

Copy No: \_\_\_\_\_

Furnished to: \_\_\_\_\_

---

---

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ALTAVISTA CAPITAL INDIA FUND LIMITED**

*a Mauritius Public Limited Liability Company*

**27 April 2015**

---

---

# **DIRECTORY**

## **DIRECTORS**

Lindsay Adamson  
Tim Ireton  
Shahed Ahmad Hoolash  
Asif Beebeejaun  
Junaid Udhin

## **MANAGER**

Altavista Investment Management Ltd.  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## **INVESTMENT MANAGER**

Altavista Investment Management UK LLP  
20<sup>th</sup> floor, Marble Arch Tower  
55 Bryanston Street  
London W1H 7AA  
United Kingdom

## **ADMINISTRATOR TO THE FUND**

Deutsche International Trust Corporation  
(Mauritius) Limited  
4th Floor Barkly Wharf East  
Le Caudan Waterfront  
Port Louis  
Mauritius

## **AUDITORS & MAURITIAN TAX ADVISORS TO THE FUND**

Deloitte  
7<sup>th</sup> Floor, Raffles Tower  
19 Cyberville  
Ebène  
Mauritius

## **CUSTODIAN**

The Hongkong and Shanghai Banking Corporation Limited, India  
11th Floor, Building 3, NESCO - IT Park  
NESCO Complex, Western Express Highway  
Goregoan (East), Mumbai - 400063, India

## **LEGAL ADVISORS**

### **As to English and US Law**

Schulte Roth & Zabel  
International LLP  
One Eagle Place  
London SW1Y 6AF  
United Kingdom

### **As to Mauritius Law**

Anand Kumar Gujadhur  
Madun Gujadhur Chambers  
Ground Floor  
Fon Sing Building  
Pope Hennessy Street,  
Port Louis, Mauritius

### **As to Indian Law**

Nishith Desai Associates  
93-B Mittal Court  
Nariman Point  
Mumbai - 400 021  
India

### **Additional Counsel to the Fund as to Indian law**

Khaitan & Co  
One Indiabulls Centre, 13th Floor, Tower 1, 841 Senapati Bapat Marg  
Mumbai – 400 013, India

### **Registered Office of the Fund:**

c/o Deutsche International Trust Corporation (Mauritius) Limited, 4<sup>th</sup> Floor, Barkly Warf East,  
Le Caudan Waterfront, Port Louis, Mauritius

## **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

### **ALTAVISTA CAPITAL INDIA FUND LIMITED**

Defined terms and expressions have the meanings set forth herein and in the "Definitions" section.

Altavista Capital India Fund Limited is a public company with limited liability incorporated under the laws of Mauritius on 21 October 2010 authorised to operate as a collective investment scheme classified as an expert fund for the benefit of non-US Persons and Permitted US Persons which are Expert Investors.

The Directors, whose names are set forth in the directory above, accept responsibility for the information contained in this Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Memorandum has been prepared for the information of the person to whom it has been delivered (the "Recipient") by or on behalf of the Fund, and may not be reproduced or used for any other purpose. Due to the confidential nature of this Memorandum, its use for any other purpose could result in serious legal consequences. By accepting this Memorandum, the Recipient agrees (i) not to reproduce or distribute this Memorandum, in whole or in part, without the prior written consent of the Fund or its authorised representatives, (ii) to return this Memorandum to the Fund or its authorised representatives upon request and (iii) not to disclose any information contained in this Memorandum or any other information relating to the Fund, including, without limitation, Fund performance and financial statements, to any person who is not a trustee, director, officer, employee, auditor, agent, attorney, financial adviser or other professional adviser responsible for matters relating to the Fund or who otherwise has a need to know such information in connection with such person's responsibilities with respect to the Recipient and who is under an obligation to keep such information confidential, except to the extent such information is in the public domain (other than as a result of any action or omission of the Recipient or permitted person to whom the Recipient has disclosed such information). Notwithstanding anything to the contrary in this Memorandum, each investor (and each employee, representative or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Fund and (ii) any of their transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such investor relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Fund or (ii) the parties to a transaction.

This Memorandum is accurate as of its date, and no representation or warranty is made as to its continued accuracy after such date. Information contained in this Memorandum is subject to modification, supplementation and amendment at any time and from time to time. Each investor will be required to acknowledge that it made an independent decision to invest in the Fund and that it is not relying on the Fund, the Administrator, the Manager, the Investment Manager or any other person or entity (other than such investor's own advisers) with respect to the legal, tax, financial, risk or other considerations involved in an investment in the Fund. Past performance is no guarantee of future results.

No offering literature or advertising in whatever form will be employed in the offering of the Shares except for this Memorandum or statements contained herein. No person has been authorised to make any representation, or give any information, with respect to the Shares, except the information contained in this Memorandum. The offeree must subscribe solely on the basis of the information set forth in this Memorandum.

Certain information contained in this Memorandum constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe", or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results of the actual performance of any investment made by the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Prospective Shareholders should carefully read this Memorandum. However, the contents of this Memorandum should not be considered to be investment, legal or tax advice, and each prospective Shareholder should consult with its own counsel and advisers as to all matters concerning an investment in the Fund.

---

THE SHARES ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS (I) WHO ARE NON-US PERSONS OR PERMITTED US PERSONS, (II) THAT DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, (III) FOR WHICH AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND (IV) THAT FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE FUND'S INVESTMENT PROGRAM. EACH SUBSCRIBER FOR SHARES WILL BE REQUIRED TO REPRESENT THAT IT IS ACQUIRING THE SHARES FOR ITS OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TOWARD DISTRIBUTING OR RESELLING THE SHARES IN WHOLE OR IN PART. THERE IS NO ESTABLISHED SECONDARY MARKET FOR THE SHARES, AND NONE IS EXPECTED TO DEVELOP. THE REDEMPTION AND TRANSFER OF SHARES IS SUBJECT TO LIMITATIONS IMPOSED BY THE ARTICLES.

---

THE FINANCIAL SERVICES COMMISSION OF MAURITIUS ("FSC") HAS ISSUED A CATEGORY 1 GLOBAL BUSINESS LICENCE TO THE FUND AND THE FUND HAS BEEN AUTHORISED TO OPERATE AS A COLLECTIVE INVESTMENT SCHEME CLASSIFIED AS AN EXPERT FUND UNDER THE SECURITIES ACT 2005 AND THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED END FUNDS) REGULATIONS 2008. IT MUST BE UNDERSTOOD THAT IN GIVING THIS AUTHORISATION, FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THE FUND..

AN INVESTMENT IN THE FUND IS ONLY AVAILABLE FOR EXPERT INVESTORS. AN "EXPERT INVESTOR" IS DEFINED UNDER THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED-END FUNDS) REGULATIONS 2008 OF

MAURITIUS AS (i) AN INVESTOR WHO MAKES AN INITIAL INVESTMENT, FOR HIS OWN ACCOUNT, OF NO LESS THAN U.S. \$100,000; OR (ii) A SOPHISTICATED INVESTOR AS DEFINED IN THE SECURITIES ACT 2005 OF MAURITIUS (AS DESCRIBED HEREUNDER), OR ANY SIMILARLY DEFINED INVESTOR IN ANY OTHER SECURITIES LEGISLATION.

"SOPHISTICATED INVESTORS" FOR THE PURPOSES OF THE SECURITIES ACT 2005 OF MAURITIUS INCLUDES GOVERNMENT OR STATUTORY CORPORATIONS, COMPANIES WHOLLY OWNED BY THEM, THE GOVERNMENT OF A FOREIGN COUNTRY OR AGENCY OF SUCH GOVERNMENT, BANKS, FUND MANAGERS, INSURANCE COMPANIES, INVESTMENT DEALERS AND ADVISERS AND ANY OTHER PERSON DECLARED BY THE FSC TO BE A SOPHISTICATED INVESTOR.

INVESTORS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FUND'S FAILURE.

THE FUND INVESTS IN INDIA UNDER THE FOREIGN PORTFOLIO INVESTOR ("FPI") REGIME, AND FOR THIS PURPOSE, THE FUND HAS REGISTERED ITSELF AS A CATEGORY II, BEARING REGISTRATION NO. INMUF027714. INVESTORS WHO ARE NON-RESIDENT INDIANS SHOULD CONSULT THE INVESTMENT MANAGER PRIOR TO INVESTING IN THE FUND.

---

## RESTRICTIONS ON DISTRIBUTION

The distribution of this Memorandum and the offering of Shares in certain jurisdictions is restricted. There will be no public offering of Shares and no offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful. The information set forth in this section was obtained from local counsel in each jurisdiction and was prepared based on a hypothetical offering structure commonly used by private investment funds. The Fund may update such information periodically. Neither Schulte Roth & Zabel International LLP (other than for the United Kingdom and the United States) nor Anand Kumar Gujadhur of Madun Gujadhur Chambers (other than for Mauritius) has researched or verified the accuracy or completeness of such information. It is the responsibility of any recipient of this Memorandum to confirm and observe all applicable laws and regulations. The following non-exhaustive information is provided by way of example as a general guide only:

**European Economic Area:** The Fund is a "non-EU AIF", as defined in the EU Alternative Investment Fund Managers Directive (2011/61/EU) (the "AIFMD") and the Investment Manager is, as at the date of this Memorandum, authorised by the Financial Conduct Authority of the United Kingdom as an "EU AIFM", as defined in AIFMD.

Shares in the Fund may only be offered or placed in an EEA jurisdiction to the extent that they: (i) are permitted to be marketed in the relevant EEA jurisdiction pursuant to Article 36 of AIFMD (as implemented into local law); or (ii) may otherwise be lawfully offered or placed (including on the basis of an unsolicited request from a professional investor) in the relevant EEA jurisdiction. The Investment Manager, and any person acting on its behalf, is required to comply with the regime under Article 36 of AIFMD as implemented into local law (the "AIFM Directive Marketing Regime") when marketing (as defined in AIFMD) the Fund in the relevant EEA jurisdiction.

This Memorandum may be issued only to persons who are "professional investors" for the purposes of Article 4(1)(ag) of AIFMD. The Shares are only available to such persons in the relevant EEA jurisdiction and this Memorandum must not be relied or acted upon by any other persons in the relevant EEA jurisdiction.

**Argentina:** No public offering of Shares is being made to investors resident in Argentina. Shares are being offered only to a limited number of institutional investors and sophisticated individual investors capable of understanding the risks of their investment. The National Securities Commission of Argentina has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Argentina.

**Australia:** The Fund is not, and is not required to be, a registered foreign body corporate in Australia, and this Memorandum is not a prospectus lodged or required to be lodged with the Australian Securities and Investments Commission. The Shares will only be offered in Australia to persons to whom such securities may be offered without a prospectus under Chapter 6D of the Corporations Act 2001 (Cth). The Shares subscribed for by investors in Australia must not be offered for resale in Australia for 12 months from allotment except in circumstances where disclosure to investors under the Corporations Act 2001 (Cth) would not be required or where a compliant prospectus is produced. Prospective investors in Australia should confer with their professional advisers if in any doubt about their position.

**Austria:** The Shares may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Market Act, the Austrian Investment Fund Act and other laws applicable in the Republic of Austria governing the offer, issue and sale of the Shares in the Republic of Austria. The Fund does not qualify as alternative investment fund within the meaning of the Austrian Alternative Investment Fund Managers Act. Further, Shares are being offered exclusively to a limited number of investors in Austria and are therefore not subject to the public offering requirements of the Austrian Capital Market Act or the Austrian Investment Fund Act. The Shares are not registered or otherwise authorised for public offer either under the Austrian Capital Market Act, the Austrian Investment Fund Act or any other securities regulation in Austria. The recipients of this Memorandum and other selling material in respect to the Shares have been individually selected and are targeted exclusively on the basis of a private placement. This offer may not be made to any persons other than the recipients to whom this Memorandum is personally addressed. Any investor intending to offer and resell the Shares in Austria is solely responsible that any offer and resale takes place in compliance with the applicable provisions of the Austrian Capital Market Act, the Austrian Investment Fund Act or any other applicable securities regulation.

**Bahamas:** This Memorandum in connection with the offer of Shares has not been registered with the Securities Commission of The Bahamas as this Memorandum is exempted from the filing and registration requirements of the Securities Industry Act, 1999. No offer or sale of Shares can be made in The Bahamas unless the offer of the Shares is made by or through a broker-dealer or securities investment adviser licensed by the Securities Commission of the Bahamas and in compliance with Bahamian exchange control regulations.

**Bahrain:** This offer is a private placement. It is not subject to the regulations of the Central Bank of Bahrain that apply to public offerings of securities and the extensive disclosure requirements and other protections that these regulations contain. This Memorandum is, therefore, intended only for "accredited investors" as defined in the applicable rules of the Central Bank of Bahrain. The financial instruments offered by way of private placement may only be offered in minimum subscriptions of US\$100,000 (or equivalent in other currencies). The Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this Memorandum and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Memorandum. The sponsor and manager of the Fund accept responsibility for the information contained in this Memorandum. To the best of the knowledge and belief of the sponsor and manager of the Fund, who have taken all reasonable care to ensure that such is the case, the information contained in this Memorandum is in accordance with the facts and does not omit anything likely to affect the reliability of such information.

**Belgium:** The Fund has not been and will not be registered with the Belgian Financial Services and Markets Authority (*Autoriteit voor financiële diensten en markten / Autorité des Services Financiers et des Marchés*) ("FSMA") as a foreign collective investment institution referred to under Article 149 of the Belgian Act of August 3, 2012 relating to certain forms of collective management of investment portfolios. This Memorandum and the offering of Shares have not been and will not be notified to, and have not been approved or disapproved by, the FSMA. The public offering of Shares in Belgium within the meaning of the Belgian Act of August 3, 2012, and the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to listing on a regulated market has not been authorised by the Fund. The offering may therefore not be advertised,

and Shares may not be offered, sold, transferred or delivered to, or subscribed to by, and no memorandum, information circular, brochure or similar document may be distributed to, directly or indirectly, any individual or legal entity in Belgium, except (i) subject to the restriction of a minimum investment of €250,000 per investor or (ii) in any other circumstances in which the present offering does not qualify as a public offering in accordance with the aforementioned Act of August 3, 2012. This Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium.

**Bermuda:** Shares may not be marketed, offered or sold directly or indirectly to the public in Bermuda and neither this Memorandum, which is not subject to and has not received approval from either the Bermuda Monetary Authority or the Registrar of Companies and no statement to the contrary, explicit or implicit, is authorized to be made in this regard, nor any offering material or information contained herein relating to Shares, may be supplied to the public in Bermuda or used in connection with any offer for the subscription or sale of Shares to the public in Bermuda. Bermuda investors may be subject to foreign exchange control approval and filing requirements under the relevant Bermuda foreign exchange control regulations, as well as offshore investment approval requirements.

**Brazil:** The Fund is not listed with any stock exchange, organized over the counter market or electronic system of securities trading. The Shares have not been and will not be registered with any securities exchange commission or other similar authority, including the Brazilian Securities and Exchange Commission (*Comissão de valores Mobiliários* or the "CVM"). The Shares will not be directly or indirectly offered or sold within Brazil through any public offering, as determined by Brazilian law and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future.

Acts involving a public offering in Brazil, as defined under Brazilian laws and regulations and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future, must not be performed without such prior registration. Persons in Brazil wishing to acquire the Shares should consult with their own counsel as to the applicability of these registration requirements or any exemption therefrom. Without prejudice to the above, the sale and solicitation of the Shares is limited to qualified investors as defined by CVM Rule No. 409 (Aug. 18, 2004), as amended from time to time, or as defined by any other rule that may replace it in the future.

This Memorandum is confidential and intended solely for the use of the addressee and cannot be delivered or disclosed in any manner whatsoever to any person or entity other than the addressee

**British Virgin Islands:** This Memorandum does not constitute, and there will not be, an offering of securities to the public in the British Virgin Islands.

**Brunei:** This Memorandum has not been delivered to, licensed or permitted by the *Autoriti Monetari Brunei Darussalam* as designated under the Securities Markets Order of 2013.

**Canada:** This Memorandum is not, and under no circumstances is to be construed as, a public offering of securities or an offering of securities in any jurisdiction in which such



offering would be unlawful. No securities commission or similar authority in Canada has in any way passed upon the merits of the Shares offered hereby and any representation to the contrary is unlawful. Persons who will be acquiring Shares pursuant to this Memorandum will not have the benefit of a review of the material by any securities regulatory authority in Canada. By accepting their subscription agreements, the Fund shall be granting to shareholders in the provinces of Canada who have received this Memorandum a contractual and/or statutory right of action for damages or rescission against the Fund if this Memorandum, or any amendment thereto, contains a misrepresentation. This right of action is in addition to any other right or remedy available to the shareholder at law.

**Chile:** This Memorandum, and the Shares to which it relates, may not be advertised, marketed, distributed or otherwise made available to the public in Chile. In connection with the offering of the Shares, no prospectus has been registered with or approved by the Securities Superintendence of Chile or any other regulatory body in Chile. The Shares are being offered on a limited private basis, and do not constitute marketing, offering or sales to the public in Chile. Therefore, this Memorandum is strictly private and confidential and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

**China:** The Shares may not be marketed, offered or sold directly or indirectly to the public in China and neither this Memorandum, which has not been submitted to the Chinese Securities and Regulatory Commission, nor any offering material or information contained herein relating to the Shares, may be supplied to the public in China or used in connection with any offer for the subscription or sale of the Shares to the public in China. The Shares may only be marketed, offered or sold to Chinese institutions which are authorized to engage in foreign exchange business and offshore investment from outside China. Chinese investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations, as well as offshore investment approval requirements.

**Costa Rica:** This is a private placement executed outside the Costa Rican territory, and must be ruled by the laws and jurisdiction of the Cayman Islands. The investor accepts that the security offered has no negotiation market and may not be offered through any media or any other way of publicity that could be interpreted by the Costa Rican governmental authorities as a public offer.

**Denmark:** This Memorandum has not been and will not be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark and Shares have not been and are not intended to be listed on a Danish regulated market. Shares have not been and will not be offered in Denmark under the EU Alternative Investment Fund Managers Directive (as implemented into Danish law). Consequently, this Memorandum may not be made available and Shares may not be marketed or offered for sale directly or indirectly to any natural or legal person in Denmark except as permitted under applicable rules.

**Ecuador:** The Fund is not managed or represented by a fund management company or trust administrator in Ecuador and has not been registered with or approved by the National Securities Council or the Superintendency of Companies of Ecuador. Shares are therefore not eligible for advertising, placement or circulation in Ecuador. The information provided in this Memorandum is not an offer to sell, or an invitation to make an offer to purchase, Shares in Ecuador or to or for the benefit of any Ecuadorian person or entity. This Memorandum may

not be distributed or reproduced, in whole or in part, in Ecuador by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that its recipients will only participate in the issue of Shares outside of Ecuador on their own account and will undertake not to transfer, directly or indirectly, Shares to persons or entities in Ecuador.

**Egypt:** Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Egyptian Financial Supervisory Authority or any other governmental authority in Egypt, nor has the Fund received authorization or licensing from the Egyptian Financial Supervisory Authority or any other governmental authority in Egypt to market or sell Shares within Egypt. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to Shares, including the receipt of applications and the allotment or redemption of such Shares, may be rendered by the Fund within Egypt.

**Finland:** Shares will be offered in Finland exclusively to investors qualifying as "professional investors" as defined under the Finnish Act on Mutual Funds (*sijoitusrahastolaki*, 29.1.1999, as amended, the "MFA"). Accordingly, prospective investors should acknowledge that this Memorandum is not a fund prospectus as meant in the MFA and the marketing of Shares is not subject to marketing permission from the Finnish Financial Supervisory Authority (*Rahoitustarkastus*; "FIN-FSA"). Furthermore, even if Shares were to be construed as "securities" as defined in the Finnish Securities Markets Act (*arvopaperimarkkinalaki*, 14.12.2012/746, as amended, the "SMA"), based on the exemptions set forth in Decree 317/2012 issued by the Ministry of Finance, the offering of Shares would be exempted from the prospectus requirements of the SMA. Accordingly, prospective investors must acknowledge that this Memorandum is not a prospectus within the meaning set forth in the SMA. Prospective investors should also note that neither the sponsor of the Fund nor any of its affiliates is an investment firm (*sijoituspalveluyritys*) as meant in the Finnish Investment Services Act (*sijoituspalvelulaki* 747/2012) and they are not subject to the supervision of the FIN-FSA. The FIN-FSA has not authorised any offering for the subscription of Shares; accordingly, Shares may not be offered or sold in Finland or to residents thereof except as permitted by Finnish law. This Memorandum has been prepared for private information purposes only and it may not be used for, and shall not be deemed, a public offering of Shares. This Memorandum is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

**France:** This Memorandum (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*).

This Memorandum has not been and will not be submitted to the French *Autorité des marchés financiers* ("AMF") for approval in France and accordingly may not and will not be distributed to the public in France.

Pursuant to Article 211-3 of the AMF General Regulation, French residents are hereby informed that:

1. the transaction does not require a prospectus to be submitted for approval to the AMF;
2. persons or entities referred to in Point 2°, Section II of Article L. 411-2 of the Monetary and Financial Code may take part in the transaction solely for their own

account, as provided in Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code; and

3. the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

This Memorandum is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that such recipients will only participate in the issue or sale of the Shares for their own account and undertake not to transfer, directly or indirectly, the Shares to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

**Germany:** The Shares have not been notified for marketing in Germany with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; "BaFin"). Therefore, no sale of Shares to German residents is permitted, unless the sale did not involve any "marketing" (as this term is construed under the German Capital Investment Code (*Kapitalanlagegesetzbuch*; "KAGB")) by any party, i.e. where the investor invests in the Fund solely on his/her/its own initiative. Furthermore, a sale of Shares to professional or semi-professional investors resident in Germany is permitted if the marketing has not occurred on the initiative of the fund manager or on its behalf. Neither this Memorandum nor any other document relating to the Fund or the Shares may be circulated or supplied to persons resident in the Federal Republic of Germany other than (i) in case an investor has contacted the fund manager solely on his/her/its own initiative or (ii) to professional or semi-professional investors by persons not acting on the initiative of the fund manager or on its behalf.

**Greece:** Neither the Fund nor this Memorandum has been, or is intended to be, registered with and approved by the Greek Capital Market Committee. The Shares are therefore not eligible for advertising, placement or public circulation in Greece. The information provided in this Memorandum is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer Shares in Greece to or for the benefit of any Greek person or entity. This Memorandum is not to be distributed or reproduced, in whole or in part, in Greece by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that its recipients will only participate in the issue of the Shares outside of Greece on their own account and undertake not to transfer, directly or indirectly, the Shares to the public in Greece.

**Guernsey:** The Fund is a Mauritius limited company and has not been authorized by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Accordingly, any marketing material or prospectus in relation to the Fund may not be circulated within the Bailiwick of Guernsey, and there should be no onward distribution of the same.

**Hong Kong:** The contents of this Memorandum have not been reviewed or approved by any regulatory authority in Hong Kong. This Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire Shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Memorandum or any advertisement, invitation or document relating to

the Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this Memorandum being a "prospectus" as defined in the Companies Ordinances of Hong Kong (Cap. 32) (the "CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the Shares is personal to the person to whom this Memorandum has been delivered by or on behalf of the Fund, and a subscription for Shares will only be accepted from such person. No person to whom a copy of this Memorandum is issued may issue, circulate or distribute this Memorandum in Hong Kong or make or give a copy of this Memorandum to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Memorandum, you should obtain independent professional advice.

**Iceland:** This Memorandum has been issued to the recipient, for personal use only, exclusively in connection with a private placement of Shares. Accordingly, this Memorandum may not be used by the recipient for any other purpose nor forwarded to any other person or entity in Iceland. The offering of Shares described in this Memorandum is a private placement under Icelandic law and the Shares may only be offered and sold (as well as resold) in Iceland to institutional investors as provided under the Icelandic Act on Undertakings for Collective Investments in Transferable Securities (UCITS), Investment Funds and Funds Marketed to Institutional Investors No.128/201( the "UCITS Act"). Also, any subsequent transfer or resale of Shares in Iceland will need to comply with the applicable provisions of the UCITS Act. Prospective Icelandic investors should consult with their own tax advisors as to the tax consequences of an investment in the Fund.

**India:** The Shares are not being offered to Indian residents (individuals or otherwise) for sale or subscription, but are being privately placed with a limited number of sophisticated private and institutional investors outside India and are not and will not be registered and / or approved by the Securities and Exchange Board of India or any other legal or regulatory authority in India.

**Indonesia:** This numbered Memorandum is for the exclusive use of the person named on the front cover of this Memorandum. If the number on the front cover of this Memorandum does not appear in red, there is a presumption that this Memorandum has been improperly reproduced and circulated, in which case the Fund and its affiliates disclaim any responsibility for its content or use. This Memorandum may not be photocopied, reproduced or distributed, in whole or in part, to any other person at any time. Distribution of this Memorandum to any person other than in compliance with the terms of this Memorandum is unauthorized. If the offeree does not proceed with the transaction or if it is so requested, it will return this Memorandum to the Investment Manager promptly. Shares will not be offered or sold, directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, nationals or corporations, wherever located, or entities or residents in Indonesia in a manner which constitutes a public offering of the Shares under the laws and regulations of Indonesia.

**Ireland:** This Memorandum is private and confidential and is for the use only of the persons to whom it is addressed who may not otherwise distribute it in Ireland. No person other than the addressee receiving a copy of this Memorandum may treat it as constituting a solicitation or an invitation to them to subscribe for an interest in the Fund. This Memorandum does not

constitute an offer or solicitation to anyone other than the addressee and accordingly does not constitute an offer to the public in Ireland.

