

## OFFER DOCUMENT

NOVEMBER 2025

### EDELWEISS GREATER CHINA EQUITY FUND

*An open-ended Retail Scheme under the IFSCA FM Regulations.*

**FME Registration No.** FDM2025FMR0792

**Registration No. / Authorisation No.** [IFSC/Retail/2025-26/008]

**Trustee / Fiduciaries:** MITCON Credentia Trusteeship Services Limited (IFSC Branch)

**FME:** Edelweiss Asset Management Limited (IFSC Branch)

*This Offer Document has been prepared in accordance with the IFSCA FM Regulations and subsidiary directions issued thereunder. Edelweiss Greater China Equity Fund (“**Scheme**”), an open-ended Retail Scheme is managed by Edelweiss Asset Management Limited (IFSC Branch), which is registered with IFSCA as a Registered FME (Retail), having the registration number FDM2025FMR0792 under the IFSCA FM Regulations.*

*The Offer Document sets forth the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Offer Document after the date of this document from the website of the FME / distributors. This Offer Document has to be read with addendums issued by the FME from time to time and hosted on the website. Investors are requested to note that no return from the Scheme is assured or guaranteed.*

## **DECLARATION**

It is confirmed that:

- i. This Offer Document has been prepared in accordance with the IFSCA (Fund Management) Regulations 2025 and the guidelines and directives issued by IFSCA from time to time.
- ii. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- iii. The disclosures made in the Offer Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.

For and on behalf of Edelweiss Asset Management Limited (IFSC Branch)

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**Name:** Mr. Riddhish Shah

**Designation:** Principal Officer

## DISCLAIMER

This Offer Document is issued in connection with and relates to an investment in the Units of the Scheme. The Scheme is launched as an open-ended Retail Scheme under the IFSCA FM Regulations, and the FME is registered with IFSCA as a Registered Fund Management Entity (Retail) under the IFSCA FM Regulations.

The information in this Offer Document for the Scheme is not exhaustive and may be changed. This Offer Document is not an offer to subscribe to the Units and does not solicit an offer to subscribe to Units in any jurisdiction where the offer or sale is not permitted. An offer or solicitation in respect of the Units in the Scheme will be made only through the final form of the Scheme's Offer Document.

The information in this Offer Document is current as at the date of this Offer Document, and may be supplemented, amended or modified from time to time by any further information in the form of an addendum in which event the information in this Offer Document shall be read as supplemented, amended or modified by such additional information, as the case may be. The addendum shall be provided to the Investors within reasonable timeline as specified under the Applicable Laws and shall also be available on the website of the FME.

Notwithstanding anything contained in the Trust Documents, the FME shall continue to be responsible for the compliance with the IFSCA FM Regulations, IFSCA circulars, and the directions issued by IFSCA, from time to time, and other Applicable Laws in relation to operations and reporting by schemes launched by the FME under the IFSCA FM Regulations. The FME has taken all reasonable care to ensure that the information in this Offer Document is true and accurate in all material respects and that there are no material facts, the omission of which would make any statement in this Offer Document, whether of fact or opinion, misleading. No other representation, warranty or undertaking is given in respect of the information in this Offer Document by the FME or by any other person duly authorized by the FME and neither the FME nor any other person duly authorized by the FME takes responsibility for the consequences of reliance upon any statement or information contained in, or any omissions from this Offer Document.

The Units of the Scheme are being offered for sale or subscription to the public as per the IFSCA FM Regulations. An investment in the Scheme involves certain significant investment risks, including loss of a prospective investor's entire investment. See "**SECTION VII: RISK FACTORS**" for a discussion of certain risk factors that should be considered by prospective investors. There will generally be no public market for the Units, and they will not, subject to certain conditions as stated in this Offer Document, be freely transferable.

The information on taxation contained in this Offer Document is a summary of certain tax considerations but is not intended to be a complete discussion of all tax considerations. The contents of this Offer Document are not to be construed as investment, legal, or tax advice. Investors should consult their own counsel, accountant or investment advisor as to legal, tax, and related matters concerning their investment.

No Person has been authorized in connection with this offering to give any information or make any representations other than as contained in this Offer Document. If given or made, such additional information or representations must not be relied upon as having been authorized.

Prospective investors should not treat the contents of this Offer Document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Units; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Units which they might encounter; and (c) the income and other tax consequences which may apply as a result of the purchase, holding, transfer, redemption or other disposal of Units. Prospective investors should make their own inquiries and must consult and rely upon

their own representatives, including their own legal and investment advisers and accountants, as to legal, tax, investment or any other related matters concerning the Units and an investment therein. Each prospective investor is responsible for its own costs in considering an investment in the Scheme.

Certain information contained in this Offer Document 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 or the actual performance of the Scheme may differ materially from those reflected or contemplated in such forward-looking statements.

The defined terms used in this Offer Document shall have the meaning as ascribed to them under ‘**SECTION XII: GLOSSARY**’ to this Offer Document.

Investors may request additional information in relation to the Scheme by writing to the FME:

**Name of the FME:** Edelweiss Asset Management Limited (IFSC Branch)

**Contact Person:** Mr. Riddhish Shah (Principal Officer)

**Communication Address:** 503, 5th Floor, Pragya II, Block 15 – C1, Zone -1, Road No. 11, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India.

**Telephone/Mobile No.:** +91 7600140667

**Email:** [Eaml.giftcity@edelweissmf.com](mailto:Eaml.giftcity@edelweissmf.com)

## PART A: DIRECTORY

<b>FME</b>	Name:	<b>Edelweiss Asset Management Limited (IFSC Branch)</b>
	Registered office address and communication address:	503, 5th Floor, Pragya II, Block 15 – C1, Zone -1, Road No. 11, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India.
	Telephone / Mobile:	+91 7600140667
	Email:	Eaml.giftcity@edelweissmf.com

<b>Trustee Fiduciaries</b>	Name:	<b>MITCON Credentia Trusteeship Services Limited (IFSC Branch)</b>
	Registered Address:	1st Floor, Kubera Chambers, Shivajinagar, Pune – 411005, Maharashtra, India
	Communication / Branch Address	6th Floor, Block 13 – B, 650, Hiranandani Signature Building, Zone 1, GIFT City, GIFT Road, GIFT SEZ, Palaj, Gandhinagar – 382050, Gujarat, India
	Telephone:	+91 22 22828200   +91 22 22828240
	Email:	aifcompliance@mitconcredentia.in

<b>Legal Advisor</b>	Name:	<b>IC RegFin Legal Partners LLP</b>
	Address:	Unit No. 409, 4 <sup>th</sup> Floor, Pragya Tower, GIFT SEZ, Gandhinagar – 382050, Gujarat, India.

<b>Tax Advisor</b>	Name:	<b>Price Waterhouse &amp; Co LLP</b>
	Address:	Sucheta Bhawan, Gate No. 2, 11-A Vishnu Digambar Marg, New Delhi -110002, India.

<b>Custodians / Global Custodians</b>	Name:	<b>Kotak Mahindra Bank Limited</b>
	Registered Address:	27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
	Branch Address:	10 <sup>th</sup> Floor, Hiranandani Signature, Block no. 13, Zone - 1, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India.

<b>Auditor</b>	<i>To be appointed prior to launch of the Scheme.</i>
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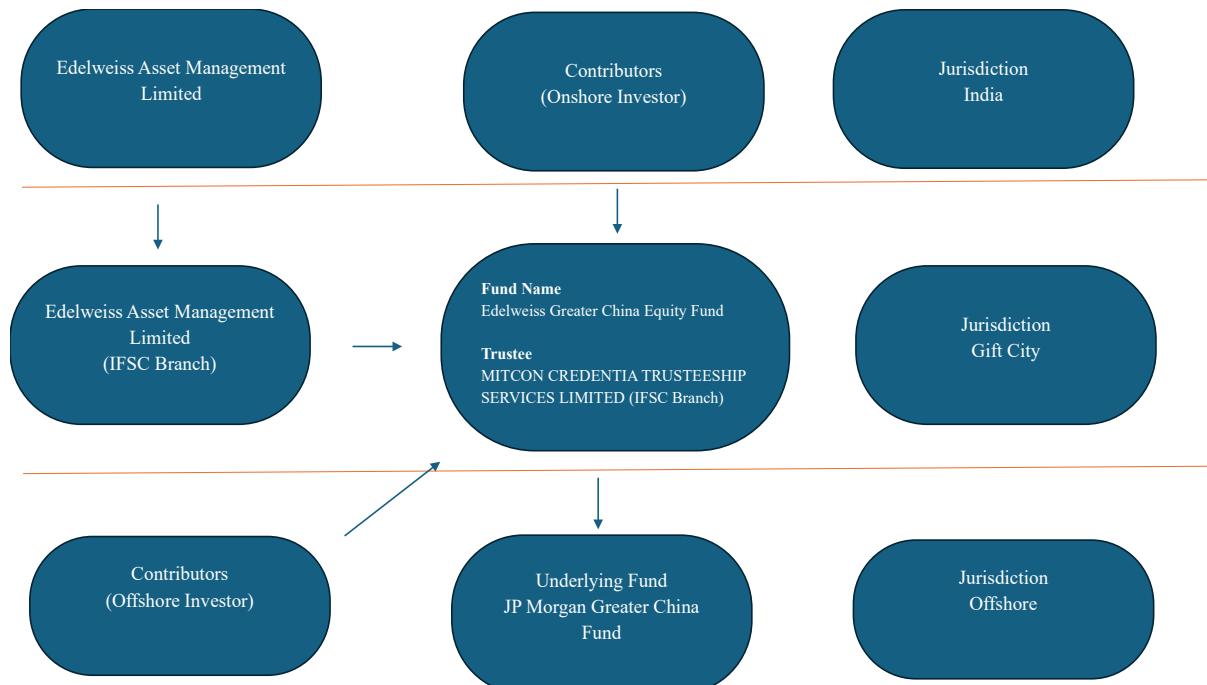
<b>Registrar and Transfer Agent (“RTA”)</b>	Name:	<b>KFin Technologies Limited</b>
	Registered Address:	301, The Centrium, 3rd Floor, 57, Lal Bahadur Shastri Road, Nav Pada, Kurla (West), Mumbai – 400070, Maharashtra, India
	Communication / Branch Address	Unit 414, 4th Floor, Signature Building, Gift Multi Service, SEZ, Gandhinagar - 382050, Gujarat, India.

## TABLE OF CONTENTS

SECTION I: SCHEME STRUCTURE.....	7
SECTION II: GOVERNANCE STRUCTURE .....	9
SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS .....	25
SECTION IV: INVESTMENT RESTRICTIONS.....	27
SECTION V: PRINCIPAL TERMS OF THE SCHEME.....	29
SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS .....	59
SECTION VII: CONFLICTS OF INTEREST .....	60
SECTION VIII: RISK FACTORS.....	63
SECTION IX: RISK PROFILING FOR VARIOUS INSTRUMENTS .....	86
SECTION X: LEGAL, REGULATORY AND TAX CONSIDERATIONS .....	87
SECTION XI: DISCIPLINARY HISTORY .....	123
SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES.....	125
SECTION XIII: GLOSSARY.....	126

## SECTION I: SCHEME STRUCTURE

The diagram below is an illustrative representation of the proposed legal structure of the Scheme:



*Edelweiss Asset Management Limited (EAML) has established its IFSC Branch within GIFT City, operating under the name Edelweiss Asset Management Limited (IFSC Branch). The branch is registered as a Fund Management Entity (FME) – Retail with International Financial Services Centers Authority (IFSCA), the independent regulatory authority based in GIFT City.*

*As part of its operations, EAML (IFSC Branch) is launching a Retail Scheme named ‘Edelweiss Greater China Equity Fund’. This Scheme is designed to primarily invest in the JPMorgan Funds - Greater China Fund, in line with its investment objective.*

*Important Notice: This organizational diagram is a simplified illustration of the Scheme’s proposed legal structure as of the date hereof and describes in general the manner in which the Scheme intends to hold its investments. This organizational diagram is only a realization and does not show all of the entities that may comprise the Scheme.*

### The Scheme

‘**Edelweiss Greater China Equity Fund**’ has been established as an irrevocable contributory determinate trust settled by the Settlor under the Indian Trusts Act, 1882 and is a Retail Scheme under the IFSCA FM Regulations. Subject to Applicable Laws, the Scheme shall primarily invest in Master Fund operating within the investment objective as indicated in this Offer Document.

### The Trustee

The Trustee of the Scheme is ‘**MITCON Credentia Trusteeship Services Limited (IFSC Branch)**’ (“Trustee”), a company incorporated under the provisions of the Companies Act, 2013, and having its registered office at Kubera Chambers, 1st Floor, Shivajinagar, Pune – 411 005, Maharashtra, India and

GIFT City branch office at 6th Floor, Block 13 – B, 650, Hiranandani Signature Building, Zone 1, GIFT City, GIFT Road, GIFT SEZ, Palaj, Gandhinagar – 382050, Gujarat, India.

The Trustee has all powers in respect of the property of the Scheme including power to manage the same. These powers along with the duties, to the extent permissible under Applicable Laws, in respect of the Scheme, have been delegated to the FME under the Investment Management Agreement. While in accordance with the provisions of the Indenture, it would be the primary responsibility of the Trustee to ensure that the FME performs its obligations under the Investment Management Agreement entered between the Trustee and the FME, the Trustee shall not interfere with the actions of the FME as long as these actions are within its powers under the Investment Management Agreement and conform to the Applicable Laws and the objectives of the Scheme.

For further details about the Trustee, please see “**SECTION II: GOVERNANCE STRUCTURE**” of this Offer Document.

### **The Fund Management Entity**

‘**Edelweiss Asset Management Limited (IFSC Branch)**’ (“FME”), a company established under the provisions of the Companies Act, 1956, with its branch office at 503, 5th Floor, Pragya II, Block 15 – C1, Zone -1, Road No. 11, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India shall act as the FME of the Scheme. The FME is registered with IFSCA as a Registered FME (Retail) under the IFSCA FM Regulations bearing registration number FDM2025FMR0792.

The Scheme will be managed by the FME pursuant to the terms of the Investment Management Agreement. The FME will *inter alia* be responsible for investments and divestment decisions of the Scheme.

For further details about the FME, please see “**SECTION II: GOVERNANCE STRUCTURE**” of this Offer Document.

### **Custodian / Global Custodian**

**Kotak Mahindra Bank Limited** is the Custodian of the Scheme.

### **Targeted Investors**

Targeted Investors of the Scheme are any persons permitted to invest in the Scheme under the Applicable Laws including resident Indian individuals, minors, fund of funds, government institutions, corporates, limited liability partnership, public sector undertakings, private banks, insurance companies, global development financial institutions, any foreign investors including non-resident Indians, multilateral organisations, family offices, Institutional Investors, high net worth individuals, accredited investors as classified in terms of the IFSCA FM Regulations and any other permissible Investors under Applicable Laws.

## SECTION II: GOVERNANCE STRUCTURE

### A. Trustee / Fiduciaries

#### a) *Name:*

MITCON Credential Trusteeship Services Limited (IFSC Branch) (“Trustee”), a company incorporated under the provisions of the Companies Act, 2013, having its registered office at Kubera Chambers, 1st Floor, Shivajinagar, Pune – 411 005, Maharashtra, India and GIFT City branch office at 6th Floor, Block 13 – B, 650, Hiranandani Signature Building, Zone 1, GIFT City, GIFT Road, GIFT SEZ, Palaj, Gandhinagar – 382050, Gujarat, India acts as the trustee of the Scheme and is registered as an ancillary service provider with IFSCA to provide trusteeship services.

#### b) *Role:*

The Trustee is appointed to manage the Trust Property in accordance with the Indenture. The Trustee has appointed the FME and delegated its functions, powers and duties (to the extent permissible under Applicable Laws) of managing and administering the Trust Property in accordance with the Investment Management Agreement. The Trustee shall be responsible for ensuring compliance with the IFSCA FM Regulations and submitting reports to IFSC on the occurrence of any violation of the IFSCA FM Regulations. The Trustee shall ensure compliance for such other duties as specified under the Indenture and the Applicable Laws. The FME and the Trustee shall ensure compliance by the Scheme with the code of conduct as specified under the IFSCA FM Regulations.

#### c) *Names and Profile of the directors:*

##### 1. **Ms. Vaishali Urkude - Managing Director**

Vaishali has a combined experience of over 24 years in legal, operations and compliance in banks and trusteeship business. She was a pioneer in building up the trusteeship business at Milestone Trusteeship Services Private Limited with her expertise in legal and operations throughout all the trusteeship offerings. Her past stints were with public sector banks viz. UCO Bank and Export-Import Bank of India and trustee companies, Vistra ITCL India Limited (formerly known as IL&FS Trust Company Limited), Milestone Trusteeship Company Private Ltd and Beacon Trusteeship Limited.

She has been into trusteeship services for more than a decade and has vast experience in managing trusteeship services across various products viz. debenture trustee, security trustee, ESOP/EWT, AIF/VCF, securitisation, family office, escrows etc. She has previously represented sub-committees of SEBI for ESOP and municipal bonds.

She has done post-graduation in law (Commercial Laws) and is a top ranker and a gold medalist (LL.B.) from Nagpur University.

##### 2. **Mr. Venkateswara Rao Thallapaka - Independent Director**

Over 35 years' experience in Banking, Foreign Trade and Housing Finance Sectors with specialization in Management of Treasury, Investment and Corporate Finance Operations, Securitization and Structured Finance, product development (Reverse Mortgage etc.), Training, Research, Capacity Building and Regulation and Supervision of Housing Finance Institutions. Director on the Boards of corporates in NBFC, HFC and Manufacturing sectors.

##### 3. **Mr. Venkatesh Ramesh Prabhu - Executive Director**

Venkatesh has more than 10 years of experience in trustee business and has held key positions in his earlier stints, all being trusteeship companies.

He was heading securitization and mid-office for family office in Vistra ITCL (India) Limited (formerly known as IL & FS Trust Company Limited). He was in charge of entire business development of trusteeship business along with compliance and operations across all the trusteeship products during his stint at Milestone Trusteeship Company Private Limited and Beacon Trusteeship Limited.

He had on-boarded and serviced more than 150 AIF clients and lead the AIF operations. He was overall in-charge of operations of alternative investment funds registered with SEBI along with compliance and business development.

He was the winner of “40under40” Alternative Investment Professionals in India – 2019 awarded by The Indian Association of Alternative Investment Funds (IAAIF) & Association of International Wealth Management of India (AIWMI). He is a qualified Chartered Accountant from ICAI and Cost Accountant from ICWAI.

#### **4. Mr. Manjunath Jyothinagara - Independent Director**

He is B.Tech (Chemical Engineering from National Institute of Technology [REC], Trichy), MDP (IIM Ahmedabad), with 32 Years Professional Experience, Serial Technopreneur. Currently promoter of KAS Group which is leading group of companies in India with credit of over 275+ projects in the area of Ultra High Purity Gas and Chemical Delivery Systems across India and outside (Singapore, Turkey, UAE, Kuwait, Saudi Arabia, Israel). Major presence in Solar Fabs and Semiconductor R&D Fabs. Only Indian company with capability to deliver full stack Engineering Solutions comprising of Concept Design, Engineering, Procurement, Construction and O&M solutions to customers for Facilities Engineering. Working as Managing Director heading Indian and Overseas Business involving setting up of facilities (Design, Engineering & Delivery) for semiconductor and solar fabs.

#### **5. Ms. Padma Betai - Independent Director**

Ms. Padma Betai, Chartered Accountant with over 35 years' experience in Banking and Finance holds a comprehensive educational background, including Diploma in Treasury Investments and Risk Management, a Certified Associate of the Indian Institute of Banking (CAIIB), and a Chartered Accountant qualification from ICAI. Ms. Betai's distinguished career includes a significant tenure at IDBI Bank Ltd, where she held various key roles, culminating in her position as MD and CEO of IDBI Trusteeship Ltd. Her extensive experience also includes leadership positions such as Chief General Manager at IDBI Bank, Deputy CEO at IDBI Mutual Fund AMC Ltd, and General Manager in the Treasury Front Office. Ms. Betai's expertise extends to diverse areas such as retail banking, corporate planning, strategy, and treasury management. Her directorships, representing IDBI, further illustrate her influential presence in the corporate landscape. Ms. Padma Betai's wealth of knowledge and leadership acumen make her a distinguished professional in the finance and banking sector.

#### **d) List of responsibilities retained by the Trustee under the Indenture:**

The responsibilities that have been assigned to the Trustee, in relation to the Scheme, shall be as per the provisions to such effect, as contained in the Indenture. However, the broad responsibilities that have been assigned to the Trustee, in relation to the Scheme, include the following:

- (i) The Trustee shall, within a reasonable time from the date of execution of the Indenture, enter into the Investment Management Agreement pursuant to which and subject to Applicable Laws, the Trustee shall delegate any and all of its powers and duties (to the extent permissible under Applicable Laws) under the Indenture to the FME, and authorise the FME to undertake any and all of its powers and duties (to the extent permissible under Applicable Laws ) under the Indenture, subject to the provisions of the Trust Documents and the Applicable Laws.
- (ii) The Trustee shall at all times exercise due diligence in carrying out its duties of protecting the interests of the Investors and act in the best interest of the Investors and endeavour to promote the interests of the Scheme.
- (iii) The Trustee may review and check whether all transactions entered into by the FME, are properly entered into in accordance with the Trust Documents and Applicable Laws.
- (iv) The Trustee shall cause the FME to maintain proper books of accounts, documents, and records in accordance with the provisions of the IFSCA FM Regulations.
- (v) The Trustee shall ensure that the Trust Property is kept segregated and ring fenced from all other assets and liabilities of the Trustee.

**e) Role of Trustee in ensuring the regulatory compliance requirement:**

The responsibilities that have been assigned to the Trustee, in relation to ensuring regulatory compliance of the Scheme, shall be as per the provisions to such effect, as contained in the Indenture and the IFSCA FM Regulations. However, the broad responsibilities that have been assigned to the Trustee, in relation to the Scheme, include the following:

- (i) The Trustee shall cause the FME to file such reports as may be required/demanded by all relevant government/ statutory/ regulatory authorities, including without limitation IFSCA, SEZ, from time to time, with regard to the activities carried on by the Scheme.
- (ii) The Trustee shall ensure that the FME provides to the Investors, all reports enumerated in the Trust Documents and as required under the Applicable Laws.

**f) List of responsibilities of the Trustee, delegated to the FME as per the Indenture:**

The Trustee shall delegate all functions, powers and duties of the Trustee under the Indenture, to the extent permissible under the Applicable Laws, *vide* the Investment Management Agreement to the FME. The FME (pursuant to the authority delegated by the Trustee in terms of the Investment Management Agreement), as the true and lawful attorney of the Scheme, shall perform any or all the acts, deeds and things for the management and administration of the Scheme in furtherance of and in accordance with this Offer Document. The FME will obtain requisite license/registrations including under the IFSCA FM Regulations, SEZ Act or such other Applicable Laws as may be required to carry out all permissible activities in furtherance of the above.

**B. FME**

**a) Name:**

Edelweiss Asset Management Limited (IFSC Branch) and having its office at 503, 5th Floor, Pragya II, Block 15 – C1, Zone -1, Road No. 11, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India, will act as the FME to the Scheme.

**b) *Role:***

The FME (pursuant to the authority delegated by the Trustee in terms of the Investment Management Agreement) shall administer the Scheme in accordance with the respective Offer Document. The FME is registered under the IFSCA FM Regulations as a Registered FME (Retail) and shall carry-out the responsibilities of a Registered FME (Retail) as mentioned under the IFSCA FM Regulations.

**c) *Name and Profile of the Directors:***

**(i) Ms. Radhika Gupta (Managing Director)**

Radhika Gupta has more than 15 years of global asset management experience. She started her career with global giants such as McKinsey and AQR Capital, and then moved to India to start Forefront Capital Management, India's first registered domestic hedge fund. She joined Edelweiss Group, after the acquisition of Forefront, scaling up the hedge fund business and also leading two asset management acquisitions – JP Morgan and Ambit Capital. She became the CEO of the mutual fund business in 2017, and is now building Edelweiss AMC into a bold, solution-oriented and customer obsessed asset manager.

Radhika grew up in four continents, and is a keen storyteller, known for “The Girl with the Broken Neck”, her personal story that crossed 2L YouTube views. She graduated from the Management and Technology Program at the University of Pennsylvania, with the highest honours, and joint degrees in economics from the Wharton School and computer science engineering from the Moore School. Radhika currently serves on the board of AMFI and Young Presidents Organization (Mumbai). She has been named by Economics Times as 40 Under 40, by Business Today and Fortune as one of the Most Powerful Women in Business, and as a Top Voice for LinkedIn.

**(ii) Mr. Sandeep Bhandarkar (Independent Director)**

Mr. Sandeep Bhandarkar started his career with ICICI Limited in corporate planning, resources and treasury and thereafter moved to Prudential ICICI Mutual Fund as Head – Sales and Distribution. Since year 2000, Mr. Bhandarkar has taken up a role of an entrepreneur and started two different start-ups, one in fintech and the other in legal tech. Mr. Bhandarkar brings deep experience in the field of finance, strategy and technology. Mr. Bhandarkar holds B. Tech (Mechanical Engineering) from IIT Bombay and PGDM from IIM Ahmedabad.

**(iii) Mr. Sunil Kakar (Independent Director)**

Mr. Sunil Kakar has over 40 years of diversified financial services experience in banking, insurance and non-banking industry.

Mr. Kakar was Managing Director & CEO of IDFC Limited from July 2017 to September 2022. He joined IDFC Limited in 2011 as the Group Chief Financial Officer and was responsible for finance & accounts, business planning and budgeting, investor relations, resource raising and information technology. He was also a member of IDFC Group's Management Committee. He then moved as Chief Financial Officer of IDFC Bank in October 2015 and was part of core leadership that transitioned the non-bank to a bank. He was a member of the Executive Committee of the IDFC Bank and led Strategic Planning & Budgeting, Finance & Accounts, and Investor Relations.

He started his career at Bank of America where he worked for 18 years in various roles, covering business planning & financial control, branch administration and operations, market

risk management, project management, and internal controls. As a Chief Financial Officer from 1996 to 2001, Mr. Kakar spearheaded the finance function at Bank of America in India.

**(iv) Mr. Rashesh Chandrakant Shah (Director)**

Mr. Rashesh Shah, co-founder of Edelweiss Group, has over three decades of diverse experience in the financial markets and has been instrumental in building Edelweiss into one of India's leading diversified financial services organizations.

Mr. Shah is passionate about financial services and the role it plays in translating India's vast savings into investments; thereby powering economic growth and development. A regular commentator on macro-economic policies, Mr. Shah served as President of FICCI, India's apex industry association, in 2017-18.

Mr. Shah has also been a part of the High-Level Task Force on Public Credit Registry for India, the Insolvency Law Committee, Executive Committee of the National Stock Exchange as well as the Committee to review Insider Trading Regulations set up by the SEBI – the country's Capital Markets Regulator.

An MBA from Indian Institute of Management, Ahmedabad, he also holds a Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi.

**C. Key Managerial Personnel**

**Principal Officer**

**Mr. Riddhish Shah** is the principal officer of the FME who shall be responsible for overall activities of the FME in accordance with the IFSCA FM Regulations (“Principal Officer”).

Brief Profile:

S. No.	Name of Organisation	Designation	Period	Work Profile
1	Edelweiss Asset Management Limited (IFSC Branch)	Principal Officer	November 2024 - present	<ul style="list-style-type: none"><li>Took strategic and day to day operational decision for the fund operated through GIFT City.</li><li>Periodically review the investor complaints received and ensure immediate redressal of the same.</li><li>Coordinate with auditors, consultants, regulatory bodies &amp; internal team.</li><li>Ensure that the funds of the scheme are invested to achieve the objectives of the scheme and in the interest of the investors.</li></ul>

S. No.	Name of Organisation	Designation	Period	Work Profile
				<ul style="list-style-type: none"> <li>• Comply with the fund management, FPI &amp; SEZ Regulations.</li> </ul>
2	True Beacon Investment Advisors LLP	Principal Officer & Head of Operations (IFSC Branch)	Aug 2022-Nov 2024	<ul style="list-style-type: none"> <li>• Took strategic and day to day operational decision for the fund operated through GIFT City.</li> <li>• Ensuring all activities are in adherence with the compliance framework.</li> <li>• Reconciliation of NAV reports.</li> <li>• Periodically review the investor complaints received and ensure immediate redressal of the same.</li> <li>• Coordinate with auditors, consultants, regulatory bodies &amp; internal team.</li> <li>• Comply with the fund management, FPI &amp; SEZ Regulations.</li> <li>• Maintain proper books of accounts, records &amp; documents for each scheme.</li> <li>• Ensure that the funds of the scheme are invested to achieve the objectives of the scheme and in the interest of the investors.</li> </ul>
3	ICICI Securities Limited	Senior Manager	Feb 2015 to Aug 2022	<ul style="list-style-type: none"> <li>• Managing the portfolio of equity, derivatives &amp; currencies involving in different trading strategies for the HNI &amp; UHNI clients.</li> <li>• Team handling &amp; assist teammates with their day-to-day enquiry.</li> <li>• Training new recruited employees and implements the cultures, values and working methodology.</li> </ul>

S. No.	Name of Organisation	Designation	Period	Work Profile
4	SSJ Finance & Securities Pvt.Ltd.	Assistant Manager-RMS	<ul style="list-style-type: none"> <li>• Aug 2014 to Feb 2015</li> <li>• Nov 2007 to Sep 2013</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing the risk in terms of setting up of limit for financial market.</li> <li>• Assessing the risk of direct customers / channel partner on daily basis.</li> <li>• Online &amp; offline risk management of the all the branches in Gujarat.</li> <li>• Coordinate with all the branch managers and updating with the latest risk situations of their branches &amp; making sure organization remains the risk free.</li> <li>• Maintaining relationship with HNI &amp; UNHI clients &amp; sub-brokers/channel partner.</li> <li>• Managing the portfolio of UNHI clients.</li> </ul>
5	Edelweiss Financial Advisors Ltd.	Junior Associate	Feb 2014 to Aug 2014	<ul style="list-style-type: none"> <li>• Monitoring clients' portfolios and advice on Investments</li> <li>• Identifying the new opportunities &amp; potential new clients as well as developing relationship with them.</li> <li>• Develop partnership &amp; relationship with third parties to meet strategic objectives.</li> </ul>
6	Angel Broking Ltd	Executive-RMS	Nov 2006 to Aug 2007	<ul style="list-style-type: none"> <li>• Managing the surveillance of admin terminal of Gujarat Region.</li> <li>• Risk management &amp; surveillance of sub brokers &amp; direct clients.</li> <li>• Managing client ageing report.</li> <li>• Training to the new dealer, sub-broker/channel partner and franchise owner of capital market activities and inter rules &amp; regulations of the company.</li> </ul>

S. No.	Name of Organisation	Designation	Period	Work Profile
7	Kunvarji Commodities Broking Pvt.Ltd.	Assistant Accountant	Dec 2005 to Nov 2006	<ul style="list-style-type: none"> <li>Handling account of Manekchowk Branch.</li> <li>Involving in account opening process.</li> <li>Backoffice work (DIS issuance, execute of DIS instructions, process of dematerialization request.</li> <li>Customer care includes client queries, payin-payout, Margin shortfall, risk management of direct clients etc.</li> </ul>

### Compliance Officer

**Mr. Ravikumar Thakkar** is the compliance officer of the FME and in this capacity, he plays a strategic role in managing regulatory compliance, corporate governance, and operational support (“Compliance Officer”).

