Risk Profile | An investment in this Class is suitable for investors with a low to medium risk profile. |
| Suitability | Suitable for investors with investment horizon of over one year. |