**Isle of Man:** No public offering of Shares is being made to investors resident in the Isle of Man. Shares are being offered only to institutional investors and a limited number of other investors in the Isle of Man. The Fund is not subject to approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Fund's failure. The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or for the correctness of any statement made or opinion expressed with regard to it.

**Israel:** The Shares described in this Memorandum have not been registered and are not expected to be registered under the Israeli Securities Law — 1968 (the "Securities Law") or under the Israeli Joint Investment Trust Law - 1994. Accordingly, the Shares described herein will only be offered and sold in Israel pursuant to applicable private placement exemptions, to either (i) qualified investors described in Section 15A(b)(1) of the Securities Law or (ii) to 35 or fewer offerees as determined for purposes of the Securities Law. If any recipient in Israel of a copy of this Memorandum is not qualified as such, such recipient should promptly return this Memorandum to the Fund. Neither the Fund nor the Investment Manager is a licensed investment marketer under the Law for the Regulation of Provision of Investment Advice, Marketing Investments and Portfolio Management – 1995<sup>1</sup>(the "Investment Advisor Law") and neither the Fund nor the Investment Manager maintains insurance as required under such law. Accordingly, the Shares described herein will only be offered and sold in Israel to parties which qualify as "eligible customers" for purposes of Section 3(a)(11) of the Investment Advisor Law. The Fund and the Investment Manager may be deemed to be providing investment marketing services but are not investment advisors for purposes of Israeli law. Any investment advice which may be deemed provided under Israeli law in connection with an investment in the Fund is deemed provided on a one time only basis and neither the Fund nor the Investment Manager will provide any ongoing investment marketing services to the investor.

**Italy:** The Fund is not a UCITS fund. The offering of the Shares in Italy has not been nor will it be authorized by the Bank of Italy and the *Commissione Nazionale per la Società e la Borsa*. The Shares are offered upon the express request of the investor, who has directly contacted the Fund or its sponsor on the investor's own initiative. No active marketing of the Fund has been made nor will it be made in Italy, and this Memorandum has been sent to the investor at the investor's unsolicited request. The investor acknowledges and confirms the above and hereby agrees not to sell or otherwise transfer any Shares or to circulate this Memorandum in Italy unless expressly permitted by, and in compliance with, applicable law.

**Japan:** Shares are a security set forth in Article 2, Paragraph 2, Item 6 of the Financial Instruments and Exchange Law of Japan (the "FIEL"). No public offering of Shares is being made to investors resident in Japan and in accordance with Article 2, paragraph 3, Item 3, of the FIEL, no securities registration statement pursuant to Article 4, paragraph 1, of the FIEL has been made or will be made in respect to the offering of Shares in Japan. The offering of Shares in and investment management for the Fund in Japan is made as "Special Exempted Business for Qualified Institutional Investors, Etc." under Article 63, Paragraph 1, of the

---

<sup>1</sup> In the event the fund or the fund's investment advisor was previously licensed under the Israeli Investment Law, such party must reveal the circumstances under which it ceased to be so licensed.

**FIEL.** Thus, Shares are being offered only to a limited number of investors in Japan. Neither the Fund nor any of its affiliates is or will be registered as a "financial instruments firm" pursuant to the FIEL. Neither the Financial Services Agency of Japan nor the Kanto Local Finance Bureau has passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorised the offering of Shares to investors resident in Japan.

**Jersey:** No public offering of Shares is being made to investors resident in Jersey. Shares are being offered only to a limited number of institutional and sophisticated individual investors in Jersey.

**Kuwait:** This Memorandum is not for general circulation to the public in Kuwait. Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti governmental agency. The offering of Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of Shares is being made in Kuwait, and no agreement relating to the sale of Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Shares in Kuwait.

**Liechtenstein:** The Shares have not been and will not be offered or sold, directly or indirectly, to the public in Liechtenstein. No public advertising or promotion was, is or may be carried out with respect to the Shares in Liechtenstein. This Memorandum does neither constitute a public offering nor a complete or simplified prospectus as understood pursuant to the Liechtenstein Investment Undertakings Act. Thus, Shares may now and in the future not be offered to the public or by means of public advertising or promotion in Liechtenstein. Each purchaser of Shares in Liechtenstein agrees irrevocably to the foregoing selling restrictions and conditions, concludes the subscription documents for the purchase of the Shares on their grounds and agrees to fulfill these conditions. In case of reselling the Shares to other persons in Liechtenstein, the purchaser is obliged to transfer these obligations validly to any subsequent purchaser of such Shares.

**Luxembourg:** No public offering of Shares is being made to investors resident in Luxembourg. Shares are being offered only to a limited number of sophisticated and professional investors in Luxembourg. The *Commission de Surveillance du Secteur Financier* of Luxembourg has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorised the offering of Shares to investors resident in Luxembourg. Material information provided to investors, including information disclosed in the context of meetings relating to offers of securities, shall be disclosed to all investors to whom the offer is exclusively addressed.

**Malaysia:** The offering made under this Memorandum has been approved by the Malaysian Securities Commission pursuant to Section 212 of the Capital Markets and Services Act 2007 (the "CMSA"). No offer is made under this Memorandum in Malaysia other than to persons falling within, or in the manner described in, Schedule 6 of the CMSA. This Memorandum is, accordingly, an "excluded offer" or "excluded invitation" as defined under Section 229 of the CMSA and is not subject to the prospectus registration requirements under Section 232 of the CMSA.

**Mauritius:** The public in Mauritius is not invited to subscribe for any Shares in the Fund, and residents of Mauritius shall not hold any Shares in the Fund other than holders of Category 1 Global Business Licence.

**Mexico:** The offering made pursuant to this Memorandum does not constitute a public offering of securities under Mexican law and therefore is not subject to obtaining the prior authorization of the Mexican National Banking and Securities Commission or the registration of Shares with the Mexican National Registry of Securities.

**Monaco:** No public offering of Shares is being made to investors resident in Monaco. Shares are being offered only to a limited number of institutional investors (*i.e.*, duly licensed banks and portfolio management companies), capable of understanding the risks of their investment. The *Commission de Contrôle des Activités Financières* of Monaco has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of Shares to investors resident in Monaco.

**The Netherlands:** In the Netherlands, Shares may only be offered, sold, transferred or assigned, as part of their initial distribution or at any time thereafter, to natural persons who or legal entities which are Qualified Investors as defined in Section 1:1 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*). Shares may not otherwise be offered, directly or indirectly, in the Netherlands.

**New Zealand:** No public offering of the Shares is being made to investors in New Zealand. The Shares are being offered to investors in New Zealand pursuant to exemptions from the prospectus requirements under the Securities Act of 1978. The New Zealand Financial Markets Authority has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of the Shares to investors resident in New Zealand.

**Norway:** This Memorandum does not constitute an invitation or a public offer of securities in the Kingdom of Norway. It is intended only for the original recipient and is not for general circulation in the Kingdom of Norway. The offer herein is not subject to the prospectus requirements laid down in the Norwegian Securities Trading Act. This Memorandum has not been nor will it be registered with or authorized by any governmental body in Norway.

**Oman:** This Memorandum, and the Shares to which it relates, may not be advertised, marketed, distributed or otherwise made available to the general public in Oman. In connection with the offering of the Shares, no prospectus has been registered with or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other regulatory body in the Sultanate of Oman. The offering and sale of the Shares described in this Memorandum will not take place inside Oman. The Shares are being offered on a limited private basis, and do not constitute marketing, offering or sales to the general public in Oman. Therefore, this Memorandum is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

**Panama:** No public offering of Shares is being made to investors resident in Panama. Shares are being offered only to institutional investors and a limited number of other investors in Panama. The *Superintendencia del Mercado de Valores* has not passed upon the

accuracy or adequacy of this Memorandum or otherwise approved or authorised the offering of Shares to investors resident in Panama.

**Peru:** Shares have not been and will not be approved by the Peruvian securities and exchange commission, the *Comisión Nacional Supervisora de Empresas y Valores* ("CONASEV") or any other regulatory agency in Peru, nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*), whose Single Revised Text was approved by Supreme Decree No. 093-2002-EF, or any CONASEV regulations. Shares may not be offered or sold within Peru except in private placement transactions.

**Portugal:** This offering is addressed only to qualified investors that are "professional entities" as defined under Article 30 of the Portuguese Securities Code, including credit institutions, investment companies, funds and fund management companies, insurance companies and pension funds management companies, securitisation funds/special purpose vehicles, securitisation funds management companies, venture capital funds/special purpose vehicles and management companies of venture capital funds, and does not qualify as marketing of participation units in undertakings for collective investments, as per the Undertakings for Collective Investment Law.

**Qatar:** The Shares described in this Memorandum have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Memorandum has not been reviewed or registered with the Qatari Central Bank or any other Qatari government authorities and does not constitute a public offer of securities in the State of Qatar under Qatari law. Therefore, this Memorandum is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any person other than the intended recipient hereof.

**Russian Federation:** Under Russian law, Shares may be considered securities of a foreign issuer. Neither the Fund nor this Memorandum has been, or is intended to be, registered with the Central Bank of the Russian Federation, and hence Shares are not eligible for advertising, initial placement and public circulation in the Russian Federation. The information provided in this Memorandum (including any amendment or supplement thereto or replacement thereof) is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer Shares in the Russian Federation to or for the benefit of any Russian person or entity.

This Memorandum is not to be distributed or reproduced (in whole or in part) in the Russian Federation by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that its recipients will only participate in the issue of Shares outside the Russian Federation on their own account and undertake not to transfer, directly or indirectly, Shares to the public in the Russian Federation.

**Saudi Arabia :** Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Capital Market Authority or any other governmental authority in the Kingdom of Saudi Arabia, nor has the Fund received authorization or licensing from the Capital Market Authority or any other governmental authority in the Kingdom of Saudi Arabia to market or sell the Shares within the Kingdom of Saudi Arabia. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Shares, including the receipt of applications and the allotment or redemption of the Shares, may be rendered by the Fund within the Kingdom of Saudi Arabia.



**Singapore:** This Memorandum and any other material in connection with the offer or sale is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS") and this offering is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. The Fund is not authorised or recognised by the MAS and Shares are not allowed to be offered to the retail public. Accordingly, this Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 4A of the SFA, (ii) to a relevant person under Section 305(1) of the SFA, (iii) to any person pursuant to an offer referred to in Section 305(2) of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Certain resale restrictions apply to the offer and investors are advised to acquaint themselves with such restrictions.

Where the Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the interests pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

**South Africa:** Neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has the Fund received authorization or licensing from the Financial

Services Board or any other governmental authority in South Africa to market or sell Shares within South Africa. This Memorandum is strictly confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

**South Korea:** Neither the Fund nor any of its affiliates is making any representation with respect to the eligibility of any recipients of this Memorandum to acquire the Shares under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Shares are being offered and sold in Korea only to persons prescribed by Article 301, Paragraph 2 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea. Furthermore, the Shares may not be re-sold to Korean residents unless the purchaser of the Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Shares.

**Spain:** Shares may not be offered or sold in Spain except in accordance with the requirements of applicable Spanish law and the interpretations thereof by the *Comisión Nacional del Mercado de Valores* (the "CNMV"). This Memorandum is neither verified nor registered with the CNMV, and therefore no marketing or advertising activity, as defined by Act 35/2003, of 4 November, on collective investment schemes, with respect to Shares has been or will be carried out in Spain.

**Sweden:** This Memorandum has not been nor will it be registered with or approved by *Finansinspektionen* (the Swedish Financial Supervisory Authority). Accordingly, this Memorandum may not be made available, nor may the Shares offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) *om handel med finansiella instrument*) nor to constitute fund operations in Sweden under the Swedish Investment Funds Act (2004:46) (Sw. lag (2004:46) *om investeringsfonder*). Accordingly, the offering of Shares will only be directed to persons in Sweden who subscribe to Shares for a total consideration of at least €100,000 per investor.

**Switzerland:** Under the Collective Investment Schemes Act dated June 23, 2006 and revised on September 28, 2012 (the "CISA"), the offering, sale and distribution to non-qualified investors of units in foreign collective investment schemes in or from Switzerland are subject to authorization by the Swiss Financial Market Supervisory Authority-FINMA (the "FINMA") and, in addition, the distribution to certain qualified investors of interests in such collective investment schemes may be subject to the appointment of a representative and a paying agent in Switzerland. There are reasonable grounds to believe that the Fund would be characterized as a foreign collective investment scheme under Swiss law. The Fund has not been and cannot be registered with the FINMA and cannot be distributed in Switzerland to non-qualified investors. The distribution of interests in the Fund in Switzerland will be exclusively made to, and directed at, regulated qualified investors ("Regulated Qualified Investors"), as defined in Article 10 (3)(a) and (b) of the CISA. Accordingly, no Swiss representative or paying agent has been or will be appointed by the Fund pursuant to CISA. This Memorandum and/or any other offering materials relating to the Fund may be made available in Switzerland solely to Regulated Qualified Investors.

**Taiwan:** The Shares have not been registered in the Republic of China, nor is approval by the Financial Supervisory Commission, Executive Yuan, the Republic of China ("FSC") compulsory. Subscribers should review the financial information and relevant documents, consult with an independent consultant, and bear the risks of this investment. Subscribers within the territory of the Republic of China are required to meet certain requirements set forth in the Rules Governing Offshore Funds and conditions promulgated by the FSC. Subscribers cannot resell the Shares (except in accordance with resale restrictions) nor solicit any other purchasers for this offering.

**Thailand:** This Memorandum is provided to you solely at your request and is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This Memorandum has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this Memorandum and any other documents and material in connection with the offer, sale or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any members of the public in Thailand. Neither the Fund, any of its affiliates or any of their respective representatives maintain any license, authorization or registration in Thailand nor is the Fund registered in Thailand. The offer and sale of securities within Thailand and the provision of securities services in Thailand or to Thai persons or entities may not be possible or may be subject to legal restriction or conditions.

**Turkey:** The Shares are not a capital markets instrument and cannot be sold.

**United Arab Emirates:** Shares are being offering in the United Arab Emirates (the "UAE") exclusively to investors exempted under the Investment Fund Regulations of the UAE Securities and Commodities Authority (the "SCA") in accordance with SCA Board Resolution No. 13 of 2013. By receiving this Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that neither this Memorandum nor the Shares have been approved, disapproved or passed on in any way by the Central Bank of the UAE, the SCA or any other authority in the UAE, nor has the entity conducting the placement in the UAE received authorisation or licensing from the Central Bank of the UAE, the SCA or any other authority in the UAE to market or sell Shares within the UAE. The SCA accepts no liability in relation to the Fund and is not making any recommendation with respect to an investment in the Fund. Nothing contained in this Memorandum is intended to constitute UAE investment, legal, tax, accounting or other professional advice. This Memorandum is for the information of prospective investors only and nothing in this Memorandum is intended to endorse or recommend a particular course of action. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation. No offer or invitation to subscribe for Shares or sale of Shares has been or will be rendered in, or to any persons in, or from, the Dubai International Finance Centre.

**United Kingdom:** The Fund is an unrecognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the Fund and the distribution of this Memorandum in the United Kingdom are consequently restricted by law. This Memorandum is being issued in the United Kingdom by the Fund where permitted by applicable law and regulation and is being issued in the United Kingdom and elsewhere by Altavista Investment Management UK LLP (which is authorised and regulated by the FCA) to persons who are of a kind to whom the Fund may lawfully be promoted by a person authorised under the Act by virtue of the Financial Services

and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and Rule 4.12 of the FCA's Conduct of Business Sourcebook or as otherwise permitted by applicable law and regulation. The Fund is not regulated by the FCA and investors may not have the benefit of the Financial Services Compensation Scheme and other protections afforded by the Act or any of the rules and regulations made thereunder.

**United States:** There will be no public offering of Shares in the United States. The Shares will not generally be available to US Persons unless they are a Permitted US Person that is an "accredited investor" and a "qualified purchaser" as such terms are defined under applicable US Federal securities laws.

**Uruguay:** The Fund is not established under the system provided by Uruguayan Law 16,774 of September 27, 1996, and has not been registered with the Central Bank of Uruguay. The Shares have not been registered with the Central Bank of Uruguay and will not be offered or sold in Uruguay through public offerings.

## **TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| SUMMARY OF TERMS .....  | 1           |
| THE FUND .....  | 15          |
| INVESTMENT OBJECTIVE AND PROGRAM .....                                  | 15          |
| THE MANAGER.....  | 18          |
| THE INVESTMENT MANAGER .....  | 20          |
| MANAGEMENT FEE.....   | 22          |
| INCENTIVE FEE .....   | 23          |
| OTHER FEES; FUND EXPENSES .....   | 23          |
| CAPITAL STRUCTURE OF THE FUND; LEGAL IMPLICATIONS .....                 | 25          |
| OFFERING OF SHARES.....   | 26          |
| SUITABILITY REQUIREMENTS; LIMITATIONS ON<br>TRANSFERABILITY .....       | 27          |
| REDEMPTIONS OF SHARES .....   | 29          |
| VALUATION .....   | 32          |
| OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF<br>INTEREST..... | 36          |
| CERTAIN RISK FACTORS .....  | 39          |
| THE BOARD OF DIRECTORS .....  | 57          |
| FUND ADMINISTRATION .....   | 59          |
| BROKERAGE .....   | 60          |
| CUSTODIAN TO THE FUND .....   | 61          |
| TAX ASPECTS .....   | 61          |
| EUROPEAN UNION SAVINGS DIRECTIVE.....                                   | 69          |
| REGULATORY MATTERS.....   | 70          |
| ANTI-MONEY LAUNDERING REGULATIONS.....                                  | 77          |
| FISCAL YEAR.....  | 79          |

|   |    |
|---|----|
| INDEPENDENT AUDITORS; REPORTS TO SHAREHOLDERS ..... | 79 |
| LEGAL COUNSEL .....                                 | 79 |
| DEFINITIONS.....                                    | 81 |

## ALTAVISTA CAPITAL INDIA FUND LIMITED

### SUMMARY OF TERMS

The following is a summary of certain information set forth more fully elsewhere in this Memorandum and the Articles. This summary should be read in conjunction with such detailed information. Defined terms and expressions have the meanings set forth herein and in the "Definitions" section.

#### **THE FUND:**

Altavista Capital India Fund Limited is a public company with limited liability incorporated under the laws of Mauritius on 21 October 2010 authorised to operate as a collective investment scheme and classified as an expert fund for the benefit of non-US Persons and Permitted US Persons. The Fund commenced operations on or around 29 March 2011.

#### **INVESTMENT OBJECTIVE AND PROGRAM:**

The Fund's objective is to achieve long-term capital growth through investing predominantly in equity and equity-related securities (including warrants and convertible securities) issued by companies operating in India and which are listed on a stock exchange in India or on another international stock exchange. For this purpose, a company operating in India means a company incorporated in India or which has its principal place of business or operations in India or which derives a material part of its revenues and/or profits from activities in India. The Fund's investments will be further constrained by any restrictions in any applicable Indian regulations.

The Investment Manager may use leverage in pursuing the Fund's investment objective, including, without limitation, by investing in financial instruments (such as derivatives) that have embedded leverage, as well as using borrowed funds.

While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilised and may result in a substantial loss to the Fund.

**The investment program of the Fund is speculative and may entail substantial risks. Market risks are inherent in all securities investments to varying degrees. There can be no assurance that the investment objective of the Fund will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Fund's investment portfolio. (See "Investment Program" and "Certain Risk Factors".)**

**MANAGER AND  
INVESTMENT  
MANAGER:**

Altavista Investment Management Ltd., an exempted company incorporated under the laws of the Cayman Islands on 19 August 2011, serves as the manager of the Fund and has responsibility for the investment and reinvestment of the assets of the Fund subject to the overall supervision, control and policies of the Board of Directors. (See "The Manager".)

The Manager has delegated its investment discretion and certain other responsibilities with respect to the Fund to the investment manager, Altavista Investment Management UK LLP, a limited liability partnership incorporated under the laws of England and Wales on 16 June 2011. (See "The Investment Manager".)

**MANAGEMENT FEE:**

The Fund pays to the Manager a fee for management services (the "Management Fee"), payable monthly as of the last Business Day of each month, equal to 0.166% (2% per annum) of the Net Asset Value of each series of Shares as of the end of such month. The Management Fee is calculated and paid in arrears as of the last Business Day of each month. Payment of the Management Fee is made within 15 days of the last Business Day of each month, or as soon as reasonably practicable thereafter.

The Management Fee will be prorated for any subscription or redemption that is effective other than as of the first Business Day of a month. The Management Fee will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee or Management Fee.

In the sole discretion of the Board of Directors, subject to the consent of the Manager, the Management Fee may be waived, reduced or calculated differently with respect to certain Shareholders, including, without limitation, Shareholders that are members, shareholders, partners, affiliates or employees of the Manager or the Investment Manager, members of the immediate families of such persons and trusts or other entities for their benefit.

The Manager or the Investment Manager may, in its sole discretion, pay a portion of the Management Fee to intermediaries, placement agents or other third parties.

**INCENTIVE FEE:**

The Fund pays to the Manager an incentive fee (the "Incentive Fee"), generally payable on an annual basis following the end of each fiscal year, equal to 20% of the net realised and unrealised appreciation in the Net Asset Value of each series of Shares, adjusted for any redemption of Shares in the series made during the fiscal year and any accruals of the Incentive Fee (the "Adjusted NAV"); *provided, however*, that an Incentive Fee will be paid only with respect to the net realised



and unrealised appreciation in the Adjusted NAV of a series of Shares above its Prior High NAV.

The "Prior High NAV" of each series of Shares is the Net Asset Value of that series immediately following the date as of which the last Incentive Fee payable with respect to such series was determined at the end of a fiscal year (or if no such Incentive Fee has yet been determined with respect to such series, the Net Asset Value of such series immediately following the initial issuance of such series). If Shares of a particular series are redeemed during a fiscal year, the Prior High NAV of such series will be reduced in the same proportion as the reduction in the Net Asset Value of that series caused by such redemption.

The Incentive Fee is calculated in respect of each month and is accrued on a monthly basis as of the last Business Day of each month. The Incentive Fee will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee.

If Shares are redeemed other than at the end of a fiscal year (including in connection with a compulsory redemption), an Incentive Fee will be determined for such Shares as of the Dealing Day and will be paid to the Manager on such date as set forth above.

In the sole discretion of the Board of Directors, subject to the consent of the Manager, the Incentive Fee may be waived, reduced or calculated differently with respect to certain Shareholders, including, without limitation, Shareholders that are members, shareholders, partners, affiliates or employees of the Manager or the Investment Manager, members of the immediate families of such persons and trusts or other entities for their benefit.

The Manager or the Investment Manager may, in its sole discretion, pay a portion of the Incentive Fee to intermediaries, placement agents or other third parties.

#### **OTHER FEES; FUND EXPENSES:**

The Fund bears its own expenses as more fully described herein. (See "Management Fee" and "Other Fees; Fund Expenses".)

Certain of the Fund's organisational, reorganisational and offering expenses are, for accounting purposes, being amortised by the Fund for up to a 60-month period from commencement of the Fund's operations. Amortisation of such expenses over a period that is up to 60 months is a divergence from IFRS, which may, in certain circumstances, result in a

**THE SHARES; CAPITAL  
STRUCTURE OF THE  
FUND:**

qualification of the Fund's annual audited financial statements.

The Fund has issued 2 Management Shares at a par value of US\$ 1.00 each, and intends to issue, from time to time, non-voting, redeemable participating shares of par value of US\$1 each, available as Class A Shares.

The base currency of the Fund is the US Dollar.

The Management Shares are held by the Manager. They confer no economic benefit other than the right to a return of paid-up capital on a winding-up subject to the prior return of paid-up capital on the Shares. The Management Shares generally have the right to vote at any Shareholder meeting.

**OFFERING OF SHARES:**

The Fund generally may offer Shares as of the first Business Day of each calendar month or at such other times as the Board of Directors may determine in its discretion.

Shares will be issued in registered, book-entry form (meaning that no share certificates will be issued).

Shares are offered in series at the prevailing Net Asset Value per Share of a designation, subject to the minimum subscription amount. A new series of a designation of Shares will be issued on each date that Shares of such designation are purchased. Shares will be issued fully paid up.

The Board of Directors may, in its sole discretion, reject any subscription, in whole or in part, for any reason or no reason at all. The Board of Directors reserves the right to close the Fund to subscriptions from time to time and at any time and to limit the aggregate amount of subscriptions. The Board of Directors may choose to assert such right in respect of all investors, or just new investors, or to accept subscriptions from some investors but not others.

**MINIMUM INITIAL  
SUBSCRIPTION AND  
ADDITIONAL  
SUBSCRIPTION:**

The minimum initial subscription amount for Shares is US\$200,000, subject to the sole discretion of the Board of Directors to accept subscriptions of a lesser amount or establish different minimums in the future; *provided*, that in no event will initial subscriptions be less than US\$100,000, or such other minimum amount as specified under Mauritius law from time to time. The minimum additional subscription amount for Shares is US\$100,000 (or its currency equivalent), subject to the sole discretion of the Board of Directors to accept subscriptions of a lesser amount or establish different minimums in the future.

### Subscription Procedure

Persons interested in subscribing for Shares will be furnished, and will be required to complete and return to the Administrator, a Subscription Agreement and items relating thereto as outlined in the Subscription Agreement.

INVESTORS WHO ARE NON-RESIDENT INDIANS SHOULD CONSULT THE INVESTMENT MANAGER PRIOR TO INVESTING IN THE FUND.