Brief Profile:

S. No.	Name of Organisation	Designation	Period	Work Profile
1	Edelweiss Asset Management Limited (IFSC Branch)	Compliance Officer	July 2024 - present	<ul style="list-style-type: none"> <li>Responsible for overall compliance of GIFT Branch of AMC.</li> <li>Responsible for compliance under IFSCA FM Regulation, SEZ Act etc.</li> <li>Drafting and review of PPM, Contribution Agreement, Trust deed, Distribution Agreement, etc.</li> <li>Review of marketing materials for the funds</li> <li>Interacting with IFSCA for registration, approvals and clarifications</li> <li>Liasoning with the Auditors, RTA and FA.</li> <li>Review of onboarding documents of investor.</li> <li>Handling investor queries and due diligence.</li> <li>Training to staff of the entity.</li> <li>Maintenance of books and records.</li> <li>Providing compliance updates to various Departments.</li> </ul>
2	The Investment	Senior Manager	May 2023	<ul style="list-style-type: none"> <li>FME and scheme compliances as per the IFSCA FM Regulations.</li> </ul>

S. No.	Name of Organisation	Designation	Period	Work Profile
	Trust of India Limited (Fund Management Entity – FME)	Compliance and Risk	to July 2024	<ul style="list-style-type: none"> <li>• AML &amp; CFT reporting and filing STR on FIU Portal.</li> <li>• Issuance of NAV statement.</li> <li>• Handling investor queries and due diligence.</li> <li>• Handling internal audit and regulatory audit.</li> <li>• Investor on boarding.</li> <li>• Liasoning with different regulators / authority.</li> <li>• Screening of investor.</li> <li>• SEZ compliances etc.</li> <li>• Preparation of policies and manuals.</li> <li>• Training to staff of the entity.</li> <li>• Maintenance of books and records.</li> <li>• FPI compliances applicable to fund industry etc.</li> </ul>
3	Anand Rathi International Ventures IFSC Private Limited (Broker Dealer)	Senior Compliance Manager	Jan 2023 to May 2023	<ul style="list-style-type: none"> <li>• Broker dealer compliances as per the IFSCA CMI Regulation.</li> <li>• AML &amp; CFT reporting and filing STR on FIU Portal.</li> <li>• Execution of distributor agreement and distributor empanelment.</li> <li>• Handling investor queries and due diligence.</li> <li>• Handling internal audit and regulatory audit.</li> <li>• Investor on boarding.</li> <li>• Liasoning with different regulators / authority.</li> <li>• Screening of investor SEZ compliances etc.</li> <li>• Preparation of policies and manuals.</li> <li>• Training to staff of the entity.</li> <li>• Maintenance of books and records etc.</li> </ul>
4	India International Exchange IFSC Limited (Exchange)	Deputy Manager (Regulatory)	Sep 2021 to Dec 2022	<ul style="list-style-type: none"> <li>• Secretarial and compliance work including regulatory and legal.</li> <li>• IFSCA Inspection.</li> <li>• Member inspection and monitoring of member compliance.</li> <li>• Drafting and execution of various agreements etc.</li> </ul>
5	Wealth street Advisors Private	Compliance Officer	Oct 2020	<ul style="list-style-type: none"> <li>• Compliance of exchanges and regulatory.</li> <li>• SEBI inspection.</li> <li>• Monitoring of client assets.</li> </ul>

S. No.	Name of Organisation	Designation	Period	Work Profile
	Limited (SEBI Registered Stockbroker)		to Sep 2021	<ul style="list-style-type: none"> <li>• Monitoring of net worth requirement.</li> <li>• Reporting of holding statements.</li> <li>• Review of client onboarding application.</li> <li>• Handling of internal audit of stockbroker etc.</li> </ul>
6	Bhumika Consultancy Private Limited (SEBI Registered Stockbroker)	Compliance Officer	Feb 2019 to Oct 2020	<ul style="list-style-type: none"> <li>• Compliance of exchanges and regulatory.</li> <li>• SEBI inspection.</li> <li>• Monitoring of client assets.</li> <li>• Monitoring of net worth requirement.</li> <li>• Reporting of holding statements.</li> <li>• Review of client on boarding application.</li> <li>• Handling of internal audit of stockbroker etc.</li> </ul>
7	Shah Investor's Home Limited (SEBI Registered Stockbroker)	Senior Compliance Executive	Sep 2017 to Jan 2019	<ul style="list-style-type: none"> <li>• Compliance of exchanges and regulatory.</li> <li>• SEBI inspection.</li> <li>• Monitoring of client assets.</li> <li>• Monitoring of net worth requirement.</li> <li>• Reporting of holding statements.</li> <li>• Review of client on boarding application.</li> <li>• Handling of internal audit of stockbroker etc.</li> </ul>
8	J. Akhani & Associates	CS Trainee	Jul 2014 to Oct 2015	<ul style="list-style-type: none"> <li>• SEBI (LODR) compliances</li> <li>• Due diligence of companies</li> <li>• MCA forms filing</li> <li>• Drafting of board resolution and minutes of the meetings</li> <li>• Assisted in trademark registration application</li> <li>• Handling of internal audit of company etc.</li> </ul>

### Fund Manager

**Mr. Ajit Paudel** is the additional key managerial personnel of the FME designated with the responsibility of fund management in accordance with IFSCA FM Regulations.

Brief Profile:

Sr. No.	Name of Organisation	Designation	Period	Work Profile
1	Edelweiss Asset Management Limited (IFSC Branch)	Fund Manager	August 2025 – present	<ul style="list-style-type: none"> <li>• Designing and implementing investment strategies for the funds, ensuring they</li> </ul>

Sr. No.	Name of Organisation	Designation	Period	Work Profile
				<p>match scheme objectives.</p> <ul style="list-style-type: none"> <li>• Selecting, monitoring and rebalancing underlying global and domestic funds to optimize returns while managing risks.</li> <li>• Ensuring all compliance follows IFSCA (Fund Management) Regulations, including disclosures, investment limits, and reporting requirements.</li> <li>• Preparing investment notes and generating performance reports to track fund outcomes.</li> <li>• Coordinate with the Principal Officer, Compliance Officer, Custodians, Valuers, Fund Administrators, and auditors.</li> <li>• Assisting in portfolio rebalancing, data analysis, and performance tracking using Excel, and updating PPTs on active funds covering NAVs, returns, AUM, rebalancing, and benchmark comparisons,</li> </ul>

Sr. No.	Name of Organisation	Designation	Period	Work Profile
2	Mansukh Securities and Finance Ltd. (SEBI) (SEBI REG. NO - INZ000164537)	<ul style="list-style-type: none"> <li>Derivative Analyst</li> <li>Senior Derivative Analyst</li> </ul>	<ul style="list-style-type: none"> <li>April 2018 to March 2020</li> <li>April 2020 to August 2025</li> </ul>	<ul style="list-style-type: none"> <li>Make smart trading decisions and manage derivative positions to improve overall portfolio performance. Use market knowledge and risk management to achieve better returns with controlled risk.</li> <li>Used charts, patterns, and data analysis to find good trading opportunities and make informed decisions. Analysed market trends, economic data, and financial reports to help create smart trading strategies.</li> <li>Used both numbers and research insights to find opportunities and manage risks in changing market conditions.</li> <li>Improved portfolio performance by using smart hedging strategies and effective risk management. Helped reduce potential losses while aiming for better returns.</li> <li>Work with different options and future hedging strategies such as delta neutral, calendar spreads, straddles, strangles, butterfly spreads, and volatility hedging to manage risk and protect positions.</li> <li>Handled both manual and algorithmic trading</li> </ul>

Sr. No.	Name of Organisation	Designation	Period	Work Profile
				<p>in options, focusing on delta-neutral strategies. Specialized in taking advantage of bullish and bearish market moves, especially during times of high volatility.</p> <ul style="list-style-type: none"> <li>• Led a team of eight individuals specializing in futures, options and equity trading, guiding them through key trading strategies, risk management techniques, and effective market analysis to enhance their trading performance.</li> <li>• Tracking daily portfolio performance and preparing weekly MIS reports to analyse returns on used margin, ensuring efficient capital utilization and performance monitoring.</li> <li>• Proficient in working with multiple trading terminals including Omnesys NEST Trader, GreekSoft, and other advanced platforms.</li> <li>• Ensure that all trading operations and compliance activities strictly adhere to SEBI guidelines and regulatory requirements.</li> <li>• Maintain accurate and up-to-date books of accounts, trade records, and supporting</li> </ul>

Sr. No.	Name of Organisation	Designation	Period	Work Profile
				<p>documentation for all market dealings.</p> <ul style="list-style-type: none"> <li>• Lead and manage the team, providing support in day-to-day trading queries and operational activities.</li> <li>• Train and mentor new employees, instilling organizational culture, values, and standard trading methodologies.</li> <li>• Assess and monitor risk exposures by setting financial limits and ensuring robust risk management practices</li> <li>• Coordinate with juniors and subordinates while regularly updating them on risk-reward ratios and position strategies for effective decision-making.</li> <li>• Certified with NISM Series VIII – Equity Derivatives.</li> </ul>
3	Shalibhadra Mutual Fund Distributors LLP	Internship Program	June 2017 to July 2017 (Duration: 45 days)	<ul style="list-style-type: none"> <li>• Assisted in organizing and conducting Investment Awareness Programs (IAPs) for society members, students, and the public to spread awareness about mutual funds and investment opportunities.</li> <li>• Undertook a project titled “A Comprehensive Study on Performance of Different Mutual Funds”, analysing and</li> </ul>

Sr. No.	Name of Organisation	Designation	Period	Work Profile
				<p>comparing returns across equity, debt, and hybrid categories.</p> <ul style="list-style-type: none"> <li>• Gained hands-on exposure to mutual fund distribution, client onboarding, and investment advisory practices.</li> <li>• Assisted in preparation of KYC documentation, application processing, and transaction execution for mutual fund investments.</li> <li>• Researched and compared SIP vs. lump sum investment strategies, providing insights on risk-return trade-offs for investors.</li> <li>• Developed proficiency in NAV analysis, fund fact sheet interpretation, and portfolio diversification strategies</li> <li>• Supported financial research and prepared presentations on mutual fund schemes, including sectoral funds, index funds, and ELSS.</li> <li>• Interacted with clients to understand their financial goals and suggested goal-based investment planning through mutual funds.</li> </ul>

Qualification of each key managerial personnel

<i>S. No.</i>	<i>Name of the member</i>	<i>Qualification</i>
1.	Mr. Riddhish Shah	MBA in Finance

2.	Mr. Ravikumar Thakkar	Member of Indian Institute of Company Secretaries of India (ICSI) and holds degree of CS, LLB and B.com.
3.	Mr. Ajit Paudel	MBA and BBA in Finance

#### D. Performance record of the FME

The FME (Edelweiss Asset Management Limited (IFSC Branch)) is in the process of launching both non-retail and retail schemes in GIFT City. Edelweiss Asset Management Limited, the head office of the FME, brings extensive experience in managing a large and diverse base of retail clients in India. This strong track record underscores our capability and commitment to delivering quality investment solutions.

For your reference, the performance of various funds managed by Edelweiss Asset Management Limited can be accessed through the following links: [Abridge Summary - Equity](#) - [Abridge Summary - Debt](#) - [AMC Annual Report](#) - [Mutual Fund Annual Report](#).

#### E. Shareholding pattern of the FME

**The details of shareholders and shareholding pattern of the Edelweiss Asset Management Limited as on October 28, 2025:**

Name of the Shareholder	No. of shares	Percentage
Edelweiss Financial Services Limited (EFSL)*	6,53,55,745	90.5%
Edelweiss Securities and Investments Pvt. Ltd	45,00,000	6.23%
Edel Finance Company Limited	23,60,548	3.27%
<b>Total</b>	<b>7,22,16,293</b>	<b>100%</b>

\*EFSL along with its 6 individual nominee members

#### F. Condensed financial information of the FME



Condensed Financial Information\_1011202

#### G. Investment Committee

*Not Applicable.*

#### H. Advisory Board

*Not Applicable.*

#### I. Advisory Committee

*Not Applicable.*

*Note: Notwithstanding any information/ statements given above, the ultimate responsibility with regard to the continuous compliance of the Scheme with all applicable IFSCA regulations and circulars, etc. shall be vested with the fiduciaries and the FME.*

### SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

Particulars	Details	
<b>Investment Objective</b>	<p>The investment objective of the Scheme is to carry on the activities permissible to a Retail Scheme under the IFSCA FM Regulations and for this purpose to collect monies from the public for making, managing and disposing of Investments in accordance with the Applicable Laws including the IFSCA FM Regulations, the SEZ Act and the Trust Documents.</p> <p>The Scheme seeks to generate returns and provide long-term capital appreciation by investing in the Master Fund, which is an equity fund which invests primarily in a diversified portfolio of companies that are domiciled in or carrying out the main part of their economic activity in a country of Greater China region.</p> <p>There is no assurance that the investment objective of the Scheme will be achieved.</p>	
<b>Category of Registration</b>	<p>The Scheme is launched as an open-ended Retail Scheme under the IFSCA FM Regulations.</p>	
<b>Investment Allocation</b>	Instrument	Allocation (% of NAV)
	Units of the Master Fund	95% - 100%
	Money market instruments and / or units of liquid schemes	0-5%

#### Investment Strategy

In order to achieve its investment objective, the Scheme, acting on the advice of the FME, will primarily invest in the Master Fund which is an equity fund which invests primarily in companies from the People's Republic of China, Hong Kong and Taiwan ("Greater China"). The Scheme may also invest a part of its Corpus in money market instruments and / or units of liquid schemes to meet liquidity requirements from time to time. The Scheme may also retain a portion of its assets in cash for liquidity requirements. The Scheme does not guarantee / indicate any assured returns.

The Scheme does not pursue active management of individual securities but relies on the performance and composition of the Master Fund. The allocation among such underlying investments may be adjusted from time to time in response to changes in market conditions, fund performance, or other relevant considerations as determined by the FME. For additional details, investors are advised to refer to the scheme documents of the underlying Master Fund in which this Scheme has invested or seeks to invest.

There can be no assurance that the investment objective of the Scheme will be achieved. The value of the Scheme's investments may be affected by fluctuations in the market value of the underlying securities, tracking errors of the underlying funds, or other risks inherent in collective investment schemes and index-tracking strategies.

#### Investment Methodology of the Master Fund

The JPMorgan Funds - Greater China Fund (“**Master Fund**”) seeks to deliver long-term capital growth by investing primarily in companies from the People’s Republic of China, Hong Kong, and Taiwan. The Master Fund follows a fundamental, bottom-up investment approach, with a high-conviction portfolio built around the strongest ideas identified through rigorous research. The focus is on companies that exhibit superior quality, sustainable growth potential, and strong governance standards.

At least 67% of the Master Fund’s assets are invested in equities of companies domiciled in or deriving the majority of their business from Greater China. The Master Fund may invest across market capitalisations, including small-cap stocks, and can take meaningful positions in specific sectors or markets when opportunities are compelling. Exposure to China A-Shares may reach up to 40% (through Stock Connect, QFI programme, or participation notes). The Master Fund may also invest in companies using VIE structures and up to 10% in SPACs.

Sustainability is integral to the process: at least 51% of assets are invested in companies with positive environmental and/or social characteristics, and a minimum of 20% in Sustainable Investments aligned with SFDR objectives. The Master Fund applies robust ESG screening to exclude sectors or issuers inconsistent with defined sustainability standards.

### **Portfolio Allocation**

The Scheme will invest 95% to 100% of its portfolio in units of the Master Fund. The Scheme may also hold investments of 0 to 5% in cash, and money market instruments for temporary deployment as permissible under the FM Regulations and to assist in its trading activity and market timing strategy. The Scheme, through the Master Fund, will predominantly take exposure to People’s Republic of China, Hong Kong and Taiwan.

## **SECTION IV: INVESTMENT RESTRICTIONS**

The Scheme, as a Retail Scheme, shall make investments subject to the following restrictions, as well as others as required by IFSCA from time to time:

- 1) The Scheme shall not invest more than 15% (fifteen percent) of its total AUM in unlisted securities. Provided that this limit shall not be applicable in case of investments by the Scheme in unlisted securities issued by an investment fund which is open ended in nature and is regulated by the concerned regulatory authority in its home jurisdiction and is permitted for offering to retail investors in its home jurisdiction.
- 2) The Scheme shall not invest more than 10% (ten percent) of its AUM in securities of a single company provided that the Scheme may invest up to 15% (fifteen percent) of its AUM in securities of a single company with the prior approval of the fiduciaries.

Provided further that the limit on investment in single company in case of sectoral or thematic or index schemes shall be the weightage of that company in the representative index, provided by an independent entity, that such scheme intends to benchmark with, or 15%, whichever is higher:

Provided also that fund of funds schemes shall be permitted to invest in other scheme(s) if such scheme(s) meets the requirement under the IFSCA FM Regulations.

- 3) The Scheme shall not invest more than 25% (twenty five percent) of its AUM in a single sector.

Provided that in the case of the financial services sector the amount shall not exceed 50% of the AUM of the scheme.

Provided further that the limit on sectoral caps shall not apply in case of a sectoral or thematic or an index scheme.

Provided also that in case of a fund of funds scheme, the limit on sectoral cap shall not be applicable if such scheme is investing in other scheme(s) which does not have investment in a single sector in excess of 25% of their AUM, or 50% of their AUM in case of financial services sector or when such scheme(s) are sectoral or thematic or index scheme(s).

- 4) The Scheme shall not invest more than 25% (twenty five percent) of its AUM in an Associate.

Provided that this restriction shall not be applicable in case of fund of funds schemes which have made disclosure in the offer document regarding the details of the underlying scheme(s) wherein the investments are intended to be made and the nature of association, if any, that the FME has with the manager(s) of the underlying scheme(s).

- 5) The minimum size of the Scheme shall be USD 3 Million (United States Dollar Three Million) provided that the Scheme may commence its investment activities upon receiving at least USD 1 Million from investors and it shall receive at least USD 3 Million from investors within 12 months from the date of authorization/communication from the IFSCA, that the Offer Document has been taken on record.
- 6) The Scheme shall adhere to directions regarding areas such as operational standards, conduct of business rules, prudential requirements, restrictions on redemption and conflict of interest as may be specified by the IFSCA from time to time.
- 7) The Scheme shall not engage in extending any loans.

- 8) The Scheme shall not borrow except to meet temporary liquidity needs for the purpose of redemption.

Provided that the Scheme shall not borrow more than 20% (twenty per cent) of the AUM and the duration of such borrowing shall not exceed a period of 6 (six) months.

- 9) The investment restrictions shall be followed at the time of investment only and no action shall be undertaken upon passive breach, if any.
- 10) Any other restrictions as may be specified under the IFSCA FM Regulations from time to time.

## SECTION V: PRINCIPAL TERMS OF THE SCHEME

*This is a description of the principal terms of the Scheme. This section provides the principal terms of the Scheme which may be provided in detail elsewhere in this document. The terms hereof are subject to modification or withdrawal throughout the term of the Scheme.*

<b>1.</b>	<b>CORPUS OF THE SCHEME</b>	<p>The Scheme anticipates to raise at least USD 3,000,000 (United States Dollars Three Million) or any such minimum amount as prescribed under IFSCA FM Regulations.</p> <p>The Scheme may commence investment activities upon achieving a minimum Corpus of USD 1,000,000 (United States Dollar One Million); provided that the Scheme shall achieve a Corpus of minimum USD 3,000,000 (United States Dollar Three Million) or any such minimum amount as may be prescribed under the IFSCA FM Regulations within 12 (twelve) months from the date of IFSCA's authorization/communication regarding taking this Offer Document on record.</p> <p>The Scheme shall maintain the minimum Corpus of at least USD 3,000,000 (United States Dollars Three Million) or any such minimum amount as prescribed under IFSCA FM Regulations throughout the life of the Scheme in accordance with the IFSCA FM Regulations.</p>
<b>2.</b>	<b>SCHEME OFFERING</b>	<p>The Scheme is a Retail Scheme launched by the FME as an open-ended scheme. The Units of the Scheme may be offered to the public at large at the discretion of the FME, in accordance with the IFSCA FM Regulations.</p>
<b>3.</b>	<b>BENCHMARK</b>	<p>The performance of the Scheme will be benchmarked against the MSCI Golden Dragon Index.</p> <p>The FME believes that the benchmark is most suited as per the investment objective and strategy as specified in this Offer Document.</p> <p>The FME may change the benchmark for the Scheme in the future, if a benchmark better suited to the investment objective of the Scheme is available at such time and as per the guidelines and directives issued by IFSCA from time to time.</p>
<b>4.</b>	<b>TARGET INVESTORS</b>	<p>Targeted investors of the Scheme are any persons permitted to invest in the Scheme under the Applicable Laws, including resident Indian individuals, minors, fund of funds, government institutions, corporates, limited liability partnership, public sector undertakings, private banks, insurance companies, global development financial institutions, any foreign investors including non-resident Indians, multilateral organisations, family offices, Institutional Investors, high net worth individuals, accredited investors as classified in terms of the IFSCA FM Regulations and other permissible Investors under Applicable Laws.</p> <p><i>Eligibility Criteria:</i> For the purpose of subscribing to the Units of the Scheme, a Person must fulfil the Eligible Person criteria. Further, please refer to paragraph 5 titled '<i>Plans and Options</i>' and paragraph 9 titled '<i>Initial Subscription and Additional Subscription</i>' in this "<b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b>" for subscription of Units of the Scheme.</p>

<b>5.</b>	<b>PLANS AND OPTIONS</b>	<p>Initially, the Scheme shall issue the following Classes of Units:</p> <table border="1"> <thead> <tr> <th>Type of Plan</th><th>Description</th></tr> </thead> <tbody> <tr> <td><b>Direct Plan</b></td><td>To the investors investing in the Scheme directly and making a minimum subscription of an amount equal to or more than USD 5,000 (United States Dollars Five Thousand), having a face value of USD 10 (United States Dollar Ten).</td></tr> <tr> <td><b>Regular Plan</b></td><td>To the investors investing in the Scheme through distributors or placement agent/s making a minimum subscription of an amount equal to or more than USD 5,000 (United States Dollars Five Thousand), having a face value of USD 10 (United States Dollar Ten).</td></tr> </tbody> </table>	Type of Plan	Description	<b>Direct Plan</b>	To the investors investing in the Scheme directly and making a minimum subscription of an amount equal to or more than USD 5,000 (United States Dollars Five Thousand), having a face value of USD 10 (United States Dollar Ten).	<b>Regular Plan</b>	To the investors investing in the Scheme through distributors or placement agent/s making a minimum subscription of an amount equal to or more than USD 5,000 (United States Dollars Five Thousand), having a face value of USD 10 (United States Dollar Ten).
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<b>Regular Plan</b>	To the investors investing in the Scheme through distributors or placement agent/s making a minimum subscription of an amount equal to or more than USD 5,000 (United States Dollars Five Thousand), having a face value of USD 10 (United States Dollar Ten).							
		<p>The Scheme shall issue fully paid-up Units in accordance with the Offer Document. It is clarified that Units may include a fraction of a Unit evidencing Beneficial Interest in the Scheme of a value less than the face value of the respective Class of Units.</p> <p>The FME shall allocate liability, expenses, cost, charge or reserve arising from one Class of Units to that particular Class of Units. If any liability, expenses, cost charge or reserve incurred by the Scheme are, in the opinion of the FME, not specifically attributable to a specific Class of Units, such liability, expenses, cost charge or reserve shall be borne by the Scheme and allocated to one or more Class of Units in such manner as the FME deems appropriate, fair and reasonable and in accordance with this Offer Document.</p> <p>The Investors have to specify the “mode of holding” in the Application Form. The Scheme may onboard joint investors as permitted under the Applicable Laws. Request for nomination needs to be signed by all Investors jointly, irrespective of “mode of holding”.</p>						
<b>6.</b>	<b>INITIAL OFFER PERIOD</b>	<p>The initial offer period of the Scheme shall not go beyond 12 (twelve) months from the date of receipt of acknowledgment/authorization/approval from IFSCA taking the Offer Document on record or on receipt of a minimum corpus of at least USD 1,000,000 (United States Dollar One Million), whichever is earlier (“<b>Initial Offer Period</b>”).</p> <p>The Scheme may commence its investment activities upon receipt of a minimum corpus of at least USD 1,000,000 (United States Dollar One Million) and shall achieve a – Corpus of at least USD 3,000,000 (United States Dollar Three Million) (or any such minimum amount as prescribed under IFSCA FM Regulations) from Investors within 12 months from the date of receipt of acknowledgment/authorization/approval from IFSCA taking this Offer Document on record.</p>						

		<p>The FME at its discretion may extend the Initial Offer Period, in accordance with the IFSCA FM Regulations.</p> <p>Please also refer to paragraph 27 under the heading ‘<i>Minimum Number of Investors</i>’ in this “<b>SECTION V: PRINCIPAL TERMS OF THE FUND</b>”.</p> <p>Upon expiry of the Initial Offer Period, the Scheme may add new Investors or existing Investors may increase their investments in the Scheme in accordance with paragraph 7 under the heading ‘<i>Subscription /Offering Price</i>’ in this “<b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b>” of this Offer Document.</p> <p><i>Process for refund if the target corpus is not raised during the Initial Offer Period:</i></p> <p>Upon expiry of the Initial Offer Period, if the Scheme is unable to achieve the prescribed corpus under the IFSCA FM Regulations, the FME shall refund the subscription amount received from the Investors (net of any applicable expenses or charges). Such amounts shall be refunded to the registered bank account of the Investor as provided in the Application Form within 15 (Fifteen) Business Days from the date of expiry of the Initial Offer Period.</p> <p>The FME shall not be liable for any interim forex devaluation.</p> <p>Any refund amount that remains undelivered or unclaimed for a period of 90 (ninety) days from the date of effecting such refund by the FME shall be transferred to a separate bank account designated by the FME.</p> <p>For refunds to minor Investors, subject to the applicable foreign exchange regulations, the payment shall be made to the registered bank account of the minor Investor as provided in the Application Form.</p>
7.	<b>SUBSCRIPTION / OFFERING PRICE</b>	<p><i>Initial Offer Period:</i> During the Initial Offer Period, the Investors shall be admitted to the Scheme upon submission of the Investor’s Application Form along with the relevant ‘know your client’ documentation or upon receipt of such other documentation as requested by the FME and/or required under the Applicable Laws and along with subscription proceeds (exclusive of bank charges, if any).</p> <p>During the Initial Offer Period, the Investor shall be issued Units at the initial offer price of USD 10 (United States Dollars Ten) per Unit. Units will not be allotted unless the FME is satisfied that the requisite documentation as mentioned above along with cleared funds (exclusive of bank charges, if any) in USD terms have been received by the Scheme no later than 5 (five) Business Days prior to the expiry of the Initial Offer Period or such period as the FME may deem fit (in respect of the Units subscribed for during the Initial Offer Period).</p> <p>Units will not be allotted to the Investors unless the FME is satisfied that cleared funds in USD and completed ‘know your client’ documentation or such other information and documentation as may be required by the FME, have been received by the FME before the cut-off timings as stated above.</p>

	<p><b><u>Expiry of Initial Offer Period:</u></b> After the expiry of the Initial Offer Period, any Investor may subscribe to the Units of the Scheme on the relevant Valuation Day, after the execution of the relevant ‘know your client’ documentation or upon receipt of such other documentation as requested by the FME and/or required under the Applicable Laws and along with subscription proceeds (exclusive of bank charges, if any).</p> <p>Such documentation should be received by the RTA/FME with a scanned copy to the FME/RTA <i>via</i> email latest by the Cut-Off Time. The FME, at its sole discretion, may process applications received after the Cut-Off Time, on a case-by-case basis.</p> <p>Units will not be allotted to the Investor unless the FME is satisfied that cleared funds in USD and completed ‘know your client’ documentation or such other information and documentation as may be required by the FME, have been received by the FME before the Cut-Off Time as stated above.</p> <p>After the expiry of the Initial Offer Period, Investors shall be issued Units at the applicable Long term post-Tax NAV calculated for the relevant Valuation Day on which the subscription application is considered for processing. For avoidance of doubt, it is clarified that in the event the subscription monies are received in the Scheme’s designated bank account on a Valuation Day (“<b>Receipt Date</b>”) prior to the Cut-Off Time, the Long term post-Tax NAV applicable to such subscription shall be the Long term post-Tax NAV as of the Receipt Date which will be available on the next Business Day.</p> <p>If the cleared funds are not received by the FME latest by Cut-Off Time on the Receipt Date, then the application will be held over to the Valuation Day following the Receipt Date and Units will then be issued to such Investor at the Long term post-Tax NAV calculated for the Valuation Day following the Receipt Date.</p> <p>Notwithstanding the above, the FME may modify the abovementioned timelines and may accept an application for subscription of Units anytime at its own discretion.</p> <p>It is clarified that the subscription proceeds as received by the FME from the Investors (as the case may be) should be net of all bank charges and deductions and the net amount received by the Scheme should be equivalent to the minimum initial subscription applicable to the respective Class of Units, as prescribed under this Offer Document.</p> <p>For avoidance of doubt, the Units shall be issued to the Investor for an amount which shall be equal to the Initial Subscription / Additional Subscription <i>less</i> the applicable stamp duty (payable in relation to the issuance of Units to the Investors, if any) and will thus reduce the amount actually invested by the Investors in Units, to this extent.</p> <p><b>Default Option:</b></p> <p>Where Application Forms are received for Regular Plan without capturing the placement agent details appropriately / incorrectly, the</p>
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<b>8.</b>	<b>PURCHASE OF UNITS</b>	A Person shall be admitted as an Investor in the Scheme upon submission of the Investor's Application Form along with the relevant 'know your client' documentation, subscription proceeds (exclusive of bank charges, if any) and such other documentation as requested by the FME and/or required under the Applicable Laws. The Application Form may be availed from any of the placement agents, from the office of the FME, from the RTA and/or from the website i.e. Eaml.giftcity@edelweissmf.com or through such other means or channels as may be made available or notified by the FME from time to time in accordance with Applicable Laws.

	<p>The FME may enable various online facilities/electronic modes for transactions. For transactions received on online mode, for the purpose of determining the applicability of the relevant Long term post-Tax NAV in accordance with the Offer Document, would be the Receipt Date provided that the request for purchase/sale/switch of Units is received in the servers of FME as per the terms and conditions of such online transaction facility, whichever is later.</p> <p>Such documentation should be received by the FME/RTA with a scanned copy to the FME/RTA <i>via</i> email to <a href="mailto:Eaml.giftcity@edelweissmf.com">Eaml.giftcity@edelweissmf.com</a>, latest by the Cut-Off Time.</p> <p>Further, at the sole discretion of the FME, documents sent in soft copy shall be followed with original documents being received by the FME within 5 (five) calendar days of such submission through email, failing which the FME reserves the right to not accept further subscription and keep the distributions / Redemption Proceeds on hold till such time the original documents are received.</p> <p>Subscription proceeds (exclusive of bank charges, if any) received from the Investors shall be treated by the Scheme as consideration for the Units subscribed by the Investors. Accordingly, once the Investors pay the necessary subscription proceeds, the FME will issue the relevant Class of Units to such Investors.</p> <p>Any fractional values shall be rounded down to 3 decimal places.</p> <p>Payment for Units of the Scheme must be effected by wire transfer only to the bank account detailed in the Application Form or any other mode as communicated by the FME from time to time.</p> <p>The FME has the right to accept or reject (in whole or part) any application for Units of the Scheme. In case the application is rejected, the applicant will be informed, without any reason being ascribed and any application monies received by the Scheme will be returned without payment of interest and net of all applicable charges and any other outgoings in respect thereto, by wire transfer to the applicant's bank account, at the applicant's risk and expense.</p> <p>Duly completed applications received and accepted by the Scheme on the relevant Valuation Day are unconditional and irrevocable by the Investor. Units of the Scheme will be held in inscribed form and a confirmation will be sent to the applicant upon receipt of cleared funds, duly completed Application Form and acceptance of such funds by the Scheme.</p> <p>Investors subscribing to a Class of Units are advised that the Class of Units are issued subject to the provisions of the Trust Documents. The FME reserves the right to request such information as it considers necessary to verify the identity of the Investor. In the event of delay or failure by the Investor to produce any information required by the FME for verification purposes, the FME may refuse to accept the Application Form and all subscription proceeds relating thereto.</p>
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		Notwithstanding anything contained in the Offer Document, the terms at which a Person is admitted as an Investor shall be uniform across all prospective Investors, except with respect to Placement Fees as may be applicable.												
9.	<b>INITIAL SUBSCRIPTION AND ADDITIONAL SUBSCRIPTION</b>	<p>Subject to the IFSCA FM Regulations, the Initial Subscription for each Investor shall be as follows (“<b>Initial Subscription</b>”)</p> <table border="1"> <thead> <tr> <th><i>Class of Units</i></th><th><i>Minimum Initial Subscription</i></th></tr> </thead> <tbody> <tr> <td><b>Direct Plan</b></td><td>USD 5,000 (United States Dollars Five Thousand)</td></tr> <tr> <td><b>Regular Plan</b></td><td>USD 5,000 (United States Dollars Five Thousand)</td></tr> </tbody> </table> <p>For any additional purchase of Units, the minimum Additional Subscription shall be as follows (“<b>Additional Subscription</b>”):</p> <table border="1"> <thead> <tr> <th><i>Class of Units</i></th><th><i>Minimum Additional Subscription</i></th></tr> </thead> <tbody> <tr> <td><b>Direct Plan</b></td><td>USD 500 (United States Dollars Five Hundred)</td></tr> <tr> <td><b>Regular Plan</b></td><td>USD 500 (United States Dollars Five Hundred)</td></tr> </tbody> </table> <p>However, the FME may, in accordance with IFSCA FM Regulations, prescribe or revise from time to time any amounts as minimum Initial Subscription or Additional Subscription for each Investor. Any such amounts prescribed or revised, shall apply uniformly to all Investors prospectively. The subscription proceeds should be received by the FME, exclusive of any bank charges. Any subscription proceeds received lesser than the limit specified for Initial Subscription or Additional Subscription shall not be considered as a valid application and will be returned without payment of interest and net of all applicable charges.</p> <p>The Investor will be required to contribute the entire subscription proceeds at the time of submission of the Application Form or within such time period as may be stipulated by the FME.</p> <p>Post the expiry of the Initial Offer Period, any Initial Subscription or Additional Subscription will be at Long term post-Tax NAV determined in accordance with paragraph 7 titled ‘<i>Subscription/ Offering Price</i>’ in this “<b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b>” of this Offer Document.</p>	<i>Class of Units</i>	<i>Minimum Initial Subscription</i>	<b>Direct Plan</b>	USD 5,000 (United States Dollars Five Thousand)	<b>Regular Plan</b>	USD 5,000 (United States Dollars Five Thousand)	<i>Class of Units</i>	<i>Minimum Additional Subscription</i>	<b>Direct Plan</b>	USD 500 (United States Dollars Five Hundred)	<b>Regular Plan</b>	USD 500 (United States Dollars Five Hundred)
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<b>Regular Plan</b>	USD 500 (United States Dollars Five Hundred)													
10.	<b>SYSTEMATIC INVESTMENT PLAN (SIP)</b>	The FME may, at its sole discretion and at any date in the future, as it may deem appropriate introduce a Systematic Investment Plan (“ <b>SIP</b> ”) facility to allow investors to invest in the Scheme at regular intervals, subject to such terms and conditions as may be prescribed by the FME at the time of introducing such a facility. The availability, structure, frequency, eligibility, and other operational aspects in relation to the SIP												

		shall be determined by the FME and may be modified or withdrawn at its discretion, without prior notice or the requirement of any amendment to this Offer Document.
11.	<b>SYSTEMATIC WITHDRAWAL PLAN (SWP)</b>	The FME may, at its sole discretion and at any date in the future, as it may deem appropriate, introduce a Systematic Withdrawal Plan (“SWP”) facility to allow investors to withdraw amounts from the Scheme at regular intervals, subject to such terms and conditions as may be prescribed by the FME at the time of introducing such a facility. The availability, structure, frequency, eligibility, and other operational aspects in relation to the SWP shall be determined by the FME and may be modified or withdrawn at its discretion, without prior notice or the requirement of any amendment to this Offer Document.
12.	<b>FME COMMITMENT</b>	<p>If required under Applicable Laws, the FME or its associates shall invest at least one percent (1%) of the AUM of the retail scheme or USD 200,000, whichever is lower.</p> <p>The said investment shall be made by the FME or its associate within forty-five (45) days, or such extended period as may be allowed upon satisfaction of IFSCA and shall be maintained on an ongoing basis.</p>
13.	<b>TERM OF THE SCHEME AND TERMINATION</b>	<p>The Scheme is open-ended with no definite tenure and shall terminate in accordance with the Trust Documents.</p> <p>Without prejudice to the above, the Trustee in consultation with the FME, may subject to the restrictions contained in the Applicable Laws and the Trust Documents, at any time terminate the Scheme upon:</p> <ul style="list-style-type: none"> <li>• the Scheme exiting from all Investments and distributing the exit proceeds to the Investors (as applicable); or</li> <li>• the Scheme being wound up in accordance with the terms of the Indenture; or</li> <li>• If 75% (Seventy – five percent) of the Investors by value of their investment in the Scheme pass a resolution at a meeting of Investors that the Scheme be wound up; or</li> <li>• The Trustee (in consultation of the FME) determines that the Scheme be wound up in the interests of the Investors; or</li> <li>• IFSCA so directs to wind up the Trust subject to such conditions as considered appropriate in the interest of the Investors or for orderly development of the financial market.</li> </ul> <p>Upon the occurrence of any of the events referred to hereinabove, the Trustee shall through the FME intimate IFSCA, the Investors and/or such government authorities, if required under the Applicable Laws of the circumstances leading to the winding up of the Scheme. Notwithstanding the termination of the Scheme, the Investors shall continue to remain liable to the following extent:</p> <ul style="list-style-type: none"> <li>• Any amount required to be paid to the Master Fund that is attributable to the Investors;</li> <li>• The Scheme will continue for such period of time as may be necessary to liquidate existing Investments in an orderly manner;</li> </ul>