### **SUITABILITY REQUIREMENTS; LIMITATIONS ON TRANSFERABILITY:**

Prospective Shareholders in the Fund must be either non-US Persons or Permitted US Persons which are Expert Investors and meet other suitability requirements described herein, in the Subscription Agreement and the Articles. Unless the Board of Directors determines otherwise, except for offers and sales of Shares to Permitted US Persons, the Shares will not be offered for sale in the United States or its territories or possessions or to US Persons and may only be transferred to, or held for the benefit of, a non-US Person.

The Articles provide that Shares may not be sold, assigned, transferred, conveyed, pledged or disposed of without the prior consent of the Board of Directors, which consent may be given or withheld in its sole discretion. Any attempt to sell or transfer Shares without the prior approval of the Board of Directors may subject such Shares to a compulsory redemption. There is no independent market for the purchase or sale of Shares, and none is expected to develop. (See "Suitability Requirements; Limitations on Transferability".)

### **REDEMPTIONS OF SHARES:**

Generally, each Shareholder will have the right as of the first Business Day of each month, upon at least 30 days' prior written notice to the Administrator, to redeem any or all of its Shares. Such notice will be irrevocable unless waived by the Board of Directors in its sole discretion.

The Board of Directors may, in its sole discretion, waive notice requirements and/or permit redemptions at such other times, under such other circumstances and on such conditions as it deems appropriate.

### Gate

In the event that the Fund receives redemption requests and the redemption amounts pursuant to such requests exceed, in the aggregate, an amount equal to 20% of the Net Asset Value of the Fund as of the applicable Dealing Day, the Board of Directors may, in its sole discretion, (i) satisfy all such redemption requests, or (ii) reduce all such redemption requests so that only 20% (or more, in the sole discretion of

the Board of Directors) of the Net Asset Value of the Fund is redeemed on any Dealing Day (the "Gate"). Shareholders whose redemption amounts are reduced pursuant to the Gate will participate in the aggregate amount available for redemption *pro rata* in accordance with the Net Asset Value of their Shares.

Capital not redeemed from the Fund by virtue of restrictions imposed by the Gate will remain invested in, and therefore will remain subject to the risks of, the Fund until such time as it is redeemed from the Fund.

To the extent that a Shareholder's requested redemption amount has been reduced by restrictions imposed by the Gate, a request for the remaining portion of the original redemption amount will be deemed made (unless thereafter rescinded) as of the next Dealing Day, and such remaining portion will be satisfied as of the next Dealing Day and thereafter to successive Dealing Days until fully redeemed, each time subject to the Gate; *provided, however*, that any redemption request that remains unsatisfied for more than three consecutive Dealing Days as a result of the Gate will be satisfied as of the next Dealing Day, provided that the Fund is not in liquidation or dissolution.

#### Additional Limitations on Redemptions

The Board of Directors may suspend the determination of the Net Asset Value of the Fund and/or the Net Asset Value of each Shareholder's Shares, and/or redemption rights, in whole or in part, and/or the payment of withdrawal proceeds, in respect of voluntary redemptions, in the circumstances described herein. (See "Redemptions of Shares—Suspensions".)

In addition, the Board of Directors, by written notice to any Shareholder, may suspend payment of redemption proceeds to such Shareholder if the Board of Directors reasonably deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, the Manager, the Investment Manager, the Administrator or any of the Fund's other service providers.

#### Payment of Redemption Proceeds

Shares of a particular series will be redeemed at a per Share price (the "Redemption Price") based on the Net Asset Value per Share of such series (after payment of any Incentive Fee with respect to the redeemed Shares) as of the Dealing Day.

Payment of the amount effectively redeemed will generally be

made within 30 days of the Dealing Day; *provided, however*, that if a Shareholder elects to redeem 95% or more of its Class A Shares, the Fund will pay such Shareholder an amount equal to at least 95% of its estimated redemption proceeds (computed on the basis of unaudited data as of the Dealing Day) within 30 days after the Dealing Day. If a Shareholder elects to redeem 95% or more of its Class A Shares in the aggregate during a fiscal year by means of more than one redemption, the "hold-back" amount described above will be adjusted to reflect the aggregate redemption amounts made during such fiscal year. The Fund will pay such Shareholder the balance of its redemption (subject to audit adjustments), as soon as practicable after completion of the audit of the Fund's books for the year in which such redemption occurs.

If a redeeming Shareholder has acquired Shares of more than one series, Shares will be redeemed on a "first-in, first-out" basis, unless the Board of Directors, in its sole discretion, otherwise agrees upon the request of the Shareholder.

The Board of Directors may, in its sole discretion, make distributions in cash or in kind, or in a combination thereof, in connection with a redemption from the Fund by a Shareholder or pursuant to a required redemption. In each case, the assets to be distributed in kind to any redeeming Shareholder may be allocated to such redeeming Shareholder in such amounts, as determined by the Board of Directors in its sole discretion. The Board of Directors also may, in its sole discretion, make distributions in cash or in kind, or in a combination thereof, at any time to all of the Shareholders on a *pro rata* basis in accordance with the Net Asset Value of the Shareholders' Shares.

The Board of Directors may choose, in its sole discretion, which assets of the Fund to distribute in kind. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain securities of the Fund. The holders of interests in a special purpose vehicle will bear the expenses of such special purpose vehicle. (See "Certain Risk Factors—In-Kind Distributions; Liquidating SPVs".)

#### Compulsory Redemptions

The Board of Directors may, in its sole discretion, compel the redemption of all or any portion of a Shareholder's Shares at any time for any reason or no reason upon prior written notice, including, without limitation, where such Shares are held by or for the account of anyone that does not meet the eligibility

requirements of the Fund. The Shareholder receiving such notice will be treated for all purposes and in all respects as a Shareholder who has given notice of redemption of all or part of its Shares.

#### **VALUATION:**

The Fund's portfolio will be valued in accordance with the valuation principles, policy and procedures (as may be amended from time to time), established by the Investment Manager and adopted by the Board of Directors (the "Valuation Policy"). (See "Valuation".)

Because the various series of Shares will be issued at different dates, the Net Asset Value per Share of each series of Shares may differ. The Net Asset Value per Share is generally determined by (i) allocating any increase or decrease in the Net Asset Value of the Fund among each series of Shares *pro rata* in accordance with the Net Asset Value of each series at the beginning of such period, and (ii) dividing the Net Asset Value of each series by the number of outstanding Shares therein. Any gains, losses, fees or expenses attributable to particular series will be allocated solely to such series, including, without limitation, any accrued Management Fee or Incentive Fee. Shares within series will have the same Net Asset Value per Share.

The Fund prepares its financial statements in accordance with IFRS. To the extent that IFRS would require any of the Fund's assets or liabilities to be valued in a manner that differs from the Valuation Policy, as may be amended from time to time, the Board of Directors may value such assets or liabilities (i) in accordance with IFRS, solely for purposes of preparing the Fund's IFRS-compliant annual audited financial statements, and (ii) in accordance with the Valuation Policy (without regard to any IFRS requirements relating to the determination of fair value) for all other purposes. Non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the financial statements depending on the nature and level of materiality of the non-compliance.

#### **OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST:**

The Manager and the Investment Manager provide discretionary investment management services to a number of other investment funds and managed accounts, some of which may have overlapping investment objectives to those of the Fund and/or which engage in transactions in the same or similar type of securities and instruments as the Fund. The activities of such other investment funds and managed accounts may raise potential conflicts of interest. (See "Other Activities of Management; Potential Conflicts of Interest".)

#### **CERTAIN RISK FACTORS:**

The investment program of the Fund is speculative and entails substantial risks. There can be no assurance that the

investment objective of the Fund will be achieved or that investors will not incur losses. (See "Certain Risk Factors".)

**BOARD OF DIRECTORS:** The Board of Directors has overall responsibility for the management, operation and administration of the Fund. The Board of Directors has delegated responsibility for the management of the Fund and certain other responsibilities to the Manager. The Board of Directors has delegated responsibility for the administration of the Fund to the Administrator. The members of the Board of Directors are Lindsay Adamson, Tim Ireton, Shahed Ahmad Hoolash, Junaid Udhin and Asif Beebeejaun.

The Board of Directors generally holds meetings at least twice a year to review and assess the investment policies and performance of the Fund and generally to supervise the conduct of their affairs.

**FUND ADMINISTRATION:** The Fund has retained Deutsche International Trust Corporation (Mauritius) Limited to perform various administrative services. (See "Fund Administration".)

**BROKERAGE:** The Investment Manager is, subject to the overall supervision of the Board of Directors, authorised to determine the brokers or dealers to be used for each securities transaction for the Fund. It is the Investment Manager's policy when executing securities transactions to take all reasonable steps to obtain the best possible result taking into consideration relevant "execution factors" (as such term is used in the FCA rules), including, without limitation, commissions/price, the ability of the brokers and dealers to effect the transactions, the brokers' and dealers' facilities, reliability and financial responsibility. The Investment Manager will also operate, to the extent applicable, within the safe harbor provided by Section 28(e) of the US Securities Exchange Act of 1934, as amended. (See "Brokerage".)

**CUSTODIAN:** The Fund has appointed The HongKong Shanghai Banking Corporation Limited, India, as custodian to the Fund. The Fund reserves the right, in its discretion, without prior notice to, or receiving consent from, existing Shareholders, to change the prime brokerage and custodian arrangements described herein including, but not limited to, the appointment of additional or alternative prime brokers and/or custodians.

**TAXATION:** Mauritius

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% of the Mauritius tax chargeable with respect to that income.

No capital gains tax is currently 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. The Fund's investments will principally be undertaken in India. The Fund has obtained a Tax Residence Certificate ("TRC") issued by the Director General of MRA to accede the India-Mauritius Double Taxation Avoidance Agreement (the "Treaty"). The TRC is renewable annually provided the Fund adheres to the undertakings it has given to the FSC and the MRA.

The Fund should therefore be entitled to claim relief from Indian tax. 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.

#### United Kingdom

The Board of Directors intends to manage the affairs of the Fund in such a way that the Fund is not a resident in the United Kingdom for United Kingdom tax purposes. The Board of Directors, the Manager and the Investment Manager also each intend that the affairs of the Fund, the Manager and the Investment Manager should be managed and conducted in such a way that the Fund is not regarded for United Kingdom tax purposes as carrying on a trade in the United Kingdom through the Investment Manager as its United Kingdom "permanent establishment". In these circumstances, the Fund should not be subject to United Kingdom tax on its income and gains (other than potential United Kingdom withholding tax on any interest or certain other income received which has a United Kingdom source).

#### United States

Prospective tax-exempt US investors should review the US tax disclosure in the subscription documents.

#### General

There can be no assurance that Mauritius, India, United Kingdom or United States tax laws will not be changed



adversely with respect to the Fund or its shareholders, or that the Fund's income tax status will not be successfully challenged by such authorities.

Potential Shareholders should consult their own advisors regarding tax treatment by the jurisdiction applicable to them. Shareholders should rely only upon advice received from their own tax advisors based upon their own individual circumstances and the laws applicable to them. (See "Tax Aspects".)

## **REGULATORY MATTERS:**

### Mauritius

The Fund has been authorised to operate as a collective investment scheme classified as an expert fund under the Securities Act 2007 and the CIS Regulations and carry on its business under a Category 1 Global Business Licence and a CIS Licence issued by the FSC.

### Cayman Islands

The Manager is exempted from the requirement to obtain a licence under the Securities Investment Business Law (Revised) of the Cayman Islands and is not subject to regulation by the Cayman Islands Monetary Authority.

### India

The Fund has obtained registration as a FPI and shall invest in Indian securities under FPI Regulations.

### United Kingdom

The Investment Manager is authorised and regulated by the FCA. For purposes of the AIFM Directive, the Investment Manager has been identified as the alternative investment fund manager or "AIFM" of the Fund.

### United States

The Fund is not registered as an investment company under the Company Act. The Fund complies with Section 3(c)(7) of the Company Act, which permits private investment companies (such as the Fund) to sell their interests, on a private placement basis, to an unlimited number of "qualified purchasers", as that term is defined under the Company Act.

Neither the Manager nor the Investment Manager is registered with the SEC as an investment adviser under the Advisers Act, but either may register in the future.

The Manager has claimed exemptions under CFTC Rule

4.13(a)(3) with respect to the Fund from registration with the CFTC as a commodity pool operator and, accordingly, is not subject to certain regulatory requirements with respect to the Fund (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such an exemption. In accordance with such exemption, at all times that the Fund establishes a commodity interest or securities futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of its portfolio; or (b) the aggregate net notional value of its commodity interest and security futures positions will not exceed 100% of the liquidation value of its portfolio. The Investment Manager is exempt from registration with the CFTC as a commodity trading advisor.

#### General

Subject to the foregoing, it is not expected that any regulatory filings will be made in any country and the Fund will not be qualified for public sale in any country. (See "Regulatory Matters".)

#### **ERISA CONSIDERATIONS:**

Entities subject to the ERISA may purchase Shares. Trustees or administrators of such entities are urged to carefully review the matters discussed in this Memorandum. The Fund does not intend to permit investments by "benefit plan investors" (as defined in Section 3(42) of ERISA and any regulations promulgated thereunder) to equal or exceed 25% of the Net Asset Value of any class of Shares.

#### **DIVIDENDS:**

Dividends may be paid in the sole discretion of the Board of Directors. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws. It is not anticipated that the Fund will pay dividends.

#### **FISCAL YEAR:**

The Fund's fiscal year ends on 31 December of each calendar year.

#### **INDEPENDENT AUDITORS; REPORTS TO SHAREHOLDERS:**

Deloitte has been retained as the independent auditors of the Fund. An annual report and audited financial statements will be sent to Shareholders within 90 days of the end of the Fund's fiscal year, or as soon as reasonably practicable thereafter. The Fund will also provide periodic unaudited performance information, no less frequently than quarterly, to the Shareholders.

#### **LEGAL COUNSEL:**

Schulte Roth & Zabel International LLP ("SRZ") has been engaged by the Investment Manager and the Manager to represent them in connection with the organisation of the Fund and this offering of Shares. Anand Kumar Gujadhur

of Madun Gujadhur Chambers acts as Mauritius legal counsel to the Fund. No separate counsel has been engaged to independently represent the Shareholders in connection with these matters. (See "Legal Counsel".)

**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 Agreement 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 Agreement, 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 Agreement.

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.

#### **ARBITRATION:**

Any dispute, controversy or claim arising out of the Fund's Constitution, or the breach, termination or invalidity thereof shall be settled by international arbitration under the Mauritius International Arbitration Act 2008 (the "IAA"). The provisions of the First Schedule to the IAA will apply to the arbitration. The arbitration will be conducted pursuant to the rules set out in the IAA. The number of arbitrators will be one. The juridical seat of arbitration will be Mauritius. The language to be used in the arbitral proceedings will be the English language.

## **THE FUND**

Defined terms and expressions have the meanings set forth herein and in the "Definitions" section.

Altavista Capital India Fund Limited is a public company with limited liability incorporated under the laws of Mauritius on 21 October 2010 authorised to operate as a collective investment scheme and classified as an expert fund for the benefit of non-US Persons and Permitted US Persons which are Expert Investors. The Fund commenced operations on or around 29 March 2011.

Any dispute, controversy or claim arising out of the Fund's Constitution, or the breach, termination or invalidity thereof shall be settled by international arbitration under the Mauritius International Arbitration Act 2008 (the "IAA"). The provisions of the First Schedule to the IAA will apply to the arbitration. The arbitration will be conducted pursuant to the rules set out in the IAA. The number of arbitrators will be one. The juridical seat of arbitration will be Mauritius. The language to be used in the arbitral proceedings will be the English language.

## **INVESTMENT OBJECTIVE AND PROGRAM**

### **Investment Objective**

The investment objective of the Fund is to deliver absolute returns with a focus on capital preservation. The aim of the Fund is to provide investors with significantly better than market returns over the longer term (5 years+) while preserving capital in market downturns. In the long run the Fund should be evaluated by its outperformance against the indices and peers and its Sharpe ratio.

### **Investment Approach**

The Fund will achieve its objective by investing predominantly in equity and equity-related securities (including warrants and convertible securities) issued by companies operating in India and which are listed on a stock exchange in India or on another international stock exchange. For this purpose, a company operating in India means a company incorporated in India or which has its principal place of business or operations in India or which derives a material part of its revenues and/or profits from activities in India.

While the Fund is primarily an equity long short fund, it can take active positions and hedging positions in equity and index derivatives, convertibles, corporate bonds, government bonds, cash and cash like products, currency futures and options, interest rate derivatives, credit default swaps, commodity futures, precious metals, CFDs, off exchange contracts, structured products and any other financial instruments to pursue its objective and as hedging tools.

The Investment Manager employs bottom-up analysis to analyse companies' financial performance and fundamental valuation, with an overlay of macro and sector research and analysis. For long investments, the Investment Manager seeks to identify undervalued companies or companies with potential for positive events and catalysts, while short investments will be based on identifying over-valued companies with a strong likelihood of negative events or catalysts. The Fund actively manages its market exposure through hedges.

The Investment Manager will maintain an adequate and documented risk management policy that seeks to identify all relevant risks to which the Fund is or may be exposed. The Investment Manager's risk management policy will include such procedures as are necessary to enable the Investment Manager to assess the Fund's exposure to market, liquidity, counterparty and operational risks as well as all other relevant material risks.

The risk profile of the Fund will be disclosed to Shareholders, including, (i) the measures taken to assess the sensitivity of the Fund's portfolio to the most relevant risks to which the Fund is or could be exposed, and (ii) a description of the circumstances where the risk limits, if any, set by the Investment Manager have been exceeded (or are likely to be exceeded) and the remedial measures taken. The Fund or the Investment Manager will make this information available to all Shareholders to the extent not already made through this Memorandum through appropriate Investor Disclosure at least annually or sooner if required by applicable law.

### **Borrowings and leverage**

Generally the Fund may use leverage, including derivatives which have embedded leverage, for the purpose of implementing the long-short strategy in compliance with the investment limits and restrictions. The Fund may also borrow for liquidity purposes on a temporary basis. Borrowings for liquidity purposes may be used for bridge financing and expense disbursements when liquid funds are not readily available. Borrowings of shares and other leverage instruments used for shorting, such as using index and single name futures to sell short, will generally be offset to some degree by the long positions, such as direct holdings of equity securities or long positions in index and single name futures. Leverage can vary considerably over time and from time to time and will depend on the investment strategy requirements and market conditions at the discretion of the Investment Manager.

It is intended that the aggregate commitments resulting from investments in securities, "over-the-counter" financial instruments and, if applicable, the commitments resulting from financial instruments dealt in on an organised market (together the "Gross Exposure") will not generally exceed 200% of the Net Asset Value of the Fund, although such limit may be exceeded from time to time at the discretion of the Investment Manager.

Leverage limits which are calculated in accordance with the AIFM Directive's gross method and commitment method that will also be followed are set forth below pursuant to the requirements of the AIFM Directive.

The maximum level of leverage that may be employed in connection with the Fund's investment program calculated in accordance with the AIFM Directive's gross method as well as commitment method is 200% of the Fund's Net Asset Value.

The Fund or the Investment Manager will disclose to all Shareholders the total amount of leverage calculated in accordance with the AIFM Directive's gross and commitment methods employed by the Fund as well as any changes to the maximum level of leverage calculated in accordance with such methods which may be employed by the Fund through appropriate Investor Disclosure at least annually or sooner if required by applicable law. Any determination to limit the amount of leverage which may be employed by the Fund and/or the level thereof may be changed by the Fund or the Investment Manager without the consent of Shareholders.

While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilised and may result in a substantial loss to the Fund.

## **Investment Guidelines**

The assets of the Fund shall generally be invested according to the following guidelines:

- Other than in respect of its exposure to the Custodian and any sub-custodian, not more than 20% of the gross assets of the Fund will be exposed to the creditworthiness or solvency of any one counterparty;
- The maximum shareholding in any issuer (or equivalent derivative position or position under a repurchase agreement) by the Fund shall not exceed 5% of the market capitalisation of that issuer;
- In general, long exposure to a single issuer shall be limited to 15% of the Net Asset Value of the Fund, however, the Fund may exceed that limit on a temporary basis by up to a further 10%;
- In general, short exposure to a single issuer shall be limited to 7.5% of the Net Asset Value of the Fund, however, the Fund may exceed that limit on a temporary basis by up to a further 5%;
- In general, the exposure to any one security will not exceed 90 days of daily traded value (using 6 month average), however such limit may be exceeded from time to time at the discretion of the Investment Manager.
- In general, the overall portfolio weighted average position will not exceed 30 days of daily traded value (using 6 month average), however such limit may be exceeded from time to time at the discretion of the Investment Manager.
- In general, the borrowings by the Fund will not exceed 100% of the Net Asset Value, however such limit may be exceeded from time to time at the discretion of the Investment Manager.
- In general, the long and short exposures shall be limited such that net exposure shall be limited to a minimum of -20% and a maximum of one hundred and twenty 120% of the Net Asset Value of the Fund, and the gross exposure shall be limited to a maximum of 200% of the Net Asset Value of the Fund, however such limits may be exceeded from time to time at the discretion of the Investment Manager;
- With respect to securities lending and borrowing, the Fund may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specialised in this type of transaction.

Except where specified to the contrary, the aforementioned guidelines apply as of the date of the relevant transaction or commitment to invest. Where any guideline is breached, the Investment Manager will, where practicable, take corrective action except where the breach is due to appreciation or depreciation in value, changes in exchange rates, or by reason of the receipt of any right, bonus or benefit in the nature of capital by reason of any other action affecting every holder of the relevant investment. However, no further relevant financial instruments will be acquired until the limits are again complied with.

### **Changes in the Investment Program**

The Board of Directors may authorise variations in the above investment program including, without limitation, any investment strategy or investment policy. In the event that the Board of Directors considers that any such variations might reasonably in the aggregate be considered material, such variations will not be implemented without the approval, in aggregate, of 75% by value of holding of investors in the Fund or, in the alternative, until after the expiry of not less than 90 days of notice being provided to investors. These provisions will not apply to any changes required by changes in applicable law or regulations which may be implemented by the Board of Directors as it determines. For the avoidance of doubt, notwithstanding the foregoing, the Board of Directors will not be responsible for monitoring compliance by the Fund or the Investment Manager with the investment program other than periodic oversight consistent with the obligations of a non-executive Director.

**The investment program of the Fund is speculative and may entail substantial risks. Market risks are inherent in all securities investments to varying degrees. There can be no assurance that the investment objective of the Fund will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Fund's investment portfolio. (See "Certain Risk Factors").**

### **THE MANAGER**

Altavista Investment Management Ltd., an exempted company incorporated under the laws of the Cayman Islands on 19 August 2011, serves as the manager to the Fund. The directors of the Manager are Vinod Nair, Arun Agarwal and Nancy Cassano. The Manager is authorised to delegate its functions and has delegated its investment discretion and certain other responsibilities with respect to the Fund to the Investment Manager.

### **Regulatory Status of the Manager**

The Manager is exempted from the requirement to obtain a licence under the Securities Investment Business Law (Revised) and is not subject to regulation by the Cayman Islands Monetary Authority. The Manager is not registered with the SEC as an investment adviser under the Advisers Act, but may register in the future.

Additionally, the Manager has claimed exemptions under CFTC Rule 4.13(a)(3) from registration with the CFTC as a commodity pool operator with respect to the Fund.

### **Management Agreement**

The Manager was appointed pursuant to a management agreement with the Fund (the "Management Agreement"). Under the Management Agreement, the Manager agrees, subject to the overall supervision, control and policies of the Fund's Board of Directors, to act as



investment manager to the Fund with power to delegate its investment management powers and authority to the Investment Manager. The Manager is entitled to receive fees and compensation from the Fund as set forth in the sections headed "Management Fee" and "Incentive Fee". The Management Agreement will automatically renew from year to year until terminated by either party upon 120 days' notice to the other party. It may be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within 30 days of receipt of written notice requiring the same, or if the other party is dissolved or otherwise is unable to pay its debts, becomes insolvent or enters into insolvency proceedings. Further, the Fund may terminate the Management Agreement in the event that the Manager is no longer permitted to perform its obligations under any applicable law.

None of the Manager or its affiliates or their respective members, partners, directors, shareholders, officers, employees or the legal representatives of any of them (each, a "Manager Indemnified Party") will be liable to the Fund for any costs, losses, claims, damages, liabilities, expenses (including reasonable legal and other professional fees and disbursements), judgments, fines or settlements (collectively, "Manager Indemnified Losses") arising out of, related to or in connection with any act or omission of such Manager Indemnified Party taken, or omitted to be taken, in connection with the Fund or the Management Agreement, except for any Manager Indemnified Losses arising out of, related to or in connection with any act or omission that is judicially determined to be primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such Manager Indemnified Party. In addition, no Manager Indemnified Party will be liable to the Fund for any Manager Indemnified Losses arising out of, related to or in connection with any act or omission taken, or omitted to be taken, by any broker or agent of the Fund if such broker or agent was selected, engaged or retained by such Manager Indemnified Party directly or on behalf of the Fund in accordance with the standard of care set forth above. Any Manager Indemnified Party may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other specialised, reputable, professional consultants in respect of affairs of the Fund and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such persons; *provided*, that such persons have been selected in accordance with the standard of care set forth above.