		<ul style="list-style-type: none"> <li>• Investments made by the Investors will be held to the extent necessary to pay the Scheme Expenses and discharge any Tax obligations or liabilities under Applicable Laws; and</li> <li>• The Management Fee and/or such other fee payable to the FME will continue to be payable as per the provisions of the Offer Document until the Scheme terminates and liquidates.</li> </ul> <p>Once the Scheme liquidates, the proceeds accruing to the Investors shall be distributed in cash, after satisfying all liabilities (including any Tax liabilities) of the Scheme in accordance with the Offer Document.</p>
<b>14.</b>	<b>REDEMPTION</b>	<p>Investors intending to redeem Units as of a Valuation Day must submit the redemption form along with the relevant documentation as requested by the FME (“<b>Redemption Request</b>”). Such documentation should be received by the FME/RTA with a scanned copy to the FME/RTA by email to <a href="mailto:Eaml.giftcity@edelweissmf.com">Eaml.giftcity@edelweissmf.com</a> by Cut-Off Time. For avoidance of doubt, it is clarified that an application for redemption received on a Valuation Day (“<b>Application Date</b>”) before the Cut-Off Time will be processed at the Redemption Price as on the Application Date, which shall be available on the Business Day following the Application Date.</p> <p>If the Investor fails to submit the redemption form and the requisite documentation as required by the FME on the relevant Valuation Day by Cut-Off Time, the redemption will be held over till the Valuation Day following the Application Date.</p> <p>A Redemption Request will be accepted and processed on the relevant Valuation Day, subject to the applicable Exit Charge (if any) and any other deductions as may be determined by the FME. The minimum redemption amount shall be ‘any amount’ or ‘any number of units’ as requested by the investor at the time of Redemption Request.</p> <p>Provided that, in case of partial redemption, the FME reserves the right to redeem all the Units, if the outstanding investments of the Investor at prevalent Long term post-Tax NAV is below the Initial Subscription for the respective Class of Units as specified in this Offer Document.</p> <p>The FME will accept Redemption Request for minor Investors through their Guardians only until they attain majority.</p> <p>Notwithstanding the above, the FME may accept the Redemption Request and provide exit to the Investors anytime at its own discretion.</p> <p>A Redemption Request, once made, will be irrevocable and may not be withdrawn without the consent of the FME. In case an investor has purchased Units on more than one day (either under the Initial Offer Period or through subsequent purchases) the Units purchased first (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first, i.e. on a first-in-first-out basis. In all cases, proceeds of redemption will be paid to the first-named holder (as determined by reference to the original Application Form).</p> <p>The FME may enable various online facilities/electronic modes for</p>

effecting redemptions. Redemption Requests through online mode should be received in the servers of FME by the Cut-Off Time and as per the terms and conditions of such online transaction facility. If the Investor fails to submit the redemption form and the requisite documentation as required by the FME on the relevant Valuation Day before the aforementioned time, the redemption will be held over till the subsequent Valuation Day after the Application Date.

The redemption of any Unit on any particular Valuation Day shall be at the relevant Redemption Price. It is hereby clarified that the “**Redemption Price**” shall either be the Long term post-Tax NAV or Short term post-Tax NAV per Unit depending upon the period of holding of the Units of the Scheme by the Investors, as on the Valuation Day, in the manner set forth under “**SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS**” of this Offer Document.

In circumstances where the FME is unable to liquidate its Investments in an orderly manner in order to fund Redemptions Requests of the Investors of the Scheme, or where the value of the assets and liabilities of the Scheme cannot reasonably be determined, the Scheme may take longer than the time periods mentioned above to effect settlements of redemptions, and may effectuate only a portion of a requested redemption or may even suspend redemptions.

The aggregate Redemption Price for all Units being redeemed shall be reduced by reserves, applicable Taxes, Scheme Expenses, transaction costs, and any other fees, penalties, duties or costs payable by the Scheme or charged by the Master Fund (“**Exit Proceeds**”). The payment of Redemption Proceeds shall be effected by way of cash, through banking channels, to the registered bank mandate of the Investor as provided in the Investor Application Form or any alternative bank account duly communicated by the Investor to the FME and verified by the FME, within 10 (Ten) Business Days of the Valuation Day.

#### **Exit Charge**

Subject to above, the Exit Proceeds payable to exiting Investors of the Scheme shall be further reduced by an applicable exit charge by the FME, in the manner provided below (“**Exit Charge**”) (Exit Proceeds reduced by an Exit Charge (if any) have been referred to as “**Redemption Proceeds**”). For clarity, in case no Exit Charge is applicable, Exit Proceeds shall mean Redemption Proceeds):

<b>Period</b>	<b>Applicable Exit Charge</b>
If any Redemption Request is received within 25 (twenty five) months from the date of allotment of Units	1 % (one percent) of the Exit Proceeds
If any Redemption Request is received after 25 (twenty	Nil

		<p>five) months from the date of allotment of Units</p>	
<p>The Exit Charge as stated above, shall be increased by all applicable Taxes (including statutory levies and indirect Taxes, as applicable) and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such expense, the same to be borne by the respective Investor.</p>			
<p>The Exit Charge so deducted will be paid to and retained by the FME.</p>			
<p>It is clarified that prior to effecting the payment of Redemption Proceeds to such alternative bank account, the FME may undertake such verification procedures (including providing cooling off period), as it considers appropriate, including requiring the Investor to provide additional documentation or execute such declarations or undertakings as the FME may deem necessary to confirm the ownership and authenticity of the alternative bank account.</p>			
<p>The FME shall not be liable for any delay in processing Redemption Requests or effecting payment of Redemption Proceeds arising from the implementation of such verification procedures or interim forex devaluation, if any. The timelines specified for the payment of Redemption Proceeds may accordingly be extended to accommodate the completion of these verification processes.</p>			
<p>The FME reserves the right to reject such request or communication from the Investor to effect the payment to an alternative bank account, without assigning any reason. In the event of any suspicious activity, unusual transactions associated with the alternative bank account, or discrepancies in the documentation provided by the Investor, the FME reserves the right to take such actions as it deems appropriate, including, withholding or delaying the payment of Redemption Proceeds, requesting additional information or documentation, and reporting the matter to relevant regulatory or enforcement authorities.</p>			
<p>Any fractional values shall be rounded down to 3 decimal places.</p>			
<p>In case the Units are standing in the names of more than one Investor, where mode of holding is specified as joint, Redemption Requests will have to be signed by all joint holders. However, in cases of holding specified as 'anyone or survivor', any one of the Investors will have the power to make Redemption Requests, without it being necessary for all the Investor to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only.</p>			
<p>Upon the redemption of Units, the Investor shall cease to be entitled to any rights in respect of such Units redeemed (except the right to receive distributions which have been declared thereof prior to such redemption being effected) and accordingly its name shall be removed from the register of Investors (if any) with respect to such Units and the FME will be required to carry out requisite compliances to that effect.</p>			

		<p>The FME on behalf of the Scheme reserves the right to refuse to make any Redemption Proceeds to an Investor if the FME suspects or is advised that the payment on account of exit from such Investor might result in a breach or violation of any applicable anti-money laundering or other laws or regulations (including the IFSCA FM Regulations), or such refusal is considered necessary or appropriate to ensure the compliance by the Scheme or the FME with any Applicable Laws.</p> <p>The FME is entitled to retain some amount of money from any Redemption Proceeds to pay Taxes and may also transfer such retained money to a reserve which the FME may deem reasonably necessary for meeting any future contingent or unforeseen liabilities or obligations of the Scheme including any Tax demand and claims during or after the term of the Scheme but arising out of the activities of the Scheme during its subsistence. In the event there is any shortfall in <i>inter alia</i> meeting the Tax claim/liability, the FME or the Trustee shall be entitled to recover such shortfall from the Investors to the extent of Redemption Proceeds. Any Taxes paid by the Trustee shall be paid as per the Applicable Laws.</p> <p>With respect to Taxes paid as per the IT Act, the Trustee shall pay the Taxes in the name and permanent account number of Trust. In case of change in the provisions of the IT Act, requiring the Trust to withhold income tax against any accretion or distribution of income or proceeds to the Unit Holders, the Trust shall withhold Tax at the rates prescribed under the IT Act. Any Taxes paid outside India in relation to the Trust shall be in accordance with the Applicable Laws.</p> <p>Subject to the applicable foreign exchange regulations, redemptions by minor Investors will be as follows:</p> <ul style="list-style-type: none"> <li>(i) Where the Investor is a minor, the Investor's Redemption Request along with the relevant 'know your client' documentation and such other documentation as prescribed by the FME and/or required under the Applicable Laws shall be submitted and signed by the Guardian on behalf of the minor.</li> <li>(ii) The Redemption Proceeds shall be paid to the registered bank account of the minor Investor as provided in the Application Form.</li> <li>(iii) Any redemptions made from the Scheme in the name of a minor should be through a Guardian, who must comply with the relevant 'know your client' documentation and such other documentation requirements as prescribed by the FME and/or required under the Applicable Laws.</li> </ul>
15.	<b>COMPULSORY REDEMPTION</b>	<p>The FME reserves the discretion to compel the removal of the Investor with not less than 7 (Seven) Business Days prior written notice for any of the following reasons:</p> <ul style="list-style-type: none"> <li>(i) The Investor ceases to be an Eligible Person; or</li> <li>(ii) In the reasonable opinion of the FME continuation of the Investor with the Scheme (a) will be materially prejudicial (including but not limited to causing regulatory, pecuniary, legal, taxation or</li> </ul>

	<p>administrative disadvantages) to the interest of the Scheme; or (b) will result in onerous obligations on the Scheme; or</p> <ul style="list-style-type: none"> <li>(iii) The investor is in breach of Applicable Laws or requirements of any country or governmental authority by virtue of which such person is not qualified to hold Units of the Scheme including without limitation any exchange control regulations; or</li> <li>(iv) If any law or regulation has been passed that renders it illegal, or in the reasonable opinion of the FME impracticable or inadvisable to continue the Scheme; or</li> <li>(v) If there is a requirement of compulsory redemption in the Master Fund pursuant to Applicable Laws and the Master Fund Material Documents, the Scheme may have to redeem the Units of the Investors of this Scheme.</li> </ul> <p>The FME reserves the right to redeem investments of Investor which are in excess of 25% of the AUM of the Scheme, to meet the regulatory requirements prescribed under IFSCA FM Regulations, subject to the provisions of paragraph 27 titled '<i>Minimum number of Investors</i>' in this "<b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b>".</p> <p>The FME shall determine the exit price of the Units held by the Investor being compulsorily redeemed based on the Redemption Price calculated at the time of compulsory redemption, or such other price as maybe determined by the FME and after considering any retention amount towards Taxes/ reserve for any future contingent or unforeseen liabilities or obligations or expenses as described at paragraph 14 titled '<i>Redemption</i>' in this "<b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b>". The payments shall be made by FME in such time, as may be reasonably determined by the FME and which does not adversely impact the interest of the remaining Investors.</p> <p>Upon the compulsory redemption of Units, the Investor shall cease to be entitled to any rights in respect of such Units redeemed (except the right to receive a distributions, if any which may be declared thereof prior to such redemption being effected). Further, such Investor shall be liable to make good any liabilities including Tax liabilities arising to the Scheme even after such mandatory exit to the extent of the Redemption Proceeds.</p> <p>It is clarified that any onerous obligations incurred by the Scheme arising out of such compulsory redemption of Units (including any expenses incurred in the disposal of Investments incurred by the Scheme in effect the redemption) shall be borne exclusively by the concerned Investor and shall be deducted from the Redemption Proceeds.</p>
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<b>16.</b>	<b>DELAY / SUSPENSION OF REDEMPTION</b>	<p>The FME may suspend/delay the determination of the NAV and the issue and exit of Units during whole or any part of a period if any one or more of the below circumstances occur:</p> <ol style="list-style-type: none"> <li>1) Any circumstances leading to suspension of NAV of the Master Fund; or</li> <li>2) During which any of the markets of which any substantial portion of the investments of the Scheme are quoted is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or</li> <li>3) when circumstances exist as a result of which in the sole opinion of the FME, it is not reasonably practicable to dispose of investments or as a result of which any such disposal would be materially prejudicial to the Investors; or</li> <li>4) any breakdown in the means of communication normally employed in determining the price or value of any of the investments or the current price or values on any stock exchange or market; or</li> <li>5) any period when the NAV of the particular Class of Units of the Scheme may not be determined accurately or otherwise; or</li> <li>6) when the FME is of the opinion that a change or adoption of any law, rule or regulation by any governmental authority, central bank or other regulatory agency or any directive or request issued by any such body imposes restrictions on the sale or acquisition or transfer of investments; or</li> <li>7) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the FME, including without limitation, delay in settlement or registration of securities transactions, the disposal of the assets of a Class is not reasonably practicable without materially and adversely affecting and prejudicing the interest of continuing Investors or if in the opinion of the FME, a fair price cannot be calculated for the assets of the Class; or</li> <li>8) when by reason of voluntary or involuntary liquidation or bankruptcy or insolvency or similar proceedings, the Scheme's investments are affected or in events which results in the investments being nationalized, expropriated or otherwise required to be transferred to any government agency, authority or entity occurs; or</li> <li>9) any period when proceeds of the sale or redemption of the Investor cannot be transmitted to or from the Scheme's account; or</li> </ol>
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		<p>10) if, as a result of currency exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Scheme are rendered impracticable, or if purchases, sales, deposits and withdrawals of the assets of the Scheme cannot be effected at the normal rates of exchange, as determined by the FME; or</p> <p>11) in any other period when the FME, at its discretion, determines it to be in the interest of the Investors.</p> <p>In case of occurrence of similar circumstances (or such other circumstances as provided under the Master Fund Material Documents) that arise with respect to the Master Fund that cause a delay/suspension in the redemption of units of the Master Fund, the redemption of Units of the Scheme shall be correspondingly delayed/suspended.</p> <p>Notwithstanding anything stated above, suspension of exit shall be done by FME only in exceptional circumstances wherein such suspension is in the interest of the Investors or if the suspension is required under any Applicable Law or force majeure or imposed by any regulatory authority.</p> <p>In the event that there is a delay / suspension of the determination of the NAV of a Class on any Valuation Day, the subscription and/or redemption of Units on relevant Valuation Day shall also be suspended. Notwithstanding anything stated in this Offer Document, during the suspension of the redemptions, the FME shall not accept new subscriptions.</p> <p>Subscription and Redemption Request may be withdrawn at any time while the calculations of the NAV of such Class are suspended. If not so withdrawn, such requests shall be carried forward to the first Valuation Day, on which the determination of the NAV of such Class shall have resumed.</p> <p>The decision by the FME to suspend exits, in particular the reasons for the suspension and the planned actions shall be appropriately documented and communicated to the Investors. The suspension shall be regularly reviewed by the FME. The FME shall take all necessary steps in order to resume normal operations as soon as possible having regard to the interest of Investors. The FME shall keep IFSCA and Investors informed about the actions undertaken by the FME throughout the period of suspension. The decision to resume normal operations shall also be communicated to IFSCA and the Investors as soon as possible.</p>
<b>17.</b>	<b>DIVIDEND INVESTORS</b>	<p><b>TO</b></p> <p>Not Applicable.</p> <p>The FME reserves the right to introduce options to pay dividend from the Class and details in this regard shall be accordingly provided to the Investors.</p>
<b>18.</b>	<b>TRUSTEESHIP FEE</b>	<p>For acting as the Trustee of the Scheme, and discharging its functions and responsibilities as the Trustee, the Trustee shall be entitled to receive a one-time acceptance fees of USD 650 (United States Dollars Six Hundred and Fifty)and a recurring annual fee of USD 650 (United States Dollar Six Hundred and Fifty) plus applicable Taxes, during the subsistence of the Scheme or such amount as may be mutually agreed in</p>

		writing in the offer letter dated August 25, 2025, between the FME and the Trustee (“ <b>Trusteeship Fees</b> ”) from time to time. Such Trusteeship Fees shall form part of the Operating Expenses and shall be subject to withholding of Taxes, if any, by the Scheme.						
<b>19.</b>	<b>MANAGEMENT FEE</b>	<p>As a consideration for the services to be rendered by the FME, the Scheme shall pay management fee to the FME (“<b>Management Fee</b>”).</p> <p>Such Management Fee shall accrue on a daily basis and shall be payable on a fortnightly/monthly basis (as may be decided by the FME) in arrears, on the aggregate pre-Tax NAV by holders of all Classes of at the rates as given below:</p> <table border="1"> <thead> <tr> <th><i>Class of Units</i></th><th><i>Rate (%) per annum</i></th></tr> </thead> <tbody> <tr> <td><b>Direct Plan</b></td><td>0.50% (zero point five zero percent)</td></tr> <tr> <td><b>Regular Plan</b></td><td>1.50 % (one point five zero percent).</td></tr> </tbody> </table> <p>The Management Fee payable to the FME shall be exclusive of all applicable Taxes (including statutory levies and indirect Taxes, as applicable) and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such Management Fee, the same to be borne by the Scheme and allocated to the holders of respective Classes of Units. The Scheme shall be required to withhold appropriate Taxes under the Applicable Laws from the Management Fee payable to the FME.</p> <p>The Scheme may additionally bear management fee (and/or such other similar costs) of the underlying Master Fund over and above the Management Fee payable to the FME, by virtue of the Scheme’s investment in such underlying Master Fund, in the manner as decided by the FME from time to time. For clarity, this amount shall be over and above the Management Fee rates as provided above.</p> <p>The FME may waive or reduce the Management Fee for a particular Investor/Class of Units subject to compliance with the Applicable Laws.</p>	<i>Class of Units</i>	<i>Rate (%) per annum</i>	<b>Direct Plan</b>	0.50% (zero point five zero percent)	<b>Regular Plan</b>	1.50 % (one point five zero percent).
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<b>20.</b>	<b>EXPENSES OF THE SCHEME</b>	<p><b><u>Operating Expenses</u></b></p> <p>The annual operational expenses of the Scheme will be borne by the Scheme, at actuals and allocated to the holders of all Classes of Units, subject to a cap of 0.30% (zero point three zero percent) p.a. of the average AUM (“<b>Operating Expenses</b>”):</p> <p>The Operating Expenses shall inter alia include the following:</p> <ul style="list-style-type: none"> <li>• Costs involved in marketing of the Scheme;</li> <li>• legal and professional expenses (including fees paid for legal opinions, if any) incurred in relation to the preparation and negotiation of the Trust Documents or any other documents applicable to the Scheme;</li> <li>• printing costs in relation to the Trust Documents;</li> <li>• stamp duty and registration charges;</li> <li>• Expenses incurred in the operation of the Scheme;</li> </ul>						

	<ul style="list-style-type: none"> <li>• Statutory, legal, accounting audit, custodial, dematerialisation, consulting, any other third party fees and operating expenses related to the Scheme and other professional fees;</li> <li>• Expense incurred by the Scheme for collection of subscription proceeds;</li> <li>• Operating legal and statutory expenses;</li> <li>• Due diligence expenses;</li> <li>• Banking, broken-deal, registration, qualification, finders, depositary and similar fees or commissions;</li> <li>• Transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of the Scheme's assets and other statutory expenses;</li> <li>• Trusteeship Fees;</li> <li>• Costs of financial statements and other reports (including reports to Investors) and meetings of the FME;</li> <li>• Communications, travel and other expenses;</li> <li>• Expenses associated with maintenance of books of accounts and other records of the Scheme;</li> <li>• Administration, communication, advertising, promotional, operating, and transactional expenses (including bank charges) incurred by the Scheme;</li> <li>• Fees payable to banks, and any consultants for providing services to the Scheme; Reasonable premiums for insurance for protecting the directors, officers, shareholders, employees and agents of the Trustee and FME; and</li> <li>• All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Scheme.</li> </ul>
	<p>Further, the Operating Expenses incurred by the Scheme over and above the aforementioned limit shall be borne by the FME. The Operating Expenses shall be exclusive of all applicable Taxes (including statutory levies and indirect Taxes), levies and borrowing cost and shall be subject to withholding of Taxes, if any, by the Scheme.</p>
	<p>It is clarified herein that the Investors shall also bear additional expenses of the underlying Master Fund (including set-up costs of the underlying Master Fund) over and above the Operating Expenses stated herein by virtue of the Scheme's investment in such Master Fund, in the manner as decided by the FME from time to time.</p>
	<p>It is further clarified that the Management Fee shall not form part of the Operating Expenses.</p>

Any of the aforesaid Operating Expenses incurred by the FME shall be reimbursable by the Scheme to the FME.

#### **Other Expenses:**

In addition to the Operating Expenses, the Scheme will be responsible for all costs and expenses at actuals and attributable to the Investors, related to its own operations whether incurred directly by the Scheme or

	<p>by the Trustee or the FME for and on behalf of the Scheme, including, without limitation (“<b>Other Expenses</b>”):</p> <p><b>1. <u>Trading Expenses</u></b></p> <p>The trading expenses of the Scheme will be borne by the Scheme on actuals and allocated to the Scheme (“<b>Trading Expenses</b>”). The trading expenses / transaction expenses shall, <i>inter alia</i>, consist of the following:</p> <ul style="list-style-type: none"> <li>• Stamp duty charges (wherever applicable);</li> <li>• Brokerage charges;</li> <li>• Securities Transaction Taxes (wherever applicable); and</li> <li>• Transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of the Scheme’s assets and other statutory expenses.</li> <li>• Statutory expenses incurred in acquiring, holding, selling or otherwise disposing of the Investments;</li> <li>• Custodian charges (volume based) and Depository charges;</li> <li>• Banking, registration, qualification, depositary and similar fees or commissions; and</li> <li>• Costs and charges as imposed by stock exchanges.</li> </ul> <ol style="list-style-type: none"> <li>2. Taxes and other governmental charges levied against the Scheme;</li> <li>3. In the event any indirect taxes are deemed to apply to any dividends if paid by the Scheme, such taxes (including any future Tax liabilities) shall be borne by the Investors, at the relevant point in time when such taxes are determined as applicable;</li> <li>4. Proportionate liquidation expenses of the Scheme;</li> <li>5. Expenses incurred in connection with any indemnification obligations; and</li> <li>6. Any litigation and any other extraordinary and non-recurring expenses.</li> </ol> <p>Such Other Expenses will be charged by the Scheme at actuals, over and above the Other Expenses.</p> <p>It is expressly clarified that subject to Applicable Laws, any Scheme Expenses incurred by the Scheme, shall be incurred for and on behalf of the Investors for the Scheme and any Taxes applicable on such Scheme Expenses shall be accrued to the account of the Investors.</p> <p>The Scheme may additionally bear trading expenses (and/or such other similar costs) of the underlying Master Fund over and above the Trading Expenses stated herein by virtue of the Scheme’s investment in such underlying Master Fund, in the manner as decided by the FME from time to time.</p> <p><b><u>Aggregate expenses of the Scheme and/or charges levied/borne by the Investor(s)</u></b></p>
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	<p>The aggregate expenses of the Scheme shall include the following:</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Direct Plan</th></tr> </thead> <tbody> <tr> <td>Management Fee (% p.a.) of aggregate pre-Tax NAV</td><td>0.50%</td></tr> <tr> <td>Operating Expense (p.a. of the average AUM)</td><td>On actuals subject to a cap of 0.30%</td></tr> <tr> <td>Placement Fee</td><td>Not Applicable.</td></tr> <tr> <td>Exit Charge</td><td>1 % (one percent) of the Exit Proceeds (If any Redemption Request is received within 25 (twenty five) months from the date of allotment of Units)</td></tr> <tr> <td>Other Expense</td><td>At actuals</td></tr> <tr> <td>Total expense ratio of the Master Fund**</td><td>2.60% (including 1% switch charges, if applicable. Otherwise, expenses ratio of the Master Fund is 1.60%)</td></tr> <tr> <td>TER</td><td>4.4%</td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Particulars</th><th>Regular Plan</th></tr> </thead> <tbody> <tr> <td>Management Fee (% p.a.) of aggregate pre-Tax NAV</td><td>1.50%</td></tr> <tr> <td>Operating Expense (p.a. of the average AUM)</td><td>At actuals subject to a cap of 0.30%</td></tr> <tr> <td>Placement Fee</td><td>Up to 2.00% of the respective Initial Contribution / Additional Contribution</td></tr> <tr> <td>Exit Charge</td><td>1 % (one percent) of the Exit Proceeds (If any Redemption Request is received within 25 (twenty five) months from the date of allotment of Units)</td></tr> <tr> <td>Other Expense</td><td>At actuals</td></tr> <tr> <td>Total expense ratio of the Master Fund**</td><td>2.60% (including 1% switch charges, if applicable. Otherwise, expenses ratio of the Master Fund is 1.60%)</td></tr> <tr> <td>TER</td><td>7.4%</td></tr> </tbody> </table>	Particulars	Direct Plan	Management Fee (% p.a.) of aggregate pre-Tax NAV	0.50%	Operating Expense (p.a. of the average AUM)	On actuals subject to a cap of 0.30%	Placement Fee	Not Applicable.	Exit Charge	1 % (one percent) of the Exit Proceeds (If any Redemption Request is received within 25 (twenty five) months from the date of allotment of Units)	Other Expense	At actuals	Total expense ratio of the Master Fund**	2.60% (including 1% switch charges, if applicable. Otherwise, expenses ratio of the Master Fund is 1.60%)	TER	4.4%	Particulars	Regular Plan	Management Fee (% p.a.) of aggregate pre-Tax NAV	1.50%	Operating Expense (p.a. of the average AUM)	At actuals subject to a cap of 0.30%	Placement Fee	Up to 2.00% of the respective Initial Contribution / Additional Contribution	Exit Charge	1 % (one percent) of the Exit Proceeds (If any Redemption Request is received within 25 (twenty five) months from the date of allotment of Units)	Other Expense	At actuals	Total expense ratio of the Master Fund**	2.60% (including 1% switch charges, if applicable. Otherwise, expenses ratio of the Master Fund is 1.60%)	TER	7.4%
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\*\* The expense ratio stated herein represents the prevailing charge applicable to the Master Fund and may be varied from time to time as per the Applicable Laws.

#### Set-up Costs

The one-time Set-up Costs shall be borne by the FME (“**Set-up Costs**”).

The Set-up Costs shall include the costs incurred towards the organization of the Scheme, setting up and offering costs, legal fees and professional expenses incurred in relation to the preparation and negotiation of the Trust Documents (including fees paid for legal opinions, if any) or any other documents applicable to the Scheme in relation to the offering of Units pursuant to this Offer Document, printing

		costs in relation to the Trust Documents, stamp duty and registration charges, establishment and registration expenses and such other costs directly attributable to the establishment of the Scheme and obtaining various licenses, approvals and registrations.
21.	<b>PLACEMENT FEES</b>	<p>The distributors, arrangers or placement agents (“<b>Placement Agent/s</b>”) may charge a placement fee / distribution fee, as mutually agreed with the FME, of up to 2% (Two Percent) of the respective Initial Contribution / Additional Contribution of such Investors who are sourced through Placement Agent/s (“<b>Placement Fee</b>”).</p> <p>Units of Regular Plan will be allotted to Investors who are onboarded to the Scheme via Placement Agent/s and Units shall be allotted for net amount (i.e., amount received from Investor net of Placement Fees and any other permissible fee as per the Trust Documents) shall be invested in the Scheme.</p>
22.	<b>EXPENSES OF THE FME</b>	<p>The FME shall bear all its operational and administrative expenses post setting up of the Scheme and shall make its own provision for the following:</p> <ul style="list-style-type: none"> <li>a) Office space, salary and personnel cost;</li> <li>b) Office equipment;</li> <li>c) Regulatory compliance and reporting services; and</li> <li>d) Preparation of tax returns of the FME.</li> </ul>
23.	<b>TRANSFER/PLEDGE AND TRANSMISSION OF UNITS</b>	<p>Investors are permitted to solicit or transfer/pledge any of their Units, interests, rights or obligations with regard to the Scheme, with the prior written consent of the FME (which may be denied by the FME). Such transfer/pledge may need to be undertaken through instruments in writing in the usual form, or in any other manner specified by the FME and would be subject to the provisions of the Indenture. It is hereby clarified that such transfers will also include merger, amalgamation or reconstitution of the Investor.</p> <p>The Investors may transfer/pledge their Units, rights or obligation with regard to the Scheme to a transferee/pledgee subject to the following requirements:</p> <ul style="list-style-type: none"> <li>a) The proposed transferee/pledgee is an Eligible Person;</li> <li>b) The proposed transfer/invocation of pledge, if any shall be subject to execution of necessary documentation by the transferor/transferee or the pledgor / pledgee (as the case may be) as may be stipulated/prescribed/required by the FME; and</li> <li>c) The proposed transfer/pledgee will not contravene any Applicable Law or policy of the Government or otherwise is not prejudicial to the interests of the Scheme.</li> </ul> <p>The FME may decline to recognise and register any such transfer/pledge of Units in case of violation of Applicable Laws and transfer restrictions.</p> <p>The Investor shall intimate the FME of their intention to transfer/pledge the Units and shall share such information of the proposed pledgee as</p>

	<p>may be required by the FME to determine the eligibility of the proposed pledgee. Subject to Applicable Laws, costs and duties with respect to such transfer/pledge shall be borne by the new investor (transferee/pledgee). Any Tax liability or obligation arising from such transfer/pledge of Units pursuant to such transfer/invocation of pledge shall be the responsibility of the transferor/transferee or the pledgee/pledgor (as the case may be).</p> <p>The FME at its discretion, may pledge the Units or place a lock-in of Units in the Scheme, <i>inter alia</i> on account of any regulatory communication / action, fraudulent activity in the folio and/or by investor, placement agent etc (which may be concluded or pending investigation).</p> <p><b><u>Deceased Investor</u></b></p> <p>In the event of the death of an Investor (“<b>Deceased Investor</b>”), the FME may, in its discretion, take any action in respect of the investments of the Investor and/or Units of such Deceased Investor on equitable grounds subject to compliance with the procedural requirements of the FME including execution of such necessary documentation as may be prescribed by the FME and compliance with Applicable Laws (as required). Such actions shall include but not be limited to permitting the successor of the Deceased Investor to substitute the Deceased Investor in the Scheme by transmission of the Units; providing an exit in respect of the Units of such Deceased Investor etc. Further, in case a nominee has been notified by the Deceased Investor to the FME before his/her death, then such nominee shall be deemed to be the successor of the Deceased Investor, subject to compliance with Applicable Laws and the procedural requirements of the FME including execution of such necessary documentation as may be prescribed by the FME in the Trust Documents. In the event of such transmission of Units to the successor of a Deceased Investor whereby such successor becomes an Investor in the Scheme, such successor assume all rights and obligations of the Deceased Investor and shall be liable for all liabilities and obligations towards the Scheme, including but not limited to Scheme Expenses, Management Fees, Taxes, or other amounts payable to the Fund or the FME as if such successor were the original contributor in the Scheme, in accordance with this Offer Document and Applicable Laws.</p> <p>It is hereby clarified that in the case of joint Investors, the surviving Investor shall be deemed to be the sole Investor on the demise of another Investor.</p> <p>Further, it is hereby clarified that any actions by the FME as stated above on death of an Investor, shall constitute full and valid discharge of the Trustee and/or FME and/or the Scheme of any liability towards the legal heirs of the Deceased Investor.</p> <p>In case of being notified of disputes on the Units, the FME shall keep the Units under lock-in for further redemption and/or processing till such time the disputes are resolved and appropriate documents <i>inter alia</i> including but limited to court order, settlement order, indemnity is submitted to the FME to its satisfaction.</p>
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		No commercial / non commercial transaction (including but not limited to additional subscriptions, redemptions, transfers and distributions) will be permitted in the folio pending incomplete documentation / clarification sought by the FME / unresolved disputes. The FME shall not be liable for any direct / indirect losses arising on account of such suspension of activity in the folio.
<b>24.</b>	<b>SWITCH</b>	<p>At the sole discretion of the FME, investors may have an option to Switch part or all of their Unit holdings in the Scheme to any other Retail Scheme launched by the FME from time to time. The Investor also has the flexibility to Switch their investments / Redemption Proceeds from any other Retail Scheme of the FME into this Scheme. This option will be useful to Investors who wish to alter the allocation of their investment among the Retail Scheme(s) launched by the FME in order to meet their changed investment needs.</p> <p>Switch will take place at the Redemption Price after considering all applicable Taxes and fees.</p> <p>The Switch will be effected by way of a redemption of Units from the Scheme at the relevant Redemption Price, and reinvestment of the Redemption Proceeds into another Retail Scheme launched by the FME at the applicable NAV (as per the documents of the said Retail Scheme) and accordingly the Switch must comply with the redemption rules of the “Switch out” scheme and the subscription rules of the “Switch in” scheme. Subject to Applicable Laws, the scheme from which the investment is switched out shall transfer the Redemption Proceeds to the bank account of the scheme where the investments are switched in, towards subscription proceeds.</p> <p>Such switch of investments may be considered as ‘transfer’ and can trigger tax implications in the hands of the Investors, and the Investors shall consult their respective tax advisers for the same.</p> <p>“Switch” means redemption of a unit in any Retail Scheme launched by the FME against purchase of a unit in another Retail Scheme launched by the FME.</p>
<b>25.</b>	<b>REINVESTMENT</b>	The FME may, in its own discretion, retain an amount of up to 100% (One Hundred per cent) of realization proceeds from any realized Investments (including from investments in units of the Master Fund) and/or Temporary Investments and apply such amount in making further Investments and/or Temporary Investments (after adjusting for expenses and Taxes (as applicable), as it may deem fit.
<b>26.</b>	<b>GIVEBACK BY THE INVESTORS</b>	Subject to the provisions of the Applicable Laws, the FME or Trustee, in prior consultation with the FME, may require an Investor to return dividends / redemptions made to the Investor in order to satisfy the Investor’s <i>pro rata</i> share of any obligations or liabilities of the Scheme (including any indemnification obligations, Tax and contingent liability/claim, liability of the Master Fund towards which the Scheme has to giveback distributions in accordance with the Master Fund Material Documents), during and beyond the term of the Scheme.

		<p>Subject to the provisions of the Applicable Laws including the Limitations Act, 1963, the IT Act, the obligation to return dividends/redemptions may also continue beyond the term of the Scheme as determined by the FME or the Trustee, in consultation with the FME, by providing a notice to the Investors for the same.</p> <p>In the event that the Scheme subsequently recovers any amounts in respect of any obligations or liabilities for which an Investor has returned the distributions, the Scheme shall reimburse such Investor for the recovered amount (net off any applicable Taxes paid by the Scheme on such recovered amounts).</p>
27.	<b>MINIMUM NUMBER OF INVESTORS</b>	<p>The Scheme shall have a minimum of 20 investors (“<b>20 Investors Limit</b>”) and no single investor shall account for more than 25% of the AUM of the Scheme (“<b>25% Limit</b>”) (collectively referred to as the “<b>20/25 rule</b>”). However, if the 20/25 rule is not met during the Initial Offer Period, the Scheme shall ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the Initial Offer Period of the Scheme, whichever is earlier, the Scheme complies with the 20/25 rule.</p> <p>In case the Scheme does not have a minimum of 20 investors in the stipulated period stated above, the Scheme shall be wound up within a period of 3 months from the date of such breach and the Units would be redeemed at the Short term post-Tax NAV.</p> <p>If there is breach of the 25% Limit by any Investor during the Initial Offer Period, Units to the extent of 25% of the AUM of the Scheme only shall be allotted to the Investor and the remaining subscription proceeds shall be refunded back to such Investor net of bank charges, if any.</p> <p>Post the Initial Offer Period, in case of breach of the 25% Limit of an Investor, a rebalancing period of 1 (one) month would be available and thereafter, the investor who is in breach of the rule, shall be given 15 days’ notice to redeem his exposure over the 25% Limit. Failure on the part of the said Investor to redeem his exposure over the 25 % Limit within the aforesaid 15 days would lead to automatic redemption either on the Long term post-Tax NAV or Short term post-Tax NAV (depending upon the period of holding of the Units of the Scheme by the Investors, as on the Valuation Day) on the 15th day of the notice period of such excess Units.</p>
28.	<b>INDEMNIFICATION</b>	<p>The Scheme will indemnify and hold harmless the (i) FME, Settlor, Trustee and any of their respective officers, directors, shareholders, partners, employees and agents, (ii) members of any board or committee of the FME; contemplated in the Trust Documents or any other party as may be decided by the FME (“<b>Indemnified Persons</b>”) against any and all claims, losses, liabilities including Tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them or likely to be incurred or suffered by them by reason of their association with the Scheme (“<b>Losses</b>”) except to the extent such Losses resulted from the Indemnified Person’s Malfeasance.</p> <p>Any indemnity expressly provided to the Indemnified Person under this paragraph is in addition and without prejudice to any indemnity available</p>

		<p>under Applicable Laws and shall extend to such Indemnified Person's successors, permitted assigns and legal representatives. Provided nevertheless that any provision of this paragraph shall be void insofar as it would have the effect of exempting the Indemnified Person from or indemnifying them against any liability arising out of Malfeasance.</p> <p>To clarify:</p> <p>(i) In addition to above, the FME shall also be indemnified for any indemnifications provided to the indemnified persons of the Master Fund.</p> <p>(ii) In addition to the above, each Investor will also indemnify the Scheme and the Indemnified Persons in respect of any and all indemnification obligations of the Scheme arising from the Master Fund Material Documents and the Scheme's investment in the Master Fund.</p>
29.	<b>TEMPORARY DEPLOYMENT SURPLUS FUNDS</b>	<p>Temporary investments by the Scheme shall be made in certificates of deposit, units of investment schemes such as overnight, liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as maybe specified by the IFSCA from time to time and as permitted under the Applicable Laws and the Trust Documents ("Temporary Investments").</p> <p>Until subscription proceeds received by the Scheme are utilized towards Investments / reinvestments and/or pending dividend or as a reserve for the Scheme's anticipated obligations (including Tax obligations/liabilities), as applicable, the FME shall be entitled to invest the same in Temporary Investments.</p> <p>Any gains arising to the Scheme from such Temporary Investments shall be accrued in the Scheme and shall form part of the NAV of the Scheme.</p>
30.	<b>DISTRIBUTION IN-KIND</b>	<i>Not Applicable.</i>
31.	<b>CURRENCY PRINCIPLES</b>	The functional currency of the Scheme shall be USD.
32.	<b>LEVERAGE</b>	The Scheme may borrow for the purpose of meeting temporary liquidity requirements of the Scheme for the purpose of redemption. Such borrowing shall be undertaken in accordance with the limits prescribed under IFSCA FM Regulations.
33.	<b>REPORTING</b>	<p>Subject to Applicable Law, the FME shall maintain proper books of accounts, documents and records with respect to the Scheme, to give a true and accurate account of the investments, expenses, earnings and gains of the Scheme. The Investors will receive:</p> <p>(a) NAV (Long term post-Tax NAV and Short term post-Tax) on a daily basis i.e. on every Business Day (it may be hosted on website on the FME). For clarity, the NAV as on a particular Business Day will be available on the immediately following Business Day;</p> <p>(b) the portfolio of the Scheme on a quarterly basis within one month from the end of the quarter;</p>

		<p>(c) a monthly report providing information about their holdings in the Scheme and within 10 (ten) Business Days in case of receipt of such request from the Investor (as per Regulation 136 (1) of the IFSCA FM Regulations);</p> <p>(d) annual reports/abridged summary, including audited financial statements of the Scheme (within four months from the end of the Financial Year) (as per Regulation 134 (3) of the IFSCA FM Regulations);</p> <p>(e) Any other material disclosure as considered required by the FME or the Trustee under the Applicable Laws.</p> <p>All the above referred reports/information shall be furnished to the Investors electronically by e-mail unless otherwise specified by the Investor.</p>
<b>34.</b>	<b>TAXATION</b>	<p>A summary of certain principal tax consequences applicable to the Scheme is set forth in “<b>SECTION X: LEGAL, REGULATORY AND TAX CONSIDERATIONS</b>” of this Offer Document.</p> <p>In view of the varying nature of tax consequences, each prospective Investor is advised to consult its own tax adviser with respect to the specific income or other tax consequences applicable to them as a result of an investment in the Scheme.</p>
<b>35.</b>	<b>VALUATION</b>	<p>The ‘Net Asset Value’ or ‘NAV’ shall mean the net asset value of the Scheme or a Class of Units, as the context may require, calculated as below.</p> <p>The Net Asset Value for each Class as at the relevant Valuation Day shall be the market value of all the assets of each Class less the liabilities of that Class.</p> <p>NAV per unit shall be calculated as follows:</p> $\frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$ <p>NAV of the scheme will be rounded off to three decimal places.</p> <p>Calculation of net asset value (“<b>Net Asset Value</b>”/ “<b>NAV</b>”) would be done by an independent third-party service provider such as fund administrator / custodian / valuer registered with Insolvency and Bankruptcy Board of India and/or such other person specified by IFSCA. The Scheme shall disclose the NAV, including both Long term post-Tax NAV and Short term post-Tax NAV. Such NAV shall be disclosed to the Investors on a daily basis (i.e. on every Business Day).</p>

		<p>The information on NAVs of the Scheme/plans may be obtained by the Investors, on any day, by calling the office of the FME and will also be updated on the website of the FME i.e. <a href="mailto:Eaml.giftcity@edelweissmf.com">Eaml.giftcity@edelweissmf.com</a>.</p> <p>For more details, please refer to “<b>SECTION VI: DETERMINATION OF THE NET ASSET VALUE OF THE UNITS</b>” of this Offer Document.</p>
<b>36.</b>	<b>CUSTODIAN / GLOBAL CUSTODIAN</b>	Kotak Mahindra Bank Limited is the Custodian of the Scheme.
<b>37.</b>	<b>STATEMENT OF ACCOUNTS OR UNIT CERTIFICATE</b>	Allotment confirmation specifying the number of Units allotted shall be sent to the Investors at their registered e-mail address and/or mobile number by way of email within 10 (Ten) Business Days from the closure of Initial Offer Period and thereafter on an ongoing basis within 10 Business Days from the date of allotment of Units.
<b>38.</b>	<b>AMENDMENTS AND WAIVERS</b>	<p>The FME may, from time to time, make any amendment to this Offer Document, including amendments to the investment strategy, process and restrictions, as it considers necessary or desirable, provided however, such amendment process will be specified by the FME in accordance with IFSCA FM Regulations.</p> <p>All laws and regulations applicable to Scheme’s activities, may, at any time be amended, modified, repealed or replaced in a manner adverse or favorable to the interests of the Investors. The FME shall carry out necessary amendments to any of the Trust Documents to conform to such modifications in Applicable Law.</p>
<b>39.</b>	<b>CONFIDENTIALITY</b>	The Investor shall maintain the confidentiality of any other information regarding the Scheme, the FME, their respective affiliates and Master Fund and their affairs, received by the Investor as a result of its status as an Investor to the Scheme, except as otherwise required under Applicable Laws and IFSCA FM Regulations, or as otherwise permitted by the FME.
<b>40.</b>	<b>GRIEVANCE REDRESSAL</b>	<p>The FME shall examine and process the complaint in accordance with policies and procedures as specified under the Applicable Laws including circulars and guidelines issued by IFSCA from time to time. The FME shall designate Complaint Redressal Officer (“<b>CRO</b>”) and the Complaint Redressal Appellate Officer (“<b>CRAO</b>”) for handling of complaints and appeals respectively. The email addresses of the CRO and CRAO are <a href="mailto:cro.giftcity@edelweissmf.com">cro.giftcity@edelweissmf.com</a> and <a href="mailto:crao.giftcity@edelweissmf.com">crao.giftcity@edelweissmf.com</a>.</p> <p>For further details, Investors can refer to complaint redressal policy available at dedicated webpage of its group entity. The FME shall dispose of complaint preferably within 15 days but ordinarily not later than 30 days of acceptance of complaint and/or such other timelines as may be prescribed by IFSCA from time to time. If the Investor is not satisfied with the resolution provided by FME and/or of the complaint has been rejected by FME, an appeal can be filed before the CRAO within 21 days from the receipt of the decision from the CRO.</p>

	<p>Where an Investor is not satisfied with the decision of FME and has exhausted the appellate mechanism of the FME, a complaint may be filed before IFSCA through email to <a href="mailto:grievance-redressal@ifsc.gov.in">grievance-redressal@ifsc.gov.in</a> preferably within 21 days from the receipt of the decision from FME.</p> <p>Notwithstanding, anything stated above, any dispute unresolved by the above internal grievance redressal mechanism of the FME, may be submitted to arbitration and dealt with in the manner specified in the Application Form.</p>
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## SUPPLEMENTARY INFORMATION

1.	<b>AML/KYC</b>	<p>The FME shall seek all KYC documents and further details as may be required to comply with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, read with Prevention of Money-laundering Act, 2002 and the Prevention of Money laundering (Maintenance of Records) Rules, 2005 (together referred to as “<b>PML Norms</b>”).</p> <p>Details of documents shall be specified in the Application Form.</p>
2.	<b>BANK MANDATE</b>	<p>The FME is committed to meet the AML/KYC requirements as applicable and prescribed by IFSCA from time to time. In this regard, the Scheme will accept payments only from the bank account of the investor and no third-party payment will be permissible for investment in the Scheme.</p> <p>To ensure verification of the same, the FME may seek following details from the Investor:</p> <ul style="list-style-type: none"> <li>• Original cancelled cheque having the First Holder Name printed on the cheque [or]</li> <li>• Original bank statement reflecting the First Holder Name, Bank Account Number and Bank Name as specified in the application [or]</li> <li>• Photocopy of the bank statement/bank passbook duly attested by the bank manager and bank seal preferably with designation and employee number [or]</li> <li>• Confirmation by the bank manager with seal, on the bank’s letter head with name, designation and employee number confirming the investor details and bank mandate information.</li> </ul>
3.	<b>FATCA / CRS REPORTING</b>	<p>Investors will be required to comply with the request of the Scheme to furnish such information/ documentation/ declarations as and when deemed necessary by the FME in accordance with the Applicable Laws including any compliances under the Income Tax (11<sup>th</sup> Amendment) Rules, 2015 notified by the Central Board of Direct Taxes (“<b>FATCA Implementation Rules</b>”) and under section 285BA of the IT Act.</p> <p>If the Scheme and/or the FME is required by Applicable Laws, including the FATCA Implementation Rules, to provide information regarding the Scheme and/or the Investors to any regulatory authority and/or the Scheme Investments and/or income therefrom, and the Scheme and/or the FME complies with such request in good faith, whether or not it was in fact enforceable, they shall not be liable to the Investors or to any other party as a result of such compliance or in connection with such compliance.</p>

		<p>The provisions of the FATCA Implementation Rules are relevant not only at on-boarding stage of Investors but also throughout the life cycle of investment with the Scheme. Investors therefore should immediately intimate to the Scheme/the FME, any change in their status with respect to any FATCA Implementation Rules related information/ documentation/ declarations provided by them previously.</p> <p>In case the Investor fails to furnish the relevant information/ documentation/ declarations in accordance with the Applicable Laws, the Scheme reserves the right to redeem the Units held directly or beneficially, in accordance with the Offer Document and may also require reporting of such Investors and/or levy of Tax on payments / redemption proceeds made to the Investors and/or take any other action/s in accordance with Applicable Laws.</p>
<b>4.</b>	<b>WHO CANNOT INVEST?</b>	<p>It should be noted that the following entities cannot invest in the Scheme:</p> <ul style="list-style-type: none"> <li>Residents or Citizens of Financial Action Task Force (FATF) Non-Compliant Countries and Territories (NCCTs).</li> <li>Such other investors as may be determined and informed by the FME from time to time.</li> </ul> <p>The Scheme reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to IFSCA FM Regulations and other prevailing statutory regulations under Applicable Laws, if any.</p> <p>Subject to the IFSCA FM Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the FME. For example, the FME may reject any application for the purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or if the FME for any other reason does not believe that it would be in the best interest of the Scheme or its Investors to accept such an application.</p> <p>The FME may need to obtain from the investor, verification of identity or such other details relating to a subscription for Units as may be required under any Applicable Law, which may result in delay in processing the application.</p>
<b>5.</b>	<b>NOMINATION</b>	<p>Investors who are subscribing to Units of the Scheme, shall submit either the nomination form as per the choice of the Investors. The requirement of nomination shall be optional for jointly held folio(s).</p> <p>The nomination can be made only by individuals applying for/holding Units on their own behalf singly or jointly. Non-individuals including a society, trust, body corporate, partnership firm, a power of attorney holder and/or Guardian of minor unitholder holder of power of attorney cannot nominate. The</p>

		<p>application will be rejected if the aforesaid non individual sign the nomination form.</p> <p>Where nomination is not opted, a probated / registered will of the Deceased Investor and/or such other document as permitted under the respective jurisdiction shall be accepted as a valid document for transmission of Units. Any legal opinion/ advice from legal consultants / counsel to enable such transmission shall be borne by the legal heir / nominee to whom such Units are being transmitted.</p>
<b>6.</b>	<b>SHARING OF DETAILS</b>	<p>The FME, its service providers reserve the right to disclose the details of Investors and their transactions to third parties viz. banks, distributors, vendors, investment advisors etc. from whom applications of Investors are received and any other organization for the purpose of compliance with legal and regulatory requirements or for complying with anti-money laundering requirements as may be prescribed under the Applicable Laws.</p>

## **SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS**

### **Details of entity appointed as valuer of the Scheme.**

The assets of the Scheme shall be valued by an Independent Valuer.

### **Frequency of valuation of Investments.**

The NAV of the Scheme shall be calculated on a daily basis and disclosed to the Investors on the immediately following Business Day.

### **Valuation principles used by the Scheme for valuation of Investments.**

The FME shall propose to undertake valuation in accordance with the valuation principles adopted by the Master Fund.

### **Calculation of NAV**

Considering that the Scheme will be primarily investing in Master Fund, the FME will rely on the NAV disclosed by the Master Fund to arrive at the NAV of the Scheme with necessary adjustments of the expenses, taxes and fees of the Scheme. The NAV of the Master Fund shall be in currencies other than USD, the applicable conversion rate shall also be used as per the Scheme's valuation policy to value the assets in USD.

The Scheme will disclose two post-Tax NAVs to Investors in accordance with the Applicable Laws, as follows:

- **“Long term post-Tax NAV”:** This NAV will be computed after providing for Taxes (i) on realized income; and (ii) at the rate of 12.5% (plus applicable surcharge and cess) for computing Tax on unrealized capital gains in case of Long term post-Tax NAV. Tax rate and the period of holding for determining long-term/short-term capital asset is subject to amendment in applicable tax laws from time to time.
- **“Short term post-Tax NAV”:** This NAV will be computed after providing for Taxes (i) on realized income; and (ii) at the rate of 30% (plus applicable surcharge and cess) for computing Tax on unrealized capital gains in case of Short term post-Tax NAV. Tax rate and the period of holding for determining long-term/short-term capital asset is subject to amendment in applicable tax laws from time to time.

The subscription to the Units of the Scheme after the expiry of the Initial Offer Period, including the purchase of Units and Additional Subscription will be at the Long term post-Tax NAV, while the redemption of Units of the Scheme (including compulsory redemption, transfer, transmission and switch) will be either at Long term post-Tax NAV or Short term post-Tax NAV, depending upon the period of holding of the Units of the Scheme by the Investors.

The following rules would apply in this regard:

- **Investors redeeming up to 24 months from the date of subscription of Units:** NAV on redemption will be Short term post-Tax NAV.
- **Investors redeeming post expiry of 24 months from the date of subscription of Units:** NAV on redemption will be Long term post-Tax NAV.

## SECTION VII: CONFLICTS OF INTEREST

The Scheme will be subject to certain conflicts of interest that may arise in relation to the various activities carried out by the FME, its affiliates/group entities, directors, employees, shareholders and agents (collectively, the “**Interested Parties**”). Conflicts of interest may arise in relation to the various activities carried out by the Interested Parties *vis-à-vis* the activities of the Scheme. The FME has adopted certain policies and procedures intended to protect the interest of Investors in the Scheme against any adverse consequences arising from potential conflicts of interest. The protection of the Investors’ interests is the FME’s foremost priority. A conflict of interest situation may adversely affect the interest of the Investors, and an Investor may lose its investments due to such conflict of interest. The Investor acknowledges the existence of the risk arising out of a conflict of interest.

The Interested Parties shall exercise a standard of good faith in their dealings with the Scheme and any of its investments. The FME will be transparent and will make disclosures with respect to conflicts of interest situations that the FME determines may have arisen (or which seem likely to arise) with respect to any of the Interested Parties *vis-à-vis* the Scheme and the Investors (and/or any of the investments).

The FME maintains and operates effective organizational and administrative arrangements with the view of taking all reasonable steps to identify, continuously monitor and manage conflicts of interest. Some of the potential conflicts of interest situations and the policies of the FME for managing conflicts of interest are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which the FME adopts in connection with the management of conflicts of interest but is instead intended to be a statement of principles with which the FME seeks to manage foreseeable conflicts of interest.

All potential sources of conflicts of interests that the FME envisages during the operations of the Scheme, which includes conflicts arising at following levels:

- **At the level of employee of the management entity**

The employees of the FME will only devote so much of their time to the Scheme’s operations as is, in their judgment, reasonably required. The employees of the FME that provide services to the Scheme will have, in addition to their responsibilities towards the Scheme, responsibilities towards other funds, companies, projects and clients. Accordingly, they may have conflicts of interest in allocating management time and other resources amongst the Scheme and such other projects and clients. The employees of the FME may provide services to other entities/clients in the financial services space and will not work exclusively for the Scheme. The employees shall resolve any such conflict by allocating time (reasonably required in their best judgement) towards their obligations in respect of the Scheme and their other responsibilities towards other funds, companies, projects and clients.

- **At the level of service providers of the Scheme**

The attorneys, accountants, professionals and other service providers who offer services to the Scheme may, and in some cases do, also offer services to the Interested Parties.

- **At the level of the FME**

There cannot be any assurance that an investment opportunity that comes to the attention of the FME will be referred or otherwise made available to the Scheme. Investment opportunities identified by the FME may be suitable for the Scheme as well as other funds or investment vehicles managed or advised by the FME and/or an Interested Party and/or their respective affiliates. There could be multiple portfolios under the management of the FME or by partners who are Interested Parties of other entities of the group of the FME, thereby representing possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The FME will endeavour to resolve any such conflicts in

a reasonable manner taking into account such factors as it may consider relevant including investment strategy and objectives, investment policy, sector focus, deal size, regulatory and tax considerations, etc. However, there can be no assurance that the Scheme shall be allocated any particular investment opportunities that are identified by the FME. Furthermore, the FME shall have the right, at its discretion, to allocate any investment opportunities to other funds.

- **At the level of the Investor**

The Investors of the Scheme, apart from investing in the Scheme, may also invest in the investments where the Scheme has also invested, at differential terms than that of the Scheme. Such investment of the Investors may conflict with the investment of the Scheme.

- **At the level of members of various governance bodies**

The members of the key investment team and the directors of the FME, in addition to their responsibilities for the Scheme, will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Scheme and such other funds, projects and clients can be a challenge.

- **At the level of the FME group entity, in relation to various schemes managed by FME**

*Inter-se different activities:*

The FME and their affiliates may be involved in a variety of advisory, management and investment-related activities including management of other funds and intend to do so in the future. The Scheme shall not have any rights in or to any cash receipts or profits of the FME and any of their affiliates. The FME, and any of their affiliate/group entities may, from time to time, act as Fund Management Entities or advisers to other entities, companies or funds other than the Scheme. It is therefore possible that the FME and its affiliates may in the course of their business have potential conflicts of interest inter-se different activities.

*Transactions with Interested Parties:*

An Interested Party may receive certain fees for services performed for or on behalf of the Scheme or any other entity or any other person in which the Scheme or any other entity holds Investments, including, without limitation, fees relating to broking activity and other products and services provided, directly or indirectly, to the Scheme or any other entity or any other person in which the Scheme or any other entity holds Investments.

*Investments in which Interested Parties have interests:*

The Scheme, through its investments in the Master Fund, may participate in investee entities in which Interested Parties have an existing investment or other interests, which may be on the same terms as the Master Fund's investment or on different terms. In such cases, there could be a potential conflict between the interests of the Scheme and those of the Interested Parties. Any of the Interested Parties may deal in the securities/products (including handling assignment /advising-managing any portfolio/scheme consisting of such securities/products etc.) which are/may in future be a part of the Investment. The timing/pricing/buy-sell decision under the dealing by such Interested Parties can be different from that of the Scheme.

*Market transactions involving Interested Parties:*

The proprietary activities/trading or portfolio strategies of the Interested Parties, or the activities or strategies used for accounts managed by the Interested Parties or other customer accounts, could

conflict with the transactions and strategies employed in managing the Scheme and affect the prices and availability of the securities and instruments in which the Scheme may invest. Such transactions, particularly in respect of proprietary accounts/trades or customer accounts, will be executed independently of the Scheme's transactions, and thus at prices or rates that may be more or less favourable. Issuers in whose assets or instruments the Scheme has an interest may have publicly or privately traded instruments in which an Interested Party is a shareholder. An Interested Party's trading activities will be carried out generally without reference to positions held by the Scheme and may have an effect on the value of the positions so held or may result in the Interested Party having an interest in the issuer adverse to that of the Scheme. The results of the Scheme's investment activities may differ significantly from the results achieved by an Interested Party for its proprietary accounts or accounts managed by them.

Some of the measures the FME will adopt to manage the identified conflicts are set out below. The FME will take reasonable care that, in relation to each identified conflict, it acts independently to avoid material risk to the Investors' interests.

- a) In managing the aforesaid conflicted transactions, the FME will have regard to its obligations under the Trust Documents pertaining to the Scheme and will act in the best interests of the Investors in the Scheme.
- b) The FME will be transparent with respect to conflicts of interest that the FME determines may have arisen in any transaction (or prospective transaction) between the Interested Parties and the Scheme.
- c) The FME will make efforts to see that any transaction involving a potential conflict of interest will be effected on terms that are not less favourable to the Investors in the Scheme than if the potential conflict had not existed. The FME will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
- d) The FME will ensure that the interest of all the Investors is paramount and all personal interests, relationships or arrangements, including those of its affiliated companies/entities do not work against the Investors' interest.
- e) The FME will take appropriate measures intended to assure that it will not unfairly profit from any transaction between its affiliates/group companies/entities and the Scheme, and all such transactions shall strictly be done on an arm's length basis. The FME will use reasonable efforts to apportion or allocate business opportunities among persons or entities to or with which they have fiduciary duties and other relationships on a basis that is as fair and equitable as possible to each of such persons or entities, including the Scheme.
- f) The Interested Parties and their management personnel will devote so much of their time to the Scheme as is, in their judgment, reasonably required.

For further details, please refer to "**SECTION X: LEGAL, REGULATORY AND TAX CONSIDERATIONS**".

*By making an investment in the Scheme, prospective investors are deemed to have acknowledged the existence of the potential and/or actual conflicts of interest set forth above, and to have waived, to the greatest extent permissible under any Applicable Law, any claim with respect to, or arising from, the existence of any such conflicts.*

## SECTION VIII: RISK FACTORS

AN INVESTMENT IN THE UNITS OF THE SCHEME INVOLVES CERTAIN CONSIDERATIONS AND ISSUES THAT MAY HAVE A BEARING ON SUCH INVESTMENTS. ACCORDINGLY, BEFORE DECIDING TO INVEST IN THE SCHEME, PROSPECTIVE INVESTORS SHOULD CAREFULLY STUDY THE SPECIFIC RISKS DESCRIBED BELOW TOGETHER WITH ALL THE INFORMATION CONTAINED IN THIS OFFER DOCUMENT, AND SEEK INDEPENDENT LEGAL, INVESTMENT AND TAX ADVICE. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE FME, OR THAT IT CURRENTLY DEEMS IMMATERIAL MAY ALSO HAVE AN ADVERSE IMPACT ON THE SCHEME'S PROSPECTS AND ACTIVITIES UNDERTAKEN BY THE SCHEME. THERE CAN BE NO ASSURANCE THAT THE SCHEME'S INVESTMENT OBJECTIVE WILL BE ACHIEVED, OR THAT AN INVESTOR WILL RECEIVE A RETURN ON ITS CAPITAL, OR THAT AN INVESTOR WILL NOT LOSE ALL OF HIS INVESTMENT IN THE SCHEME. THE FOLLOWING RISK FACTORS PRIMARILY DESCRIBE THE RISKS ASSOCIATED WITH INVESTMENTS MADE BY THE SCHEME. THE INVESTORS MAY REFER TO THE MATERIAL DOCUMENTS OF MASTER FUND FOR THE DETAILED RISK FACTORS THAT ARE APPLICABLE TO THE INVESTMENT BEING MADE BY THE MASTER FUND.

### A. RISKS RELATED TO INVESTMENT IN MASTER FUND

#### **Investments in Master Fund**

The Scheme shall primarily invest in units of Master Fund, which is an equity fund which invests primarily in companies from the Greater China. While the investment in Master Fund offer diversification and liquidity, such investment is subject to various risks including but not limited to market risk, tracking error, liquidity risk, and counterparty risk.

The Master Fund may not perfectly replicate the performance of the underlying index or assets due to factors such as fees, rebalancing policies, and market conditions. The Scheme's exposure to the Master Fund will also be subject to the risks associated with the underlying investments of that Master Fund. There can be no assurance that the investment objective of the Master Fund will be achieved or that it will perform in line with market expectations. Moreover, Master Fund is domiciled in jurisdiction outside India and is governed by the laws and regulations of their home jurisdiction, which may differ materially from Indian laws and may limit the Scheme's ability to effectively monitor, enforce rights, or seek redress.

Further, investments in Master Fund may expose the Scheme to operational risks, delays in redemption processing, and counterparty risk if the Master Fund uses derivatives or engages in securities lending. There can be no assurance that the Master Fund will achieve their investment objectives or generate positive returns.

#### **Achievement of investment objective**

There can be no assurance that the Master Fund will achieve their investment objectives. The value of Investments and the income therefrom may rise or fall as the capital value of the securities in which the Master Fund invests may fluctuate. Therefore, Master Fund's investment may be expected to fluctuate in response to changes in income or expenses.

#### **Regulatory Risk**

Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. As a result of such registrations, the Master Fund may be subject, without any notice to the investors in the Master Fund (including the Scheme), to more restrictive regulatory regimes. In such cases the Master Fund will abide by these more restrictive requirements.

## **Geographic Risk**

If the Master Fund focus its investments in issuers located in a particular country or geographic region, it may be subjected, to a greater extent than if its investments were less focused, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that country or region, such as: adverse securities markets; adverse exchange rates; adverse social, political, regulatory, economic, business, environmental or other developments; or natural disasters.

## **Currency risk**

The assets in which the Master Fund is invested and the income from the assets will or may be quoted in currencies which are different from the Scheme's base currency. The performance of the Scheme will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Scheme's base currency and hence there can be the prospect of additional loss or the prospect of additional gain to the investors greater than the usual risks of investment. The performance of the Scheme may also be affected by changes in exchange control regulations.

Investors should note that the Scheme's base currency is different from the currency of their home jurisdiction. In particular, Investors whose home currency is the Indian Rupee/INR will be exposed to currency exchange rate fluctuations between the Scheme's base currency which is USD and the Investor's base currency which is INR. Any depreciation in the value of the Scheme's base currency relative to the INR may adversely impact the effective returns realised by such Investors, irrespective of the underlying performance of the Scheme's assets. Accordingly, currency risk may result in reduced or negative returns upon redemption, and Investors are urged to consider the potential impact of foreign exchange volatility in light of their individual circumstances and consult with their financial and tax advisors prior to investing in the Scheme.