To the fullest extent permitted by law, the Fund will indemnify and hold harmless each Manager Indemnified Party from and against any and all Manager Indemnified Losses suffered or sustained by such Manager Indemnified Party by reason of any act, omission or alleged act or omission arising out of, related to or in connection with the Fund or the Management Agreement, or any and all proceedings in which a Manager Indemnified Party may be involved, as a party or otherwise, arising out of, related to or in connection with such Manager Indemnified Party's service to or on behalf of, or management of the affairs or assets of, the Fund, or which relate to the Fund except for any Manager Indemnified Losses that are judicially determined to be primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such Manager Indemnified Party. The Fund will also severally indemnify and hold harmless each Manager Indemnified Party from and against any and all Manager Indemnified Losses suffered or sustained by such Manager Indemnified Party by reason of any acts, omissions or alleged acts or omissions of any broker or agent of the Fund; *provided*, that such broker or agent was selected, engaged or retained by such Manager Indemnified Party directly or on behalf of the Fund in accordance with the standard of care set forth above. The termination of a proceeding by settlement or its equivalent, will not, of itself, create a presumption that such Manager Indemnified Party's acts, omissions or alleged

acts or omissions were primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such Manager Indemnified Party. Expenses (including legal and other professional fees and disbursements) incurred in any proceeding may, with the consent of the Fund, as the case may be, be paid by the Fund, in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such Manager Indemnified Party to repay such amount if it is ultimately determined that such Manager Indemnified Party is not entitled to be indemnified by the Fund, as the case may be, as authorised in the Management Agreement.

## **THE INVESTMENT MANAGER**

Altavista Investment Management UK LLP, a limited liability partnership incorporated under the laws of England and Wales on 16 June 2011, serves as the investment manager to the Fund.

### **Regulatory Status of the Investment Manager**

The Investment Manager is authorised and regulated by the FCA. For purposes of the AIFM Directive, the Investment Manager has been identified as the alternative investment fund manager or "AIFM" of the Fund.

The Investment Manager complies with an own funds requirement (to cover professional negligence) and also has professional indemnity insurance.

No management function has been delegated by the Investment Manager. In the event the Investment Manager delegates a management function, the Fund or the Investment Manager will inform all Shareholders through appropriate Investor Disclosure.

The Investment Manager is not registered with the SEC as an investment adviser under the Advisers Act, but may register in the future.

Additionally, the Investment Manager is exempt from registration with the CFTC as a commodity trading advisor.

### **Key Personnel of the Investment Manager**

Set forth below is the biographical information of key personnel of the Investment Manager.

#### **Vinod Nair**

Vinod is a Managing Partner of the Investment Manager and primarily responsible for performing the obligations of the Investment Manager with respect to the Fund. Before joining Altavista, Vinod had eighteen years of experience in investing, consulting and engineering with Alliance Bernstein, McKinsey & Company and Larsen & Toubro. At Alliance Bernstein, Vinod covered a variety of sectors and geographies and managed sector and geography focused funds. At McKinsey & Company, Vinod worked with a number of leading Indian, Australian and US corporations in the technology, industrial and commodity sectors. Vinod started his career in process R&D with Larsen & Toubro. Vinod received a PGDM (equivalent to an MBA) from IIM Ahmedabad and a B.Tech. in Engineering from IIT Kharagpur.

## **Arun Agarwal**

Arun is a Managing Partner of the Investment Manager and primarily responsible, with Vinod Nair, for performing the obligations of the Investment Manager with respect to the Fund. Before joining the Investment Manager, Arun was the Founder and Managing Director of Altavista Capital Advisors Pvt Ltd ("Altavista India"), an investment advisory company based in Mumbai, India. Prior to that, Arun had eleven years of experience in investing, investment banking and consulting with Q Investments, DSP Merrill Lynch and McKinsey & Company. At Q Investments, Arun focused on public and private investments in India. At DSP Merrill Lynch, Arun was head of investment banking for Telecom, Oil & Gas and Power in India. At McKinsey, Arun worked with a number of leading Indian corporations in the Telecom, Oil & Gas, Steel and other Manufacturing sectors. Arun received a PGDM (equivalent to an MBA) from IIM Calcutta and holds a B.Tech. in Computer Science and Engineering from IIT Kharapur.

## **Investment Management Agreement**

The Investment Manager was appointed pursuant to an investment management agreement with the Manager (the "Investment Management Agreement"). Under the Investment Management Agreement, the Investment Manager has full discretion, subject to the control of and review by the Manager, to invest the assets of the Fund in a manner consistent with the investment objective, approach and restrictions described in this Memorandum. The Investment Management Agreement will automatically renew from year to year until terminated by any party on 90 days' notice in writing to the other party. It may be terminated forthwith by any party on immediate written notice if any other party commits any material breach of its obligations and fails to remedy the breach within 30 days of receipt of written notice requiring the same, or if the other party is dissolved or otherwise is unable to pay its debts, becomes insolvent or enters into insolvency proceedings. Further, the Manager may terminate the Investment Management Agreement in the event that the Investment Manager is no longer permitted to perform its obligations under any applicable law.

None of the Investment Manager or its affiliates or their respective members, partners, directors, shareholders, officers, employees or the legal representatives of any of them (each, an "IM Indemnified Party") will be liable to the Manager for any costs, losses, claims, damages, liabilities, expenses (including reasonable legal and other professional fees and disbursements), judgments, fines or settlements (collectively, "IM Indemnified Losses") arising out of, related to or in connection with any act or omission of such IM Indemnified Party taken, or omitted to be taken, in connection with the Fund or the Investment Management Agreement, except for any IM Indemnified Losses arising out of, related to or in connection with any act or omission that is judicially determined to be primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such IM Indemnified Party. In addition, no IM Indemnified Party will be liable to the Manager for any IM Indemnified Losses arising out of, related to or in connection with any act or omission taken, or omitted to be taken, by any broker or agent of the Fund if such broker or agent was selected, engaged or retained by such IM Indemnified Party directly or on behalf of the Fund in accordance with the standard of care set forth above. Any IM Indemnified Party may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other specialised, reputable, professional consultants in respect of affairs of the Fund and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such persons; *provided*, that such persons have been selected in accordance with the standard of care set forth above.

To the fullest extent permitted by law, the Manager will indemnify and hold harmless each IM Indemnified Party from and against any and all IM Indemnified Losses suffered or sustained by such IM Indemnified Party by reason of any act, omission or alleged act or omission arising out of, related to or in connection with the Fund or the Investment Management Agreement, or any and all proceedings in which an IM Indemnified Party may be involved, as a party or otherwise, arising out of, related to or in connection with such IM Indemnified Party's service to or on behalf of, or management of the affairs or assets of, the Fund or which relate to the Fund, except for any IM Indemnified Losses that are judicially determined to be primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such IM Indemnified Party. The Manager will also severally indemnify and hold harmless each IM Indemnified Party from and against any and all IM Indemnified Losses suffered or sustained by such IM Indemnified Party by reason of any acts, omissions or alleged acts or omissions of any broker or agent of the Fund; *provided*, that such broker or agent was selected, engaged or retained by such IM Indemnified Party directly or on behalf of the Fund in accordance with the standard of care set forth above. The termination of a proceeding by settlement or its equivalent, will not, of itself, create a presumption that such IM Indemnified Party's acts, omissions or alleged acts or omissions were primarily attributable to the bad faith, gross negligence, wilful misconduct or fraud of such IM Indemnified Party. Expenses (including legal and other professional fees and disbursements) incurred in any proceeding may, with the consent of the Manager, be paid by the Manager in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such IM Indemnified Party to repay such amount if it is ultimately determined that such IM Indemnified Party is not entitled to be indemnified by the Manager, as authorised under the Investment Management Agreement.

### **MANAGEMENT FEE**

The Fund pays to the Manager a fee for management services (the "Management Fee"), payable monthly as of the last Business Day of each month, equal to 0.166 % (2% per annum) of the Net Asset Value of each series of Shares as of the last Business Day of each month. Payment of the Management Fee is made within 15 days of the last Business Day of each month, or as soon as reasonably practicable thereafter.

The Management Fee will be prorated for any subscription or redemption that is effective other than as of the first Business Day of a month. The Management Fee will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee or Management Fee.

In the sole discretion of the Board of Directors, subject to the consent of the Manager, the Management Fee may be waived, reduced or calculated differently with respect to certain Shareholders, including, without limitation, Shareholders that are members, shareholders, partners, affiliates or employees of the Manager or the Investment Manager, members of the immediate families of such persons and trusts or other entities for their benefit.

In consideration for the Management Fee, the Manager or the Investment Manager will provide office space and utilities; news, quotation and computer equipment; software; certain administrative services; and secretarial, clerical and other personnel to the Fund. The Manager or the Investment Manager will bear the costs of providing such goods and services, and all of their own overhead costs and expenses, except to the extent such goods, services, costs and expenses are provided for through soft dollars generated by the Fund as permitted hereunder.

The Manager or the Investment Manager may, in its sole discretion, pay a portion of the Management Fee to intermediaries, placement agents or other third parties.

## **INCENTIVE FEE**

### **Incentive Fee**

The Fund pays to the Manager an incentive fee (the "Incentive Fee"), generally payable on an annual basis following the end of each fiscal year, equal to 20% of the net realised and unrealised appreciation in the Net Asset Value of each series of Shares, adjusted for any redemption of Shares in the series made during the fiscal year and any accruals of the Incentive Fee (the "Adjusted NAV"); *provided, however*, that an Incentive Fee will be paid only with respect to the net realised and unrealised appreciation in the Adjusted NAV of a series of Shares above its Prior High NAV.

The "Prior High NAV" of each series of Shares is the Net Asset Value of that series immediately following the date as of which the last Incentive Fee payable with respect to such series was determined at the end of a fiscal year (or if no such Incentive Fee has yet been determined with respect to such series, the Net Asset Value of such series immediately following the initial issuance of such series). If Shares of a particular series are redeemed during a fiscal year, the Prior High NAV of such series will be reduced in the same proportion as the reduction in the Net Asset Value of that series caused by such redemption.

### **General**

The Incentive Fee is calculated in respect of each fiscal year and is accrued on a monthly basis as of the last Business Day of each month. The Incentive Fee will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee.

If Shares are redeemed other than at the end of a fiscal year (including in connection with a compulsory redemption), an Incentive Fee will be determined for such Shares as of the Dealing Day and will be paid to the Manager on such date as set forth above. If the Management Agreement is terminated at any time other than at the end of a fiscal year of the Fund, the Manager will receive any Incentive Fee that has accrued in respect of the Shares through the date of termination.

In the sole discretion of the Board of Directors, subject to the consent of the Manager, the Incentive Fee may be waived, reduced or calculated differently with respect to certain Shareholders, including, without limitation, Shareholders that are members, shareholders, partners, affiliates or employees of the Manager or the Investment Manager, members of the immediate families of such persons and trusts or other entities for their benefit.

The Manager or the Investment Manager may, in its sole discretion, pay a portion of the Incentive Fee to intermediaries, placement agents or other third parties.

## **OTHER FEES; FUND EXPENSES**

### **Fund Expenses**

The Fund bears its own expenses, including the Management Fee; the Incentive Fee; investment expenses (*e.g.*, expenses that, in the Manager's or the Investment Manager's discretion, are related to the investment of the Fund's assets, whether or not such investments

are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the Fund's investments incurred by the Manager or the Investment Manager); professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software tools, programs or other technology utilised in managing the Fund (including third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data (including any computer hardware and connectivity hardware (*e.g.*, telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including fees and expenses of the Administrator); legal expenses; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; fees of the Directors; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including filing fees); organisational expenses; expenses incurred in connection with the offering and sale of the Shares and other similar expenses related to the Fund; indemnification expenses; and extraordinary expenses.

Except as otherwise provided in this Memorandum, such expenses, other than the Management Fee and the Incentive Fee, will be shared on a *pro rata* basis by all of the series of Shares. Any expenses attributable to a particular or series will be allocated solely to such series. To the extent that expenses to be borne by the Fund are paid by the Manager or the Investment Manager, the Fund will reimburse such party for such expenses.

## **General**

If any of the expenses listed above are incurred jointly for the account of the Fund and any Other Accounts, such expenses will be allocated among the Fund and such Other Accounts in proportion to the size of the investment made by each to which such expense relates, or in such other manner as the Board of Directors considers fair and equitable.

Certain of the Fund's organisational, reorganisational and offering expenses are being, for accounting purposes, amortised by the Fund for up to a 60-month period from commencement of the Fund's operations. Amortisation of such expenses over a period that is up to 60 months is a divergence from IFRS, which may, in certain circumstances, result in a qualification of the Fund's annual audited financial statements. In such instances, the Board of Directors may decide to (i) avoid the qualification by causing the Fund to recognise the unamortised expenses or (ii) make IFRS conforming changes for financial reporting purposes, but amortise expenses for purposes of calculating the Fund's Net Asset Value. There will be a divergence in the Fund's fiscal year-end net asset value and in the net asset value reported in the Fund's financial statements in any year where, pursuant to clause (ii), IFRS conforming changes are made only to the Fund's financial statements for financial reporting purposes. If the Fund is terminated within 60 months of its commencement, any unamortised expenses will be recognised. If a Shareholder redeems all or part of its Shares prior to the end of the 60-month period during which the Fund is amortising expenses, the Board of Directors may, but is not required to, accelerate a proportionate share of the unamortised expenses based upon the amount being redeemed and reduce redemption proceeds by the amount of such accelerated expenses.

The Fund does not have a pre-determined limit on its ordinary or extraordinary operating expenses. The Fund's actual annual operating expenses are disclosed in the Fund's year-end audited financial statements, which are provided to each Shareholder.

## **CAPITAL STRUCTURE OF THE FUND; LEGAL IMPLICATIONS**

### **General**

The Fund has issued 2 Management Shares at a par value of US\$ 1.00 each, and intends to issue, from time to time, non-voting, redeemable participating shares of par value of US\$1 each, available as Class A Shares.

Fractional Shares will be issued to four decimal places.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Constitution. Under the terms of the Constitution, the liability of the Shareholders is limited to any amount unpaid on their Shares. As the Shares can only be issued if they are fully paid, the Shareholders will not be liable for any debt, obligation or default of the Fund beyond their interest in the Fund.

If the Fund is wound up, the liquidator will apply the assets of the Fund in such manner and order as it thinks fit in the satisfaction of creditors' claims. The assets of the Fund available for distribution will be first applied in payment to the relevant Shareholders *pari passu* of the nominal amount of the Shares. Any surplus assets then remaining will then be applied in repayment to the relevant Shareholders *pari passu* of the nominal amount of the Management Shares. Any further surplus assets will be divided between the series of Shares *pro rata* according to their relative Net Asset Values and then within such series *pari passu* according to the number of Shares held.

If the Fund is wound up (whether the liquidation is voluntary, under supervision or by the court), then the liquidator may, with the authority of a special resolution and any other sanction required by applicable law, divide among the Shareholders in kind the whole or any part of the assets of the Fund, and whether or not the assets consist of property of a single kind and may for such purposes set such value as the liquidator deems fair upon any one or more class or classes of property, and may determine how such division will be carried out as between the holders of different series of Shares. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, thinks fit, and the liquidation of the Fund may be closed and the company dissolved, but so that no holder will be compelled to accept any assets in respect of which there is liability.

Shares of the same designation carry an equal right to any dividends or other distributions. Dividends may be paid in the sole discretion of the Board of Directors. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws. It is not anticipated that the Fund will pay dividends.

### **Voting Rights**

Class A Shares will generally not carry any right to vote except that the rights attaching to Class A Shares may not be varied unless approved (i) by resolution in writing of the holders of 75% of the Shares or (ii) by a special resolution of that class.

Meetings of the Shareholders will be held at the registered office of the Fund or such other place as the Board of Directors may determine from time to time as required by law or when called for by the Board of Directors. The Fund will send a notice to each Shareholder entitled to such notice at least 14 days in advance of any such meeting.

At all meetings of Shareholders at which the Shareholder is entitled to participate, each Shareholder will, on a show of hands, have one vote and, on a poll, one vote per Share.

### **Management Shares**

The Management Shares are held by the Manager. They confer no economic benefit other than the right to a return of paid-up capital on a winding-up subject to the prior return of paid-up capital on the Shares. The Management Shares generally have the right to vote at any Shareholder meeting.

### **Legal Implications**

The Fund is a public company with limited liability incorporated under the laws of Mauritius on 21 October 2010 authorised to operate as a collective investment scheme and classified as an expert fund for the benefit of non-US Persons and Permitted US Persons which are Expert Investors. The Fund commenced operations on or around 29 March 2011. The Fund is subject to the laws of Mauritius, and may also be subject to the laws of the jurisdiction where its investments are located.

Any dispute, controversy or claim arising out of the Fund's Constitution, or the breach, termination or invalidity thereof shall be settled by international arbitration under the Mauritius International Arbitration Act 2008 (the "IAA"). The provisions of the First Schedule to the IAA will apply to the arbitration. The arbitration will be conducted pursuant to the rules set out in the IAA. The number of arbitrators will be one. The juridical seat of arbitration will be Mauritius. The language to be used in the arbitral proceedings will be the English language.

## **OFFERING OF SHARES**

### **General**

The Fund generally may offer Shares as of the first Business Day of each calendar month or at such other times as the Board of Directors may determine in its discretion.

Shares will be issued in registered, book-entry form (meaning that no share certificates will be issued).

Shares are offered in series at the prevailing Net Asset Value per Share of a designation, subject to the minimum subscription amount. A new series of a designation of Shares will be issued on each date that Shares of such designation are purchased. Shares will be issued fully paid up.

There will be no sales charges payable to the Fund, the Manager or the Investment Manager in connection with the offering of Shares. The Manager, the Investment Manager and the Fund may enter into agreements with placement agents providing for either: (i) a payment from an investor to the particular placement agent; or (ii) a payment from the Fund, the Manager or the Investment Manager of a one-time or ongoing fee based upon the amount of



the subscription of an investor introduced to the Fund by the agent. A prospective investor solicited by a placement agent will be advised, and asked to acknowledge in writing its understanding, of any such arrangement.

The Board of Directors may, in its sole discretion, reject any subscription, in whole or in part, for any reason or no reason at all. The Board of Directors reserves the right to close the Fund to subscriptions from time to time and at any time and to limit the aggregate amount of subscriptions. The Board of Directors may choose to assert such right in respect of all investors, or just new investors, or to accept subscriptions from some investors but not others.

### **Series Roll-Up**

At the end of each fiscal year, each new series of a designation of Shares (each, a "New Series") may be redesignated and converted (after payment of any Incentive Fee to the Manager) into any other series within such designation ("Rollup Series"). Such conversion will be effected at the prevailing Net Asset Value per Share of the relevant Rollup Series; *provided, however*, that no redesignation and conversion will occur with respect to any New Series if at the end of the fiscal year either the Net Asset Value of the New Series is below its Prior High NAV or the Net Asset Value of the Rollup Series is below its Prior High NAV.

### **Minimum Initial and Additional Subscription**

The minimum initial subscription amount for Shares is US\$200,000, subject to the sole discretion of the Board of Directors to accept subscriptions of a lesser amount or establish different minimums in the future; *provided*, that in no event will initial subscriptions be less than US\$100,000, or such other minimum amount as specified under Mauritius law from time to time. The minimum additional subscription amount for Shares is US\$100,000 (or its currency equivalent), subject to the sole discretion of the Board of Directors to accept subscriptions of a lesser amount or establish different minimums in the future.

### **Subscription Procedure**

Persons interested in subscribing for Shares will be furnished, and will be required to complete and return to the Administrator, a Subscription Agreement and items relating thereto as outlined in the Subscription Agreement.

**To avoid delays in the processing of subscriptions, prospective investors are encouraged to contact the Administrator as soon as possible so as to determine what additional information may be required, including in order to comply with anti-money laundering requirements.**

## **SUITABILITY REQUIREMENTS; LIMITATIONS ON TRANSFERABILITY**

### **Investor Suitability Requirements**

Prospective Shareholders in the Fund must be either non-US Persons or Permitted US Persons that are Expert Investors and meet other suitability requirements described herein and in the Subscription Agreement. Unless the Board of Directors determines otherwise, except for offers and sales of Shares to Permitted US Persons, the Shares will not be offered for sale in the United States or its territories or possessions or to US Persons and may only be transferred to, or held for the benefit of, a non-US Person.

IT IS THE RESPONSIBILITY OF EACH SHAREHOLDER TO VERIFY THAT IT IS NOT PROHIBITED FROM OWNING SHARES.

Prior to acceptance of any subscription or transfer for Shares, each prospective Shareholder must represent in writing, by completing and signing the Subscription Agreement, that among other things:

- (i) the investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the proposed investment in the Fund, and that it can bear such risks and at the time of the investment the prospective investor can afford a complete loss of the investment and can afford to hold the investment for an indefinite period of time;
- (ii) the investor is acquiring Shares for investment purposes and solely for its own account and not with a view toward distributing or reselling the Shares in whole or in part;
- (iii) the investor will indemnify the Fund against any and all loss, liability, claim, damage and expense whatsoever arising out of or based upon any false representation or warranty made by the investor in connection the investor's investment in the Fund;
- (iv) the investor is not a resident in India, and has not sourced funds from India for the purpose of investing in the Fund;
- (v) if the investor is a resident in Mauritius, it is a holder of a category 1 global business licence; and
- (vi) *(if a Permitted US Person)* the investor is (i) an "accredited investor", as defined in Regulation D promulgated under the Securities Act and (ii) a "qualified purchaser", as defined in Section 2(a)(51) of the Company Act or a "knowledgeable employee", as defined under Rule 3c-5 of the Company Act.

In addition, Shares may not be issued, or transferred, to or for the benefit of any person whose acquisition or holding of Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or the Shareholders as a whole.

Shareholders will be required to hold the Shares to the value of at least the Minimum Holding.

The suitability standards referred to above represent minimum suitability requirements for prospective Shareholders and the satisfaction of such standards by a prospective Shareholder does not necessarily mean that the Shares are a suitable investment for such prospective Shareholder or that the prospective Shareholder's subscription will be accepted. The Board of Directors may, in circumstances it deems appropriate, modify such requirements.

Each prospective Shareholder is urged to consult with its own advisors to determine the suitability of an investment in the Shares, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of Shares is required to represent further that, after all necessary advice and analysis, its investment in the Fund is suitable and appropriate, in light of the foregoing considerations.

Without limiting the generality of the foregoing, the Fund will not accept any subscriptions from, and Shares may not be transferred to, any investor, whether or not a US Person if, immediately thereafter, Benefit Plan Investors would hold 25% (or such greater percentage as may be provided in regulations promulgated by the US Department of Labor) or more of the value of any class of Shares so that the assets of the Fund will not be treated as "plan assets" for the purpose of Section 3(42) of ERISA and any regulations promulgated thereunder. If the assets of the Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA and the Internal Revenue Code) with respect to each such Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA and/or the Internal Revenue Code. In such circumstances, the Fund would be subject to various other requirements of ERISA and/or the Internal Revenue Code. As described herein under "Redemption of Shares—Compulsory Redemptions", the Board of Directors reserves the right to redeem all or part of the Shares held by any Shareholder, including, without limitation, to ensure compliance with the percentage limitation on investment in the Fund by Benefit Plan Investors as set forth above. The Investment Manager reserves the right, however, to waive the percentage limitation on investment in the Fund by Benefit Plan Investors and thereafter to comply with ERISA.

### **Limitation on transferability**

The Articles provide that Shares may not be sold, assigned, transferred, conveyed, pledged or disposed of without the prior consent of the Board of Directors, which consent may be given or withheld in its sole discretion. Any attempt to sell or transfer Shares without the prior approval of the Board of Directors may subject such Shares to a compulsory redemption. There is no independent market for the purchase or sale of Shares, and none is expected to develop. Prior to considering any request to permit a transfer of Shares, the Board of Directors may require the submission by the proposed transferee of a certification as to the matters referred to in the preceding paragraphs as well as such other documents as the Board of Directors considers necessary. For the purposes of the Incentive Fee provisions, a transfer will, unless the Board of Directors agrees otherwise, be treated as a redemption by the transferor and a subscription by the transferee. Such event will result in (i) a crystallisation of the Incentive Fee, and (ii) the loss of any "high water mark".

## **REDEMPTIONS OF SHARES**

### **General**

Generally, each Shareholder will have the right as of the first Business Day of each month, upon at least 30 days' prior written notice to the Administrator, to redeem any or all of its Shares. Such notice will be irrevocable unless waived by the Board of Directors in its sole discretion.

The Board of Directors may, in its sole discretion, waive notice requirements and/or permit redemptions at such other times, under such other circumstances and on such conditions as it deems appropriate.

### **Gate**

In the event that the Fund receives redemption requests and the redemption amounts pursuant to such requests exceed, in the aggregate, an amount equal to 20% of the Net Asset Value of the Fund as of the applicable Dealing Day, the Board of Directors may, in its sole discretion,

(i) satisfy all such redemption requests, or (ii) reduce all such redemption requests so that only 20% (or more, in the sole discretion of the Board of Directors) of the Net Asset Value of the Fund is redeemed on any Dealing Day (the "Gate"). Shareholders whose redemption amounts are reduced pursuant to the Gate will participate in the aggregate amount available for redemption pro rata in accordance with the Net Asset Value of their Shares.

Capital not redeemed from the Fund by virtue of restrictions imposed by the Gate will remain invested in, and therefore will remain subject to the risks of, the Fund until such time as it is redeemed from the Fund.

To the extent that a Shareholder's requested redemption amount has been reduced by restrictions imposed by the Gate, a request for the remaining portion of the original redemption amount will be deemed made (unless thereafter rescinded) as of the next Dealing Day, and such remaining portion will be satisfied as of the next Dealing Day and thereafter to successive Dealing Days until fully redeemed, each time subject to the Gate; provided, however, that any redemption request that remains unsatisfied for more than three consecutive Dealing Days as a result of the Gate will be satisfied as of the next Dealing Day, provided that the Fund is not in liquidation or dissolution.

### **Additional Limitations on Redemptions**

If any Dealing Day, the Fund does not fulfil the "broad based" requirement on a look through basis as prescribed by SEBI (i.e. if due to a redemption the total number of investors in the Fund is less than 20 or if due to a redemption any single investor holds more than 49% of the Shares in issue), the Board of Directors at its discretion may reduce the actual amounts redeemed to ensure that the Fund satisfies the "broad based" requirement as prescribed by SEBI.

### **Suspension**

The Board of Directors may suspend the determination of the Net Asset Value of the Fund and/or the Net Asset Value of each Shareholder's Shares and/or redemption rights, in whole or in part, and/or the payment of withdrawal proceeds in respect of voluntary redemptions: (i) during any period when any stock exchange or over-the-counter market on which the Fund's investments are quoted, traded or dealt in is closed, other than for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended; (ii) during the existence of any state of affairs as a result of which, in the opinion of the Board of Directors, disposal of the Fund's assets, or the determination of the Net Asset Value of the Fund, would not be reasonably practicable or is reasonably expected to be prejudicial to the non-redeeming Shareholders or the Fund as a whole; (iii) during the existence of any state of affairs as a result of which disposal of a portion of the Fund's assets deemed significant by the Board of Directors is restricted under applicable securities laws or regulations, or would result in a breach of contractual obligations of the Fund to third parties; (iv) during any breakdown in the means of communication normally employed in determining the price or value of the Fund's assets or liabilities, or of current prices in any financial market as aforesaid, or when for any other reason the prices or values of any assets or liabilities of the Fund cannot reasonably be promptly and accurately ascertained; (v) for any period during which redemptions would cause a breach or default under any covenant in any agreement entered into by the Fund, including an agreement for borrowing or other financing agreement; (vi) during any period when the transfer of funds involved in the realisation or acquisition of any investments cannot, in the opinion of the Board of Directors, be effected at normal rates

of exchange; or (vii) during the period in which the Fund is winding down its business;. Any such suspension imposed by the Board of Directors under any of the circumstances described in this paragraph is referred to herein as a "Suspension".

The Board of Directors will provide written notice to each Shareholder of a Suspension. Upon the determination by the Board of Directors that the condition giving rise to a Suspension has ceased to exist and no other condition under which a Suspension is authorised exists, such Suspension will be lifted and written notice will be sent to the Shareholders regarding the lifting of such Suspension and the next date as of which Shareholders will be permitted to redeem all or a portion of their Shares.

Upon a suspension of redemption rights, all pending redemption requests will be deemed made (unless thereafter rescinded) for the next Dealing Day following the lifting of the suspension.

The Board of Directors and/or the Administrator, by written notice to any Shareholder, may suspend payment of redemption proceeds to such Shareholder if the Board of Directors and/or the Administrator reasonably deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, the Manager, the Investment Manager.

### **Payment of Redemption Proceeds**

Shares of a particular series will be redeemed at a per Share price (the "Redemption Price") based on the Net Asset Value per Share of such series (after payment of any Incentive Fee with respect to the redeemed Shares) as of the Dealing Day.

Payment of the amount effectively redeemed will generally be made within 30 days of the Dealing Day; *provided, however*, that if a Shareholder elects to redeem 95% or more of its Class A Shares, the Fund will pay such Shareholder an amount equal to at least 95% of its estimated redemption proceeds (computed on the basis of unaudited data as of the Dealing Day) within 30 days after the Dealing Day. If a Shareholder elects to redeem 95% or more of its Class A Shares in the aggregate during a fiscal year by means of more than one redemption, the "hold-back" amount described above will be adjusted to reflect the aggregate redemption amounts made during such fiscal year. The Fund will pay such Shareholder the balance of its redemption (subject to audit adjustments), as soon as practicable after completion of the audit of the Fund's books for the year in which such redemption occurs.

If a redeeming Shareholder has acquired Shares of more than one series, Shares of such series will be redeemed on a "first-in, first-out" basis, unless the Board of Directors, in its sole discretion, otherwise agrees upon the request of the Shareholder.

The Board of Directors may, in its sole discretion, make distributions in cash or in kind, or in a combination thereof, in connection with a redemption from the Fund by a Shareholder or pursuant to a required redemption. In each case, the assets to be distributed in kind to any redeeming Shareholder may be allocated to such redeeming Shareholder in such amounts, as determined by the Board of Directors in its sole discretion. The Board of Directors also may, in its sole discretion, make distributions in cash or in kind, or in a combination thereof, at any time to all of the Shareholders on a *pro rata* basis in accordance with the Net Asset Value of the Shareholders' Shares.

The Board of Directors may choose, in its sole discretion, which assets of the Fund to distribute in kind. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment or participation notes (or similar derivative instruments), which provide a return with respect to certain securities of the Fund. The holders of interests in a special purpose vehicle will bear the expenses of such special purpose vehicle.

Any distribution proceeds will be paid to the Shareholders to the same account from which its investment in the Fund was originally remitted, unless the Fund agrees otherwise. No third party payment will be made.

### **Compulsory Redemption**

The Board of Directors may, in its sole discretion, compel the redemption of all or any portion of a Shareholder's Shares at any time for any reason or no reason upon at least five days' prior written notice, including, without limitation, where such Shares are held by or for the account of anyone that does not meet the eligibility requirements of the Fund. The Shareholder receiving such notice will be treated for all purposes and in all respects as a Shareholder who has given notice of redemption of such Shares.

### **Liquidity Management**

The Investment Manager will maintain liquidity management systems and procedures that are intended to allow the Investment Manager to manage the Fund's illiquid assets and address any related valuation issues in an effort to satisfy regular redemption requests.

The Investment Manager will notify Shareholders of any material changes to the liquidity management systems and procedures applicable to the Fund. The Fund or the Investment Manager will make this information available to all Shareholders through appropriate Investor Disclosure at least annually or sooner if required by applicable law.

None of the Fund's assets is subject to special arrangements arising from its illiquid nature. In the event this changes, the Fund or the Investment Manager will inform all Shareholders of the percentage of the Fund's assets that are subject to special arrangements including, without limitation, the Gate through appropriate Investor Disclosure at least annually or sooner if required by applicable law.

## **VALUATION**

The Fund's portfolio will be valued in accordance with the valuation principles, policy and procedures (as may be amended from time to time), established by the Investment Manager and adopted by the Board of Directors (the "Valuation Policy").

The Investment Manager is responsible for the valuation of the Fund's portfolio. In valuing the Fund's portfolio, the Investment Manager shall comply with the Valuation Policy.

The Valuation Policy is available on request from the Investment Manager.

The Net Asset Value of the Fund will equal its total assets less its total liabilities on any Valuation Day.

Because the various series of Shares will be issued at different dates, the Net Asset Value per Share of each series of Shares may differ. The Net Asset Value per Share is generally determined by (i) allocating any increase or decrease in the Net Asset Value of the Fund among each series of Shares *pro rata* in accordance with the Net Asset Value of each series at the beginning of such period, and finally (ii) dividing the Net Asset Value of each series by the number of outstanding Shares therein. Any gains, losses, fees or expenses attributable to particular series will be allocated solely to such series, including, without limitation, any accrued Management Fee or Incentive Fee. Shares within a designation or series will have the same Net Asset Value per Share.

The assets and liabilities of the Fund will be valued in accordance with the Valuation Policy and the following pricing policies extracted from the Valuation Policy:

- (A) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless it would have been determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as deemed to be the reasonable value thereof;
- (B) where a forward contract has been entered into for the sale or purchase of any currency the currency required to be delivered by the Fund shall be included in the liabilities of the Fund and the value of the currency to be received shall be included in the assets of the Fund;
- (C) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or other similar open-ended investment vehicle (a "managed fund") to which paragraph (D) applies and subject as provided in paragraphs (E), (F) and (G) below, all calculations based on the value of the investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the last traded price (or, lacking any sales, at the mean between the last available bid and asked prices) on the principal stock exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made; and where there is no such stock exchange, commodities exchange, futures exchange or over-the-counter market, all calculations based on the value of the investment quoted by any person, firm or institution making a market in the investment (and if there shall be more than one such market maker then such particular market maker as may be designated) shall be made by reference to the mean of the latest bid and asked price quoted thereon; provided always that if it is considered that the prices ruling on a stock exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, such prices may be adopted;
- (D) the value of each interest in any managed fund shall be the last published net asset value per unit, share or other interest in such managed fund (where applicable) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;
- (E) if no net asset value, bid and asked prices or price quotations are available as provided in paragraphs (C) or (D) above, the value of the relevant asset shall be determined from time to time in such manner as shall be determined;

- (F) for the purpose of ascertaining quoted, listed, traded or market dealing prices, mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Fund may be used and relied upon and the prices provided by any such system shall be deemed to be the last traded prices for the purpose of paragraph (C) above; provided that notwithstanding the foregoing, some other method of valuation may be permitted to be used if it is considered that such valuation better reflects the fair value;
- (G) any value (whether of a security or cash) otherwise than in US Dollars shall be converted into US Dollars at the rate (whether official or otherwise) which is deemed appropriate to the circumstances having regard, inter alias, to any premium or discount which they consider may be relevant and to costs of exchange;
- (H) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant Valuation Day;
- (I) when the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last traded price on the stock exchange where the security is principally traded;
- (J) when on a particular Valuation Day, a security has not been traded on the principal stock exchange, the value at which it is traded on another stock exchange may be used;
- (K) when a security (other than debt securities) is not traded on any stock exchange on a particular Valuation Day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to Valuation Day;
- (L) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its fair value as determined having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as deemed relevant in considering a positive or negative adjustment to the valuation;
- (M) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, it may be determined which markets shall prevail and provided also that some other method of valuation may be permitted to be used if considered that it better reflects value and is in accordance with good accounting practice; and



- (N) investments, other than in securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty.

The Valuation Policy provides that where any of above pricing policies requires an opinion, judgment, belief or other subjective input, the Investment Manager, with the approval of the Board of Directors, may provide such input which may result in an adjustment to value ascribed to an investment.

In addition, the Valuation Policy provides that the Investment Manager, with the approval of the Board of Directors may use methods of valuing securities other than those set forth herein if it believes the alternate method is preferable in determining the fair value of such securities. In particular, account may be taken of significant events and/or after hours trading activities, if, in the judgment of the Investment Manager, with the approval of the Board of Directors, such events have materially altered such valuation.

The Valuation Policy provides that in connection with the determination of the value of the Fund's assets, the Investment Manager may consult with and will be entitled to rely upon the advice of the Fund's brokers, custodians, accountants, appraisers, the Administrator, independent consultants, professional advisers or pricing services.

The Fund prepares its financial statements in accordance with IFRS. To the extent that IFRS would require any of the Fund's assets or liabilities to be valued in a manner that differs from the Valuation Policy, as may be amended from time to time, the Board of Directors (in consultation with the Investment Manager) may value such assets or liabilities (i) in accordance with IFRS, solely for purposes of preparing the Fund's IFRS-compliant annual audited financial statements, and (ii) in accordance with the Valuation Policy (without regard to any IFRS requirements relating to the determination of fair value) for all other purposes. Non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the financial statements depending on the nature and level of materiality of the non-compliance.

The Board of Directors may, in its sole discretion, provide reserves or holdbacks for estimated accrued expenses, liabilities or contingencies, including general reserves or holdbacks for unspecified contingencies, even if such reserves or holdbacks are not in accordance with IFRS.

The accounts of the Fund are maintained in US Dollars. Assets and liabilities denominated in other currencies are translated at the rates of exchange in effect at the relevant Valuation Day and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

Prospective investors should understand that uncertainties as to the valuation of portfolio positions could have an impact on the Net Asset Value of the Fund if the judgments of the Investment Manager, in conjunction with the Board of Directors, regarding the appropriate valuation should prove to be incorrect. All values assigned to securities and assets pursuant to the Valuation Policy will be final and conclusive as to all of the Shareholders.

Notwithstanding anything to the contrary herein, the Valuation Policy is subject to change and may be revised from time-to-time. The Fund will provide notice to all Shareholders of any material changes to the Valuation Policy.

The Board of Directors may suspend the determination of the Net Asset Value and/or the Net Asset Value of each Shareholder's Shares in the circumstances described herein. (See "Redemptions of Shares—Suspensions".)

The Administrator is responsible for the calculation and publication of the Net Asset Value of the Fund, and the Net Asset Value per Share.

### **OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST**

The Fund will be subject to a number of actual and potential conflicts of interest involving the Altavista Group. However, the Altavista Group has substantial incentives to see that the assets of the Fund appreciate in value, and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Fund.

Certain inherent conflicts of interest arise from the fact that the Altavista Group will provide investment management services to the Fund and may, in the future, carry on investment activities for other clients, including other investment funds, client accounts and proprietary accounts in which the Fund will have no interest (such other clients, funds and accounts, "Other Accounts"). The respective investment programs of the Fund and Other Accounts may or may not be substantially similar. The Altavista Group may give advice and recommend securities to Other Accounts which may differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives may be the same or similar.

The Altavista Group will devote as much of their time to the activities of the Fund as they deem necessary and appropriate. The Altavista Group is not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources of the Altavista Group. These activities could be viewed as creating a conflict of interest in that the time and effort of the members and partners of the Altavista Group and their officers and employees will not be devoted exclusively to the business of the Fund but will be allocated between the business of the Fund and the management of the monies of other advisees of the Altavista Group.

It is the policy of the Investment Manager to allocate investment opportunities fairly and equitably over time. This means that such opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the account's objectives; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements; (d) potentially adverse tax consequences; (e) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (f) the need to re-size risk in the account's portfolio. Such considerations may result in allocations among the Fund and/or one or more Other Accounts on other than a *pari passu* basis. In certain circumstances, investment opportunities will be allocated solely to the client, fund or account with respect to which the opportunity has been generated.

As a result of subscriptions or redemptions and the change in the value of the Fund's assets in any month, the Investment Manager may adjust, to the extent practicable, the exposure levels of the Fund and Other Accounts which may follow the same investment strategy as the Fund to instruments in their respective portfolios at the beginning of each month in order to maintain the exposures desired by the Investment Manager. Such adjustments may be effected by purchases and sales in the market or by a transfer from the Fund to an Other Account, or *vice versa* (a "Cross-Transaction"). A Cross-Transaction may be effected if the Investment Manager determines the transaction to be in the best interests (and consistent with the investment program, risk management and other relevant considerations) of both the Fund and the Other Account. Generally, the relevant asset will be transferred at a price equal to its market price on the transfer date.

The use of a "master-feeder" structure may also create a conflict of interest in that different tax considerations for the Fund and other feeder funds may cause or result in the Fund structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one feeder fund or its investors.

The Investment Manager may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of all accounts of the Investment Manager, its affiliates and its clients are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. Subject to internal compliance policies and approval procedures, members, partners, officers and employees of the Altavista Group may engage, from time to time, in personal trading of securities and other instruments, including securities and instruments in which the Fund may invest. The Altavista Group and funds or accounts (including those set up for co-investment purposes) managed by the Altavista Group may co-invest with the Fund on a particular investment if the Fund exceeds capacity for such investment and the Investment Manager determines that such co-investment is not likely to be detrimental to the Shareholders. The Altavista Group and their affiliates may earn management fees or performance-based compensation (which may or may not be different than the fees and/or compensation charged with respect to the Fund) in respect of such co-investments.

Representatives of the Altavista Group may speak at conferences and programs for investors interested in investing in hedge funds which are sponsored by prime brokers. These conferences and programs may provide opportunities by which such person is introduced to prospective investors in the Fund and other investment vehicles. Generally, the prime brokers are not compensated for providing such "capital introduction" opportunities. In addition, prime brokers may provide financing and other services to the Fund and the Altavista Group. Consequently, such additional services by a prime broker may influence the Manager or the Investment Manager in deciding whether to use the services of such prime broker in connection with the activities of the Fund.

Brokers may assist the Fund in raising additional funds from investors. In addition, from time to time, an investor may request that the Investment Manager or its affiliates direct brokerage to a broker affiliated with an adviser to the investor who had recommended that the investor invest in the Fund. Subject to its obligation to seek best execution, the Investment Manager or the relevant affiliates may consider referrals of investors to the Fund, and requests by investors to direct brokerage, in determining its selection of brokers. However, the Investment Manager or its relevant affiliates will not commit to an investor or broker to allocate a particular amount of brokerage in any such situation.

Members of the Altavista Group may come into possession of material, non-public information, and such information may limit the ability of the Fund to buy and sell investments, even if such information was obtained in the context of the investment activities of Other Accounts. The Fund will not be free to act upon any such information. Due to these restrictions and/or contractual restrictions imposed on any affiliate of the Investment Manager in connection with the management of Other Accounts, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

From time to time members of the Altavista Group may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services, such members of the Altavista Group may receive directors' fees or other similar compensation attributable to such employees' services.

The Administrator, the Custodian, the Directors and other service providers may also provide services to other vehicles with similar investment programs and, accordingly, may have conflicts of interest. In addition, subject to applicable law, any of the service providers may deal, as principal or agent, with the Fund; *provided*, that such dealings are on normal commercial terms negotiated on an arm's length basis.

The provision of assistance by the Investment Manager to the Administrator in determining the value of securities may create a conflict of interest.

Members of the Altavista Group who hold Shares may be in possession of information relating to the Fund and the portfolio not available to all investors.

The Fund, the Manager, the Investment Manager and their affiliates may also from time to time enter into letter agreements or other similar agreements (collectively, "Other Agreements") with one or more Shareholders, that alter, modify or change the terms of the Shares held by such Shareholders. Other Agreements may provide such Shareholder(s) with additional and/or different rights (including, without limitation, with respect to the Incentive Fee, Management Fees, redemption rights, minimum and additional subscription amounts, informational rights, capacity rights and other rights) than the other Shareholders. For example, an Other Agreement may permit a Shareholder to redeem Shares on less notice and/or at different times than other Shareholders. Although the Fund is not required to notify any or all of the other Shareholders of any of the rights and/or terms or provisions of such Other Agreements, such rights and/or terms or provisions may be made available to all investors upon request, subject to confidentiality obligations. The Fund is not required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders.

Other present and future activities of the Altavista Group may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the Board of Directors and the Investment Manager will attempt to resolve such conflicts in a fair and equitable manner.

By acquiring Shares, each Shareholder will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the Fund.

As a general matter, the Directors owe certain fiduciary duties to the Fund, which require them to, among other things, act in good faith and in what they consider to be in the best interests of the Fund and in doing so, the Directors will act in a manner that ensures the fair treatment of Shareholders. In exercising their discretions (including in determining to cause the Fund to enter into any Other Agreement), the Directors will act in accordance with such fiduciary duties. This requires them to ensure that their actions (including, without limitation, in entering into Other Agreement) do not result in the unfair treatment of Shareholders.

### **CERTAIN RISK FACTORS**

**An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost.** No guarantee or representation is made that the Fund's investment program will be successful, or that the Fund's returns will exhibit low correlation with an investor's traditional securities portfolio. The Fund may utilise investment techniques such as option transactions, short sales, derivatives trading and futures and forward contracts, which practices can involve substantial volatility and can, in certain circumstances, substantially increase any potential adverse impact to which the Fund's investment portfolio may be subject. Prospective investors should consider the following additional factors in determining whether an investment in the Fund is a suitable investment:

#### **General Risks**

General Risks of Investing in Securities. Any investment in securities carries certain market risks. An investment in the Fund is highly speculative and involves a high degree of risk due to the nature of the Fund's investments and the investment strategies and trading strategies to be employed. An investment in the Fund should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

All Investments in Securities Risk the Loss of Capital. No guarantee or representation is made that the Fund's investment program will be successful. The investment program will involve, without limitation, risks associated with possible limited diversification, leverage, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Fund's activities. Certain investment techniques of the Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Fund may be subject. In addition, the Fund's investment in financial instruments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund may invest its assets.

The Fund's method of minimising such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behaviour, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Limited Operating History. The Fund has a limited operating history upon which prospective investors can evaluate the anticipated performance of the Fund. The past performance of the Investment Manager or its affiliates may not be indicative of the future performance of the Fund.

Dependence on Key Individuals. Shareholders have no authority to make decisions on behalf of the Fund. The success of the Fund depends upon the ability of key members of the Investment Manager's investment team to develop and implement investment strategies that achieve the Fund's investment objective. If the Fund were to lose the services of these members, the consequence to the Fund could be material and adverse and could lead to the premature termination of the Fund.

No Material Limitation on Strategies. While it is the Investment Manager's current intention to invest a substantial portion of the Fund's assets in the strategies described under "Investment Program", the Fund will be permitted to opportunistically implement whatever strategies or discretionary approaches the Investment Manager believes from time to time may be best suited to prevailing market conditions. There can be no assurance that the Investment Manager will be successful in applying any strategy or discretionary approach to the Fund's trading.

Discretion of the Investment Manager; New Strategies and Techniques. The Investment Manager has considerable discretion in the types of securities which the Fund may trade and has the right to modify the trading strategies or hedging techniques of the Fund without the consent of the Shareholders. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational shortcomings which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new trading strategies or hedging technique developed by the Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

Exemption from Registration Under the US Investment Company Act of 1940. Generally, the Fund and the Shares are not expected to be registered in any country. Specifically, the Fund will not be registered as a US investment company under the Company Act and, therefore, will not be required to adhere to certain operational restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among other things, require investment companies, in certain circumstances, to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit the investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable.

Competition; Availability of Investment Strategies. The success of the Fund's investment activities will depend on the Investment Manager's ability to identify investment opportunities as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager 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.

General Economic and Market Conditions. The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can

be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

The economies of countries in which the Fund may invest may differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Legal, Tax and Regulatory Environment for Private Investment Funds. The legal, tax and regulatory environment worldwide for private investment funds (such as the Fund) and their managers is evolving, and changes in the regulation of private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of the Fund to pursue its investment program and the value of investments held by the Fund. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organisations. New laws and regulations or actions taken by regulators that restrict the ability of the Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund and the Shareholders' investment therein. In addition, the Board of Directors may, in its sole discretion, cause the Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Shareholders.

The US Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act requires extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Until the SEC and other agencies have completed implementation of the new requirements, it is unknown how burdensome such requirements will be. The Dodd-Frank Act affects a broad range of market participants with whom the Fund interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker dealers, and may change the way in which the Fund or the Investment Manager conducts business with counterparties. It may take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile and make it difficult for the Investment Manager to execute the investment program of the Fund.

Alternative Investment Fund Managers Directive. The AIFM Directive regulates (i) AIFMs based in the EU, such as the Investment Manager (ii) the management of any AIF established in the EU (irrespective of where an AIF's AIFM is based), and (iii) the marketing in the EU of the securities of any AIF, such as the Fund, whether conducted by an EU AIFM, a non-EU AIFM or a third party. To obtain authorisation to manage or market the Fund in the EU, the Investment Manager is required to comply with numerous obligations in relation to its own operations and in relation to the AIFs that it manages, which may create significant compliance costs and burdens.

Pursuant to the AIFM Directive and subject to any applicable transitional period, the Investment Manager, as an EU AIFM marketing a non-EU AIF to persons within the EU, is required to, among other things: (i) register as an AIFM with the UK Financial Conduct Authority; (ii) comply with minimum capital requirements; (iii) comply with strict rules as to conduct of business, leverage, risk management, and reporting to regulators; and (iv) provide EU investors, the UK Financial Conduct Authority and the regulators of the investors' EU countries with the Fund's annual financial report and certain information about the Fund.

Any regulatory changes arising from implementation of the AIFM Directive may increase the expenses of the Fund, the Manager or the Investment Manager related to compliance therewith and may impair the ability of the Investment Manager to market Shares in the EU in the future. As a result, such regulatory changes may have a material adverse effect on the Fund's ability to achieve its investment objective.

Legal Risk. Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations.

Misconduct of Employees and of Third-Party Service Providers. Misconduct by employees or by third-party service providers could cause significant losses to the Fund. Employee misconduct may include binding the Fund to transactions that exceed authorised limits or present unacceptable risks and unauthorised trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognise trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Investment Manager will adopt measures to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

Inability to Transact as a Result of Exposure to Material Non-Public Information. From time to time, the Investment Manager may receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, the Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer. This can result in substantial risk of loss or loss of opportunity if the Fund is not able to purchase or sell such security.

Reliance on Service Providers. The Fund has retained service providers as disclosed in this Memorandum and may retain additional service providers at any time and from time to time. As the Fund has no employees and the majority of the members of the Board of have all been appointed on a non-executive basis, the Fund is reliant on the performance of third-party



service providers, including, the Investment Manager, the Manager, the Administrator, the Custodian, SRZ, Nishith Desai Associates, Khaitan & Co and Deloitte and any other service provider to the Fund as described herein (the "Service Providers").

Each Shareholder's relationship in respect of its Shares is with the Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no Shareholder will have any contractual claim against any Service Provider for any reason related to its services to the Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant Service Provider is, prima facie, the Fund.