## **Market Liquidity Risk**

The liquidity of the Master Fund may be restricted by trading volumes and settlement periods across various jurisdictions where the Master Fund may be listed / traded. Different jurisdictions have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. Delays and/or other problems in settlement of transactions could result in temporary periods when the investments comprising the Master Fund are uninvested and no return is earned thereon. The inability of the FME to make intended purchase due to settlement problems could cause the FME to miss certain investment opportunities.

## **Volatility Risk**

The Master Fund's investment programs may involve the purchase and sale of derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of their underlying securities. Fluctuations or prolonged changes in the volatility of the underlying securities, therefore, can adversely affect the value of derivative positions held by the Master Fund, and correspondingly the Scheme.

## **Concentration of investments**

The FME expects that the Scheme's portfolio may, at times, be fully invested in the Master Fund. While this Master Fund is expected to be well diversified in terms of exposure to global equity markets, the Scheme's overall performance will be significantly determined by the performance of this Master Fund.

## **Reliance on information provided**

The FME may elect to invest in Master Fund on the basis of information and data directly available to the FME. Although the FME evaluates all such information and data and seeks independent

corroboration when it considers it appropriate and when it is reasonably available, the FME is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

### **Improper conduct by Master Fund**

Although the FME intends to employ reasonable diligence in evaluating Master Fund, no amount of diligence can eliminate the possibility that one or more issuers of such portfolio securities may engage in improper or fraudulent conduct, including improper accounting practices and valuations of assets.

### **Portfolio risk**

The Scheme, through the Master Fund, will have investments spread across industries, sectors and styles of investments. Poor performance by even a few of these investments could lead to adverse effects on the Scheme's overall returns. The Scheme could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

### **Investment selection**

Prospective investors will not have an opportunity to review the underlying investee companies or the terms of the Scheme's investments in the Master Fund prior to investing in the Scheme. The likelihood that Investors will realise any gain on their investment depends on the skills and expertise of the FME, the managers of the Master Fund and their respective investment teams who will make the decisions on behalf of the Scheme and Master Fund.

### **Performance risk of investee companies**

The investment performance of the Scheme will depend upon the performance of the Master Fund, which will depend upon the performance of the underlying investee companies. There can be no assurance that the investee companies will achieve profitable operations. The performance of the investee companies and the value of the Master Fund's interest in the investee companies may be adversely affected by numerous factors including, for example, (i) business, economic, and political conditions throughout the world; (ii) changes and advances in technology that may, among other things, render goods and services sold by the investee companies obsolete; and (iii) actual and potential competition from other companies and countries. Certain investee 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.

### **Emerging Market Risks**

Investment in emerging market securities and securities with emerging markets exposure involves a greater degree of risk than investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, more accounting or financial fraud, less favourable tax provisions, and a greater likelihood of severe inflation and economic instability, political risks, unstable currency, war and/or expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets/frontier markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for a security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for such securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed

countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the governments or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some emerging market securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risks.

### **Indirect investment in listed securities**

The Scheme, through its investment in Master Fund may make investments in listed securities. The fluctuation in the market price of listed securities of the portfolio companies is likely to have a direct bearing on the value of the Scheme's investment.

A substantial portion of the Master Fund may be invested in equity or equity-related investments which, by their nature, involve commercial, financial, market and/or legal risks. While such investments offer the opportunity for significant capital appreciation, they also involve a very high degree of risk that can result in substantial losses. There can be no assurance that the FME will correctly evaluate the nature and magnitude of the various factors that could affect the value of such Investments. Prices and market movements of the Investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Scheme's activities and the value of the Investments. As a result, the Scheme's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

### **Risk in relation to the investment money not being guaranteed returns**

None of the Scheme, the Trustee or the FME or their respective affiliates, employees, directors, partners, managers, officers, and / or agents can provide assurance that the Scheme will be able to generate returns for the Investors or that the returns will be commensurate with the risk of investing in the Scheme or the underlying investee entities and the transactions described herein. There can be no assurance that the Scheme's investment objectives will be achieved or that there will be any return of capital or guaranteed returns. Therefore, an Investor should invest in the Scheme only if it can withstand a total loss of the investment in the Units.

### **Limited opportunities**

The Scheme while pending may retain the same in cash or may invest in short-term or medium-term money market instruments or in fixed deposits or any such equivalent instruments. Such investments may substantially reduce the Scheme's overall return.

### **Indirect investment in equity shares**

The Master Fund may invest in equity shares of investee companies. Equity shares of a company entitle the holder to a pro rata share of profits of the company, if any, without preference over any other shareholder or class of shareholders, including holders of that company's preference shares, or other senior equity. Equity shares usually carry with them the right to vote and frequently an exclusive right to do so. Equity shares do not represent an obligation of the issuer, and do not offer the degree of protection of debt securities. The issuance of debt securities or preference shares by an issuer will create prior claims which could adversely affect the rights of holders of equity shares with respect to the assets of the issuer upon liquidation or bankruptcy. The market price for convertible bonds, which are typically bonds offering a stated interest rate that are convertible into equity shares at a specified price or conversion ratio, will tend to fluctuate in relationship to the price of the equity shares into which they are convertible.

### **Investments in new issues**

The Master Fund may purchase securities in an initial public offering of an equity security. If the Master Fund places market orders during an initial public offering, it risks receiving an execution substantially away from the market or offering price. This risk may be significantly reduced if a limit order is utilized. However, it is possible that a limit order will not be executed. In determining if and for how long it should hold new issue securities, the Master Fund must gauge whether other investors are likely to buy this stock on the secondary market and how long the attraction for the stock is likely to last as well as other factors. The market for these stocks is untested. Because the offering is on a first-time basis, there is generally no market information about the stock to help determine its value or its outlook.

### **Tracking errors and tracking difference risk**

Tracking error is defined as the standard deviation of the difference between the daily returns of the underlying index and NAV of the Scheme, this may happen due to certain factors such as the fees and expenses of the Scheme, corporate actions, cash balance, changes to the underlying index, regulatory restrictions and lack of liquidity. Hence it may affect the Scheme's ability to achieve close correlation with the underlying index of the Scheme. The Scheme's returns may therefore deviate from its underlying index. The FME would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize the tracking error to the maximum extent possible.

### **Risks associated with convertible instruments**

The Master Fund may make investments in fully, partially or optionally convertible securities that may be converted into or exchanged for a specified amount of equity instruments of the same or a different issuer within a particular period of time at a specified price or formula. Such convertible securities entitle its holder to receive interest that is generally paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than equity, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying equity due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying equity increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying equity). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying equity. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying equity approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying equity while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the investee company issuing it, at a price set out in the investment documents. If a convertible security held by the Master Fund is called for redemption, the Scheme will be required to permit the investee company to redeem the security, convert it into the underlying equity or sell it to a third party. Any of these actions could have an adverse effect on the Scheme's ability to achieve its investment objective.

### **Availability and ability to acquire suitable investments**

While the FME believes that many attractive investments of the type in which the Master Fund may invest can be identified, there can be no assurance that such investments will be available when the Master Fund commences investment operations, or that available investments will meet the Master

Fund's investment criteria. Furthermore, the Scheme and the Master Fund may be unable to find a sufficient number of attractive investment opportunities to meet its investment objective.

### **Net Asset Value considerations**

The NAV per Unit is expected to fluctuate over time with the performance of the applicable Investments. An Investor may not fully recover his initial investment when he chooses to partially/completely exit from its Units if the NAV per Unit at the time of such exit is less than the subscription price paid by such Investor.

### **Indebtedness of the scheme**

The Scheme may incur indebtedness subject to the Applicable Laws. Certain restrictions shall apply to incurrence of indebtedness by the Scheme. The Scheme may also use the Scheme's assets, respectively, to secure any permitted indebtedness. To that extent the rights of lenders making loans to the Scheme will be senior to those of the investors, and the terms of any borrowings may contain provisions that limit distributions to the investors or certain other activities of the Scheme. Hence, the possibility exists of a partial or total loss of the Scheme's capital.

### **Illiquidity of investments due to corporate actions**

The gains/income of the Scheme is largely dependent upon the liquidity of the investments made by the Master Fund. The Master Fund may face potential risks on account of the illiquidity of any of its investments, which may arise from time to time, on account of various statutory or regulatory restrictions or restrictions pursuant to corporate actions undertaken by the investee companies which may include restrictions on transferability of the securities of such investee companies pursuant to applicable law. Any such restrictions on the disposition of the investee companies may disrupt the gains to and have an adverse effect on the net asset value of the Master Fund investments and in turn, the NAV of the Scheme. Such restrictions may also reduce the liquidity of the Scheme, and may cause a delay or suspension in redemptions.

### **Investment Expenses**

The investment expenses (e.g., expenses related to the investment and custody of the Master Fund's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other fees of the Master Fund (e.g., investment management fee and operating expenses) may, in the aggregate, constitute a high percentage relative to other investment entities. The Scheme will bear these costs regardless of its profitability.

### **Investment selection**

Prospective Investors will not have an opportunity to review the underlying investee companies or the terms of the Master Fund's investments in such underlying investee companies. The likelihood that Investors will realise any gain on their investment depends on the skills and expertise of the FME and their respective investment teams who will make the decisions on behalf of the Scheme. The FME of the Scheme has a set investment framework with multiple criteria for selecting investments along with a risk management framework. The FME of the Scheme will undertake to ensure that the investments selected are aligned with the Scheme's risk and return objectives.

### **Leverage Risk**

The Scheme may borrow for meeting temporary liquidity requirements, including redemptions, as permitted under the IFSCA FM Regulations. While such borrowings are intended to be temporary, the use of leverage exposes the Scheme to certain risks.

In the event that the assets of the Scheme do not generate returns in excess of the cost of borrowing, the overall returns to investors may be adversely impacted. Further, the obligation to service borrowings

may compel the Scheme to dispose of investments at unfavorable prices or within compressed timelines, which may not be aligned with the investment strategy.

Additionally, borrowing involves costs such as interest, fees, and charges, which will be borne by the Scheme and may reduce the distributable returns to investors. If the Scheme is unable to repay such borrowings when due, this could negatively affect the Net Asset Value (NAV) of the Scheme and may result in delays or shortfalls in meeting redemption requests.

### **Exit strategy**

The feasibility and terms of any proposed exit strategy for the Scheme in respect of its investments will depend in part on factors that are not within the control of the Scheme, at the time of the proposed disposition and the effect of applicable legislation and political and economic conditions. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favourable to the Scheme.

### **Performance risk of investee companies**

The investment performance of the Scheme will upon the performance of the underlying investee companies in which the Master Fund invests in. There can be no assurance that these investee companies will achieve profitable operations. The performance of the investee companies and the value of the Scheme's interest in the investee companies may be adversely affected by numerous factors including, for example, (i) business, economic, and political conditions throughout India and the world; (ii) changes and advances in technology that may, among other things, render goods and services sold by the investee companies obsolete; and (iii) actual and potential competition from other companies and countries. Certain investee 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.

### **Risks associated with money market instruments**

- Interest rate Risk: Price of a money market instrument generally falls when the interest rates move up and vice-versa. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.
- Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- Credit risk or default Risk: Credit risk is the risk that the issuer of a money market instrument may default on interest and/or principal payment obligations. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer.
- Liquidity & Settlement Risk: The liquidity of a money market instrument may change, depending on market conditions leading to changes in the liquidity premium attached to the price of such securities. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio. Different segments of the financial markets have different settlement cycle/periods, and such settlement cycle/periods may be impacted by unforeseen circumstances, leading to settlement risk. This can adversely affect the ability of the Fund to swiftly execute trading strategies which can lead to adverse movements in NAV.

- Reinvestment Risk: Interest rates may vary from time to time. The rate at which intermediate cash flows are reinvested may differ from the original interest rates on the security, which can affect the total earnings from the security.
- Prepayment Risk: The Scheme may receive payment of monthly cashflows earlier than scheduled, which may result in reinvestment risk.
- Market Risk: Lower rated or unrated securities are more likely to react to developments affecting the market as they tend to be more sensitive to changes in economic conditions than higher rated securities,

### **Risks upon disposition of investments**

In connection with the disposition of an investment, the Scheme may be required to make representations about the business and financial affairs (including tax) of the investee company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws.

### **Portfolio diversification risk**

The Scheme will make investments in accordance with **SECTION III: INVESTMENT OBJECTIVES, STRATEGY AND PROCESS** and may not have a high degree of diversification in its investments by geographic region or asset type. Poor performance by even a few of these investments could lead to adverse effects on the returns received by the Investors. The Scheme could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including due to default of the issuer.

### **Minority stake**

The Master Fund may be a minority investor in investee companies and as such may be unable to protect its interests effectively. Opposition of management or existing investors of investee companies, especially in the absence of an effective legal framework to protect minority shareholder's rights, could jeopardise the Master Fund's strategy of acquiring small initial investments with a view to acquiring more significant stakes in the future. Further, over a period of time, an investee company may raise additional capital and in the event the Master Fund does not participate in these follow-on rounds of funding, it may result in dilution of the stake held by the Master Fund in that investee company.

### **Forward-looking and other statements**

This Offer Document contains forward-looking statements and other statements concerning prior performance of FME and / or existing funds which information has neither been audited nor reviewed by accountants and is merely a good faith estimate. These statements reflect the FME's views with respect to future events and past performance. Actual results could differ materially from those contained in these statements as a result of factors beyond the Scheme's control. Investors are cautioned not to place undue reliance on such statements.

### **Asset class risk**

The equity market and the prices of various stocks may fluctuate widely based on a variety of factors including global macro-economic conditions, and stock specific factors. Because the Scheme's performance is linked to the performance of equities which can be volatile at times, investors should consider purchasing units of the Scheme only as part of an overall diversified portfolio and should be willing to assume the risks of potentially significant fluctuations in the value of the Scheme.

### **Risk of news announcements**

News announcements may impact the price of equities. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the stock/equity. The Scheme's investments may be adversely affected by such news announcements.

### **Risk of rumours**

Although the FME of the Scheme is expected to be wary and will not act based on rumours, rumours about the price of a stock at times float in the market through word of mouth, newspaper, websites or news agencies, etc. Such rumours may have an adverse impact on the Scheme's investments.

### **No assurance of returns**

The Investors are not being offered assured returns or redemption, and there will be no recourse to the Trustee or the FME. Accordingly, the ability of the Scheme to pay returns on or redeem the Units will depend on the realisations from investments. The funds available for distributions on the Units, as well as upon termination/liquidation of the Scheme, will be limited to the balance of the Investments after meeting all liabilities and obligations.

### **Risk associated with unspecified investments**

Other than as specifically set out elsewhere in this Offer Document, the investments that will be made by the Scheme, have not yet been identified. The activity of identifying, completing and realising attractive investments is highly competitive and involves a high degree of uncertainty. Because the investments have not been identified, potential investors (i) do not know what investments will be made, (ii) cannot assess the manner in which the team of the Scheme determines that the Scheme's investments will meet the Scheme's investment objectives, (iii) cannot assess the terms of financing that will be used for the investment acquisition, if any, and therefore, (iv) cannot assess whether the investments will yield a positive return to the Scheme. As a result, investors face risks and uncertainties with respect to the selection of investments and will be relying on the ability of the team of the FME of the Scheme to find and close suitable future investments using the proceeds of this offering. No assurance can be given that the Scheme will be successful in obtaining suitable investments. The making of investments requires extensive due diligence activities and may require regulatory approvals prior to acquisition. When exercising its discretionary investment management powers, the team of the FME of the Scheme is reliant on information and data made available to it and/or its service providers. Although the team of the FME of the Scheme may evaluate such information and data and seek independent corroboration when appropriate and available, it is not in a position to confirm the completeness, genuineness or accuracy of such information and data. Such level of due diligence may not, however, reveal all matters and issues, material or otherwise, relating to prospective investments.

Even if the investments of the Scheme are consummated and successful, they may not produce a realised return to the investors, for a number of years. Accordingly, an investment in the Scheme should only be considered by persons who do not require current income and can afford a loss of their entire investment.

### **Risks of investments in foreign securities**

Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the Greater China region and abroad) or changed circumstances in geo-political dealings between nations. Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Scheme assets and any effects of foreign social, economic or political instability. In addition, changes or modifications in existing judicial decisions or in the current positions of the tax authorities of foreign countries, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive

effect), and the passage of new legislation, could lead to unfavourable treatment of certain overseas investments which could adversely impact the Scheme's returns.

### **Accounting standards; Due diligence**

Generally accepted accounting standards and practices in other countries where the Scheme may make overseas investments in accordance with the IFSCA FM Regulations, may differ significantly from those practiced in other countries, which may affect the Scheme's evaluation of potential investments and ability to perform due diligence. The financial information appearing on the financial statements of a company may not reflect its financial position or the results of its operations in the way that they would be reflected if the financial statements had been prepared in accordance with generally accepted accounting principles in other jurisdictions.

In addition, the scope and nature of the Scheme's due diligence activities in connection with its investments will be more limited than due diligence reviews conducted in more developed economies because, among the other factors listed in this paragraph (a) certain information is unavailable or prohibitively costly to obtain and/or (b) the information that is available is generally less reliable and less detailed than financial information that is typically available to investors in western countries. While the FME of the Scheme is expected to conduct due diligence in connection with each asset purchase, no assurance can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

### **Risks of natural disasters and invocation of force majeure**

A natural disaster or any other force majeure event may also impact the operations of the Scheme's investments. The nature and level of natural disasters and/or force majeure event cannot be predicted and may be exacerbated by global climate change. A portion of the Scheme's investments may rely on items assembled or produced in areas susceptible to natural disasters and/or force majeure event and may sell finished goods into markets susceptible to natural disasters and/or force majeure event. A major disaster, such as an earthquake, tsunami, flood or other catastrophic event including other force majeure events could result in disruption to the business and operations of the Scheme's investments. Such losses may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. If a major uninsured loss occurs, the Scheme could lose both its investments and anticipated gains from such affected investments in any investee entities.

### **Multiple Levels of Fees and Expenses**

By investing in the Master Fund indirectly through the Scheme on account of "fund of fund" structure, the Investor will bear fees and expenses at the Scheme level, in addition to any fees and expenses at Master Fund level. Moreover, an Investor in the Scheme bears a proportionate share of the fees and expenses of the Scheme (including Operating Expenses) and, indirectly, similar expenses of the Master Fund. Thus, an Investor in the Scheme may be subject to higher operating expenses than if it had invested in the Master Fund directly which did not utilize a "fund of funds" structure.

### **Cyber Security Risk**

As part of their business, the FME, process, store and transmit large amounts of electronic information, including information relating to the transactions of the Scheme, and personally identifiable information of the Investors. Similarly, service providers of the FME, may process, store and transmit such information. With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Scheme, and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks.

The FME has procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such procedures cannot provide absolute security. The techniques used to obtain unauthorised access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the FME may be susceptible to compromise, leading to a breach of the FME's or the Scheme's systems. The FME's or the Scheme's systems or facilities may be susceptible to employee error or Malfeasance, surveillance or other security threats. On-line services provided by the FME or the Scheme, or any of their service providers, to the Investors may also be susceptible to compromise. Breach of the FME's or the Scheme's information systems may cause information relating to the transactions of the Scheme and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

If the Scheme / its FME/ a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Scheme and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

Cyber-attacks may interfere with the processing of investor transactions, impact the Scheme's ability to value its assets, cause the release of personally identifiable information of Investors or confidential information of the Scheme or impede or interrupt trading. Further, the loss of, improper access to, or improper disclosure of, the FME's or the Scheme's proprietary information may cause the FME or the Scheme to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention, fines, penalties, financial losses, reimbursement or other compensation costs, additional compliance costs or reputational damage. The Scheme could also incur substantial costs for cybersecurity risk management in order to prevent any cyber-attacks in the future. Any of the foregoing events could have a material adverse effect on the Scheme and the Investors' investments therein.

### **Environmental Risk**

The operations of underlying investee companies in which the Master Fund invests may be subject to numerous statutes, rules and regulations relating to environment protection. There is the possibility of existing or future environmental contamination, including soil, seawater and groundwater contamination, as a result of the spillage of hazardous materials or other bio-medical waste that may result from the normal operations of the investee companies, and such events may have an adverse financial impact on the value of investee companies, the Scheme.

Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. Indian courts have implemented the "Polluters Pay" principle in the field of environment law, whereby the person, company or industry responsible for the pollution, through the use or disposal of hazardous or toxic substance, either on, under or in a property, would be liable to restore the degradation of the property and the surrounding environment and compensate any victims thereby.

Any liability of investee companies resulting from non-compliance or other claims relating to environmental matters could have a material adverse effect on the value of such investments.

## **B. RISKS RELATED TO SCHEME STRUCTURE**

## **Diverse investor group**

The investors of the Scheme are likely to be a diverse group that may have conflicting investment, tax and other interests with respect to their investments in the Scheme. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Scheme, the structuring or the acquisition of investments and the timing of disposition of investments by the Scheme. As a consequence, conflicts of interest may arise in connection with decisions made by the FME of the Scheme, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, in particular with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Scheme, its FME will consider the investment and tax objectives of the Scheme and its investors as a whole, not the investment, tax or other objectives of any investor individually.

## **Lack of separate representation**

The legal counsel to the Scheme does not represent the Investors, and no legal counsel will be retained on behalf of the Investors. There may exist other matters which would have a bearing on the Scheme and/or the Trustee or any of its affiliates upon which the legal counsel to the Scheme has not been consulted. The legal counsel to the Scheme does not undertake to monitor compliance of the Scheme or the Trustee or the FME with the terms set out herein, nor does it monitor compliance with Applicable Laws including the IFSCA FM Regulations. Additionally, the legal counsel to the Scheme relies upon information furnished to it by the FME and does not investigate or verify the accuracy or completeness of information set out herein concerning the Scheme, the Trustee or the FME.

The FME shall ensure compliance by the Scheme with the IFSCA FM Regulations and that Applicable Laws in respect of the operations of the Scheme are adequately complied with, and the statements furnished by the FME with respect to the Scheme are accurate and regularly updated.

## **Liability for return of distributions**

In the event that the Scheme is otherwise unable to meet its obligations, the Investors may, under Applicable Law, be required to return distributions previously received by them including any wrongful payment to them.

While the nature of obligations that may be undertaken by the Scheme is contingent on a host of factors beyond the reasonable control of the FME, the FME shall endeavour to effectively plan such obligations of the Scheme to minimise any adverse impact on the Scheme's returns.

## **Reliance on service providers/intermediaries**

The Scheme may either directly or through their respective trustees or FME, may engage a variety of service providers, including but not limited to those in the areas of legal, tax, accounting, banking etc. In the event any such persons have any adverse development which affects the performance of their duties, or they breach any of the terms of their engagement, the Scheme may be posed with a risk which may be significant. Further, there can be no assurance that reliance on such service providers for their services (including opinions on specific matters) would be in the best interests of the Scheme and its Investment Objective.

In order to mitigate this risk, the Scheme or the Trustee or the FME, as the case may be, would endeavour to engage appropriate service providers for the concerned service, based on internal review and monitoring mechanisms. It is hereby clarified that the outsourcing of non-core business activities by the FME to third parties shall be in accordance with Applicable Laws.

## **Reliance on the FME**

There can be no assurance that the Scheme will be able to implement its respective investment strategy and investment approach or achieve its investment objective or targeted returns or that an Investor will receive a return on its capital.

The judgments of the expected performance of the FME of the Scheme cannot be extrapolated from the past performance of the key managerial personnel of investment team. There can be no assurance given that the FME of the Scheme will be able to identify and evaluate all the risks associated with a proposed investment.

The success of the Scheme, will depend upon the ability of the FME to source, select, complete and realise appropriate investments. With specific reference to the Scheme, the FME will have considerable latitude in its choice of assets to invest in and the structuring of investments, subject to the investment parameters set forth in the Trust Documents.

### **Dependence on key personnel**

The Scheme will be largely dependent upon the experience and judgment of its FME and its investment team for selection of suitable investments. The loss of one or more of the key members could have a material adverse effect on the returns of the Scheme. The key managerial personnel is not under any contractual obligation to remain with the FME of the Scheme for all or any portion of the term of the Scheme. The key managerial personnel will commit suitable amount of its business efforts as may be necessary to the Scheme, though it is not required to devote all of its time to the affairs of the Scheme. The time commitment of such key managerial personnel shall be allocated between the Scheme and other funds and advisory, consultancy and management activities conducted by them, as described earlier. The inability of the FME of the Scheme to attract and retain the required talent pool may also adversely affect the performance of the Scheme.

Thus, in making an investment decision, each Investor must consider that personnel associated with the FME of the Scheme may leave or may be terminated at any time, with or without cause, thus potentially adversely affecting the business activities of the Scheme.

### **Indemnification**

The Investment Management Agreement provides for indemnification of the Indemnified Persons for any and all actions, claims, damages, settlement payments, losses and liabilities, suits or proceedings, whether civil, criminal, administrative or investigative, arising in connection with the Investment Management Agreement, unless resulting from the Indemnified Person's Malfeasance.

Indemnification of the FME and its shareholders, directors, etc. as well as other parties, may impair the financial condition of the Scheme and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

As mentioned above, in the cases of indemnification obligations arising on behalf of the Scheme, the FME shall ensure that all indemnification obligations are met in accordance with the Trust Documents and Applicable Laws in relation, thereto.

In the event the Scheme has indemnification obligations, the Scheme will not be obliged to make redemption proceeds to enable the Investors to pay their taxes as a result of such income or gain allocations (even if the Scheme has income or gains for tax purposes). In such event, the Investors will have to utilize other resources to satisfy tax liabilities and cannot resort to dividends declared by the Scheme to assist in satisfying such tax liabilities.

### **Disclosure of confidential information**

The FME of the Scheme and/or certain investors may be required by law, regulation or otherwise to disclose certain confidential information relating to an investment or the Scheme. Such disclosure may affect the ability of the Scheme to realise or dispose of such investment or affect the price that the

Scheme is able to obtain upon any disposition or may otherwise adversely affect the Scheme and/or investors in the Scheme.

To the extent that the FME determines that information that an investor would otherwise be entitled to receive could be disclosed by such investor as a result of such investor being subject to laws in the nature of freedom of information acts, or as a result of it being a public authority or owned by a public authority or subject to public disclosure laws, statutes, statutory instruments, regulations or policies and the disclosure of such information would not be in the best interests of the Scheme, the FME shall have the right not to provide such investor with certain information that such investor would otherwise be entitled to receive or have access to.

### **FME termination risk**

Termination of the FME's appointment may occur pursuant to the terms of the Investment Management Agreement. Any termination of the FME's appointment as FME of the Scheme may have material adverse consequences for the Scheme in certain circumstances. Such consequences may include the acceleration of financing facilities made available to underlying investee companies or the triggering of a right for co-investors to acquire the Scheme's interest in a relevant investment where the terms of the relevant investment document provide for this.

### **Financial and tax situation risk**

The results of the Scheme's activities may affect individual Investors differently, depending upon their individual financial and tax situations because, for instance, of the timing of a cash distribution or of an event of realisation of a gain or loss. The FME will endeavour to make decisions in the best interests of the Scheme as a whole, but there can be no assurance that a result will not be more advantageous to some Investors over others.

### **Limited recourse**

The Investors shall have no recourse against the Settlor, the Trustee or the FME, as more particularly mentioned in the Indenture.

Recourse of the investors against the Settlor, the Trustee and / or the FME shall be subject to the Applicable Law.

### **Minimum subscription amount may be less than anticipated**

There is a risk that the Scheme may obtain subscriptions totalling less, and potentially significantly less, than the target size sought to be raised from investors. If the full amount of subscription is sought by the Scheme is not ultimately subscribed for, the amount and nature of investments contemplated by the Scheme may be adversely affected, the opportunity for diversification of the investments will be materially decreased, and the returns on those investments will likely be reduced as a result of allocating expenses among fewer investments. In addition, without broad diversification, the risk of loss to the Scheme is much greater.

## **C. REGULATORY RISK FACTORS**

### **Legal considerations**

Many of the fundamental laws in India and IFSC have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, laws often refer to regulations which have not yet been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them,

all of which can ultimately adversely affect the performance of the Scheme. Changes in laws and regulations (including accounting standards) (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which the Scheme will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and lead to increased legal costs and reduced returns. In particular, tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Scheme or its investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purports to have retroactive effect, may be introduced with little or no prior consultation. As such, the ability of the Scheme to secure the judicial or other enforcement of its rights may be limited.

The Scheme and FME will comply with all the relevant laws and regulations as and when they develop. The FME is also expected to monitor for any changes in law/regulations applicable to investee companies and assess its impact on its value. Accordingly, the portfolio will also be rebalanced.

### **Government approvals**

Certain Indian governmental approvals, including approvals from IFSCA have been obtained for the Scheme to make investments. It is possible that such approvals may not continue in the future and though the FME of the Scheme expects the existing approvals to continue, the FME cannot be certain that these approvals will so continue. The Scheme will operate under Indian laws and securities regulations. If policy announcements or regulations are made subsequent to this offering, which warrant retrospective changes in the structure or operations of the Scheme, these may adversely impact the performance of the Scheme.

The Scheme and its FME are expected to ensure that they are in full compliance with and have all the necessary approvals required in accordance with Applicable Laws including by IFSCA (and any other regulator in charge), as and when any changes in policy or regulations are made.

Any investigations of, or actions against the Scheme, its trustee and the FME initiated by IFSCA, or any other regulatory authority may impose a ban of the investment activities of the Scheme or its trustee or the FME.

### **Enforcement risk**

While Indian laws provide for specific performance of contractual obligations as well as claims for damages in the event of breach of contract, and property rights may be enforced through the Indian judicial system, laws regarding the rights of creditors and the obligations of purchasers or lessees of property are significantly less developed in India than in the other developed countries and may be less protective of rights and interests. It may be difficult to obtain swift and equitable enforcement of such laws or to obtain enforcement of a judgment in a local court.

### **Indian foreign exchange laws**

Investments by Indian residents (individuals or entities) in the Scheme may be made under the Liberalised Remittance Scheme (LRS) prescribed by the Reserve Bank of India (RBI) or under the Overseas Portfolio Investment (OPI) route as permitted under the Foreign Exchange Management Act, 1999 and applicable rules, regulations, and directions issued thereunder.

Such investments are subject to evolving regulatory frameworks and restrictions, including eligibility criteria, sectoral limits, procedural conditions, reporting requirements, and caps on remittances/investments. Any change, clarification, suspension, or withdrawal of the LRS or OPI route by the RBI or other competent authority may adversely impact the ability of investors to make further investments in the Scheme, redeem their existing investments, or repatriate proceeds back to India.

Further, any non-compliance with the applicable foreign exchange control laws by the investors may expose them to regulatory action, penalties, or other consequences, which may also affect the Scheme's ability to accept or process such investments. The Scheme, FME, and its affiliates shall not be responsible for ensuring investor compliance with the applicable LRS or OPI guidelines.

Investors are advised to consult their own legal and regulatory advisors to determine their eligibility and compliance obligations before making any investment in the Scheme under the LRS or OPI route.

### **Risk mitigation measures for regulatory risks**

While regulatory risks are beyond the control of the FME, the FME shall ensure that it attempts to the best of its abilities to ensure that the performance of the Scheme is as per the investment strategy and objectives of the Scheme, and will be proactive in adopting remedial measures in the face of regulatory risks to effectively mitigate the same, by either revising the investment strategy, deal flow, getting expert assistance, or legal assistance to realign investment aspirations and existing deals with the prevalent laws, regulations and tax provisions.

## **D. GENERAL RISK FACTORS**

### **Political, social and economic risks**

The value of the Scheme's investments may be adversely affected by potential political and social uncertainties in India. Certain developments which are beyond the control of the FME of the Scheme, such as the possibility of nationalisation, expropriations, confiscatory taxation, political changes, government regulation, social instability, terrorist activities, diplomatic disputes or other similar developments, could adversely affect the Scheme's investments.

In addition, economy of various jurisdictions may differ favourably or unfavourably from other economies in several respects, including the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position.

The Scheme is not expected to obtain political risk insurance. Certain developments (such as the possibility of nationalisation, expropriations or taxation amounting to confiscation, political changes, Government regulation, social instability, diplomatic disputes or other similar developments), which are beyond the control of the Scheme and its FME, could adversely affect the Scheme's investments.

While the political and social risks are beyond the control of the FME of the Scheme, it is expected to ensure that the investments are planned based on an overall visibility of the tentative political and social risks that may arise, and for which there is adequate knowledge present in the public domain.

### **Investments in the Greater China Region**

The Scheme may invest directly or indirectly in securities, funds, or other instruments domiciled in or linked to the Greater China region. Such investments are subject to various risks, including economic, political, legal, and regulatory risks associated with the Greater China region. These include, but are not limited to, risks arising from changes in interest rates, inflation, currency fluctuations, monetary and fiscal policy, and Chinese trade or foreign investment policies.

The Chinese market is subject to comprehensive regulatory oversight, primarily by the authorities such as the China Securities Regulatory Commission (CSRC), Asset Management Association of China (AMAC), the National Development and Reform Commission (NDRC), Ministry of Commerce (MOFCOM), Cyberspace Administration of China (CAC), and other national agencies responsible for security, antitrust, and foreign investment oversight.