Assumption of Business, Terrorism and Catastrophe Risks. Opportunities involving the assumption by the Fund of various risks relating to particular assets, markets or events may be considered from time to time. The Fund's portfolio is subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events, and events that could adversely affect the health or life expectancy of people. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by the Fund in assuming these risks and, depending on the size of the loss, could adversely affect the return of the Fund.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

### **Risks Relating to the Fund and the Shares**

Limited Liquidity. An investment in the Fund provides limited liquidity since the Shares are not freely transferable and a Shareholder's right to redeem is subject to the terms and restrictions set forth in this Memorandum (including any supplement thereto), the Articles and the Subscription Agreement. The Fund may invest a portion of its assets in financial instruments that are not publicly traded. The Fund may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Accordingly, the Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater %age of the portfolio consisting of illiquid securities and/or assets. The Fund may also suspend the redemption rights of the Shareholders. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

Possible Adverse Effects of Substantial Redemptions. In the event that there are substantial redemptions of Shares within a limited period of time, the Investment Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay redemptions, the Investment Manager may be required to liquidate positions of the Fund at an inopportune time or on unfavourable terms, resulting in lower net assets for the remaining Shareholders and a lower redemption price for the redeeming Shareholders. The Board of Directors may elect to cause the redemption of all Shares and liquidate the Fund at any time

if, in its view, continued operation of the Fund would be impracticable or imprudent for any reason, including if the amount of the Fund's assets declines to a significant extent.

Liabilities of Separate Legal Entities; Series of Shares are not Separate Legal Entities. The Fund is a single legal entity. All assets of the Fund may be available to meet all liabilities of the Fund, even if the claim or liability relates to a particular series of Shares.

Possibility of Different Information Rights. Certain Shareholders may invest on different terms that, among other things, provide access to information that may not be available to other Shareholders and, as a result, may be able to act on such additional information (*i.e.*, redeem their Shares) that other Shareholders do not receive.

Other Agreements; Different Terms of Shareholders. The Fund, the Manager, the Investment Manager and their affiliates may from time to time enter into Other Agreements with one or more Shareholders, that alter, modify or change the terms of the Shares held by such Shareholders. Other Agreements may provide such Shareholder(s) with additional and/or different rights (including, without limitation, with respect to the Incentive Fee, Management Fees, redemption rights, minimum and additional subscription amounts, informational rights, capacity rights and other rights) than the other Shareholders. For example, an Other Agreement may permit a Shareholder to redeem Shares on less notice and/or at different times than other Shareholders. In general, the Fund is not required to notify any or all of the other Shareholders of any of the rights and/or terms or provisions of such Other Agreements, nor is the Fund required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders.

Distributions. At the time of each distribution, including any redemption of any 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 would not be possible. The Fund will satisfy the solvency test under the Companies Act of Mauritius 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.

In-Kind Distributions; Liquidating SPVs. Although the Fund currently does not intend to make distributions in kind, under certain circumstances, a redeeming Shareholder may, in the sole discretion of the Board of Directors, receive securities in lieu of, or in combination with, cash. Such distributions may include interests in one or more trading vehicles or special purpose vehicles holding securities owned by the Fund or participations therein. To the extent a redeeming Shareholder is distributed interests in one or more trading vehicles or special purpose vehicles, such Shareholder will continue to be at risk with respect to the Fund's business (including its credit risk) until all such securities are sold. The value of the in-kind distributions may increase or decrease before they are sold either by the redeeming Shareholder, if received directly, or by the Investment Manager or its affiliates, if held through a trading vehicle or special purpose vehicle. In either case, the redeeming Shareholder will incur transaction costs in connection with the sale of any such securities and, in the case of interests in trading vehicles or special purpose vehicles, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these securities will be borne by the redeeming Shareholder, with the result that such Shareholder may ultimately receive less cash than it would have received on the date of redemption if it had been paid in cash. Furthermore, to the extent that a redeeming Shareholder receives interests in one or more trading vehicles or special purpose vehicles,

such Shareholder will generally have no control over when and at what price the securities in which such vehicles have an interest are sold.

Incentive Fee. The Incentive Fee paid to the Manager on investment gains may create an incentive for the Manager or the Investment Manager (who may receive a portion of the Incentive Fee) to cause the Fund to make investments that are riskier or more speculative than would be the case if such fee was not paid. In addition, since the Incentive Fee will be calculated on a basis that includes unrealised appreciation of the Fund's net assets, such fee may be greater than if it were based solely on realised gains.

Amortisation of Organisational Costs. Certain of the Fund's organisational, reorganisational and offering expenses are being, for accounting purposes, amortised by the Fund for up to a 60-month period from commencement of the Fund. Amortisation of such expenses over a period that is up to 60 months is a divergence from IFRS, which may, in certain circumstances, result in a qualification of the Fund's annual audited financial statements.

Tax Considerations. The Investment Manager may or may not take tax considerations into account in determining when the Fund's securities positions should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction.

Reliance on India/Mauritius Double Tax Avoidance Treaty. Investors should note that taxation of the income of the Fund arising from its investments in India is expected to be minimised under the provisions of the Treaty. No assurance can be given that the terms of the Treaty will not be subject to re-negotiation in the future and any change could have a material adverse effect on the returns of the Fund. There can be no assurance that the Treaty will continue and will be in full force and effect during the life of the Fund. Further, it is possible that Indian tax authorities may seek to take the position that the Fund is not entitled to the benefit of the Treaty.

Renegotiation of the India-Mauritius Tax Treaty. Press reports indicate that a high level delegation from the Indian Central Board of Direct Taxes and SEBI met authorities in Mauritius to discuss possible steps to prevent what they view as misuse of the Treaty. The Mauritian authorities have issued revised guidelines, strengthening the conditions for issue of tax residency certificates to Mauritian companies. This revision is being viewed as a conscious effort by the Mauritian authorities to mitigate any perception that Mauritius vehicles are mere conduits for treaty shopping purposes. Recent press reports indicate that the Government of India has made a request to the Mauritian Government to renegotiate the Treaty to introduce certain anti-abuse provisions. The Government of India has also stated in press reports that the Treaty cannot be amended unilaterally and the Mauritian Government would need to agree upon the changes. An amendment to the capital gains articles in the Treaty may result in capital gains made on the Fund's investments in India becoming liable to capital gains tax in India, which could have a material adverse effect on the Fund's business, financial condition and results of operations.

Tax Residency of the Fund. Currently, in order for the Fund to maintain its tax status, continued attention must be paid to ensure that all relevant tax residency conditions as required in Mauritius are satisfied for the purpose of availing the benefits under the India-Mauritius Tax Treaty. However, the Finance Act, 2012 stipulates a procedural requirement on non-residents claiming the benefits of any tax treaty. It is provided that tax treaty benefits would not be available to non-residents unless they produce a tax residency certificate

(containing the prescribed particulars) obtained from the government of the country or specified territory. In the event, the Fund cannot provide the prescribed particulars, there can be no assurance that the Fund will continue to qualify for, or receive the benefits of the Treaty. Further, the tax residency certificate by itself may not be sufficient for availing tax treaty benefits.

Exposure to Permanent Establishment. While the Board of Directors believes that the activities of the Fund, the Manager and the Investment Manager described in this Memorandum should not create a permanent establishment of the Fund in India, there may, however, be a risk that the Indian tax authorities claim that these activities could result in a 'permanent establishment' of the Fund in India. If for any reason the activities are held to be a permanent establishment of the Fund in India, then the profits of the Fund to the extent attributable to the permanent establishment could be subject to tax in India. Further, the benefits available to the Fund under the India/Mauritius Double Tax Avoidance Treaty as regards the capital gains tax exemption may also not be available.

Certain Tax Considerations. The Mauritius legal framework under which the Fund invests 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 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.

Direct Tax Code. As part of its tax reform initiatives, the Government of India is in the process of revising, consolidating and simplifying the language and structure of India's direct tax laws into a single piece of legislation – the Direct Tax Code ("DTC"). Certain tax principles in the DTC are different than the ones present under the Income Tax Act, 1961 ("ITA"). The introduction of the DTC could have an impact on the taxability of the Fund and could adversely impact the returns to the investors.

Introduction of General Anti-Avoidance Rules in India. The Finance Act, 2013, seeks to implement General Anti-Avoidance Rules ("GAAR") from finance year 2016-17. GAAR would be applicable where the main purpose of an arrangement is to obtain tax benefit. GAAR provisions empower the tax authorities to investigate any such arrangement as an "impermissible avoidance arrangement" and consequently disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa, and the like.

Taxation of Indirect Transfer of Indian Assets. The ITA levies capital gains tax on income arising from the transfer or redemption of shares/interest in a company/entity organised outside India which derives, directly or indirectly, its value substantially from the assets located in India. Pursuant to this, there is a possibility that Indian tax authorities may seek to tax the transfer or redemption of Shares, notwithstanding that there is no transfer or redemption taking place in India, on the basis that the shares of the Fund derive substantial value from India.

Therefore, it is possible that the income arising from the transfer or redemption of Shares of the Fund may be taxable in India unless the Shareholder of the Fund is a resident of a country

with which India has a favourable tax treaty which exempts the Shareholder of the Fund from Indian capital gains tax.

Identity of Beneficial Ownership and Withholding on Certain Payments. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Fund has registered with the U.S. Internal Revenue Service (the "Service") and generally will be required to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). Mauritius has signed a Model 1 inter-governmental agreement with the United States (the "US IGA") to give effect to the foregoing withholding and reporting rules. Although the US IGA has been signed, it will still need to be brought into force in Mauritius. Enabling legislation in Mauritius will need to be enacted to give effect to the terms of the US IGA under Mauritius law. So long as the Fund complies with the US IGA and any enabling Mauritius legislation, it will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund information which identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared with Mauritius tax authorities. Such authorities will exchange the information reported to it with the Service annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"), will generally be required to timely register with the Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Fund.

Counterparty Risk. Some of the markets in which the Fund may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Fund will not be restricted from dealing with any particular counterparties. The Investment Manager's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial

capabilities of the Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Counterparty Default. The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Fund will monitor on an ongoing basis the creditworthiness of firms with which it will enter into over-the-counter derivative transactions. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Fund's counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

Lending of Portfolio Securities. The Fund may lend securities on a collateralised and an uncollateralised basis, from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Liquidity Risks Generally. Liquidity is important to the Fund's businesses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Fund's portfolio positions may be reduced. In addition, the Fund may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Fund's liquidity. During such times, the Fund may be unable to dispose of certain investments, including longer-term investments, which would adversely affect its ability to rebalance its portfolios or to meet redemption requests. In addition, such circumstances may force the Fund to dispose of investments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar securities at the same time, the Fund may be unable to sell such investments or prevent losses relating to such investments. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

Leverage; Borrowing for Operations. The Fund may use "leverage" as part of the investment program. Leverage may take the form of, among other things, any of the securities described herein, including, derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The use of leverage will allow the Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital, however, leverage will also magnify the volatility of changes in the value of the Fund's portfolio. The effect of

the use of leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged. In addition, the Fund will have the authority to borrow money for cash management purposes and to meet redemptions that would otherwise result in the premature liquidation of its investments. The level of interest rates generally, and the rates at which the Fund can borrow particularly will affect the operating results of the Fund. The amount of borrowings and leverage which the Fund may have outstanding at any time may be substantial in relation to its capital.

The instruments and borrowings utilised by the Fund to leverage investments may be collateralised by the Fund's portfolio. Accordingly, the Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Fund can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Fund will be able to secure or maintain adequate financing.

Market Value Borrowings and Derivatives; Financing Arrangements; Availability of Credit.

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require the Fund to post margin results add certain additional risks to the Fund. For example, should the assets pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds or assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's portfolio, the Fund might not be able to liquidate investments quickly enough to satisfy their margin requirements or may be required to close out positions at losses, which if the Fund had continued to hold would have been profitable.

As a general matter, the banks and dealers that provide financing to the Fund can apply essentially discretionary margin, "haircut" financing as well as security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel the Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Fund's equity.

**Loss of FPI or Deemed FPI Registration.** The investment by the Fund under the FPI route is dependent on the continued registration of the Fund as an FPI or deemed FPI. In the event the registration of the Fund as an FPI or deemed FPI is terminated, is not converted or is not renewed, the Fund could potentially be forced to redeem affected investments held in the Fund, and such forced redemption could adversely affect the returns to the Shareholders of the Fund.

Prior approval of SEBI required for any change in structure/constitution/addition of classes. All FPIs or deemed FPI (as applicable) are required to furnish an undertaking that it will seek prior approval of the Designated Depository Participant ("DDP") / SEBI (as applicable) in case of change in structure/constitution/addition of classes of shares by the FPI. Thus, the Fund would be required to seek prior approval from the DDP in the case of any change in its structure/constitution or addition of classes, which could adversely affect the redemption by existing Shareholders in the Fund and may also put a limitation on fresh investments under the FPI route by the Fund if the Fund fails to satisfy any of the criteria prescribed by SEBI.

Limitations on Investments. Under FPI Regulations, since the Fund is only allowed to invest up to 10% of the paid-up capital of an Indian company. Further, if the Fund fails to meet the broad based criteria as prescribed by SEBI on a look through basis on account of redemption by majority of the Shareholders, SEBI may prohibit the Fund from making investments in Indian securities until such time the Fund meets the broad based criteria as prescribed by SEBI.

Investment and Repatriation Restrictions. Foreign investment in securities of Indian companies is restricted or controlled to varying degrees. These restrictions may at times limit or preclude foreign investment and increase the costs and expenses of the Fund. As the Fund has been registered as a FPI registered with FPI Regulations, investments by the Fund in Indian companies may require the approval of the Reserve Bank of India or other governmental entities. In addition, approvals may also be required to convert the proceeds from the sale of an investment from Indian Rupees to foreign currency and to repatriate such amounts. While in some instances such approvals are routinely granted, in others approval may be more difficult to obtain and may be granted only subject to certain conditions, if at all. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interest and dividends paid on securities held by the Fund and income on such securities or gains from the disposition of such securities may be subject to withholding taxes.

While Indian regulation of foreign investment has liberalised in recent years, there can be no assurance that more restrictive regulations will not be adopted in the future. The supporting regulatory framework, such as applicable tax codes and foreign exchange regulations, have not yet been specifically amended or clarified with regard to their application to foreign investors and investments in India held by foreigners. Therefore, these regulations and the underlying legislation may be amended, clarified, interpreted by judicial or administrative ruling or superseded in the future, and such alterations may impact adversely the operation and performance of the Fund. Further, there can be no assurance that the Fund will be able to obtain all the approvals necessary to implement its investment program fully.

### **Risks Related to Certain Investment Strategies**

Volatility Risk. The Fund's investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by the Fund.

Uncertain Exit Strategies. Due to the less liquid nature of certain of the positions which the Fund is expected to acquire, the Investment Manager may be unable to predict with confidence what the exit strategy will ultimately be for any of such given positions, or that



one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realised due to liquidity, economic, legal or other factors, including issuer-specific factors.

Short-Term Market Considerations. The Investment Manager's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Short Selling. Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales will depend upon the Investment Manager's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Legal and regulatory restrictions may impact on the ability of the Fund to sell a security short and/or may require the Fund to disclose any short position with possible adverse consequences to the Fund.

Equity Price Risk. The Fund's investment portfolios may include long and short positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Fund.

Hedging Transactions. The Fund may utilise financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Fund's investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Fund's unrealised appreciation in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or appreciation on any investment in the Fund's portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Fund's investments; (vii) protect against any increase in the price of any investments the Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

Emerging Market Investments. The Fund may invest in securities of companies located in emerging countries or issued by the governments of such countries. Investing in such securities involves certain considerations not usually associated with investing in securities of companies located in developed countries or issued by the government of such countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds, nationalisation and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.

Risks of Investing in India. The Fund seeks to gain exposure to the securities of Indian issuers. Investing in Indian securities may represent a greater degree of risk due to factors such as possible currency exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less stringent securities regulations, less favorable tax provisions (including possible withholding taxes), war, or expropriation, some of which are discussed in more detail below.

Accounting, financial and other reporting standards in India are not equivalent to those in more developed countries. Differences may arise in areas such as valuation of 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. SEBI, the principal regulator of the Indian securities market, received statutory authority in 1992 to oversee and supervise the Indian securities markets. Accordingly the securities laws and regulations in India are continuously evolving, and the ability of SEBI to promulgate and enforce rules regulating market practices is uncertain.

India's political, social and economic stability is commensurate with its developing status. Certain developments beyond the control of the Fund, such as the possibility of political changes, government regulation, social instability, diplomatic disputes, or other similar developments, could adversely affect the Fund's investments.

India is a country comprised of diverse religious and ethnic groups. Whilst it has a well-developed and stable political system, ethnic issues and border disputes have, however, given rise to ongoing tension in the relations between India and Pakistan, particularly over the region of Kashmir. In addition, cross-border terrorism could weaken regional stability in South Asia, thereby hurting Investor sentiment. India derives a meaningful portion of its GDP from agriculture. As a result, severe monsoons or drought conditions could hurt India's agricultural production and dampen momentum in some sectors of the Indian economy, which could adversely affect the Fund's performance.

Changes to laws, regulations and policies. Indian laws and securities regulations will affect the Fund. If policy announcements or regulations are made that require retrospective changes in the structure or operations of the Fund, these may impact the performance of the Fund. There can be no assurance that regulations promulgated in the future would not have an adverse impact on the Fund.

Any change in the regulatory framework governing foreign investment or any change in the SEBI (Foreign Portfolio Investor) Regulations, 2014 (including any changes with retrospective effect) which are more restrictive or make it difficult for the Fund to make investments in India could adversely impact the performance of the Fund.

The Indian government restricts foreign investment in certain sectors. These restrictions have been progressively eased to permit foreign investments. There is no guarantee, however, that this policy of liberation will continue. Any reversal could have a retroactive effect and affect existing investments and could also impact the Fund's ability to enforce negotiated rights.

Certain Tax Considerations. 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 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.

Risks of Indian Companies. The investment performance of the Fund may depend on the performance of the Indian companies. There can be no assurance that the Indian Companies will achieve profitable operations. The performance of the Indian Companies and the value of the Fund's interests in the Indian Companies may be adversely affected by numerous factors, including, for example, (i) business, economic, and political conditions throughout India and the world; (ii) the supply of and demand for the goods and services produced, provided, or sold by Indian Companies; (iii) changes and advances in technology that may, among other things, render goods and services sold by the Indian Companies obsolete; and (iv) actual and potential competition from other companies. Certain Indian Companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or at all.

Exchange Rate Fluctuations; Currency Risks. The Fund may invest in financial instruments denominated in non-US currencies, the prices of which are determined with reference to currencies other than the US Dollar. The Fund, however, values its financial instruments in US Dollars. The Fund may or may not seek to hedge its non-US currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed by the Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Fund's positions in denominated in currencies other than US Dollars will fluctuate with US Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the US Dollar compared to the other currencies in which the Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in

the prices of the Fund's investments in their local markets and may result in a loss to the Fund. Conversely, a decrease in the value of the US Dollar will have the opposite effect on the Fund's non-US Dollar investments.

### **Risks Related to Certain Financial Instruments**

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Micro, Small and Medium Capitalisation Companies. Investments in securities of micro and smaller-capitalisation companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalisation and even medium-capitalisation companies are often more volatile than prices of securities of large-capitalisation companies and may not be based on standard pricing models that are applicable to securities of large-capitalisation companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalisation companies, an investment in those companies may be illiquid.

Preferred Stock. Investments in preferred stock involve risks related to preferred stock's priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Convertible/Exchangeable Securities. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Investments in Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some

companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalised or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund's Shares.

Unlisted Securities. Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is less liquidity for these securities, the prices realised from these sales could be less than those originally paid by the Fund. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk. In addition, the Fund may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which the Fund may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Fund.

The Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option, if applicable, may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium

received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Swap Agreements Generally. The Fund may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Fund, for instance, may enter into correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Fund is not limited to any particular form of swap agreement.

Whether the Fund's use of swap agreements or swaptions will be successful will depend on the Investment Manager's ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Fund's portfolio. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to terminate swap transactions or to realise amounts to be received under such transactions.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavourable positions and subject the Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

Repurchase and Reverse Repurchase Agreements. The Fund may enter into repurchase and reverse repurchase agreements. When the Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Fund involves certain risks. For example, if the seller of securities to the Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Shareholders should read this entire Memorandum and the Articles and consult with their own advisers before deciding whether to invest in the Fund. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.**

### **THE BOARD OF DIRECTORS**

The Board of Directors has overall responsibility for the management, operation and administration of the Fund. The Board of Directors has delegated responsibility for the management of the Fund and certain other responsibilities to the Manager and the Investment Manager. The Board of Directors has delegated responsibility for the administration of the Fund to the Administrator. The members of the Board of Directors are Lindsay Adamson, Tim Ireton, Shahed Ahmad Hoolash, Junaid Udhin and Asif Beebeejaun.

The Board of Directors anticipates holding meetings at least twice a year to review and assess the investment policies and performance of the Fund and generally to supervise the conduct of their affairs.

Set forth below is the biographical information of the members of the Board of Directors:

### **Shahed Ahmad Hoolash**

Shahed Hoolash is a director and an authorised signatory of Deutsche International Trust Corporation (Mauritius) Limited, the trust company of Deutsche Bank in Mauritius. Having previously worked for Multiconsult Limited, a subsidiary of De Chazal Du Mee, representatives of Arthur Andersen as Senior Accountant and International Financial Services Limited as Executive, Shahed joined Deutsche Bank (Mauritius) Limited in 2007. Shahed is a fellow of the Association of Chartered Certified Accountants and a member of the Mauritius Institute of Directors. Shahed Hoolash is currently acting as director on the boards of some of the entities administered by Deutsche International Trust Corporation (Mauritius) Limited.

### **Lindsay Adamson**

Since 1982 Mr. Adamson has lived and worked in Gibraltar and during his time in Gibraltar worked for a major international bank and was involved with relocating many of their major investments to Gibraltar. He established, controlled and managed Gibraltar Asset Management ("GAM") until selling it in October 2007. In September 1988, GAM acquired the Gibraltar business of Charles Stanley & Co Limited thereby carrying on the stock broking services that have now been operating for some fifty years. Prior to establishing GAM, Mr. Adamson was Deputy Manager and alternate director of Hong Kong Bank and Trust Company Limited, Gibraltar a wholly owned subsidiary of HSBC. Mr. Adamson served two terms as a director of the Gibraltar Investors Compensation Board and was a committee member of the Gibraltar Funds and Investment Association for seven years. Mr. Adamson is a Fellow of The Securities Institute and holds a Post Graduate Diploma in Financial Studies. He was previously an Associate of the Institute of Bankers in Scotland. Mr. Adamson holds a Company Manager license issued by Gibraltar's Financial Services Commission in relation to the provision of directorships to Experienced Investor Funds.

### **Tim Ireton**

Tim Ireton has been involved with alternative investment funds since the early eighties. At the Man Group from 1981 to 1986 he was jointly responsible for the creation and marketing of alternative investment funds and in 1985 he developed their first guaranteed fund. In October 1986 he co-founded, London Portfolio Services (LPS) initially to market funds for the MAN Group and subsequently in joint ventures with other leading brokers. He was responsible for creating LPS's own hedge fund management company as well as managing LPS's funds, management accounts and proprietary capital. LPS wound down its activities, returning capital to its investors in 2000 and surrendered its licenses to the FSC in 2002. Tim has served on the council of AIMA, the Alternative Investment Management Association. Since taking early retirement Tim has had various consultancy roles and has served as an independent Director on the boards of a number of companies and funds.



## **Asif Beebeejaun**

Asif is a member of the Institute of Chartered Accounts in England and Wales with over 18 years of experience. His last position was as fund manager of a Euronext quoted fund with US\$350 million under management. The fund was invested through its Mauritian subsidiaries across the Indian real estate sector. Before that, Asif was the Chief Financial Controller within the property development cluster of Ciel Group ("Ciel") which is one of the leading industrial and investment groups in Mauritius. Prior to joining Ciel, he worked as an assistant manager with KPMG London where he spent four years in the Information, Communication and Entertainment Assurance division. During that time he was seconded to KPMG Luxembourg and spent a year in the Investment Fund Audit Group.

## **Junaid Udhin**

Mr Junaid Udhin is a fellow member of the Association of Chartered and Certified Accountants (ACCA) and holds a BSc (Hons) Economics and Finance from the University of Mauritius. He is currently the Assistant Vice President and Head of Transaction Management department at Deutsche Bank (Mauritius) Limited.

Prior to joining Deutsche Bank (Mauritius) Limited, Junaid was a manager in the Fund Services department at Cim Global Business. He has been in the global business sector for nearly 10 years and has in depth knowledge in, fund/company set up, company secretarial and administration, accounting, taxation and compliance matters. He is a member of the Mauritius Institute of Professional Accountants and a member of the Mauritius Institute of Directors. Junaid has also acted as non-executive director on the board of Category 1 Global Business Companies.

The Fund has agreed to indemnify each Director and officer of the Fund out of the assets of the Fund against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own willful misconduct, fraud or gross negligence (as found by a court of competent jurisdiction). The Fund has also agreed that no Director or officer of the Fund will be liable to the Fund for any loss or damage incurred by the Fund as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the wilful misconduct, fraud or gross negligence of such person (as found by a court of competent jurisdiction)

## **FUND ADMINISTRATION**

The Fund has entered into an agreement (the "Administration Agreement") with Deutsche International Trust Corporation (Mauritius) Limited pursuant to which the Fund has engaged the Administrator to perform certain administrative services on its behalf.

The Administrator was appointed to provide administrative and secretarial services to the Fund. Such services to include in particular, keeping the accounts of the Fund, arranging for and administering the issue of shares in the Fund and providing all administrative services required by the Fund. In performance of such duties, the Administrator shall at all times be subject to the control and review of the board of Fund.