In particular, the Scheme may face limitations on access to certain sectors or securities due to foreign investment caps or requirements to invest through specific programs such as the Qualified Foreign Institutional Investor (QFII) scheme or Stock Connect. These mechanisms may be modified,

suspended, or terminated without notice, potentially affecting the Scheme's ability to maintain or adjust its investments.

Furthermore, geopolitical tensions, economic sanctions, or changes in foreign policy, particularly involving the U.S. or other Western countries, could impact market sentiment or result in restrictions that limit the Scheme's ability to invest in or exit Chinese assets.

Political risk is a key consideration in Taiwan, given the ongoing cross-strait tensions with mainland China. Escalation in geopolitical conflict or deterioration in diplomatic relations could lead to market volatility, regulatory changes, sanctions, or restrictions on cross-border investments involving Taiwanese entities.

Hong Kong's economy and financial markets are also deeply intertwined with mainland China, which may subject the Scheme's investments to spillover risks stemming from regulatory actions, economic performance, or geopolitical tensions involving the PRC. Changes in investor sentiment, capital flows, or international sanctions regimes could negatively impact market liquidity and valuations.

There can be no assurance that investments in the Greater China region will result in positive returns for the Scheme. Investors are advised to consider the inherent risks and evolving regulatory landscape in the Greater China region prior to making any investment.

### **Global financial market volatility and financial instability**

The fluctuations and uncertainties in the financial markets in the Greater China region and elsewhere around the world could adversely affect the returns of the Scheme. Recently, concerns over monetary tightening, currency risks, inflation, energy costs, geopolitical issues and the availability and cost of credit have contributed to increased volatility and diminished expectations for the Greater China region and world economy and the financial markets going forward.

Although economic conditions are different in each country, investors' reactions to developments in one country may have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in financial markets. Financial disruptions may occur and could harm investee companies' business or their future financial performance, which will in turn affect the Scheme's investments and returns. It is not possible to predict how long current economic conditions will continue, whether the financial markets and economic conditions will continue to deteriorate or the magnitude of the long-term impact, if any, of such conditions on the financial markets, and economic conditions generally.

While the global financial market volatility and financial instability are beyond the control of the FME of the Scheme, it is expected to ensure that the investments are planned based on an overall visibility of the tentative global financial market volatility and financial instability, that may arise, and for which there is adequate knowledge present in the public domain.

### **Risk of sanctions**

Sanctions may be imposed by other countries on trade and this may have an adverse impact on the value of underlying investee companies in which the Scheme invests.

Monitoring (global events/foreign policy/macro news) relevant to invested companies will be incorporated into the Scheme's daily operations. The FME of the Scheme will evaluate any such event and take the appropriate action needed for maximising investor value and meeting the Scheme's objectives.

### **Enforcement of foreign awards in India**

The Indian legal system has certain limitations in respect of enforcement of foreign awards in India (IFSC). Courts in India including GIFT City may not enforce a provision of securities laws of any

jurisdiction that is either penal in nature or contrary to public policy. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, is unlikely to be entertained by Indian courts. Specified remedies available under any jurisdiction, if they are considered to be contrary to Indian public policy, would not be available under Indian law or enforceable by Indian courts.

Further, foreign judgments rendered by a superior court in any country or territory outside of India may only be recognised in India if such territory has been notified and/or declared to be a reciprocating territory by the Government of India. The enforceability of such judgments is subject to certain exceptions under the Civil Procedure Code as regards its conclusiveness on any matter directly adjudicated upon.

If a judgment of a foreign court is not enforceable, a suit would have to be filed based on the judgment.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if in its view, the amount of damages awarded are excessive or inconsistent with public policy or practice in India. It is difficult to predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to untimely delay.

Since, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available in India, enforcement by the Scheme of civil rights under the laws of a jurisdiction other than India may be adversely affected considering that they may have significant assets in India and the enforcement of the rights against such assets in India will be subject to the delays and other limitations of the Indian judicial system.

### **Segregation of assets**

The Trustee has a fiduciary duty to ensure segregation of assets of any other funds which are held in trust or may be held so by it from the assets of the Scheme. While the liabilities shall be segregated on a Class-by-Class basis, it should be noted that the assets and liabilities of each Class within the Scheme are subject to apportionment of assets and liabilities between Classes and are not segregated from those of other Classes. However, it may be possible that in the case of a third-party suit or regulatory action against the Trustee with respect to the liability of any other such aforementioned Scheme or under any other circumstances, the Trustee may not be able to protect the assets of the Scheme against such third party suit or regulatory action and would not maintain segregation of assets of the Scheme.

## **E. CURRENCY RELATED RISKS**

### **Impact of currency fluctuation from investments by the Scheme**

The Scheme's assets will be ultimately invested in securities that are primarily quoted or denominated in USD. The value of the Scheme's assets and the liquidity of the Units may also be affected by developments relating to exchange control regulations. There can be no assurance that future restrictions on the ability to exchange USD to such other foreign currency, and to repatriate income and capital will not adversely affect the ability of the Investee Companies to repatriate their income and capital. Furthermore, in the past the exchange rates have been subject to significant fluctuations and there can be no assurance that they will be stable. The USD may experience volatility and may further depreciate. The manager of the Scheme may adopt suitable currency hedging strategies to mitigate the risk. While such hedging arrangements would impose additional cost upon the Scheme, they may not necessarily yield the desired benefit.

## **F. TAX RISKS**

Investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Scheme are subject to change, and tax liabilities could be incurred as a result of such changes. The

tax consequences of an investment in the Scheme are complex, and the full tax impact of an investment in the Scheme will depend on facts and circumstances of each case. Further, the information relating to Indian taxation legislation contained in this offer document is based on Indian domestic taxation law along with the rules and regulations made thereunder and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein.

Accordingly, prospective Investors are strongly urged to consult their tax advisors with specific reference to their own situations. There are certain aspects such as characterisation of income, applicability of provisions of GAAR, etc. that could impact taxation of the Scheme. Also, there could be tax risk associated with redemption of the units of the Scheme. Please also refer the “Tax considerations” under section X of the offer document for key tax risks associated to the Scheme and its investors.

Potential investors should consult their own tax advisors regarding the potential tax consequences of an investment in the Scheme.

### **1. Change in tax laws**

Investors are subject to a number of risks related to Tax matters. In particular, the Tax laws relevant to the Scheme are subject to change, and Tax liabilities could be incurred as a result of such changes. The Tax consequences of an investment in the Scheme are complex, and the full tax impact of an investment in the Scheme will depend on facts and circumstances of each case. Further, the information relating to Indian taxation legislation contained in this Offer Document is based on Indian domestic taxation law along with the rules and regulations made thereunder and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. The tax laws relevant to the Scheme/ Investors and its interpretations may change in the future, and tax liabilities could be incurred by Investors as a result of such changes. Any such changes, which could also be retrospective or retroactive, can have an effect on the validity of the information stated herein as also adversely affect the ability of the Scheme to meet its investment objective or of the Unit Holders to receive desired returns.

### **2. Representative Assessee**

Under section 160(1)(iv) of the ITA, Trustee appointed under a trust declared by a duly executed instrument in writing, who receives or is entitled to receive any income on behalf of or for the benefit of any person as per such instrument, would be regarded as a ‘representative assessee’. Further, section 161 of the ITA dealing with liability of representative assessee provides that every representative assessee (the Trustee in this instance) shall be subject to the same duties and responsibilities and liabilities as if he received the income beneficially and shall be liable to assessment in its own name as representative assessee of the beneficiaries. Thus, the Trustee of the Scheme could be assessed to tax with respect to income earned by the Scheme.

The tax liability at any point of time as may be assessed by tax authority could be at variance from tax provision /reserve made or tax paid by the Trustee in capacity of representative assessee. In such an eventuality as per provisions of the deed, trustee is authorised to pay the same out of the existing Trust / Distributable Proceeds.

Further, a trust is not treated as a “person” under Indian tax laws. In case the trust is treated as such (e.g., Association of Persons, Body of Individuals, etc.), incremental tax liability on that count cannot be ruled out.

### **3. Reserve for tax liabilities**

The Scheme may retain certain amounts towards tax provision (including towards retention of tax reserves) at the time of providing an exit to a Beneficiary for payment of any taxes, actual or potential.

Further, tax provision may be made at the time of exit of a Beneficiary which may not match with eventual tax liability/provision at the Scheme level. The amount of tax provision will be utilised at the time of determination of eventual tax liabilities at the Scheme level and any shortfall / excess shall be to the account of existing Beneficiaries in the Scheme at the time of determination of such liabilities at the Scheme level.

In case of winding up of the Scheme, the FME has discretion to retain certain amount towards tax reserve for any existing or potential tax liabilities even after winding up of the Scheme.

#### **4. General Anti-Avoidance Rules ('GAAR')**

The GAAR provisions provide that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified tests (i.e., arrangement is not in arm's length, misuse or abuse of tax laws, lacks or is deemed to lack commercial substance or not carried out for bona fide purpose) can be declared as an "impermissible avoidance arrangement". Under the GAAR provisions, in case a transaction is regarded as an impermissible avoidance arrangement then the tax authorities are empowered to disregard, combine or recharacterize the arrangement, etc.

The provisions of GAAR would be applicable to any transaction undertaken on or after April 01, 2017 i.e., from Financial Year 2017-18 onwards.

There is no precedence on how GAAR will be implemented by Indian tax authorities. Accordingly, prospective Beneficiaries are strongly urged to consult their tax advisors with specific reference to their own situations.

#### **5. Segregation of assets**

The Trustee has a fiduciary duty to ensure segregation of assets of any other funds which are held in trust. However, it may be possible that in the case of a third-party suit or regulatory action against the Trustee with respect to the liability of any other such aforementioned fund or under any other circumstances, the Trustee may not be able to protect the assets of the Scheme against such third-party suit or regulatory action and would not maintain segregation of assets of the Schemes.

#### **6. Risk of Tax status being challenged**

As per section 2(31) of the ITA 'trust' is not regarded as a separate taxable person. Income of the Scheme is taxable in hands of the trustee as a representative assessee under provisions of section 160 to 167 of the Act. However, the possibility of Income tax authorities alleging the trust / Scheme to be a separate taxable person (such as AOP/ BOI, etc.) cannot be ruled out. In such a case, the tax implications stated in Tax Consideration section could be materially different, depending on alleged 'person' status.

#### **7. Characterization of income – Business income v. Capital Gains**

Gains arising from the transfer of securities held by the Scheme may be treated either as "capital gains" or as "business income" for Tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade). The Scheme intends to hold these securities as stock in trade and subject to the Scheme at the applicable maximum marginal rate. The term "maximum marginal rate" as defined under the ITA means the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, Association of Person ('AOP') or, as the case may be, Body of Individual ('BOI') as specified in the Finance Act of the relevant year. As per the latest provisions of the ITA, in case of Individuals/AOP/BOIs, the income-tax rate applicable on the highest slab of income could be 42.744% under the old tax regime and 39.00% as per the provisions of section 115BAC (which shall be the default tax regime from AY 2024-25 onwards) of the ITA. Therefore, there needs to be an evaluation on the interpretation of MMR.

#### **8. Minimum Alternate Tax ('MAT') for Corporate beneficiaries:**

With respect to the corporate assessee, the income distributed by the Scheme shall be credited to the profit and loss account prepared by corporate beneficiaries. As discussed at length under the tax consideration paragraph, once the income is taxed in the hands of the trustee (as a representative assessee), there should not be any further tax implications on subsequent distribution of the said income by the Scheme in the hands of the beneficiaries (subject to MAT).

In view of the above, income distributed by the Scheme, may be subject to tax under MAT provisions in the hands of the corporate beneficiaries, even where such income has already been taxed in the hands of trustee (as a representative assessee).

Having said the above, the possibility of the tax authorities taxing such distribution to MAT, without giving effect to the tax paid at the Scheme level cannot be ruled out. MAT provisions may not apply if the assessee opts for other tax regimes (i.e., section 115BAA and 115BAB).

## **9. Tax credits in favour of Unit Holder(s)**

The Scheme proposes to pay tax on its own permanent account number ('PAN') and not on each Contributor's PAN. Therefore, such tax will not appear in Form 26AS of the Unit Holder and the tax authorities may not necessarily allow tax credits to the Contributors on the taxes paid, if any, at the Scheme level.

## **10. Multilateral Convention to implement DTAA related measures to prevent Base Erosion and Profit Shifting ('MLI') and its impact on the Trust/ Fund / its Investors/ Portfolio Investments and risks associated with it**

Prospective non-resident Unit Holders should be aware that on 7 June 2017, several countries signed a multilateral convention implementing tax treaty related measures arising from the OECD's "Action Plan on Base Erosion and Profit Shifting" or "BEPS" initiative. The effect of the multilateral convention will be to amend the terms of existing bilateral tax treaties between the signatory states (once ratified domestically by the relevant states) to introduce either a "principal purpose" or "limitation on benefits" restriction (or, in some cases, both) into the existing tax treaties in force between the signatory states. This could result in additional reporting and disclosure obligations for Unit Holders and/or the Scheme and/or additional tax being suffered by the Contributors, the Scheme and/or Portfolio Investments, which may adversely affect the returns for Contributors. Prospective Unit Holders should also note that, although the BEPS final reports were published on 5 October 2015, there is still considerable uncertainty surrounding the application of the recommendations made to investment fund vehicles such as the trust/fund/scheme and how individual countries will seek to apply the principal purpose or limitation on benefits provisions to investment fund vehicles.

The Union Cabinet of India issued a press release dated 12 June 2019 approving the ratification of the MLI to implement tax treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty.

## **11. Income Computation and Disclosure Standards (ICDS)**

Taxability of the income for all taxpayers, following mercantile system of accounting and offering its income to tax under the head 'Profits and gains from business and profession' and 'Income from other sources', needs to be analysed under the ICDS framework. The provisions of ICDS could affect the taxability as well as the timing of taxability of the income in the hands of Scheme and could lead to adverse tax consequences.

## **12. Proposed change in the Indian Income-tax Act**

The Government of India intends to replace the current ITA with new Income-tax Act, 2025 which will come into force on 1 April 2026. At this stage, no views are being expressed on the provisions of the

new legislation. Furthermore, there can be no assurance regarding the potential impact of the new Income-tax Act, 2025 on the Scheme or its underlying investments.

Unit Holders are urged to consult their own tax advisers with respect to their particular tax situations and the tax effects of an investment in the Scheme.

### **13. Risk of Tax Audit**

Audit of the Scheme by Indian tax authorities could result in adjustments to the tax consequences initially reported by the Scheme and may result in an audit of the returns of some or all of the Investors, which examination could affect items not related to Investor's investment in the Scheme. If audit adjustments result in an increase in an Investor's income tax liability for any year, such Investor may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Scheme's tax returns will be borne by the Scheme. The cost of any audit of Investor's tax return will be borne solely by that Investor.

Litigation matters in India tend to take a long time to reach finality, which can result in significant cost stacking up in the form of interest and penalty on the taxes due and cost of litigation, if the matter were to be ultimately decided against the taxpayer.

Please note that the Indian income tax authorities could levy additional tax liabilities in addition to the tax amounts already discharged by Scheme if they treat the taxation of trust in a manner not akin to the manner followed by the Scheme. Since, the Scheme would ideally distribute the surplus funds to the Investors, if the funds available with the Scheme are insufficient to meet the additional Tax liability, the Trustee / FME reserves the right to collect/recover the additional Tax liability from the Investors.

The foregoing risk factors and conflicts do not purport to be a complete explanation of all of the risks involved in this offering. Potential investors should read this Offer Document and Trust Documents in their entirety before determining whether to subscribe for Units.

Please refer to the “**Taxation of the Scheme**” under “**SECTION X: LEGAL, REGULATORY AND TAX CONSIDERATIONS**” of the Offer Document for key tax risks associated to the Scheme and its investors.

## **G. RISK MITIGATION STRATEGIES**

<b>Risk Type and Description</b>	<b>Risk mitigants / management strategies</b>
<b>Tracking Error:</b> The performance of the Scheme may not be commensurate with the performance of the underlying benchmark index on any given day or over any given period, referred to as tracking error.	The FME would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible. The FME will endeavor to maintain low cash levels to minimize tracking error.
<b>Liquidity risk:</b> The liquidity of the Scheme's investments is inherently restricted by the trading volumes in the securities in which the Scheme invests as per the underlying Master Fund.	As such the Scheme would look to invest in the Master Fund which has relatively large corpus and have had good liquidity in the past. The Scheme will try to ensure that the average daily trading volumes of the Master Fund are significantly higher than the average redemptions anticipated, thus reducing liquidity risk as well as impact cost on transactions.
<b>Market Risk:</b> The Scheme is vulnerable to movements in the prices of securities invested by	Market risk is inherent to an equity scheme. Being a passively managed scheme, it will invest

the Scheme, which could have a material bearing on the overall returns of the Scheme	in the securities included in its underlying Master Fund..
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## SECTION IX: RISK PROFILING FOR VARIOUS INSTRUMENTS

Instruments	Definition	Risk Profile
Equity Securities	Equity instruments which are listed on recognized stock exchange for purchase and sell.	High

### Other Securities

Instruments	Definition	Risk Profile
Fixed deposit	A fixed deposit (FD) is a tenured deposit account provided by banks or non-bank financial institutions which provides investors a fixed rate of interest for given maturity period.	Low
Money market securities	Money market securities includes commercial papers, commercial bills, call or notice money, certificate of deposit, usance bills, and any other like instruments having maturity up to 1 year.	Low to Medium
Government securities and treasury bills	Government securities and Treasury bills are debt instruments used by the government to borrow money from the public to meet their fiscal requirements.	Low
Certificate of Deposits	Certificate of Deposit (CD) is a negotiable money market instrument issued against funds deposited at a bank or other eligible financial institution for a specified time period.	Low to Medium
Cash & Cash Equivalent	Cash and Cash Equivalents will include following securities having residual maturity of less than 91 Days: 1. TREPS, 2. Treasury Bills, 3. Government securities, and 4. Repo on Government Securities and any other securities as may be allowed under the regulations prevailing from time to time.	Low

The above is only an intended allocation to the securities. The FME may invest beyond the range and securities set out in the indicative asset allocation table in the best interest of the Investors.

## **SECTION X: LEGAL, REGULATORY AND TAX CONSIDERATIONS**

**THIS SECTION IS ONLY A SUMMARY OF THE APPLICABLE LAWS WITH REGARDS TO THE SCHEME AND IS NOT A COMPREHENSIVE DISCLOSURE REGARDING ALL LAWS AND REGULATIONS APPLICABLE TO THE SCHEME AND THE MASTER FUND, THE SCHEME AND ITS MASTER FUND. IN ADDITION TO THE LAWS PROVIDED IN THIS SECTION, INVESTMENTS BY THE SCHEME, MASTER FUND MAY ALSO BE GOVERNED BY VARIOUS OTHER LAWS AND REGULATIONS IN OTHER JURISDICTIONS, WHICH MAY GIVE RISE TO ADDITIONAL APPROVAL REQUIREMENTS, COMPLIANCES, DISCLOSURES ETC. WHICH WILL HAVE TO BE COMPLIED WITH BY THE SCHEME AND/OR THE MASTER FUND. FOR A MORE DETAILED LIST OF THE SAME, INVESTORS ARE ADVISED TO REFER TO THE SCHEME DOCUMENTS OF THE MASTER FUND.**

**PLEASE NOTE THAT THE SUMMARY OF THE REGULATORY CONSIDERATIONS IN THIS SECTION IS BASED ON THE CURRENT PROVISIONS OF THE LAWS OF INDIA AND THE REGULATIONS THEREUNDER, AND THE JUDICIAL AND ADMINISTRATIVE INTERPRETATIONS THEREOF, IN EACH CASE AS ON SEPTEMBER 2025, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT REGULATORY IMPLICATIONS AND SUCH CHANGES WILL BE WITHOUT ANY NOTICE OR OPPORTUNITY OF BEING HEARD AND CAN BE EFFECTIVE ANY TIME.**

**ALL PROSPECTIVE INVESTORS ARE REQUESTED TO READ THE LEGAL AND REGULATORY CONCERN MENTIONED BELOW.**

### **THE INDIAN TRUSTS ACT, 1882**

The Scheme /Trust has been set up as a irrevocable trust under the Indian Trusts Act, 1882. The Trustee will be subject to the powers, duties and obligations as prescribed under the Indenture.

### **SPECIAL ECONOMIC ZONE ACT, 2005**

The Special Economic Zone Act, 2005 (“SEZ Act”) was notified on June 23, 2005, wherein as per Section 2(q) of the SEZ Act ‘International Financial Services Centre’ (IFSC) is defined to mean an international financial services centre as approved by central government under Section 18(1) of the SEZ Act. Subsequently, in exercise of the powers conferred under Section 18(1) of the SEZ Act, the Central Government has approved IFSC in GIFT SEZ, Gandhinagar, Gujarat. Pursuant to Section 18(2) of the SEZ Act, the Central Government vide notification dated April 08, 2015, notified that the units in an IFSC may be set up and approved in accordance with the SEZ Rules, 2006 (as amended from time to time) (“SEZ Rules”) along with guidelines or regulations framed and notified in this regard by the domestic regulators, viz. RBI, SEBI and IRDAI. As per Section 2(zc) of the SEZ Act, the term “Unit” means a Unit set up by an entrepreneur in a Special Economic Zone and includes an existing Unit, an offshore banking unit and a unit in an IFSC whether established before or established after the commencement of SEZ Act. The Unit that shall be set-up in SEZ shall be in accordance with Section 15 of the SEZ Act read with SEZ Rules.

### **IFSCA (FUND MANAGEMENT) REGULATIONS 2025**

#### **1) Brief overview of IFSC (Fund Management) Regulations, 2025**

The International Financial Services Centre Authority has framed IFSCA (Fund Management) Regulations, 2025 to provide comprehensive framework for various activities related to fund management. The IFSCA FM Regulations requires the fund management entities to be registered with IFSCA based on the activities to be carried out by such fund management entities in IFSC. Further, the IFSCA FM Regulations provides for conditionalities for launch of schemes viz. venture capital

funds, retail schemes, restricted schemes for non-retail investors, managing of special situation funds, investment trusts, family office funds and launch of products like PMS, render advisory services.

## **2) Registration of fund management entities**

Regulation 2(1)(n) defines fund management entity as an entity registered with IFSCA as a fund management entity under any of the categories specified in the IFSCA FM Regulations. The IFSCA FM Regulations have categorized fund management entities into three categories viz., Authorised FME, Registered FME (Non-Retail), and Registered FME (Retail) depending upon the category of investors whose funds are sought to be managed, type of product or fund (asset class) and the amount of AUM sought to be managed.

### FME is registered as Registered FME (Retail)

Presently, the FME is registered as Registered FME (Retail). Thus, it is permitted to pool money from all investors or a section of the investors under one or more schemes for investing in, financial products including securities and such other permitted asset classes through retail schemes. Further, it can act as investment manager for public offer of Investment Trusts (REITs and InvITs). The FME will also be able to launch Exchange Traded Funds (ETFs) and shall also be able to undertake all activities as permitted to Authorised FMEs and Registered FMEs (Non-retail).

### Net worth requirements

An entity seeking registration as an FME (Retail) shall at all times comply with the net worth requirements as specified in Second Schedule (USD 1,000,000) of these regulations or such other amount as may be specified by the Authority.

IFSCA vide its circular dated February 16, 2024, clarified that in case the net worth of any FME falls below the specified net worth, such FME shall not- (i) launch new schemes in IFSC and (ii) onboard new clients towards any of the activities or undertake new business activities permitted under the Fund Management Regulations; till the time the net-worth is restored.

### Track Record

The FME applicant should have a soundtrack record and general reputation of fairness and integrity in all its.

#### In case of Registered FME (retail),

- i. The FME, its holding company, or their subsidiaries, shall have at least five (5) years of experience in collectively managing Assets under Management (AUM) of at least USD 200 million with more than twenty-five thousand (25,000) investors; or
- ii. Person(s) in control of the FME holding at least twenty-five per cent. (25%) shareholding in the FME be carrying on activities related to fund management, including portfolio management, wealth management, distribution of financial products, and investment advisory, for a period not less than five (5) years, collectively for at least one thousand (1,000) investors on assets of at least USD 50 million, and such FME has a net worth of at least USD 2 Million or such other amount as may be specified: Provided that the Authority may specify any other criteria for determining sound track record to facilitate new generation fintech companies with innovative ideas that may lead to further market development;

### Fit and proper requirements:

The applicant and its principal officer, directors/ partners/ designated partners, key managerial personnel and controlling shareholders shall be fit and proper persons, at all times.

**Infrastructure Requirements:**

- a) The fund management entity has the necessary infrastructure like adequate office space, equipment, communication facilities and manpower to effectively discharge its activities under these regulations and circulars issued thereunder. The infrastructure requirements should be commensurate to the size of its operations in IFSC.
- b) The office should be dedicated, secured and accessible only by authorised person(s) of the FME.

**3) General obligations and responsibilities of an FME**

- a) A fund management entity, fiduciaries, Key managerial personnel (including principal officer, fund managers and designated compliance officer) are under an obligation to abide by the code of conduct under the IFSCA FM Regulations;
- b) A FME intending to launch retail schemes shall take prior approval of the Authority for appointing any person as a fiduciary.
- c) A fund management entity is under an obligation to keep and maintain proper books of account, records and documents, for each scheme for a period of 5 (five) years after winding-up of the Scheme;
- d) A fund management entity shall accurately and timely provide information to IFSCA with respect to such reports, returns, statements and particulars, in such manner, interval and form, as may be specified by IFSCA from time to time;
- e) A fund management entity shall have a sound risk management system for comprehensively managing all risks;
- f) A fund management entity in IFSC shall seek prior approval of IFSCA in case of any direct or indirect change in control of the fund management entity.
- g) The fund management entity shall ensure that advertisements issued by FME, if any, shall be in conformity with the Advertisement Code as specified in the IFSCA FM Regulations;
- h) A fund management entity shall pay the fees pertaining to annual fees, scheme filing fee, or any other fees as may be prescribed by IFSCA from time to time;
- i) The fund management entity shall ensure suitable disclosure in the offer document / placement memorandum regarding the maximum fees and expenses that it may charge;
- j) The fund management entity shall prepare in respect of each financial year an annual report of accounts of the schemes and abridged summary thereof and shall be submitted to the IFSCA not later than four months from the end of financial year.

Additional obligations and responsibilities on a registered fund management entity are as follows:

- 1) Business continuity plan: A registered fund management entity shall maintain a business continuity plan identifying procedures relating to an emergency or significant business disruption. The business continuity plan shall be updated in the event of material change to operations, structure, business, or location of the fund management entity. Further, the fund management entity shall review its business continuity plan on an annual basis.
- 2) Cyber security: A registered fund management entity shall have robust cyber security and cyber resilience framework in accordance with the requirements as may be specified by IFSCA from time to time.

- 3) A fund management entity managing AUM above USD 3 Billion as at the close of a financial year (or any other threshold of AUM as may be specified by IFSCA), shall:
  - (1) establish policy on governance around material sustainability-related risks and opportunities;
  - (2) disclose in its annual report how the fund management entity identifies, assesses and manages material sustainability-related risks;
  - (3) establish and disclose in its annual report the process of factoring sustainability-related risks and opportunities into fund manager's investment strategies and processes, including data and methodologies used; and
  - (4) comply with any other sustainability related requirements as may be specified by IFSCA.
  - (5) A fund management entity that launches a scheme related to ESG, shall make full disclosure regarding investment objective, investment policy, strategy, material risk, benchmark, etc., in the manner as may be specified by IFSCA. All scheme documents filed by FME with IFSCA shall disclose whether sustainability related risks are incorporated in the decision making. The fund management entity shall provide details when sustainabilityrelated risks are incorporated in the decision making. A negative statement shall be includedwhen sustainability related risks are not incorporated in the decision making.

#### **4) Retail Scheme**

The Scheme is launched by the Registered FME as a Retail Scheme. Regulation 2(1)(ff) of the IFSCA FM Regulations, defines “Retail Scheme” as a scheme offered to all investors or a section of the investors for subscription with no ceiling as to number of investors in the scheme.

**Fund Structure:** The Scheme is a Retail Scheme constituted in IFSC as a scheme of a trust under the Applicable Laws of India. The Scheme is launched as an open-ended scheme with /no definite tenure and shall terminate in accordance with the terms of the Offer Document.

**Investment Strategy:** A Retail Scheme may be launched by a registered fund management entity (Retail) for various investment strategies for various investment strategies subject to such terms and conditions as may be specified by the IFSCA.

##### **Minimum number of Investors**

- 1) Retail schemes shall have at least twenty (20) investors with no single investor investing more than twenty five percent (25%) in a scheme and shall ensure with the requirement within a maximum period of six (6) months from the closure of the offer.

##### **Investments conditions and restrictions**

- 1) Subject to other provisions of the IFSCA FM Regulations, a Retail Scheme may invest only in the following instruments or entities in IFSC, India or foreign jurisdictions:
  - a) Securities listed or to be listed or traded on stock;
  - b) Unlisted securities;
  - c) Money market instruments;
  - d) Debt securities;

- e) Securitised debt instruments, which are either asset backed or mortgage-backed securities;
- f) Units of other investment schemes subject to appropriate disclosure in the offer documents;
- g) Derivatives including commodity derivatives only for the purpose of hedging subject to suitable disclosures in the offer document;
- h) Such other securities or financial products/assets or instruments as specified by IFSCA.

2) Pending deployment of money, FME may invest money in certificates of deposit, units of investment schemes such as overnight, liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by IFSCA.

3) Any investment made in the securities mentioned in (1) above, shall be in accordance with the investment objective of the relevant scheme and disclosures in the offer document.

4) In the case of an open-ended schemes, the maximum investment in unlisted securities should not exceed fifteen percent (15%) of the total AUM of the schemes. Provided that this restriction shall not be applicable in case of investment in unlisted securities issued by an investment fund which is open-ended in nature, regulated by the concerned regulatory authority in its home jurisdiction, and is permitted for offering to retail investors in its home jurisdiction.

5) Retail schemes shall not invest more than ten percent (10%) of their AUM in securities of a single company. The retail scheme may invest up to fifteen percent (15%) in a single company with prior approval of the fiduciaries. The limit on investment in a single company in case of sectoral or thematic or Index schemes shall be the weightage of that company in the representative index, provided by an independent entity, that such scheme intends to benchmark with, or 15%, whichever is higher. Provided that fund of funds schemes shall be permitted to invest in other scheme(s) if such scheme(s) meets the requirement under this regulation.

6) Retail schemes shall not invest more than twenty five percent (25%) of their AUM in a single sector. In the case of financial services sector the amount shall not exceed fifty percent (50%) of the AUM of the scheme. The limits on sectoral caps shall not apply in the case of a sectoral or thematic or an Index Scheme. Provided that in case of a fund of funds scheme, the limit on sectoral cap shall not be applicable if such scheme is investing in other scheme(s) which does not have investment in a single sector in excess of 25% of their AUM, or 50% of their AUM in case of financial services sector or when such scheme(s) are sectoral or thematic or index scheme(s).

7) Retail schemes shall not invest more than twenty-five percent (25%) of the AUM in its associate. Provided that this restriction shall not be applicable in case of fund of funds schemes which have made disclosure in the offer document regarding the details of the underlying scheme(s) wherein the investments are intended to be made and the nature of association, if any, that the FME has with the manager(s) of the underlying scheme(s).

8) The minimum size of the retail schemes shall be USD 3 Million. Provided that an open-ended scheme may commence its investment activities upon receiving at least USD 1 Million from investors and it shall receive at least USD 3 Million from investors within 12 months from the date of communication from the IFSCA, that the offer document has been taken on record: Provided further that if a FME fails to achieve the minimum investment within the specified time, it shall have a one-time option to extend the validity of the offer document for a further

period of 6 months by paying 50 per cent. (50%) of the fee as applicable for filing of a fresh scheme.

#### Contribution by the fund management entity in Retail Scheme

Under a Retail Scheme, the fund management entity or its associate shall invest at least one percent (1%) of the AUM of the retail scheme or USD 200,000, whichever is lower. However, the contribution by the FME or its associate shall not be mandatory in case of relocated funds /schemes established or incorporated or registered outside India to IFSC. The contribution by the FME or its associate shall not be mandatory in case of a fund of funds scheme investing in scheme(s) which has similar requirements.

The said investment of the fund management entity or its associate entity will be made within 45 (forty-five) days and be maintained on an ongoing basis. The period of 45 (forty-five) days may be extended subject to the satisfaction of IFSCA. The said contribution if brought in by FME may be taken into consideration for the purpose of net-worth requirements as detailed under the IFSCA FM Regulations.

#### Disclosures to investors

- 1) The offer document for retail schemes shall clearly include all disclosures which are material for investors to make a decision regarding investing in such schemes and shall include disclosures regarding the investment objective, the targeted investors, proposed size, investment style or strategy, investment methodology, proposed tenure of the scheme fees and expenses, risk management practices, KMPs of the fund management entity and other relevant details of the FME and the scheme. The fund management entity and the fiduciaries shall comply with the disclosure requirements in the offer document as may be specified by IFSCA.
- 2) Any material deviation or alteration to the fund strategy should be made with the consent of at least two-thirds of investors by value.
- 3) The FME shall ensure that the NAV is disclosed to the investors on a daily basis in case of an open ended scheme and on a weekly basis in case of a close ended scheme.
- 4) The fund management entity shall ensure that the portfolio under the scheme is disclosed to the investors at least on a quarterly basis within one (1) month from the end of the quarter.
- 5) Any other material disclosure considered suitable by the fund management entity, or the fiduciaries shall be informed to the investors immediately.
- 6) The fund management entity shall provide investors information about their holding in the schemes at the end of every month and within ten working days in case of receipt of such a request from an investor.
- 7) The fiduciaries shall be bound to make such disclosures to the investors as are essential in order to keep them informed about any information which may have an adverse bearing on their investments.

#### Borrowing and Leverage

A retail scheme shall not borrow except to meet temporary liquidity needs for the purpose of redemption and in that case, it shall not borrow more than twenty percent (20%) of the AUM of the scheme and the duration of such a borrowing shall not exceed six (6) months.

#### Valuation and computation of NAV

- 1) **Valuation:** The fund management entity and fiduciaries shall ensure compliance of investment valuation norms as specified in the sixth schedule of the IFSCA FM Regulations. In line with the investment valuation norms, the assets of the scheme shall be valued by an independent service provider, such as a fund administrator, a custodian or a credit rating agency, registered with the IFSCA, or a valuer registered with Insolvency and Bankruptcy Board of India, or such other person as may be specified by IFSCA. Provided that the above requirement shall not apply in case of a fund of funds scheme that invest in scheme(s), regulated by a financial sector regulator, directly or through a manager, in IFSC or India or foreign jurisdiction(s), which are valued by any independent entity.
- 2) **NAV Computation:** The fund management entity shall ensure the NAV of each open-ended Retail Scheme is computed on a daily basis and in case of a close ended retail scheme the computation of NAV shall take place on a weekly basis. The procedure and methodology for calculating the NAV should be fully documented, and such documentation should be regularly verified and amended, if required.

*Other terms and conditions*

- a) Merger, demerger and restructuring of the scheme(s) shall be in accordance with the conditions as may be specified by the IFSCA and with the prior approval by the IFSCA;
- b) Appointment of Custodian: The fund management entity shall appoint an independent custodian to carry out the custodial services for a Retail Scheme.
  - i. The custodian appointed under this IFSCA FM Regulation shall be based in IFSC, unless the local laws of the jurisdiction where the securities have been issued mandate appointment of a custodian in that jurisdiction, in which case, the FME may appoint a custodian based in that jurisdiction regulated by the financial sector regulator in that jurisdiction for such securities and make necessary arrangement to provide such information to IFSCA whenever directed to do so.
  - ii. In case of schemes which are required to appoint custodian in IFSC in terms of the abovementioned provision, if any agreement has been entered into with a custodian which is not based in IFSC as on the date of notification of these regulations, such schemes shall be required to appoint custodian in IFSC within twelve (12) months from the date of notification of these IFSCA FM Regulation. Further, as per the IFSCA circular dated May 24, 2025 (F. No. IFSCA-IF-10PR/7/2024-Capital Markets), an additional time period of six (6) months from the date of the issuance of the aforementioned circular is granted for the appointment of an independent custodian based in IFSC, if required, in terms of IFSCA FM Regulation for the schemes which are:
    1. taken on record by IFSCA after the IFSCA FM Regulations, came into effect (i.e., February 19, 2025), or
    2. taken on record by the IFSCA prior to the IFSCA FM Regulations, 2025 coming into effect but which did not enter into an agreement with a custodian as on February 19, 2025.
- c) Appointment of Investment Committee: The fund management entity may, at its discretion, constitute an Investment Committee to make investment decisions for the schemes. The members of such Investment Committee shall be subject to all responsibilities and obligations generally applicable to the fund management entity and fund managers under the IFSCA FM Regulations.
- d) Listing of close ended scheme: The FMEs may list its close ended schemes on recognised stock exchanges. Provided that a close-ended retail scheme in which the minimum amount

of investment by an investor is less than USD 10,000 shall be mandatorily listed on at least one of the recognised stock exchanges.

- e) The FME shall not undertake any business activities other than as specified under these regulations without prior approval of the IFSCA.
- f) Disclosure of the valuation policy and procedures (with regard to valuation of each category of securities/financial product/assets where the scheme will invest, situation where these methods will be used, process and methodology and impact of implementation of these methods, if any) shall be made in offer document and on the website of the FME to ensure transparency of valuation norms to be adopted by FME.

*Winding up of the Scheme:*

- 1) A scheme may be wound up:-
  - a) When the tenure of the scheme as mentioned in the placement memorandum / offer document is over;
  - b) If seventy five percent (75%) of the investors, by value of their investment in the scheme, pass a resolution at a meeting of investors that the scheme be wound up.
- 2) IFSCA in the interest of investors and for orderly development of the financial market may direct a fund management entity to:-
  - a) wind up a scheme subject to such conditions as deemed appropriate;
  - b) merge certain schemes; or
  - c) manage schemes of other fund management entities.

*Annual Report and Auditor Report*

(i) *Scheme Annual Report:*

- 1. The fund management entity shall prepare in respect of each financial year an annual report of accounts of the scheme and abridged summary thereof and shall be submitted to IFSCA not later than four months from the end of the financial year.
- 2. The Annual Report and abridged summary shall contain details that are necessary for the purpose of providing a true and fair view of the operations of the scheme.
- 3. An abridged summary of the Annual Report shall be shared with investors within four months of the end of the financial year. Provided that if an investor seeks the full annual report, fund management entity shall provide the same within fifteen (15) days from the date of the receipt of the request.

(ii) *Auditor's report:*

- 1. Every scheme launched by a fund management entity shall have the annual statement of accounts audited by an auditor who is not in any way associated with the fund management entity.
- 2. An auditor shall be appointed by the fiduciaries.
- 3. The auditor shall forward his report to the fiduciaries and such report shall form part of the Annual Report of the schemes.

(iii) Reporting norms for the FME

1. Every FME registered under the IFSCA shall submit information to the IFSCA on a quarterly basis in the prescribed format.
2. The quarterly report shall include quantitative information about the fund management operation of the FME, which shall be submitted in an editable excel file.
  - i. A ‘compliance report’, the signed copy of which shall be submitted as a scanned PDF file.
  - ii. The report shall be submitted to IFSCA by email.

Grievance Redressal

IFSCA as per its circular no. F. No. IFSCA-LPRA/3/2024-Legal and Regulatory Affairs dated December 02, 2024 stated that the FME shall have a policy in place for handling of complaints and grievance redressal, which is duly approved by its board of directors. This policy on complaint handling and grievance redressal shall be prominently disclosed on the website of the FME or on a dedicated webpage of its group entity, under the heading “Complaint Handling and Grievance Redressal”. The name and contact details of the Complaint Redressal Officer (“CRO”) and the Complaint Redressal Appellate Officer (“CRAO”) shall also be prominently displayed under this policy.

The CRO of the FME shall make an assessment on the merits of the complaints by the Investor and shall acknowledge acceptance of complaints in writing within 3 working days of receipt of complaint or reject the complaints within 5 working days along with reasons for the same.

The FME shall dispose of complaint preferably within 15 days but ordinarily not later than 30 days of acceptance of complaint. The FME may either resolve the complaint or reject the complaint along with reasons for the rejection.

If the Investor is not satisfied with the resolution, an appeal may be filed before CRAO within 21 days from the receipt of decision from the CRO. The CRAO shall dispose the appeal within a period of 30 days.

## **ANTI-MONEY LAUNDERING LEGISLATION**

International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (“**AML/KYC Guidelines**”) have been notified by IFSCA which shall apply to every regulated entity which is licensed, recognized, authorized or registered by IFSCA (“**Regulated Entity**”).

Risk-Based Approach: The AML/KYC Guidelines mandate a Regulated Entity to adopt Risk-Based Approach to identify and assess the Money Laundering (ML) and Terrorist Financing (TF) risk to which the Regulated Entity is exposed, depending upon its nature of business and exposure with certain types of clients and countries. The results of the risk assessment shall be used to classify the ML/TF risks as low, medium and high, which shall be reviewed by the Regulated Entity periodically as specified.

Policies and procedures: A Regulated Entity shall put in place adequate policies, procedures, systems, compliance framework and controls to mitigate such ML/TF risks. The Regulated Entity shall also appoint a principal officer to oversee and monitor the compliance with AML/KYC Guidelines.

Assessing customer AML risks: The risk assessment shall be completed prior to undertaking Customer Due Diligence (CDD) for new customers, and also where the Regulated Entity otherwise feels necessary, for existing customers. The CDD procedure shall be followed as provided in the AML/KYC Guidelines.

Ongoing sanctions screening: A Regulated Entity shall review its customers and their transactions against United Nations Security Council (UNSC) sanctions lists and also against any other relevant sanctions list as part of ongoing due diligence. The Regulated Entities shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the UNSC.

Record Keeping: Regulated Entity shall maintain the specified records including documents pertaining to CDD, suspicious transaction reports etc. as specified in the AML/KYC Guidelines.

Process of identification of Suspicious Transactions and Reporting: A Regulated Entity shall establish policies, systems and controls in order to monitor and detect suspicious transactions with respect to potential ML/TF and shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), the required information referred to in the Prevention of Money laundering (Maintenance of Records) Rules, 2005.

### **WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005**

Ministry of Finance has issued an order dated September 01, 2023, detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (“WMD Act”). The WMD Act seeks to prohibit unlawful manufacture, transport, or transfer of WMD (chemical, biological and nuclear weapons) and their means of delivery. Under the amendments of 2022, the scope of the WMD Act has been enhanced to include the financing of such banned activity. The order is applicable to the IFSCA and all regulated entities in IFSC (“Regulated Entity”).

The Regulated Entity shall –

- i) verify the details of entities/individuals who are party to the financial transactions, if the details match with the designated list (available on the portal of FIU-India) the Regulated Entity shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the CNO by email, FAX and by post, without delay.
- ii) run a check, on the given parameters, at the time of establishing a relation with an investor and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies, etc. In case, the particulars of any of their investors match with the particulars of designated list, the Regulated Entity shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies, etc. held on their books to the Central Nodal Officer by email, FAX and by post, without delay.
- iii) Regulated Entity shall send a copy of the communication mentioned in (i) and (ii) above to the State Nodal Officer, where the account/ transaction is held and to the IFSCA, as the case may be, without delay.
- iv) if there are reasons to believe beyond doubt that the funds or assets held by an investor would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, the Regulated Entity shall prevent such investor from conducting such financial transactions, under the intimation to the Central Nodal Office by email, FAX and by post, without delay.

Further, the Regulated Entity are also required to maintain and update the designated list, without delay whenever there are changes made to it by the Ministry of External Affairs.

## FOREIGN EXCHANGE CONTROL REGULATIONS

Foreign investment in India is regulated under the Foreign Exchange Management Act, 1999 (“FEMA”). The Reserve Bank of India (“RBI”) and the Government of India are given the authority to regulate and monitor foreign investments under FEMA.

### I. *Foreign Exchange Management (International Financial Services Centre) Regulations, 2015*

Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 (“FEMA IFSC Regulations”) shall be applicable to the financial institutions (as defined under regulation 2(b) of the FEMA IFSC Regulations) proposed to be established in IFSC.

Any financial institution or branch of a financial institution set up in the IFSC and permitted/recognized as such by the government of India or a regulatory authority shall be treated as a person resident outside India.

A financial institution or branch of a financial institution shall conduct such business in such foreign currency and with such persons, whether resident or otherwise, as the concerned regulatory authority may determine.

### II. *Foreign Exchange Management (Overseas Investment) Rules, 2022, Foreign Exchange Management (Overseas Investment) Regulations, 2022, Foreign Exchange Management (Overseas Investment) Directions, 2022 and Master Direction - Overseas Investment, 2024*

As per the Foreign Exchange Management (Overseas Investment) Rules, 2022, (“OI Rules”) a person resident in India may make Overseas Investment in an IFSC India within the following limits:

- a) In case of an Overseas Direct Investment (“ODI”);
  - i) The total financial commitment made by an Indian entity in all the foreign entities taken together at the time of undertaking such commitment shall not exceed 400 percent of its net worth as on the date of the last audited balance sheet or as directed by the Reserve Bank, in consultation with Central Government from time to time. Such financial commitment shall not include capitalization of the retained earnings for reckoning such limit, but shall include utilisation of the amount raised by the issue of American Depository Receipts or Global Depository Receipts and stock-swap of such receipts; and
  - ii) Utilisation of the proceeds from External Commercial Borrowings to the extent the corresponding pledge or creation of charge on assets to raise such borrowings has not already been reckoned towards the above limit.
- b) In case of an Overseas Portfolio Investment (“OPI”);
  - i) An Indian entity may make OPI which shall not exceed fifty percent of its net worth as on the date of its last audited balance sheet, in the manner and subject to the conditions laid down in Schedule II of the OI Rules.

Any resident individual making an overseas investment will be subject to the overall ceiling under the Liberalised Remittance Scheme (“LRS”) of the Reserve Bank.

A person resident in India may make Overseas Investment in an IFSC in the manner as provided below:

- a) in the case of an ODI made in an IFSC, the approval by the financial services regulator concerned, wherever applicable, shall be decided within forty-five days from the date of application complete in all respects failing which it shall be deemed to be approved;

- b) an Indian entity not engaged in financial services activity in India, making ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, except banking or insurance, who does not meet the net profit condition as required under these rules, may make ODI in an IFSC;
- c) a person resident in India may make contribution to an investment fund or vehicle set up in an IFSC as OPI;
- d) a resident individual may make ODI in a foreign entity, including an entity engaged in financial services activity, (except in banking and insurance), in IFSC if such entity does not have subsidiary or step down subsidiary (“**SDS**”) outside IFSC where the resident individual has control in the foreign entity.

A recognised stock exchange in the IFSC shall be treated as a recognised stock exchange outside India for the purpose of OI Rules.

The provisions pertaining to ODI in financial services activity (paragraph 2 of schedule I and paragraph 2 of schedule V of OI Rules) are summarised below:

<b>Indian entity</b>	<b>in foreign entity</b>	<b>Subject to the financial commitment limit, reporting and <del>in</del> as per the OI Rules/Regulations and other applicable provisions as under</b>
a) Engaged in Financial Services activity	Engaged in Financial Services activity	Subject to the provisions contained in paragraph 2(1) of schedule I of the OI Rules. Where such investment is in IFSC, the requisite approval by the financial services regulator concerned shall be decided within 45 days from the date of receipt of application complete in all respects failing which it shall be deemed to be approved
	Not engaged in Financial Services activity	Subject to the guidelines issued by the respective regulator
b) Not engaged in Financial Services activity	Engaged in Financial Services activity except banking or insurance	Indian entity has posted net profits during the preceding three financial years. However, an Indian entity not meeting 3-year profitability condition may make such ODI in a foreign entity in IFSC in India.
	Engaged in general and health insurance	Apart from the 3 years profitability criteria, such insurance business is supporting the core activity undertaken overseas by such Indian entity. For instance, health insurance to support medical/hospital business, vehicle insurance to support the manufacturing/export of motor vehicles, etc.
c) Overseas investment in any sector by banks and non-banking financial institutions regulated by the Reserve Bank shall be subject to such other conditions as may be stipulated by the regulatory department concerned of the Reserve Bank in this regard.		
d) A foreign entity will be considered to be engaged in the business of financial services activity if it undertakes an activity, which if carried out by an entity in India, requires registration with or is regulated by a financial sector regulator in India.		

A resident individual may make overseas investment in accordance with schedule III of OI Rules. The following is further provided:

- a. Where a resident individual has made ODI without control in a foreign entity that subsequently acquires or sets-up a subsidiary/SDS, such resident individual shall not acquire control in such

foreign entity.

- b. Overseas investment by way of capitalisation, swap of securities, rights/bonus, gift, and inheritance shall be categorised as ODI or OPI based on the nature of the investment. However, where the investment, whether listed or unlisted, by way of sweat equity shares, minimum qualification shares and shares/interest under Employee Stock Ownership Plan (ESOP)/Employee Benefits Scheme does not exceed 10 per cent of the paid-up capital/stock of the foreign entity and does not lead to control, such investment shall be categorised as OPI.
- c. In case of swap of securities both the legs of the transaction shall comply with FEMA provisions, as applicable. However, where swap of securities results in acquisition of any equity capital which is not in conformity with the OI Rules/Regulations, e.g., ODI in foreign entity engaged in financial services activity, foreign entity having a subsidiary/SDS, etc., such equity capital must be disinvested within a period of six months from the date of such acquisition.
- d. Resident individuals are not permitted to transfer any overseas investment by way of gift to a person resident outside India.
- e. Shares/interest under ESOP/Employee Benefits Scheme - AD banks may allow remittances, towards acquisition of the shares/interest in an overseas entity under the scheme offered directly by the issuing entity or indirectly through a Special Purpose Vehicle (SPV) /SDS. Where the investment qualifies as OPI, the necessary reporting in Form OPI shall be done by the employer concerned in accordance with regulation 10(3) of OI Regulations. Where such investment qualifies as ODI, the resident individual concerned shall report the transaction in Form FC.
- f. Foreign entities are permitted to repurchase the shares issued to residents in India under any ESOP Scheme provided (i) the shares were issued in accordance with the rules/regulations framed under FEMA, 1999, (ii) the shares are being repurchased in terms of the initial offer document, and (iii) necessary reporting is done through the AD bank.
- g. Though there is no limit on the amount of remittance made towards acquisition of shares/interest under ESOP/Employee Benefits Scheme or acquisition of sweat equity shares, such remittances shall be reckoned towards the LRS limit of the person concerned.

A person resident in India, other than an Indian entity or a resident individual may make overseas investment in accordance with schedule IV of OI Rules. The following is further provided:

- a. Mutual Funds (**MFs**) and Venture Capital Funds (**VCFs**)/Alternative Investment Funds (**AIFs**) registered with SEBI may, in accordance with paragraph 2 of schedule IV of OI Rules, invest overseas in securities as stipulated by SEBI within an overall cap of USD 7 billion and USD 1.5 billion, respectively. Further, a limited number of qualified MFs are permitted to invest cumulatively up to USD 1 billion in overseas Exchange Traded Funds, as may be permitted by SEBI. Such investment shall be considered as OPI irrespective of whether the securities are listed or not.
- b. MFs/VCFs/AIFs desirous of availing this facility may approach SEBI for necessary permission. Operational modalities regarding eligibility criteria, individual limits, identification of recognised stock exchanges, investible universe, monitoring of aggregate ceilings, etc., shall be as per the guidelines issued by SEBI. General permission is available to such Investors for sale of securities so acquired.
- c. An AD bank, including its overseas branch, may acquire or transfer foreign securities in terms of host country regulations/laws, as applicable, in the normal course of its banking business. The provisions contained in OI Rules/Regulations shall not apply to such acquisition or transfer of foreign securities by an AD bank.
- d. Any overseas investment by the sole proprietorship or unregistered partnership firms may be made by the proprietor concerned or the individual partners concerned within their limit available under

the LRS in accordance with schedule III of the OI Rules. If the proposed investment is in strategic sector, any application for making overseas investment in excess of the LRS limit may be made under the government approval route.

- e. Overseas investment by registered trust/society may be made under the approval route in accordance with paragraph 1 of schedule IV of OI Rules.

A person resident in India may make overseas investment in an IFSC in India in accordance with schedule V of OI Rules. The following is further provided:

- a. A person resident in India, being an Indian entity or a resident individual, may make investment (including sponsor contribution) in the units of an investment fund or vehicle set up in an IFSC as OPI. Accordingly, in addition to listed Indian companies and resident individuals, unlisted Indian entities may also make such investment in IFSC.
- b. The restriction of making ODI only in an operating foreign entity or not making ODI in a foreign entity engaged in financial services activity by resident individuals, shall not apply to an investment made in IFSC. Such investment, however, shall not be made in any foreign entity engaged in banking or insurance. Such foreign entity in IFSC may have subsidiary/SDS in IFSC. It may also have subsidiary/SDS outside IFSC where the resident individual does not have control in the foreign entity. Resident individual who has made ODI without control shall not acquire control in a foreign entity that subsequently acquires or sets-up a subsidiary/SDS outside India.

**THE INFORMATION PRESENTED ABOVE IS A BROAD DISCUSSION ON THE IMPORTANT LEGAL AND REGULATORY CONSIDERATIONS APPLICABLE TO THE SCHEME, THE FME AND THE INVESTOR. FOR A COMPREHENSIVE UNDERSTANDING OF THE POSITION OF LAW, THE READER IS DIRECTED TO THE ORIGINAL TEXT OF THE STATUTES, REGULATIONS, RULES OR GUIDELINES MENTIONED ABOVE AND TO SEEK APPROPRIATE LEGAL COUNSEL IN CONNECTION THEREWITH.**

## **TAXATION OF THE SCHEME**

PROSPECTIVE UNIT HOLDERS/BENEFICIARIES SHOULD CONSIDER THE FOLLOWING SUMMARY OF CERTAIN TAXATION ASPECTS AFFECTING THE SCHEME. PROSPECTIVE BENEFICIARIES ARE ADVISED TO INFORM THEMSELVES AS TO ANY INCOME OR OTHER TAX CONSEQUENCES WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF THEIR RESPECTIVE INTERESTS IN THE SCHEME. IN VIEW OF THE PARTICULARISED NATURE OF TAX CONSEQUENCES, EACH PROSPECTIVE BENEFICIARY IS ADVISED TO CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES ARISING DUE TO AN INVESTMENT IN THE SCHEME., THE SPONSOR, THE FME, THE TRUSTEE, AND THEIR ADVISERS ACCEPT NO RESPONSIBILITY FOR ANY LOSS SUFFERED BY ANY BENEFICIARY AS A RESULT OF CURRENT TAXATION LAW AND PRACTICE OR ANY CHANGES THERETO.

THIS INFORMATION DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF ALL RELEVANT TAX CONSIDERATIONS; NOR DOES IT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL POTENTIAL TAX COSTS, TAX INCIDENCE AND RISKS INHERENT IN MAKING A CAPITAL COMMITMENT IN THE SCHEME.

THIS SUMMARY ON INDIAN TAX MATTERS CONTAINED HEREIN IS BASED ON EXISTING LAW AS ON THE DATE OF THIS OFFER DOCUMENT. NO ASSURANCE CAN BE GIVEN THAT FUTURE LEGISLATION, ADMINISTRATIVE RULINGS OR COURT DECISIONS WILL NOT SIGNIFICANTLY MODIFY THE CONCLUSIONS SET FORTH IN THIS SUMMARY, POSSIBLY WITH RETROACTIVE EFFECT.

THE FOLLOWING IS A SUMMARY OF CERTAIN RELEVANT PROVISIONS OF THE INCOME-TAX ACT, 1961 (ITA) AS AMENDED BY THE FINANCE ACT, 2025 (FINANCE ACT), ALONG WITH THE INCOME-TAX RULES, 1962, (RULES), AND VARIOUS CIRCULARS AND NOTIFICATIONS ISSUED THEREUNDER FROM TIME TO TIME.

THE SUMMARY IS BASED ON LAWS, REGULATIONS, RULINGS AND JUDICIAL DECISIONS NOW IN EFFECT, AND CURRENT ADMINISTRATIVE RULES, PRACTICES, AND INTERPRETATIONS, ALL OF WHICH ARE SUBJECT TO CHANGE, WITH POSSIBLE RETROSPECTIVE EFFECT. IT IS THE RESPONSIBILITY OF ALL PERSONS INTERESTED IN PURCHASING BENEFICIAL INTEREST OF THE SCHEME TO INFORM THEMSELVES AS TO ANY INCOME-TAX OR OTHER TAX CONSEQUENCES, WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF THE BENEFICIAL INTEREST.

THIS SUMMARY OF INDIAN TAX MATTERS CONTAINS TAX CONSIDERATIONS ON INCOME FROM MASTER FUND, IN THE CONTEXT OF RESIDENT and NON-RESIDENT INVESTORS INVESTING IN THE SCHEME. FURTHER, THE INCOME OF THE NON-RESIDENT INVESTOR MAY BE SUBJECT TO BENEFIT UNDER THE RESPECTIVE DOUBLE TAXATION AVOIDANCE AGREEMENT, IF ANY AND TO THE EXTENT APPLICABLE AND AVAILABLE

THE TAX RATES STATED BELOW ARE EXCLUSIVE OF SURCHARGE AND HEALTH AND EDUCATION CESS (UNLESS STATED OTHERWISE). THE TAX RATES ARE APPLICABLE FOR THE FINANCIAL YEAR 2025-26.

Please note that for the purpose of this section 'Tax Considerations', the term 'Beneficiaries', 'Investors' and 'Unit Holders' have been used interchangeably.

### **I. Tax rates-**

The tax rates stated in this tax chapter are exclusive of surcharge and health and education cess (unless stated otherwise).

The tax rates are applicable for the financial year 2025-26. The rate of surcharge and health and education cess are as under:

a. Surcharge rates –

A. For Corporate Investor -

Type of Investor	Surcharge rate as a % of income-tax (refer notes below)		
	If income does not exceed INR 1 Crore	If income exceeds INR 1 crore but less than or equal to INR 10 Crores	If income exceeds INR 10 Crores
Partnership firm and limited liability partnership (domestic or foreign)	Nil	12%	12%
Domestic Company and Co-operative societies (Note 1)	Nil	7%	12%
Foreign Company, including FPI incorporated as a company	Nil	2%	5%

Note 1: In the case of domestic companies and co-operative societies having income chargeable under section 115BAA (for companies) and 115BAB (for companies) and 115BAD (for co-operative societies) of the ITA, surcharge of 10% is applicable irrespective of taxable income.

B. For Non-corporate Investor -

Type of Investor	Surcharge rate as a % of income-tax (refer notes below)				
	If income is less than INR 50 lakhs	If income is more than INR 50 lakhs but less than or equal to INR 1 Crore	If income exceeds INR 1 Crore but less than or equal to INR 2 Crores	If income exceeds INR 2 Crores but less than or equal to INR 5 Crores	If income exceeds INR 5 crores
Individual, Hindu Undivided Family ('HUF'), association of person ('AOP')/ body of individuals ('BOI') (Resident and non-resident)	Nil	10%	15%	25%	37%

Notes:

1. In the case where the total income includes dividend income or income referred to in section 111A or section 112 or section 112A of the ITA, surcharge on such income shall not exceed 15%.
2. There are currently two tax regimes under the ITA, i.e., new tax regime (which is now the Default Tax Regime) and the old tax regime. The Alternative Tax Regime under section 115BAC of the ITA is now a Default Tax Regime. The highest surcharge leviable under the Default Tax Regime shall not exceed 25%.

b. Ordinary tax rates-

A. Applicable tax rates for Corporate Investor- Tax rates, wherever applicable have been discussed in this tax chapter under relevant income heads.

B. Applicable slab rates for Non-corporate Investor-

In this tax chapter, we have used the term “applicable slab rates” or “at the ordinary income-tax rates applicable” at many places. The slab rates which are applicable for individuals / HUF / AOP / BOI (only if they opt out of the Default Tax Regime) are as follows:

Total Income (Refer notes below)	Tax rates (refer to notes below)
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

**Notes:**

1. The Central Government *vide* the Finance (No. 2) Act, 2019, has provided for a rebate on tax on total income of upto INR 5,00,000 for resident individual assessee.
2. In the case of a resident individual of the age of 60 years or more but less than 80 years at any time during the year, the basic exemption limit is INR 3,00,000.
3. In the case of a resident individual of the age of 80 years or more at any time during the year, the basic exemption limit is INR 5,00,000.

Under the Default Tax Regime, Individual and HUF may have an option to pay tax on its total income at the reduced tax rates. The income, however, has to be computed without claiming prescribed deductions or exemptions. Further, the Finance Act, 2024 amended the provisions of section 115BAC of the Act. As per the amended provisions, section 115BAC is also applicable to AOP [other than a cooperative society], or BOI, whether incorporated or not, or an artificial juridical person referred to in clause (vii) of section 2(31) of the ITA.

If the individual/HUF/AOP/BOI do not opt out of the Default Tax Regime, the following slab rates should be considered as ‘applicable slab rates’:

Total Income	Tax rates (Refer notes below)
Up to INR 4,00,000	Nil
From INR 4,00,001 to INR 8,00,000	5%

From INR 8,00,001 to INR 12,00,000	10%
From INR 12,00,001 to INR 16,00,000	15%
From INR 16,00,001 to INR 20,00,000	20%
INR 20,00,001 to INR 24,00,000	25%
INR 24,00,001 and above	30%

Note: The Central Government *vide* Finance Act 2025, the government has increased the rebate on tax on total income of upto INR 12,00,000 for resident individual assessee if such individual is opting for the Default Tax Regime.

c. Health and education cess

In addition to the above, health and education cess at the rate of 4% is leviable on aggregate of tax and surcharge.

## II. Taxation of the Scheme

The Scheme is settled as an open-ended contributory determinate trust under the Indian Trusts Act, 1882 with the name Edelweiss Greater China Equity Fund for the purpose of making investments permissible for an open-ended retail scheme, in accordance with Applicable Law and its investments objectives and is managed by Edelweiss Asset Management Limited (IFSC Branch), which is registered with IFSCA as a Registered Fund Management Entity (Retail). The Indenture of the Scheme is registered under the Registration Act, 1908. The Scheme is categorised as a Retail Scheme under the IFSCA FM Regulations.

Currently, under the ITA, no tax pass through status has been accorded to a Retail Scheme in IFSC. Further, there are no provisions under the ITA that specifically govern the taxability of Retail Scheme. In such a scenario, the Scheme could be taxed per the general principles of taxation of trusts *viz.* sections 161 to 164 of ITA or sections dealing with revocable transfers (sections 61 to 63 of ITA) (subject to discussion hereunder).

### Residential Status of the Scheme:

The basis of charge of Indian income-tax depends upon:

- the residential status of the taxpayer during a tax year; and
- the nature of the income earned.

The Indian tax year runs from April 01 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 accorded under the provisions of the 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 or income received in India.

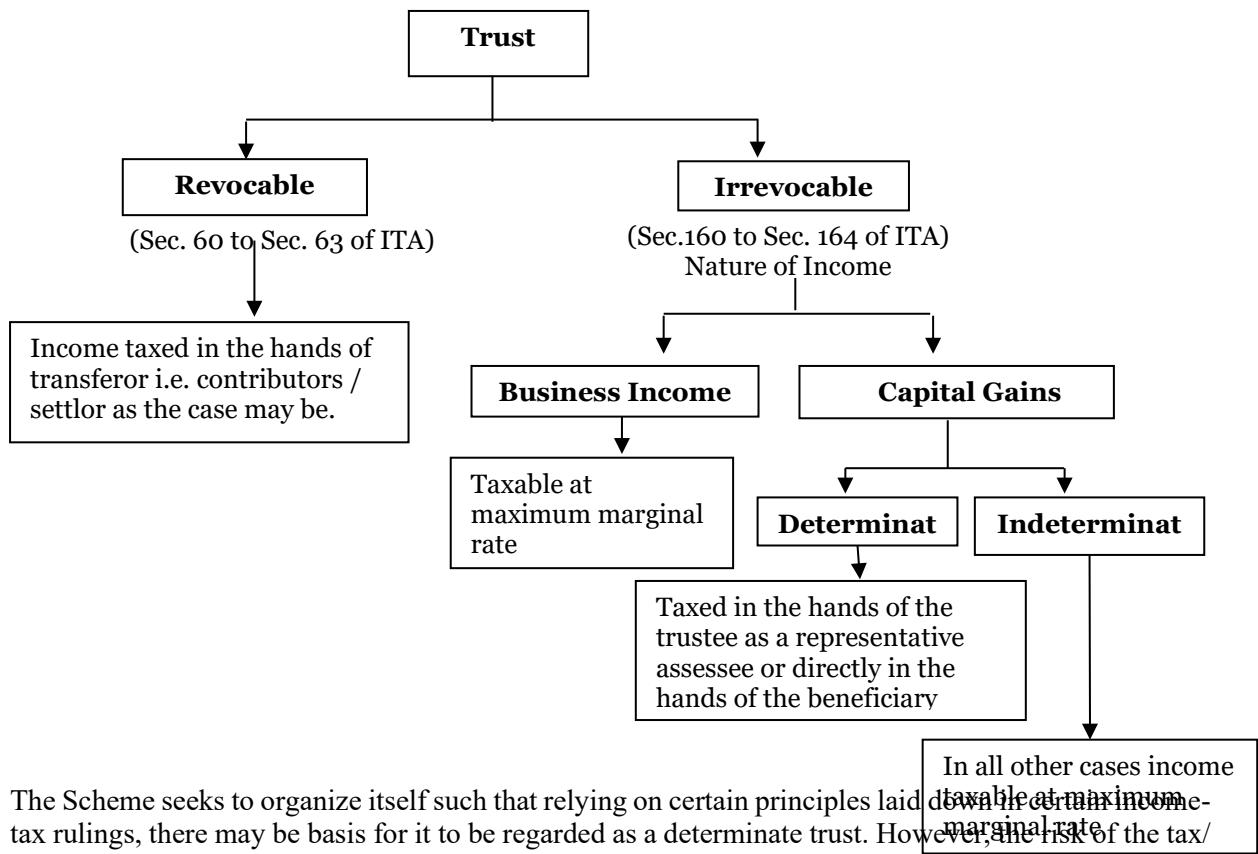
The Scheme would be regarded as a 'resident' for the purposes of ITA.