The Administration Agreement provides that the Administrator, its directors, employees and officers shall not be liable for any loss or damage suffered by the Fund as a result of the Administrator carrying out their respective duties under the Administration Agreement unless the loss or damage arises out of the Administrator's, its directors', employees' and officers' fraud, negligence, wilful default, bad faith or breach of the Administration Agreement. The Fund has undertaken to indemnify the Administrator, its directors, employees and officers against any liabilities of whatever nature arising out of the Administrator, its directors, employees and officers properly performing their respective duties under the Administration Agreement (provided that fraud, negligence, wilful default, bad faith or breach of the Administration Agreement by the Administrator are absent).

The Administration Agreement can be terminated by either party (the "Terminating Party"), on not less than 90 days written notice to the other (or such shorter notice as the parties may agree to accept) expiring at any time provided that the Terminating Party may terminate the Administration Agreement forthwith by notice taking immediate or subsequent effect if: (a) the termination follows cancellation of services by the Administrator as per the Administration Agreement; (b) a party has committed a breach of any of the terms of the Administration Agreement and/or any Fund Document and shall not have remedied such breach within fourteen days after service of notice by the other party requiring the same to be remedied; and (c) the Fund, the Manager or the Administrator shall go into liquidation or be dissolved (except a voluntary liquidation or dissolution for the purposes of reconstruction, amalgamation or merger on terms previously approved in writing by the other party) or have a receiver or its equivalent in any jurisdiction appointed over all or any of its assets.

### **BROKERAGE**

The Investment Manager is, subject to the overall supervision of the Board of Directors, authorised to determine the brokers or dealers to be used for each securities transaction for the Fund. It is the Investment Manager's policy when executing securities transactions to take all reasonable steps to obtain the best possible result taking into consideration relevant "execution factors" (as such term is used in the FCA rules), including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the transaction. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Subject to the FCA rules, the Investment Manager may enter into arrangements whereby a broker or dealer may use part of the relevant dealing commission to pay for certain services related to the execution of transactions on behalf of customers and/or the provision of investment research received by the Investment Manager. It is intended that such arrangements will assist the Investment Manager in the provision of investment management services to the Fund. Subject to the FCA rules, the Investment Manager may agree that a broker will be paid a commission exceeding the amount another broker would have charged for the same transaction if, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker.

The Investment Manager will also operate, to the extent applicable, within the safe harbor provided by Section 28(e) of the US Securities Exchange Act of 1934, as amended.

The Investment Manager may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the Fund,

Other Accounts or affiliates of the Investment Manager are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis.

### **CUSTODIAN TO THE FUND**

The Fund has appointed The Hongkong and Shanghai Banking Corporation Limited, India (the "Custodian") acts as the custodian to the Fund. The Fund reserves the right, in its discretion, without prior notice to, or receiving consent from, existing Shareholders, to change the prime brokerage and custodian arrangements described below including, but not limited to, the appointment of additional or alternative prime brokers and/or custodians.

In accordance with the provisions of the FPI Regulations, the Fund has appointed The Hongkong and Shanghai Banking Corporation Limited, India to maintain custody of Indian investments made by the Fund ("Custodian").

An agreement has been entered by and between the Fund and The Hongkong and Shanghai Banking Corporation Limited, India under which the Custodian was appointed as custodian to safe keep the assets of the Fund. This agreement may be terminated by either party as provided in the agreement.

The Custodian has ultimate responsibility for the assets of the Fund. The Custodian will retain all assets, including securities, and other assets not deposited as margin, in a segregated client account. Those assets will be separately identifiable and will be unavailable to the creditors of the Custodian in the event of its insolvency. The Custodian may appoint sub-custodians for the safe keeping of the securities and other assets of the Fund. The Custodian will use reasonable skill, care and diligence in the selection of suitable sub-custodians and shall be responsible to the Fund for the duration of the sub-custodian agreement for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Fund. The Custodian will maintain an appropriate level of supervision over any sub-custodian and will make appropriate enquiries, periodically to confirm that the obligations of the sub-custodian continue to be competently discharged but subject to the foregoing the Custodian will not further or otherwise be responsible for assets placed with sub-custodians. It also acts as custodian or trustee of a wide variety of offshore funds.

### **TAX ASPECTS**

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND FURTHERMORE ONLY PERTAINS TO CERTAIN ASPECTS OF INVESTMENTS IN SHARES. THE ATTENTION OF TAX-EXEMPT US SHAREHOLDERS IS DRAWN TO THE DISCUSSION IN THE RELEVANT SUBSCRIPTION AGREEMENT. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES. ALL TAX RATES UNDER THE INDIAN INCOME TAX ACT, 1961 ("ITA") PROVIDED IN THIS SECTION ARE EXCLUSIVE OF APPLICABLE SURCHARGE AND EDUCATION CESS. CURRENTLY, ON DOMESTIC COMPANIES, WHOSE TOTAL INCOME EXCEEDS INR 100 MILLION, A SURCHARGE WILL BE LEVIED

AT 10% ON TAX PAYABLE. THE RATE OF SURCHARGE ON DOMESTIC COMPANIES WHOSE INCOME IS LESS THAN INR 100 MILLION IS 5%. FOREIGN COMPANIES WITH INCOME IN EXCESS OF INR 100 MILLION WILL PAY A SURCHARGE OF 5% ON TAX WHILE FOREIGN COMPANIES WHOSE TOTAL INCOME IS LESS THAN INR 100 MILLION BUT GREATER THAN INR 10 MILLION WILL BE SUBJECT TO 2% SURCHARGE ON TAX. FURTHER AN EDUCATION CESS OF 3% IN SURCHARGE AND TAX IS PAYABLE BY DOMESTIC AND FOREIGN COMPANIES. IN CASE OF DIVIDENDS, SINCE DDT IS PAID BY DOMESTIC COMPANIES, THE SURCHARGE IS LEVIED AT THE RATE OF 10% ON THE TAX PAYABLE AND EDUCATION CESS AT THE RATE OF 3% ON SURCHARGE AND TAX PAYABLE.

## **Mauritius**

### 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% of the Mauritius Tax chargeable with respect to that income.

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. The Fund's investments will principally be undertaken in India. Accordingly the Fund has obtained a Tax Residence Certificate ("TRC") issued by the Director General of MRA to accede the India-Mauritius Double Taxation Avoidance Agreement (the "Treaty"). The TRC is renewable annually provided the Fund adheres to the undertakings it has given to the FSC and the MRA.

The Fund should therefore be entitled to claim relief from Indian tax. 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.

Investors should note that taxation of the income of the Fund arising from their investments in India is minimised under the provisions of the Treaty. No assurance can be given that the terms of the Treaty will not be subject to re-negotiation in the future and any change could have a material adverse effect on the returns of the Fund. There can be no assurance that the Treaty will continue and will be in full force and effect during the life of the Fund.

### Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments

United States. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S.

investments, the Fund has registered with the Service and generally will be required to identify, and report information with respect to, certain direct and indirect U.S. account holders (including debtholders and equityholders). Mauritius has signed a Model 1 inter-governmental agreement with the United States (the "US IGA") to give effect to the foregoing withholding and reporting rules. Although the US IGA has been signed, it will still need to be brought into force in Mauritius. Enabling legislation in Mauritius will need to be enacted to give effect to the terms of the US IGA under Mauritius law. So long as the Fund complies with the US IGA and any enabling Mauritius legislation, it will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Fund will generally be required to provide to the Fund information which identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Fund and certain financial information related to such investor's investment in the Fund will be shared with Mauritius tax authorities. Such authorities will exchange the information reported to it with the Service annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will generally be required to timely register with the Service and agree to identify, and report information with respect to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund or timely register and agree to identify, and report information with respect to, such account holders (as applicable) may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Fund.

Non-U.S. shareholders may also be required to make certain certifications to the Fund as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

In General. It is possible that further inter-governmental agreements ("future IGAs") similar to the US IGA may be entered into with other third countries by the Mauritius government to introduce similar regimes for reporting to such third countries' fiscal authorities ("foreign fiscal authorities").

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

- (i) the Fund (or its agent) may be required to disclose to Mauritius tax authorities certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;
- (ii) Mauritius tax authorities may be required to automatically exchange information as outlined above with the Service and other foreign fiscal authorities;

- (iii) the Fund (or its agent) may be required to disclose to the Service and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to Mauritius tax authorities;
- (v) in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax under the relevant legislative or inter-governmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, compulsory redemption or withdrawal of the investor concerned; and
- (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the US IGA, or any future IGAs or any of the relevant underlying legislation.

## **India**

### General

The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to taxation in India on worldwide income, subject to certain tax exemptions, which are afforded under the provisions of the Income Tax Act, 1961 ("ITA"). A person who is treated as non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's Indian-sourced income. A company will be subject to taxation in India only if it is a resident of India or being a non-resident, has an Indian source of income or has income received (whether accrued or otherwise) in India.

The taxation of the Fund in India is governed by the provisions of the ITA read with the provisions of the Treaty. As per Section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Treaty.

In order to claim the beneficial provisions of the Treaty, the Fund must be tax resident of Mauritius. In light of Circular No. 789 dated 13 April 2000, issued by the Central Board of Direct Taxes, the Fund would be eligible for the benefits under the Treaty if it is incorporated in Mauritius and has been issued a Tax Residency Certificate ("TRC") by the Mauritius Revenue Authority ("MRA"). The Supreme Court of India has also upheld the validity of Circular 789 and accordingly, upon obtaining a Mauritius TRC, under the relevant taxation provisions, the Fund should be eligible for the benefits under the Treaty.

The Fund is expected to have income in the form of gains on sale of capital assets, income from dividends and income from interest. The tax consequences for the Fund as a FPI on

account of the application of the Treaty, read with the provisions of the ITA, and provided the Fund does not have a permanent establishment in India would be as follows:

- i. Capital gains resulting from the sale of Indian securities {including Foreign Currency Convertible Bonds ("FCCBs")} or Global Depositary Receipts ("GDRs") or American Depositary Receipts ("ADRs") issued by Indian companies will not be subject to tax in India;
- ii. Dividends on shares received from an Indian company on which dividend distribution tax has been paid is exempt from tax in the hands of the shareholders. However, the Indian company distributing dividends is subject to a distribution tax at the rate of 15% (excluding applicable surcharge and education cess);
- iii. Interest income from loans made or debt securities held in India will be taxed at the rate of 20%. However if such interest arises out of FCCBs held by the Fund then such interest shall be taxed at the rate of 10%. Indian tax on interest income will be collected by the payor of such interest income as withholding tax. The withholding tax upon payment of interest income to FPIs by Indian companies is levied at the rate of 5% provided such interest is payable on or after 1 June 2013 but before 1 June 2015 in respect of a rupee denominated bond of an Indian company or a Government security provided the rate of interest on such loan does not exceed the rate prescribed by the Government of India.

In the event that the benefits of the Treaty are not available to the Fund, or the Fund is held to have a permanent establishment in India, dividend income and taxation of interest of the Fund would be the same as described under (ii) and (iii) above. The taxation of capital gains would be as under:

- i. Long -term capital gains (being gains on sale of equity shares in a company executed on a recognized stock exchange in India or units of an equity oriented mutual fund held for a period of more than twelve months) would not be taxable in India provided Securities Transaction Tax ("STT") has been paid on the same (as discussed below). However, a Minimum Alternate Tax ("MAT") may be levied at the rate of 18.5% on such long-term capital gains in the hands of the Fund;
- ii. Short-term capital gains (being gains on sale of equity shares in a company executed on a recognized stock exchange in India or units of an equity oriented mutual fund held for a period of twelve months or less) will be taxed at the rate of 15% provided STT has been paid on the same;
- iii. Capital gains arising to the Fund, realized on sale of listed equity shares not executed on a recognized stock exchange in India and other Indian listed securities would be taxed at the rate of 10% for long-term gains and at 30% in case of short-term gains.
- iv. Short-term capital gains arising to the Fund from the sale of unlisted securities will be taxed at the rate of 30% and long-term gains will be taxed at the rate of 10%;
- v. Capital gains arising from the transfer of FCCBs, GDRs or ADRs outside India between non-resident investors should not be subject to tax in India.

The period of holding for determining classification of long term capital assets and short term capital assets varies depending upon the type of securities. For certain listed securities, listed shares and zero coupon bonds, to be treated as long term capital assets, the period of holding should exceed 12 months. However, for other securities, including unlisted shares and units of non-equity oriented mutual funds, to be treated as long term capital assets, the period of holding should exceed 36 months.

### *Taxation of Dividends*

Dividends paid by domestic companies are currently exempt from tax in the hands of all shareholders, irrespective of their residency status. Accordingly, the dividends earned by the Fund from Indian companies should be exempt from tax in India. However, the Indian portfolio companies declaring, distributing or paying dividends are required to pay a Dividend Distribution Tax ("DDT") of 15% (subject to applicable Surcharge and Education Cess).

### *Taxation of Interest*

Any interest that accrues to the FPI is subject to tax at:

- (i) the rate of 10% (subject to applicable Surcharge and Education Cess) in respect of interest on Foreign Currency Convertible Bonds issued;
- (ii) at the rate of 20% (subject to applicable Surcharge and Education Cess) not falling in (i) above. Indian tax on interest income will be collected by the payer of such interest income as withholding tax.

However, please note that the ITA levies withholding tax upon payment of interest income to FPIs by Indian companies at the rate of 5% provided such interest is payable on or after 1 June 2013 but before 1 June 2015 in respect of a rupee denominated bond of an Indian company or a Government security provided the rate of interest on such loan does not exceed the rate prescribed by the Government of India.

In the event the Fund is deemed to have a "permanent establishment" in India, and the debt-claim, in respect of which the Fund earns interest income, is effectively connected with such permanent establishment or fixed base in India; such interest income of the Fund may be taxed in India at a rate of 20% (subject to applicable Surcharge and Education Cess) on net income.

In case of sale or redemption of debt instrument, there is a potential risk that the tax authorities may not accept the income or premium on sale or 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 income from debt claims.

### **Taxation of Shareholders in India**

Subject to the provisions relating to the indirect transfer of Indian assets as detailed below, no Shareholder will be subject to taxation in India unless such subscriber is a resident of India or being a non-resident, has an Indian source income or income received (whether accrued or otherwise) in India.

### *Introduction of General Anti-Avoidance Rules ("GAAR")*



The GAAR provisions of the ITA, will come into effect from 1 April 2016.

The Finance Act, 2013, seeks to implement General Anti-Avoidance Rules ("GAAR") from finance year 2016-17. GAAR would be applicable where the main purpose of an arrangement is to obtain tax benefit. GAAR provisions empower the tax authorities to investigate any such arrangement as an "impermissible avoidance arrangement" and consequently disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa, and the like.

#### *Taxation of Indirect Transfer of Indian Assets*

The ITA levies capital gains tax on income arising from the transfer or redemption of shares/interest in a company/entity organised outside India which derives, directly or indirectly, its value substantially from the assets located in India. Pursuant to this, there is a possibility that Indian tax authorities may seek to tax the transfer or redemption of shares in the Fund, notwithstanding that there is no transfer or redemption taking place in India, on the basis that the shares of the Fund derive substantial value from India.

Therefore, it is possible that the income arising from the transfer or redemption of shares of the Fund may be taxable in India unless the Shareholder of the Fund is a resident of a country with which India has a favourable tax treaty which exempts the Shareholder of the Fund from Indian capital gains tax.

#### *Minimum Alternative Tax*

In the event the benefits of the Treaty are not available to the Fund and the Fund is held to have a permanent establishment ("PE") in India, then the Fund may be subject to MAT. As per the ITA, if the tax payable by any company (including a foreign company) is less than 18.5% of its book profits, it will be required to pay MAT which will be deemed to be 18.5% of such book profits. Long-term capital gains on the sale of listed securities are included in the definition of "book profits" for the purposes of calculating MAT.

#### *Securities Transaction Tax*

The exemption for long-term capital gains and the reduced of the rate on short term capital gains are applicable only if the sale or transfer of the equity shares takes place on a recognised stock exchange in India and the STT, is collected by the respective stock exchanges, at the applicable rates on the transaction value.

The Fund will be liable to pay STT in respect of dealings in Indian securities purchased or sold on the Indian stock exchanges. The applicable rates of STT are as under:

- 0.1% on purchase of equity shares in a company in a recognized stock exchange in India.
- 0.1% on sale of equity shares in a company in a recognized stock exchange in India.
- 0.001% on sale of units of equity oriented funds in a recognized stock exchange in India.

- 0.025% on sale of equity shares in a company or units of equity oriented funds in a recognized stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of share or unit.
- 0.017% of an option in securities (payable by the seller).
- 0.125% on sale of an option in securities, where option is exercised (payable by purchaser).
- 0.01% on sale of a futures in securities
- 0.2% on sale of unlisted securities under an offer of sale to the public.

The STT can be set off against business income as per the provisions of the ITA, provided the gains on the transactions are offered to tax as business income and not as capital gains.

### *Direct Taxes Code Bill*

As part of its tax reform initiatives, the Government of India is in the process of revising, consolidating and simplifying the language and structure of India's direct tax laws into a single piece of legislation – the Direct Tax Code ("**DTC**"). Certain tax principles in the DTC are different than the ones present under the ITA. If the proposed DTC is enacted in its current form, then there may be several tax consequences on the Fund and its investors that may result from its enactment, some favourable and some adverse in nature.

### **United Kingdom**

The Board of Directors intends to manage the affairs of the Fund in such a way that neither the Fund is not resident in the United Kingdom for United Kingdom tax purposes. In these circumstances, the Fund should not be subject to United Kingdom tax on its income and gains, provided that it is not treated as carrying on a trade in the United Kingdom through a fixed place of business or an agent situated therein which constitutes its United Kingdom "permanent establishment" (although interest and certain other kinds of income which have a United Kingdom source may be received after deduction of United Kingdom withholding taxes).

Although the Fund may be regarded for these purposes as carrying on a trade in the United Kingdom through the agency of the Investment Manager, the board of directors of the Fund and the Investment Manager each intend to organise their affairs in such a way that the Investment Manager does not constitute a United Kingdom "permanent establishment" of the Fund, by reason of an exemption contained in section 1142 and sections 1146 to 1150 (inclusive) of the United Kingdom Corporation Tax Act 2010. It cannot, however, be guaranteed that the conditions of this exemption will at all times be met.

### **United States**

Prospective tax-exempt US investors should review the US tax disclosure in the subscription documents.

## **Other Jurisdictions**

Interest, dividend and other income realised by the Fund sources, and capital gains realised, or gross sale or disposition proceeds received, on the sale of securities of issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS MEMORANDUM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.

## **General**

The receipt of dividends (if any) by Shareholders, the redemption or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund. The Board of Directors, the Fund and each of the Fund's agents have no liability in respect of the individual tax affairs of Shareholders.

## **Further Changes in Applicable Law**

The foregoing description of Mauritius, India and United Kingdom income tax consequences of an investment in and the operations of the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject shareholders to increased income taxes.

## **Other Taxes**

Prospective Shareholders should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

## **EUROPEAN UNION SAVINGS DIRECTIVE**

Shareholders who are individuals resident in a Member State of the European Union or certain other jurisdictions referred to below should be aware of the provisions of the EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "Directive"), pursuant to which income realised upon the sale or redemption of shares in undertakings for collective investment, as well as any income in the form of dividends or other distributions made by such undertakings for collective investment, may (depending upon the location, classification and investment portfolio of the undertaking) become subject to the reporting regime or withholding tax regime imposed by the Directive, if such payment is made by a paying agent established either in a Member State of the European Union or in certain other jurisdictions which have introduced an equivalent reporting or withholding tax regime in respect of such payments.

However, as a result of the classification by Mauritius of funds such as the Fund established in its jurisdiction, payments made directly by the Fund through the Administrator to shareholders who are individuals should not be subject to the reporting (or withholding tax) regime. Nevertheless, because these rules are complex and their implementation is effected by each Member State and the other jurisdictions referred to above through their own national legislation, application of the regime to payments deriving from the Fund but ultimately made by certain other entities (*e.g.*, acting as nominee) located elsewhere in the European Union or in these other jurisdictions, although not anticipated, cannot be entirely excluded. Accordingly, shareholders who are individuals or acting as nominees and who are resident in the European Union or in any of the other jurisdictions referred to above should consult their own tax advisors.

Shareholders to whom the Directive may be relevant should also be aware that the EU Council has formally adopted a Council Directive to amend the Directive, which includes an extension of the types of funds or other undertakings for collective investment that are within the scope of the Directive. This extension, when implemented into the domestic legislation of EU Member States or states which adopt similar or equivalent measures, may mean that in the future payments made by the Fund through the Administrator to relevant shareholders upon the redemption of Shares, or in the form of dividends or other distributions, could become subject to the reporting (or withholding tax) regime.

## **REGULATORY MATTERS**

### **Mauritius**

The Fund has been authorised to operate as a specific type of collective investment scheme classified as an expert fund under the Securities Act 2007 and the CIS Regulations and carry on its business under a Category 1 Global Business Licence and a CIS Licence issued by the FSC. The Fund must conduct its business in accordance with the provisions of Financial Services Act 2007, the Companies Act 2001, the Securities Act 2005, the Financial Intelligence and Anti Money Laundering Act 2002 together with all the subsidiary legislations made thereunder, special conditions attached to its licence and FSC's Codes and Rules issued from time to time.

A Category 1 Global Business Licence is subject to an annual fee payable to the Financial Services Commission. In case the annual licence fee is paid after the due date relevant penalty will be chargeable by FSC as stipulated in FSC's Licensing and Fees Rules.

The authorisation to operate as an Expert Fund is also subject to an annual fee payable to the Financial Services Commission. In case the annual activity authorisation fee is paid after the due date relevant penalty will be chargeable by FSC.

### **India**

#### **Foreign Investments in India**

Foreign investment in Indian securities is regulated by the Foreign Exchange Management Act 1999 ("**FEMA**"). As per Section 6(3)(b) of FEMA, the Reserve Bank of India ("**RBI**") has been given the authority to prohibit, restrict or regulate the transfer or issue of any Indian security by a person outside India. Accordingly, the RBI has prescribed the Foreign

Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 pursuant to which no person resident outside India and no company that is not incorporated in India (other than a banking company) can purchase the shares of any company carrying on any trading, commercial or industrial activity in India without the permission of the RBI.

FEMA provides the statutory framework governing India's system of controls on foreign exchange dealings, through which the Government of India exercises its policy with respect to foreign private investment in India and all dealings by residents of India with non-residents and with foreign currency. Without permission (general or special) from the RBI, residents of India cannot undertake any transaction with persons outside India, sell, buy, lend or borrow foreign currency, issue or transfer securities to non-residents or acquire or dispose of any foreign security.

An FPI desiring to invest into India must register itself under the FPI Regulations, under the single window clearance mechanism, and must comply with the provisions of the FPI Regulations. When it receives the initial registration, the FPI also obtains general permission from the RBI to engage in transactions regulated under the FEMA.

#### A. Investment under the Foreign Institutional Investors/Foreign Portfolio Investors Regime

The Fund is registered as an FPI under the FPI Regulations. Therefore, the Fund will invest in India under the FPI Regulations.

An FPI desiring to invest into India must register itself as a designated depository participant, under the single window clearance mechanism, and must comply with the provisions of the FPI Regulations. When it receives the initial registration, the FPI also obtains general permission from the RBI to engage in transactions regulated under the FEMA.

Presently, FPI registration is granted to an applicant in one of the following categories:

- Category I FPI: which includes Government and Government related investors such as central banks, Government agencies, sovereign wealth funds and international or multilateral organizations or agencies.
- Category II FPI: which includes 'appropriately regulated' (i.e. regulated/supervised by the securities market regulator or the banking regulator of the concerned jurisdiction) a broad based funds such as mutual funds, investment trusts, or broad based funds whose investment manager is 'appropriately regulated' and registered as a Category II FPI.

Notably, in case, the applicant is itself not 'appropriately regulated', its manager should (i) be appropriately regulated, and (ii) be registered as a Category II FPI. In the event, if the aforementioned conditions are not fulfilled, an applicant may consider seeking registration as a Category III FPI.

For the purpose of ascertaining the 'broad based criteria' under the FPI Regulations, the applicant should be incorporated outside India and should have at least 20 investors with no investor holding more than 49% of the shares/units of the fund. Provided that if the broad based fund has an institutional investor who holds more than 49% of the shares/units in the

fund, then such institutional investor must itself fulfil the broad based criteria. Further, for fulfilling the 20 investor criteria, the underlying investors of entities which have been set up for the sole purpose of pooling funds and making investments in the investor entity is considered.

- Category III FPI: which shall include all others not eligible under Category I and II FPI such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.

Notably, for the purpose of registering as a Category III FPI, an applicant would need to provided certain additional KYC details (as compared to Category II FPI applicants) as may be required by the designated depository participant.

### ***Investment Conditions and Restrictions***

The FPI Regulations permit registered FPIs to invest in the following securities in India:

- a) securities in the primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognized stock exchange in India;
- b) units of schemes floated by domestic mutual funds including Unit Trust of India, whether listed on a recognized stock exchange in India or not and units of schemes floated by collective investment schemes;
- c) treasury bills and dated government securities;
- d) derivatives traded on a recognized stock exchange in India;
- e) commercial paper;
- f) security receipts of asset reconstruction companies;
- g) rupee denominated credit enhanced bonds, perpetual debt and debt capital instruments, rupee denominated bonds or units of infrastructure debt funds;
- h) listed and unlisted bonds issued by Infrastructure companies,
- i) bonds issued by Infrastructure Finance Companies; and
- j) Indian Depository Receipts.

Further, FPIs are allowed to short sell in addition to engaging in delivery based trading, provided any short selling by FPIs will have to be in compliance with the short selling and securities lending and borrowing framework laid down by SEBI, and also in a manner consistent with the procedures laid down by the respective stock exchanges. FPIs, are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer. FPIs, are also permitted the take forward cover on their equity and debt exposure to hedge against currency fluctuations. Under the FPI Regulations, NRIs are not permitted to register as FPIs.

### ***Ownership Restrictions***

The ownership restrictions applicable to FPIs are as follows:

- The aggregate FPI holding in any Indian company cannot exceed 24% of the entire paid-up share capital of that company which limit can be further extended to the applicable foreign investment limit in a specific sector if the directors and the shareholders of a company pass a special resolution to that effect in its general meeting and subject to prior intimation to RBI. Currently, barring a few sectors such as defence and banking, foreign investment up to 100% is permitted in most sectors.
- As per the FPI Regulations and the recent Consolidated Foreign Direct Investments ("FDI") Policy which is effective from 17 April 2014, no single FPI can hold more than 10% of the paid-up share capital of an Indian company or up to 10% of the paid-up value of each series of convertible debentures issued by an Indian company.
- The aggregate investments by FPIs in corporate debt and government securities are subject to limits which are notified by RBI and/or SEBI from time to time. In the event the debt limits are not available, the Fund may not be able to invest all or any of its money. It may also be possible that limit allocated is less than the total investment received in a Fund. SEBI has announced certain caps on aggregate debt investments by the FPIs.

The investments by FPIs in corporate debt (including any investments in debt and money market funds) and government securities are regulated by RBI and SEBI. RBI way of circular dated 25 March 2014 has permitted FPIs to invest in debt securities in India subject to the limits specified by SEBI and RBI from time to time. The overall limit available under corporate debt and government securities provided to FPIs, registered with SEBI are notified by SEBI from time to time. At present, the aggregate limits for investments into Government debt securities and Corporate debt securities are USD 25 billion with an additional limit of USD 5 billion available to sovereign wealth funds, multilateral agencies, endowment funds, insurance funds, pension funds and foreign central banks and USD 51 billion respectively. Such limits may made available through a first come first serve basis, auction mechanism or such other process as may be notified by SEBI.

It is possible that the debt limits may be completely utilized and hence may not be available by the time the Fund intends to make the investments. The Fund may be required to obtain the debt limits through a bidding process, if so required. Further, debt limits being acquired by the Fund may expire on sale or maturity of the debt investments and hence for any reinvestment in debt securities or debt mutual funds, the Fund may then be required to obtain the limits again through the bidding process.

As per the extant regulations, FPIs can invest in Commercial Papers and to be listed primary issues of debt instruments in India provided that listing of such debt instrument is committed within 15 days of such investment. In case the instruments are not listed within 15 days of issuance, for any reason, then the FPIs shall immediately dispose of these instruments either by way of sale to a third party or to the issuer and the terms of the issue documents should contain a clause that the issuer of such debt securities shall immediately redeem / buyback the said securities from the FPIs in such an eventuality.

Additionally, FPIs are also permitted to invest in unlisted debt instruments issued by companies in the infrastructure sector and infrastructure financing companies, which are organised in the form of special purpose vehicles.

Further, it is also clarified by SEBI that as per convention, in case of bonds that have embedded options, such as bonds with put and call options, the date of the put/ call shall be determined as the maturity date for the purpose of calculating residual maturity.

Further, SEBI has permitted non-banking financial companies categorised as Infrastructure Finance Companies by the RBI to act as eligible issuers for the purposes of FPI investment under the corporate debt long-term infrastructure category.

While there are no specific provisions related to treatment of investment in mutual fund units, it is generally understood that SEBI would apply these criteria based on the nature of the scheme. Thus, as regards investments into the units of a debt oriented mutual fund, the same would be classified as debt investment. Investments into the units of any other mutual fund shall be classified as equity related investment.

### ***Participatory notes and derivative instruments***

Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise dealing offshore derivatives instruments directly or indirectly

FPIs are allowed to issue P-Notes and offshore derivative instruments to those entities that are regulated by appropriate regulated authority in the countries of their incorporation or establishment and additionally satisfy other criteria required to be fulfilled for being eligible to register as a FPI as provided under the FPI Regulations. FPIs registered as Category II FPIs on account of having a regulated manager and Category III FPIs are not allowed to issue, subscribe or otherwise deal in P-Notes. FPIs may not issue, subscribe for or purchase any offshore derivative instruments, directly to or from, Indian residents or NRIs.

FPIs which have issued derivative instruments based on underlying Indian securities such as participatory notes and any other equivalent instrument are required to make a monthly disclosure to the SEBI as regards the details of the instrument as well as the ultimate investor in such instruments.

### ***Restriction on Investments Through PCCs/ MCVs***

SEBI has prohibited the use of Protected Cell Companies and Segregated Portfolio Companies for the purpose of registering as FPIs.

However, an FPI, is required by law or by its regulator to ring fence its assets and liabilities from other funds/sub-funds will not be treated as having an opaque structure subject to the fulfilment of certain conditions.



## **SEBI Regulations on Initial Public Offerings**

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

## **SEBI Takeover Regulations**

The provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Code**") may apply to the Fund. The Fund would have to comply with the Takeover Code with regard to its investments/ divestments in listed companies in India. The Takeover Code prescribes certain obligations on acquisition or sale of shares or voting rights above certain prescribed limit. The Takeover Code requires –

- Disclosures to the stock exchange (where the listed companies are traded) and the companies themselves on crossing the prescribed limits, within stipulated period of time as provided in the Takeover Code and when there is a change in the shareholding/ voting rights held by the Fund in the listed company (or companies); and
- Mandatory open offer on crossing certain limits on voting rights or shares as prescribed under the Takeover Code.

Certain exemptions relating to open offers are prescribed under the Takeover Code as well. Voting rights and/or shareholding is calculated not just in relation to the person concerned, but also any person deemed to be acting in concert.

## **Insider Trading**

The SEBI (Prohibition of Insider Trading) Regulations, 1992 ("**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. In 2002, SEBI amended the Insider Trading Regulations to provide certain defences to the prohibition on insiders in possession of unpublished price sensitive information dealing in securities. All directors, officers, substantial shareholders, promoters and persons part of the promoter group in a listed company are required to make periodic disclosures of their shareholding as specified in the Insider Trading Regulations. In addition to the disclosure requirements under the Takeover Code, a person holding more than 5% of the shares of an Indian listed company is required under the Insider Trading Regulations to disclose to the company a change in its share position or voting rights, if there has been a change from the last disclosure made in excess of 2% of the total share position or voting rights in the company, even if such change results in the share position falling below 5%. The Fund may be subject to such disclosure requirements under the Insider Trading Regulations.

The SEBI Board has approved the draft of the SEBI (Insider Trading) Regulations, 2014 that will replace the Insider Trading Regulations and it is expected that they will come into force shortly.

## **Exchange Controls**

The FPIs have been authorised by the RBI to open a foreign currency denominated account and a special non-resident rupee account in India.

Income, net of withholding tax, if any, may be credited to the special non-resident rupee account. Transfers from the special non-resident rupee account to the foreign currency denominated account are permitted, subject to payment of taxes wherever applicable and obtaining of appropriate tax clearance certification. Transfers of sums between the foreign currency denominated account and the special non-resident rupee account must be made at the market rates of exchange. Currency held in the foreign currency denominated account may be freely remitted outside India.

## **Cayman Islands**

The Manager is exempted from the requirement to obtain a licence under the Securities Investment Business Law (Revised) and is not subject to regulation by the Cayman Islands Monetary Authority.

## **United Kingdom**

The Investment Manager is authorised and regulated by the FCA.

## **United States**

The Fund is not registered as an investment company under the Company Act. The Fund complies with Section 3(c)(7) of the Company Act, which permits private investment companies (such as the Fund) to sell their interests, on a private placement basis, to an unlimited number of "qualified purchasers", as that term is defined under the Company Act.

Neither the Manager nor the Investment Manager is registered with the SEC as an investment adviser under the Advisers Act, but either may register in the future.

While the Fund may trade commodity interests, the Manager is exempt from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the Manager is not required to deliver a CFTC disclosure document to prospective Shareholders, nor is it required to provide Shareholders with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The Manager qualifies for the exemption under CFTC Rule 4.13(a)(3) with respect to the Fund on the basis that, among other things: (i) each Shareholder is a "qualified eligible person", as defined under Rule 4.7(a)(2) of the US Commodity Exchange Act, as amended, or an "accredited investor" as defined under SEC rules; (ii) the Shares are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States, (iii) participations in the Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets; and (iv) at all times that the Fund establishes a commodity interest or securities futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of its portfolio; or (b) the aggregate net notional value of its commodity interest and security futures positions will not exceed 100% of the liquidation value of its portfolio.

The Investment Manager is exempt from registration with the CFTC as a commodity trading advisor.

## **General**

Subject to the foregoing, it is not expected that any regulatory filings will be made in any country and the Fund will not be qualified for public sale in any country.

### **ANTI-MONEY LAUNDERING REGULATIONS**

As part of the Fund's responsibility to comply with regulations aimed at the prevention of money laundering and terrorist financing, the Fund or the Administrator may require a detailed verification of any subscriber's or Shareholder's identity, any beneficial owner of a subscriber or Shareholder, and the source of any Shareholder's subscription payment.

The Fund and the Administrator each reserves the right to request such information as is necessary to verify the identity of any subscriber and any underlying beneficial owner of a subscriber. Each of the Fund and the Administrator also reserves the right to request such identification evidence in respect of a transferee of Shares. In the event of delay or failure by a subscriber or transferee to produce any information required for verification purposes, the Fund or the Administrator may (i) refuse to accept or delay the acceptance of the application, (ii) in the case of a transfer of Shares, refuse to register the relevant transfer of Shares, (iii) in the case of a subscription for Shares, refuse to allot the Shares subscribed for, in which event subscription moneys will be returned without interest to the account from which such moneys were originally debited, or (iv) cause the redemption of any such Shareholder from the Fund.

Each of the Fund and the Administrator also reserves the right to refuse to make any redemption payment or distribution to a Shareholder, if any of the Directors or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering laws or the laws, regulations, and Executive Orders administered by the US Department of Treasury's Office of Foreign Assets Control ("OFAC"), or other laws or regulations by any person in any relevant jurisdiction (collectively, "AML/OFAC obligations").

Each subscriber and Shareholder will be required to make such representations to the Fund as the Fund, the Investment Manager or the Administrator will require in connection with applicable AML/OFAC obligations, including, without limitation, representations to the Fund that such subscriber or Shareholder (or any person controlling or controlled by the subscriber or Shareholder; if the subscriber or Shareholder is a privately held entity, any person having a beneficial interest in the subscriber or Shareholder; or any person for whom the subscriber or Shareholder is acting as agent or nominee in connection with the investment) is not (i) an individual or entity named on any available lists of known or suspected terrorists, terrorist organisations or of other sanctioned persons issued by the United States government and the government(s) of any jurisdiction(s) in which the Fund is doing business, including the List of Specially Designated Nationals and Blocked Persons administered by OFAC, as such list may be amended from time to time; (ii) an individual or entity otherwise prohibited by the OFAC sanctions programs; or (iii) a current or former senior foreign political figure\* or

---

\* A "senior foreign political figure" is defined as (a) a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-US government (whether elected or not), a

politically exposed person<sup>\*\*</sup>, or an immediate family member or close associate of such an individual. Further, such subscriber or Shareholder must represent to the Fund that it is not a prohibited foreign shell bank<sup>\*\*\*</sup>.

Such subscriber or Shareholder will also be required to represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene US Federal, state or international laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

Each subscriber and Shareholder must notify the Fund promptly in writing should it become aware of any change in the information set forth in its representations. Each subscriber and Shareholder is advised that, by law, the Fund may be obligated to "freeze the account" of such subscriber or Shareholder, either by prohibiting additional investments from the subscriber or Shareholder, declining any redemption requests from the subscriber or Shareholder, suspending the payment of redemption proceeds payable to the subscriber or Shareholder, and/or segregating the assets in the account in compliance with governmental regulations. The Fund may also be required to report such action and to disclose the subscriber's or Shareholder's identity to OFAC or other applicable governmental and regulatory authorities.

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.

---

current or former senior official of a major non-US political party, or a current or former senior executive of a non-US government-owned commercial enterprise; (b) a corporation, business, or other entity that has been formed by, or for the benefit of, any such individual; (c) an immediate family member of any such individual; and (d) a person who is widely and publicly known (or is actually known) to be a close associate of such individual. For purposes of this definition, a "senior official" or "senior executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources; and "immediate family member" means spouses, parents, siblings, children and a spouse's parents and siblings.

<sup>\*\*</sup> A "politically exposed person" is a term used for individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, and important political party officials. FATF Standards – Glossary: Politically Exposed Persons, *available at* <http://www.fatf-gafi.org/glossary/>.

<sup>\*\*\*</sup> A "prohibited foreign shell bank" is a foreign bank that does not have a physical presence in any country, and is not a "regulated affiliate," *i.e.*, an affiliate of a depository institution, credit union, or foreign bank that (i) maintains a physical presence in the US or a foreign country, as applicable, and (ii) is subject to supervision by a banking authority in the country regulating the affiliated depository institution, credit union, or foreign bank.

Pursuant to the coming into force of the PMLA and the Rules enacted thereunder, a FPI is required to maintain a record of all transactions having value of more than Indian Rupees 1 million. A FPI is also required to appoint a principal officer who is obligated to report suspicious transactions and cash transactions above Indian Rupees 1 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 SEBI in this regard. Accordingly, the Fund may furnish such information to SEBI or RBI as may be necessary for it to fulfil its obligations under the PMLA and its rules, including provision of any information as may be sought by the Financial Intelligence Unit. By subscribing to the Fund, the investors consent to the disclosure by the Fund and/or the Administrator of any information about them, to the Financial Intelligence Unit and regulators in India including SEBI and RBI, upon request, in connection with money laundering and similar matters under PMLA.

### **FISCAL YEAR**

The Fund's fiscal year ends on 31 December of each calendar year.

### **INDEPENDENT AUDITORS; REPORTS TO SHAREHOLDERS**

Deloitte has been retained as the independent auditors of the Fund. An annual report and audited financial statements will be sent to Shareholders within 90 days of the end of the Fund's fiscal year, or as soon as reasonably practicable thereafter. The Fund will also provide periodic unaudited performance information, no less frequently than quarterly, to the Shareholders.

### **LEGAL COUNSEL**

Schulte Roth & Zabel International LLP ("SRZ") has been engaged by the Investment Manager and the Manager to represent them in connection with the organisation of the Fund and this offering of Shares. Anand Kumar Gujadhur of Madun Gujadhur Chambers ("Gujadhur") acts as Mauritius legal counsel to the Fund, and the Manager. No separate counsel has been engaged to independently represent the Shareholders in connection with these matters.

Other counsel may also be retained where the Investment Manager or the Manager, on its own behalf, or the Board of Directors, on behalf of the Fund, determines that to be appropriate.

In advising the Fund and the Investment Manager with respect to the preparation of this Memorandum, each of SRZ and Gujadhur has relied upon information that has been furnished to it by the Fund, the Investment Manager and their affiliates, and has not independently investigated or verified the accuracy or completeness of the information set forth herein. In addition, neither SRZ nor Gujadhur monitors the compliance of the Fund, the Investment Manager or the Manager with the investment guidelines set forth in this Memorandum, the Fund's terms or applicable laws.

There may be situations in which there is a "conflict" between the interests of the Investment Manager and/or the Manager and those of the Fund. In these situations, the Investment Manager, the Manager and the Fund, as the case may be, will determine the appropriate resolution thereof, and may seek advice from SRZ in connection with such determinations.

The Investment Manager, the Manager and the Fund have consented to SRZ's concurrent representation of such parties in such circumstances.

## **DEFINITIONS**

|                                     |   |
|-------------------------------------|---|
| " <u>Altavista Group</u> "          | means the Manager, the Investment Manager and their respective affiliates   |
| " <u>Administration Agreement</u> " | has the meaning set forth under "Fund Administration"   |
| " <u>Administrator</u> "            | means Deutsche International Trust Corporation (Mauritius) Limited  |
| " <u>Adjusted NAV</u> "             | has the meaning set forth under "Incentive Fee"   |
| " <u>Advisers Act</u> "             | means the US Investment Advisers Act of 1940, as amended  |
| " <u>AIF</u> "                      | has the meaning given to such term under the AIFM Directive   |
| " <u>AIFM</u> "                     | has, as the context requires, the meaning given to such term under the AIFM Directive and under "Investment Manager—Regulatory Status of the Investment Manager"  |
| " <u>AIFM Directive</u> "           | means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, including, where the context so requires, any delegated acts and implementing legislation made thereunder which applies in United Kingdom  |
| " <u>AML/OFAC obligations</u> "     | has the meaning set forth under "Anti-Money Laundering Regulations"   |
| " <u>Articles</u> "                 | means the Constitution of the Fund, as the same may be amended from time to time  |
| " <u>Benefit Plan Investor</u> "    | means a "benefit plan investor" as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being "employee benefit plans" as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, "plans" that are subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, and entities the assets of which are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder |
| " <u>Board of Directors</u> "       | means the board of Directors of the Fund and any duly constituted committee thereof   |
| " <u>Business Day</u> "             | means any day other than (a) Saturday and Sunday, and (b) any other day on which banks located in India or Mauritius are required or authorised by law to be closed and/or such other day or days as the Board of Directors may   |

|                                |   |
|--------------------------------|---|
|                                | from time to time determine   |
| " <u>CFTC</u> "                | means the US Commodity Futures Trading Commission   |
| " <u>Class A Shareholder</u> " | means a holder of Class A Shares  |
| " <u>Class A Shares</u> "      | means non-voting participating shares in the Fund with a par value of US\$1.00 per share issued as Class A Shares, which may be denominated in US Dollars   |
| " <u>Company Act</u> "         | means the Investment Company Act of 1940, as amended  |
| " <u>CPO</u> "                 | means commodity pool operator   |
| " <u>Cross-Transaction</u> "   | has the meaning set forth under "Other Activities of Management; Potential Conflicts of Interest"   |
| " <u>Custodian</u> "           | The Hongkong and Shanghai Banking Corporation Limited, India  |
| " <u>Dealing Day</u> "         | means the first Business Day of each month and any other day as the Board of Directors may determine in its discretion on which Class A Shares may be issued and/or redeemed.   |
| " <u>Directive</u> "           | has the meaning set forth under "European Union Savings Directive"  |
| " <u>Directors</u> "           | means the members of the Board of Directors and any successors to such members as may be appointed from time to time  |
| " <u>ERISA</u> "               | means the US Employee Retirement Income Security Act of 1974, as amended  |
| " <u>Expert Investor</u> "     | means an investor who makes an initial investment on his own account of no less than US\$ 100,000; or a sophisticated investor as defined in the Securities Act 2005 of Mauritius or any similarly defined investor in any other securities legislation |
| " <u>FATCA</u> "               | means Foreign Account Taxation Compliance Act   |
| " <u>FPI</u> "                 | means a Foreign Portfolio Investor as defined under the FPI Regulations   |
| " <u>FPI Regulations</u> "     | means SEBI (Foreign Portfolio Investors) Regulations, 2014 and any modifications and re-enactments thereof as applicable from time to time  |
| " <u>FCA</u> "                 | means the Financial Conduct Authority of the United Kingdom   |



|  |   |
|--|---|
| " <u>FSC</u> "                             | means the Financial Services Commission of Mauritius  |
| " <u>FS Act</u> "                          | means the Financial Services Act 2007 of Mauritius  |
| " <u>Gate</u> "                            | has the meaning set forth under "Redemptions of Shares—Gate"  |
| " <u>IFRS</u> "                            | means International Financial Reporting Standards   |
| " <u>IM Indemnified Losses</u> "           | has the meaning set forth under "The Investment Manager—Investment Management Agreement"  |
| " <u>IM Indemnified Party</u> "            | has the meaning set forth under "The Investment Manager—Investment Management Agreement"  |
| " <u>Incentive Fee</u> "                   | has the meaning set forth under "Incentive Fee"   |
| " <u>Investment Management Agreement</u> " | has the meaning set forth under "The Investment Manager—Investment Management Agreement"  |
| " <u>Investment Manager</u> "              | Altavista Investment Management UK LLP  |
| " <u>Investor Disclosure</u> "             | means any disclosure or communication required to be provided to Shareholders and/or prospective Shareholders pursuant to Article 23 of the AIFM Directive, which is given or made available through one or more of the following methods (with the appropriate method of disclosure or communication for any relevant information being determined by the Board of Directors or the Investment Manager in its sole discretion): an annual report, an update or a supplement to this Memorandum, a newsletter (or other Shareholder letter, announcement or communication), due diligence documentation or the Investment Manager's website |
| " <u>Internal Revenue Code</u> "           | means the US Internal Revenue Code of 1986, as amended  |
| " <u>Management Agreement</u> "            | has the meaning set forth under "The Manager—Management Agreement"  |
| " <u>Management Fee</u> "                  | has the meaning set forth under "Management Fee"  |
| " <u>Management Shares</u> "               | means Management Shares in the Fund with a par value of US\$1.00 per share  |
| " <u>Manager</u> "                         | Altavista Investment Management Ltd   |
| " <u>Manager Indemnified Losses</u> "      | has the meaning set forth under "The Manager—Management Agreement"  |
| " <u>Manager Indemnified Party</u> "       | has the meaning set forth under "The Manager—   |

|                                      |   |
|--------------------------------------|---|
|                                      | Management Agreement"   |
| " <u>MRA</u> "                       | Mauritius Revenue Authority   |
| " <u>Memorandum</u> "                | means this Confidential Private Placement Memorandum  |
| " <u>Minimum Holding</u> "           | means US\$150,000 unless otherwise determined by the Board of Directors   |
| " <u>Net Asset Value</u> "           | means the net asset value of the Fund, the Shares, a designation or a series of Shares, as applicable   |
| " <u>Net Asset Value per Share</u> " | means the net asset value of the relevant designation or series divided by the number of Shares of that designation or series in issue or deemed to be in issue |
| " <u>New Designation</u> "           | has the meaning set forth under "Suitability Requirements; Limitations on Transferability"  |
| " <u>New Series</u> "                | has the meaning set forth under "Offering of Shares—Series Rollup"  |
| " <u>OFAC</u> "                      | means the US Department of Treasury's Office of Foreign Assets Control  |
| " <u>Orderly Realisation</u> "       | has the meaning set forth under "Capital Structure of the Fund—General"   |
| " <u>Original Designation</u> "      | has the meaning set forth under "Suitability Requirements; Limitations on Transferability"  |
| " <u>Other Accounts</u> "            | has the meaning set forth under "Other Activities of Management; Potential Conflicts of Interest"   |
| " <u>Other Agreement</u> "           | has the meaning set forth under "Certain Risk Factors—Other Agreements; Different Terms of Shareholders"  |
| " <u>Permitted US Person</u> "       | means a Tax-Exempt US Person or an entity substantially all of the ownership interests in which are held by Tax-Exempt US Persons                               |
| " <u>Prior High NAV</u> "            | has the meaning set forth under "Incentive Fee"   |
| " <u>Redemption Fee</u> "            | has the meaning set forth under "Redemptions of Shares"   |
| " <u>Redemption Price</u> "          | has the meaning set forth under "Redemptions of Shares—Payment of Redemption Proceeds"  |
| " <u>Rollup Series</u> "             | has the meaning set forth under "Offering of Shares—Series Rollup"  |
| " <u>SEC</u> "                       | means the US Securities and Exchange Commission   |

|                                   |  |
|-----------------------------------|--|
| "SEBI"                            | means the Securities and Exchange Board of India   |
| " <u>Securities Act</u> "         | means the US Securities Act of 1933, as amended  |
| " <u>Shareholder</u> "            | means a shareholder of the Fund  |
| " <u>Shares</u> "                 | means non-voting participating shares in the Fund issued as Class A Shares   |
| " <u>SRZ</u> "                    | means Schulte Roth & Zabel International LLP   |
| " <u>Subscription Agreement</u> " | means the subscription agreement (including the investor questionnaire attached to such Subscription Agreement as completed by each Shareholder prior to the Fund's acceptance of such Shareholder's subscription) between each Shareholder and the Fund pursuant to which such Shareholder has subscribed for and purchased Shares  |
| " <u>Suspension</u> "             | has the meaning set forth under "Redemptions of Shares—Suspensions"  |
| " <u>Tax-Exempt US Person</u> "   | means a US person within the meaning of the Internal Revenue Code that is exempt from payment of US federal income tax   |
| " <u>TRC</u> "                    | has the meaning set forth under "Taxation – Mauritius"   |
| " <u>Treaty</u> "                 | has the meaning set forth under "Taxation – Mauritius"   |
| " <u>US Person</u> "              | means a person or entity described in one or more of the following: <ul style="list-style-type: none"> <li>(1) with respect to any person, any individual or entity that would be a "U.S. person" under Regulation S of the Securities Act;</li> <li>(2) with respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time; or</li> <li>(3) with respect to persons other than individuals: (i) a corporation or partnership created or organised in the United States or under the laws of the United States or any state; (ii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the authority to control all substantial decisions of the trust; and (iii) an estate which is subject to US tax on its worldwide income from all sources</li> </ul> |
| " <u>Valuation Day</u> "          | means the last Business Day of each month and such other day or days as the Board of Directors may from time to time   |

determine

"Valuation Policy"

has the meaning set forth under "Valuation"

In this Memorandum, unless otherwise stated, all references to "US Dollars", "USD" and "US\$" are to the lawful currency of the United States.