### Trust Taxation per the ITA:

The taxation of a trust depends on the nature of a transfer/contribution by investor (i.e. revocable or irrevocable) and whether beneficiaries and their respective interests in the Scheme are identified/

determined upfront or not (i.e. determinate or indeterminate trust) and the nature of activity undertaken by the Scheme (i.e. whether any business activity undertaken or not)

A diagrammatic representation of the trust taxation is depicted below:



#### *Revocable v. Irrevocable transfer*

A transfer of an asset is considered revocable when the transfer document (e.g. contribution agreement) contains a provision for:

- (i) the re-transfer, directly or indirectly, of the whole or any part of the income from the asset to the transferor, or
- (ii) in any way gives a right to the transferor to reassume power, directly or indirectly, over the whole or any part of the income or asset.

If the capital contributions to the Scheme are considered to be revocable in nature within the meaning of sections 61 to 63 of the ITA, the beneficiaries would be liable to tax on the income attributable to such revocable contributions.

If the transfer is regarded as irrevocable, then the tax treatment ought to be determined on the basis whether the respective shares of the beneficiaries are determinate or not.

#### *In case the Scheme is considered as irrevocable vis-à-vis its beneficiaries and determinate*

- a. Per Explanation to section 164 of the ITA, a trust is considered to be a determinate trust if it fulfils the following two conditions:
  - (i) Beneficiaries of the income arising to the trust are identifiable on the date of the indenture of trust; and

- (ii) The individual share of income of each beneficiary is ascertainable as on the date of the indenture of trust.
- b. Based on a ruling rendered by the Authority for Advance Rulings (“AAR”) in the case of AIG<sup>1</sup>, a trust may be considered as determinate where the instrument of trust specifies the categories of beneficiaries in the trust and prescribes a methodology for the determination of each beneficiary. However, it is pertinent to note that a ruling rendered by the AAR is binding only in case of applicant who sought the ruling and in respect of the transaction for which the ruling was sought. The above view has also been upheld by the Hon’ble High Court of Karnataka in the case of *CIT vs. India Advantage Fund VII*<sup>2</sup>. It is pertinent to note that the High Court decisions (unless subsequently reversed) are binding on all the tax authorities and tribunals functioning under the jurisdiction of the High Court.
- c. Further, in the recent ruling in the case of *Equity Intelligence AIF Trust v. CBDT & Anr. (W.P.(C) 9972/2024)*, the Delhi HC held that a Trust is determinate trust, and MMR<sup>3</sup> is not applicable where share of beneficiaries / investors are ascertainable.
- d. Further, an income-tax ruling has held that in order to form a determinate trust, the beneficiaries should be known, and the individual shares of those beneficiaries should be ascertainable as on the date of trust deed.
- e. As mentioned above, whilst the Scheme seeks to organize itself such that relying on certain principles laid down in certain tax rulings, there may be basis for it to be regarded as a determinate trust, the risk of the tax authorities seeking to treat the Scheme as an indeterminate trust cannot be ruled out.
- f. In case, the Scheme qualifies as a determinate trust, the trustee of the Scheme is assessed as a ‘Representative Assessee’ of the beneficiaries under section 161 of the ITA. Tax is levied on and payable by trustee in the like manner and to the same extent as it would be leviable on the beneficiaries i.e., the manner, rates and mechanism of taxation as applicable to the beneficiaries apply *vis-à-vis* share of income of each beneficiary.
- g. Once the income is taxed in the hands of the trustee (in its capacity as a ‘Representative Assessee’), no further tax implications on subsequent distribution of the said income by the trustee in the hands of the beneficiaries (subject to Minimum Alternative Tax ['MAT'] implications discussed below for corporate beneficiaries) arise. However, it should be noted that the tax authority may assess the income directly in the hands of beneficiaries under section 166 of the ITA, if not already assessed in the hands of trustee. Even if the tax authority tax the beneficiaries directly, the taxes, if any, paid by the trustee in their capacity as a representative assessee, could in principally, be available as credit against the tax liability, if any, of the beneficiaries. There may also be additional tax liability for corporate entities paying taxes per MAT provisions.
- h. If any portion of the income of the trust is characterised as business income, the whole of the income of the trust could become chargeable to tax in the hands of the trustee at MMR<sup>3</sup> under the provisions of section 161(1A) of the ITA subject to allowability of any deductible expenses of the trust.

*In case the Scheme is considered as irrevocable vis-à-vis its beneficiaries and indeterminate*

- i. In case, the Scheme does not meet the criteria of a determinate trust as specified above, it would be considered as a discretionary (indeterminate) trust and the trustee of the Scheme could be taxable at MMR<sup>3</sup> under section 164 of the ITA.

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<sup>1</sup> Advance Ruling P. No. 10 of 1996 In re [1997] 224 ITR 473 (AAR)

<sup>2</sup> [2017] 78 taxmann.com 301 (Karnataka)

<sup>3</sup> The term "maximum marginal rate" means the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, association of persons or, as the case may be, body of individuals as specified in the Finance Act of the relevant year. As per the Finance Act 2025, in case of Individuals/ AOP/ BOIs, the income-tax rate applicable on the highest slab of income could be 42.744% under the old provisions of the ITA and 39% as per the default provisions of section 115BAC of the ITA.

- j. Relying on judicial precedents, it could be possible to take a view that concessional rates of capital gains tax shall gain precedence over MMR<sup>3</sup> prescribed under section 164 of the ITA. However, the possibility of the Indian Tax authorities taking a contrary view cannot be ruled out.

*In case the Trust is considered to be an Association of Persons*

- k. Further, in the event the Scheme is regarded as an Association of Persons (“AOP”), any income of the Scheme shall be taxable in the hands of the Trustee at the MMR<sup>3</sup> (or in case the AOP has any foreign body corporate as a member, at a higher rate applicable to such foreign body corporate). As mentioned above, in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed 15%.
- l. Where the share of the beneficiaries of the Scheme (being considered as AOP) is considered as indeterminate / unknown, tax is chargeable in the manner as prescribed under section 167B of the ITA.
- m. The principles of AOP taxation come into play with respect to the Scheme’s Beneficiaries if the income is taxed at the AOP level.
- n. Once the income is chargeable to tax in the hands of the AOP, there should be no tax liability in the hands of the Beneficiaries on the income distributed by the AOP (subject to MAT implications discussed below for corporate beneficiaries).

### **III. Various streams of income of the Scheme**

Basis the investment strategy of the Scheme, it is proposed to primarily invest in the Master Fund which is an equity fund which invests primarily in companies from the People’s Republic of China, Hong Kong and Taiwan (‘Greater China’). The investors of the Scheme would primarily earn income through the Scheme from the following streams:

- a. Interest income;
- b. Dividend income;
- c. Gains arising on transfer/ redemption of securities; and
- d. Gains on transfer of units of the Scheme.

### **IV. Taxation of various streams of income in the hands of the Scheme**

On the basis that the Scheme shall be treated as a determinate trust for taxation purposes, the tax on the income of the investors of the Scheme shall be assessed in the hands of the trustee of the Scheme in the same and like manner has the income from investments got directly taxed in the hands of the investors of the Scheme. The taxability of investors shall depend upon whether the investor is a resident or a non-resident.

Once the income is taxed in the hands of the trustee (as a representative assessee) of the Scheme, as stated before, there should not be any further tax implications on subsequent distribution of the said income by the trustee in the hands of the beneficiaries except for MAT implications in the hands of corporate beneficiaries and possibility of assessment under section 166 of ITA.

Accordingly, the tax implications with respect to each of the above income streams in the hands of the investors of the Scheme (for which the trustee of the Scheme should be assessed), are discussed below:

#### **a. Interest income**

*Resident Investors*

Interest income earned by	Tax rate for resident Beneficiaries
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Domestic Companies (Refer Note 1)	30%/ 25%/ 22%/ 15%
Firms / LLPs	30%
Others (Refer Note 2)	As per the applicable slab rates, maximum being 30%

The above-mentioned tax rates are exclusive of applicable surcharge and health and education cess, the details of which are tabulated above in paragraph I

**Note 1:** Corporate tax at the rate of 25% (plus applicable surcharge and health and education cess) should be applicable for the financial year 2025-26 in the case of domestic companies having total turnover or gross receipts in the financial year 2023-24 not exceeding INR 400 crores. Existing domestic companies may opt for a beneficial tax rate of 22% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAA of the Act) subject to prescribed conditions. Further, new domestic manufacturing companies may opt for a beneficial tax rate of 15% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAB of the Act) subject to prescribed conditions.

**Note 2:** As per the ITA, the rates provided under the sub-section (1A) of section 115BAC of the ITA shall be applicable for Individual / HUF / AOP (other than co-operative society) / BOI / AJP unless an option is exercised under the sub-section (6) of section 115BAC to opt out of the regime. Further, the option of opting back to the regime under sub-section (1A) of section 115BAC can be exercised only once by a taxpayer earning income from business or profession. However, a person not having income from business or profession shall be able to exercise this option every year. Further, the income-tax slab rates under section 115BAC of the ITA as tabulated above in paragraph I.

#### Non-resident Investors

The interest income earned by the non-resident Investors (being corporate entity / non-corporate entity) shall be generally (unless certain conditions are satisfied) taxable at the applicable rates. For entities other than foreign companies, the general tax rate should be 30% (plus applicable surcharge and cess). Further, the tax rate for foreign companies is 35% (plus applicable surcharge and cess).

However, this rate shall be subject to the concessional tax rate specified in the Tax Treaties of the respective jurisdictions of the non-resident Investors (if available) and subject to applicable conditions.

#### **b. Dividend income**

Per the provisions of the ITA, the dividend income is taxable in the hands of the shareholders under section 56 of the ITA under the head 'Income from other sources' at the applicable rates.

Further, as per section 80M of the ITA, in case any Indian company receives dividend from another Indian company or foreign company or business trust and the dividend is distributed by the first mentioned Indian company before the specific due date [i.e. one month prior to the date of filing tax return under section 139(1) of the ITA], then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company or foreign company or business trust.

The dividend income (net of deductions, if any) is taxable at the following rates:

#### Resident Investors

Dividend income received by	Tax rates for resident Beneficiaries
Domestic Companies (Refer Note 1)	30%/ 25%/ 22%/ 15%
Firms / LLPs	30%
Others (Refer Note 2)	As per the applicable slab rates, maximum being 30%

The above-mentioned tax rates are exclusive of surcharge and health and education cess, the details of which are tabulated above in paragraph I

**Note 1:** Corporate tax at the rate of 25% (plus applicable surcharge and health and education cess) should be applicable for the financial year 2025-26 in the case of domestic companies having total turnover or gross receipts in the financial year 2023-24 not exceeding INR 400 crores. Existing domestic companies may opt for a beneficial tax rate of 22% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAA of the Act) subject to prescribed conditions. Further, new domestic manufacturing companies may opt for a beneficial tax rate of 15% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAB of the Act) subject to prescribed conditions.

**Note 2:** As per the ITA, the rates provided under the sub-section (1A) of section 115BAC of the ITA shall be applicable for Individual / HUF / AOP (other than co-operative society) / BOI / AJP unless an option is exercised under the sub-section (6) of section 115BAC to opt out of the regime. Further, the option of opting back to the regime under sub-section (1A) of section 115BAC can be exercised only once by a taxpayer earning income from business or profession. However, a person not having income from business or profession shall be able to exercise this option every year. Further, the income-tax slab rates under section 115BAC of the ITA as tabulated above in paragraph I.

#### Non-resident Investors

Dividend income shall be taxable in the hands of the non-resident Investors at the rate of 20% (on gross basis) under the ITA. Further, where the dividend is received from an unit in an IFSC, the rate of tax shall be 10%.

However, this rate is subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the investors and subject to applicable conditions.

#### **c. Gains arising on transfer/ redemption of securities**

Gains arising from the transfer of securities held in companies may be treated either as ‘capital gains’ or as ‘business income’ for tax purposes, depending upon whether such securities are held as a capital asset or trading asset (i.e. stock-in-trade). Traditionally, the issue of characterisation of gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the tax authorities.

There have been judicial pronouncements on whether gains from transactions in securities should be taxed as ‘business profits’ or as ‘capital gain’. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, CBDT has provided guidance (*vide* its Instruction No. 1827, dated August 31, 1989 and Circular No. 4/2007, dated June 15, 2007) in respect of characterisation of gains as either capital gains or business income. Following are the key illustrative factors indicative of capital gains characterisation (not business income):

- Intention at the time of acquisition – capital appreciation
- Low transaction frequency
- Long period of holding

- d. Shown as investments in books of accounts (not stock in trade)
- e. Use of owned funds (as opposed to loan) for acquisition
- f. Main object in constitution document is to make investments
- g. Higher level of control over the investee company

No single criteria should be decisive to determine whether or not the income is in the nature of capital gains or business income or income from other sources. The characterisation should depend on the total effect of all criteria applicable to the facts of the case. Therefore, in this regard, the characterisation of income of the Scheme would need to be evaluated every year, based on the facts existing in that year.

The Scheme intends to organize itself in a manner that it complies with the conditions and parameters mentioned in the CBDT Circular and instructions such that the income from sale of securities in the investee companies be generally categorised as capital gains. However, the possibility of the tax authorities seeking to treat such income as business income cannot be ruled out.

Further, CBDT had issued a circular no. 6/2016 dated 29 February 2016, clarifying the issue of taxability of gains arising on sale of listed shares and securities. The circular laid down guiding principles to characterise the gains from sale of listed shares and securities, either as business income or capital gains. It had clarified that the Tax Officer would not dispute any income arising from transfer of listed shares and securities held for more than 12 months, if the same was treated as, and offered to tax under, the head 'Capital Gains', subject to genuineness of the transaction being established. However, as regards the securities sold within 12 months there is a risk that the tax officer could characterise the said income as 'Profits and gains from business or profession'.

Similarly for determining the tax treatment of income arising from transfer of unlisted shares for which no formal trading markets exists, the CBDT had issued an instruction dated 2 May 2016 where it has been decided that income arising from transfer of unlisted shares is considered as 'capital gains', irrespective of the period of holding, with a view to avoid litigations / disputes and to maintain uniform approach.

It is, however, clarified that the above would not be necessarily applied in the situations where:

- a. the genuineness of transactions in unlisted shares itself is questionable; or
- b. the transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- c. the transfer of unlisted shares is made along with the control and management of underlying business and the Assessing Officer would take appropriate view in such situations

#### If the gains are characterised as capital gains

Per section 45 of the ITA, any profits or gains arising from the transfer of capital assets are chargeable to income tax under the head 'capital gain'.

Section 48 of the ITA provides that income chargeable as capital gains would be computed as the difference between the full value of the consideration received or accrued on the transfer of the capital asset and the cost of acquisition / indexed cost of acquisition (as applicable) of such asset plus expenditure incurred wholly and exclusively in connection to such transfer. Under the ITA, capital gains will be taxable in the hands of the investors depending on the nature of securities and the period of holding. The capital gains would be classified as long-term or short-term, depending upon the period of holding of the assets.

Type of instrument	Period of holding	Characterisation
Listed securities (including units of REITs/ InvIT but other than market linked debentures and unit of a Specified Mutual Fund), Unit of equity-oriented mutual fund,	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset

Type of instrument	Period of holding	Characterisation
units of the Unit Trust of India and Zero-Coupon Bonds.		
All other capital assets (other than Unlisted Debentures and Bonds)	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset
Market Linked Debenture and Units of Specified Mutual Fund (Refer Note 3)	-	Deemed Short-term Capital Asset
Unlisted Debentures and Bonds (Refer Note 4)	-	Deemed Short-term Capital Asset

Taxability of capital gains under the ITA are as follows:

Resident Investor

Type of instrument	Long-term capital gains	Short-term capital gains
<ul style="list-style-type: none"> <li>Equity shares listed on a recognized stock exchange;</li> <li>To be listed equity shares to be sold through offer for sale; or</li> <li>Units of equity-oriented mutual funds or units of business trust on which STT has been paid at the time of transfer of the above-mentioned instruments and also at the time of acquisition of equity shares. (Refer Note 1)</li> </ul>	12.5% (without indexation)  Gains up to INR 1.25 lakh is exempt from tax	20%
Listed bonds or listed debentures (Other than Market Linked Debentures and units of Specified Mutual Fund)	12.5% (without indexation)	
Zero Coupon Bond or other listed securities (other than units of mutual funds, listed bonds and debentures, Market Linked Debentures and units of Specified Mutual Fund) on which STT is not paid	12.5% (without indexation)	Applicable slab rates for non-corporate,  30% (in case of partnership firm/LLP),
Unlisted securities (other than unlisted bonds and unlisted debentures, units of mutual fund, Market Linked Debentures and units of Specified Mutual Fund)	12.5% (without indexation) (Refer Note 5)	30%/25%/22%/15% (in case of domestic companies)  (Refer Note 2)
Units of mutual fund (other than equity-oriented fund on which STT is paid and units of Specified Mutual Fund)	12.5% (without indexation)	
Unlisted bonds or unlisted debentures (Other than Market Linked Debentures)- Refer Note 4	NA	
Market Linked Debenture and Units of Specified Mutual Fund- Refer Note 3	NA	

The above-mentioned tax rates are exclusive of surcharge and health and education cess, the details of which are tabulated above in paragraph I

**Note 1:** The CBDT has issued a notification to specify the transactions where the condition of payment of STT on acquisition would not apply for applying the applicable tax rate on transfer of listed equity shares.

**Note 2:** Corporate tax at the rate of 25% (plus applicable surcharge and health and education cess) should be applicable for the financial year 2025-26 in the case of domestic companies having total turnover or gross receipts in the financial year 2023-24 not exceeding INR 400 crores. Existing domestic companies may opt for a beneficial tax rate of 22% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAA of the Act) subject to prescribed conditions. Further, new domestic manufacturing companies may opt for a beneficial tax rate of 15% (plus fixed surcharge at rate of 10% and applicable health and education cess) (as per section 115BAB of the Act) subject to prescribed conditions.

As per the ITA, the rates provided under the sub-section (1A) of section 115BAC of the ITA shall be applicable for Individual / HUF / AOP (other than co-operative society) / BOI / AJP unless an option is exercised under the sub-section (6) of section 115BAC to opt out of the regime. Further, the option of opting back to the regime under sub-section (1A) of section 115BAC can be exercised only once by a taxpayer earning income from business or profession. However, a person not having income from business or profession shall be able to exercise this option every year. Further, the income-tax slab rates under section 115BAC of the ITA as tabulated above in paragraph I.

**Note 3:** As per section 50AA of the ITA, whereunder the Capital Gains arising on transfer / redemption / maturity of a Specified Mutual Fund or a Market Linked Debenture are deemed to be short-term capital gains (irrespective of the period of holding). Such short-term capital gains shall be chargeable to tax at the applicable slab rates, maximum being 30% (plus applicable surcharge and cess).

Further, “Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a Market Linked Debenture by the Securities and Exchange Board of India.

Furthermore, the definition of “Specified Mutual Fund” has been amended to:

- (a) a Mutual Fund by whatever name called, which invest more than sixty five percent of the total proceeds in debt and money market instrument or;
- (b) a fund which invests sixty five percent or more of its proceeds in units of fund referred to in sub-clause (a)”

**Note 4:** The Capital Gains on transfer / redemption / maturity of unlisted bond or an unlisted debenture on or after 23 July 2024 is deemed to be considered as short-term capital gains (irrespective of the period of holding). Consequently, such short-term capital gains shall be chargeable to tax at the applicable rates (plus applicable surcharge and cess).

**Note 5:** No indexation benefit is available while computing long-term capital gains for all taxpayers (other than long-term capital gains arising on unlisted shares acquired prior to 31 January 2018 and sold as part of Offer for sale)

#### **Non-Resident Investor**

Type of instrument	Long-term capital gains	Short-term capital gains
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<ul style="list-style-type: none"> <li>• Equity shares listed on a recognized stock exchange;</li> <li>• To be listed equity shares to be sold through offer for sale; or</li> <li>• Units of equity-oriented mutual funds or units of business trust on which STT has been paid at the time of transfer of the above-mentioned instruments and also at the time of acquisition of equity shares. (Refer <b>Note 1</b>)</li> </ul>	12.5% (without indexation)  Gains up to INR 1.25 lakh is exempt from tax	20%
Listed bonds or listed debentures (Other than Market Linked Debentures and units of Specified Mutual Fund)	12.5% (without indexation) (Refer <b>Note 2</b> )	
Zero Coupon Bond or other listed securities (other than units of mutual funds, listed bonds and debentures, Market Linked Debentures and units of Specified Mutual Fund) on which STT is not paid	12.5% (without indexation) (Note 2)	Applicable slab rates for non-resident individuals,  35% (in case of foreign companies),  30% (other non-residents)
Unlisted securities (other than unlisted bonds and unlisted debentures, units of mutual fund, Market Linked Debentures and units of Specified Mutual Fund)	12.5% (without indexation) (Refer <b>Note 2</b> )	(Refer <b>Note 3</b> )
Units of mutual fund (other than equity-oriented fund on which STT is paid and units of Specified Mutual Fund)	12.5% (without indexation) (Refer <b>Note 2</b> )	
Unlisted bonds or unlisted debentures (Other than Market Linked Debentures)- Refer <b>Note 5</b>	NA (Refer <b>Note 2</b> )	
Market Linked Debenture and Units of Specified Mutual Fund- Refer <b>Note 4</b>	NA	

The above-mentioned tax rates are exclusive of surcharge and health and education cess, the details of which are tabulated above in paragraph I. Further, the above-mentioned tax rates would be subject to availability of Tax Treaty benefits which may have to be separately evaluated by the tax consultants of the investors on a case-to-case basis.

In case, the investments are made by non-resident Indians, then such unitholders are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA and if such investors opt to be governed by these provisions, the same needs to be evaluated separately on a case-to-case basis. Further, the tax rates for FPI are also required to be evaluated separately.

**Note 1:** The CBDT has issued a notification to specify the transactions where the condition of payment of STT on acquisition would not apply for applying the applicable tax rate on transfer of listed equity shares.

**Note 2:** Without considering indexation and foreign exchange fluctuation benefit.

**Note 3:** As per the ITA, the rates provided under the sub-section (1A) of section 115BAC of the ITA shall be applicable for Individual / HUF / AOP (other than co-operative society) / BOI / AJP unless an option is exercised under the sub-section (6) of section 115BAC to opt out of the regime. Further, the option of opting back to the regime under sub-section (1A) of section 115BAC can be exercised only once by a taxpayer earning income from business or profession. However, a person not having income from business or profession shall be able to exercise this option every year. Further, the income-tax slab rates under section 115BAC of the ITA as tabulated above in paragraph I.

**Note 4:** The Capital Gains on transfer / redemption / maturity of a Specified Mutual Fund or Market Linked Debenture shall be deemed to be short-term capital gains (irrespective of the period of holding) and such short-term capital gains shall be chargeable to tax at the applicable slab rates maximum being 30% (plus applicable surcharge and cess).

Further, “Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a Market Linked Debenture by the Securities and Exchange Board of India.

Furthermore, the definition of “Specified Mutual Fund” refers:

“(a) a mutual Fund by whatever name called, which invest more than sixty five percent of the total proceeds in debt and money market instrument or;  
(b) a fund which invests sixty five percent or more of its proceeds in units of fund referred to in sub-clause (a)”

**Note 5:** The Capital Gains on transfer / redemption / maturity of unlisted bond or an unlisted debenture on or after 23 July 2024 shall be deemed to be considered a short-term capital gains (irrespective of the period of holding). Consequently, such short-term capital gains shall be chargeable to tax at the applicable rates (plus applicable surcharge and cess).

#### If the gains are characterised as business income

If the gains arising from the transfer of securities are categorised as business income of the Scheme, the whole of the income of the Scheme (net of eligible expenses) shall be taxable at MMR<sup>3</sup>.

#### **d. Gains on transfer of units of the Scheme**

Gains arising on transfer of units of the Scheme may be taxable directly in the hands of the investors. The Indian income tax implications shall depend on the characterisation of gains either as business income or capital gains in the hands of the investors. Accordingly, the tax rates mentioned above for capital gains and business income should continue to apply in such case.

#### Exit from the Scheme

The trustee intends to discharge the applicable taxes on any income arising on disposal of investments as a representative assessee of Beneficiaries. It may be argued that once the trustee has discharged the tax liability on such income, there may not be any further tax liability in the hands of Beneficiary on exit from the Scheme for the purpose of distribution of such proceeds. However, there is a risk that arguably exit from the Scheme may be treated as a separate taxable transfer. In such an event, the Investor may be subject to tax on such exit in addition to the tax liability discharged by the trustee.

#### **e. Tax Treaty Benefits for non-resident Investor**

As per section 90(2) of ITA, the provisions of ITA would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (**Tax Treaty**) between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits

will be available to the offshore investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. As discussed earlier, the income of the Scheme will be taxed in the hands of the trustees as representative assessee and the beneficiaries would not be assessed to tax on the same income. Therefore, the investors will have to examine the application of the tax treaty benefits, if the income is assessed to tax in the hands of the Beneficiaries.

f. Tax Residency Certificate (TRC)

The section 90(4) of ITA provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor shall be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated 1 August 2013 amended Rule 21AB of the Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC. Recently, there have been amendments to state that the Form 10F needs to be furnished online for non-residents as well.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

The assessee (i.e. non-resident) should be required to keep and maintain the documents that are necessary to substantiate the above information. Further, an income-tax authority may ask for the said documents from the assessee in relation to a claim of benefit under the tax treaty.

V. Other Provisions

Representative Assessee

If and to the extent the trustee may be regarded as a representative assessee in respect of income to be received in the trust on behalf of the Beneficiaries, all the rights and obligations of the trustee in his capacity as a representative assessee as encapsulated in the relevant provisions of the ITA may be applicable.

Minimum Alternative Tax ('MAT')

Per the ITA, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company is required to pay MAT at 15% of book profits (excluding applicable surcharge and health and education cess). However, for units located in IFSC deriving income solely in convertible foreign exchange, the AMT rate shall be reduced to 9%

Further, in case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the ITA, then MAT provisions do not apply to such domestic companies. Also, MAT credit (if any) is not allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

The MAT credit is allowed to be carried forward up to 15 assessment years.

The Finance Act, 2017, has introduced the framework for computation of book profit for Ind AS compliant companies in the year of adoption and thereafter.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the IT Act, then MAT provisions shall not be applicable to such domestic companies. Also, MAT credit (if any) shall not be allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

With respect to the corporate assessee the income distributed by the Fund shall form part of the income credited to the profit and loss account prepared by corporate Beneficiaries, the possibility of the Indian tax authorities subjecting such distribution to MAT without giving effect to the tax paid at the Fund level cannot be ruled out. However, the said issue is not relevant for corporate Beneficiaries who has opted for lower rate of tax under section 115BAA of section 115BAB of the ITA since MAT is not applicable to such companies.

#### Alternate Minimum Tax ('AMT')

Per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income is deemed to be the total income of that person and is liable to pay income-tax on such total income at the rate of 18.5%. However, for units located in IFSC deriving income solely in convertible foreign exchange, the AMT rate shall be reduced to 9%. Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

Further, the above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the ITA.

#### TDS on purchase of goods

Section 194Q of the ITA provides for TDS by person responsible for paying any sum to any resident for purchase of goods at the rate of 0.1%. To ensure that compliance burden is only on those who can comply with it, the tax is only required to be deducted by those person (i.e., buyer) whose total sales, gross receipts or turnover from the business carried on by him exceed INR 10 crore during the Financial Year immediately preceding the Financial Year in which the purchase of goods is carried out. The Central Government may, by notification in the Official Gazette, exempt a person (i.e., buyer) from obligation under this section on fulfilment of conditions as may be specified in that notification.

Tax is required to be deducted by such person if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding INR 50 lakhs in the previous year. It also provides that the provisions of this section shall not apply to-

- a transaction on which tax is deductible under any provision of the ITA; and
- a transaction, on which tax is collectible under the provisions of section 206C.

This means, if on a transaction a TDS or tax collection at source (TCS) is required to be carried out under any other provision, then it would not be subjected to TDS under this section.

Where any sum is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

It should however be noted that CBDT has issued a circular clarifying that the above provisions are not applicable to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in IFSC.

## Withholding Tax at higher rate

### Section 206AA of the ITA

The income-tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a PAN, then tax is required to be deducted by the payer at the higher of the following:

- rates specified in the relevant provisions of the ITA; or
- rates in force; or
- 20%.

The aforesaid rate of 20% shall be replaced by 5% in case tax is required to be deducted under section 194Q of the ITA

In the case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate does not apply if they furnish certain prescribed information/ documents. The CBDT had issued a notification granting certain relaxations from deduction of tax at a higher rate in the case of non-resident investors or a foreign company. The provisions of section 206AA of the ITA does not apply in respect of payments to be made which are in the nature of interest, royalty, fees for technical services, dividends, and payments on transfer of any capital asset, provided the deductee furnishes certain details and specified documents to the deductor.

## Deemed income on transfer of shares

As per section 50CA of ITA, if there is a transfer of shares (other than quoted share) of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT vide notification dated July 12, 2017 (with effect from April 1, 2017) has issued rules for computation of FMV for the purpose of section 50CA of the ITA. Where the actual sales consideration is disregarded and the fair market value, as computed under section 50CA read with the IT Rules is considered for the purpose of determination of capital gains, the investors or the Scheme may be taxable on an amount that may be greater than gains actually realised. The taxability of such gains would be as discussed above.

## Redemption premium

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Considering the fact that the securities are held as a capital asset, premium on redemption of securities can either be treated as 'interest' or as 'capital gains'. The characterisation of premium on redemption of securities as interest or a capital gains has to be decided based on factors surrounding the relevant case. Taxability of 'interest' and 'capital gains' in the hands of resident Beneficiaries has been provided above.

## Capital losses

In terms of section 70 read with section 74 of the ITA, short-term capital loss arising during a year can be set-off against short-term as well as long-term capital gains. Balance loss, if any, can be carried forward for subsequent eight assessment years.

A long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, is carried forward and set-off against long-term capital gains arising during the subsequent eight assessment years.

## Elimination of double taxation

The Scheme may be subject to taxes in the overseas jurisdiction. Further, under the ITA, there are provisions which permit credit of such taxes (discharged outside India) while computing the tax liability

on such overseas income in India. Further, the tax treaties may also provide for provisions for elimination of double taxation, if applicable.

Given that the Scheme is a trust with resident and non-resident beneficiaries, availability of benefit under the tax treaties and availability of credit of taxes paid outside India will have to be evaluated based on facts of the case.

#### Income Stripping

As per section 94(1) of the ITA, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest payable, whether it may or may not have been chargeable to income tax apart from the provisions of Section 94(1) of the ITA, may be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per Section 94(2) of the ITA, where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income may have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year is deemed to be the income of such person.

#### Dividend stripping

Where any person buys or acquires any securities or units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend or by a mutual fund or the administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of 3 (three) months after such record date, or (ii) sells or transfers such unit within a period of 9 (nine) months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

Further the ITA has extended the above provisions to include units of business trusts such as Infrastructure Investment Trust ('InvIT'), Real Estate Investment Trust ('REIT') and AIF, within the definition of units.

#### Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of 9 (nine) months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

Further the ITA has extended the above provisions to securities as well and also modified the definition of unit, so as to include units of business trusts such as Infrastructure Investment Trust ('InvIT'), Real Estate Investment Trust ('REIT') and AIF, within the definition of units.

### General Anti-avoidance Rule (GAAR)

The GAAR regime as introduced in the ITA is effective from April 1, 2017. GAAR may be invoked by the tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the ITA;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure;
- Reallocating and re-characterizing equity into debt, capital into revenue, etc.;
- Disregarding or treating any accommodating party and other party as one and the same person; and
- Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The GAAR provisions override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it does not apply, have been enumerated in Rules 10U to 10UC of the Rules. The Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ("LOB") in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

### Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI')

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting.

MLI is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The final impact of the MLI on a Tax Treaty is dependent on both the contracting states to the Tax Treaty having deposited their respective instruments of ratification with their final MLI Positions with the OECD Depositary. The MLI includes both mandatory provisions (i.e. the minimum standards under the BEPS Project) as well as non-mandatory provisions.

India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

Once MLI evolves and is implemented in future, one should need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries. There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied.

### **Place of effective management**

A non-resident investor is subject to taxation in India only if;

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received/ deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the ITA.

Per section 6 of the IT Act, a foreign company is treated as a tax resident in India if its place of effective management ('POEM') is in India in that year. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity are, in substance made. In case, the foreign company has a POEM in India, it qualifies as a resident of India for tax purposes and consequently, its worldwide income is taxable in India. In this connection, the CBDT issued a notification dated 22 June 2018, prescribing special provisions regarding taxation of foreign companies which are regarded as residents in India on account of its POEM being in India. Further, the foreign company might also not be entitled to claim the benefits of a Tax Treaty between India and the country of residence of the foreign company.

The CBDT had *vide* its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company ('POEM Guidelines'). The POEM guidelines lay down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM.

The CBDT had *vide* circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM do not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

### **FATCA Guidelines**

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act ('FATCA') provisions and the Common Reporting Standards ('CRS'), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government.

The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May.

The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- a. the name, address, taxpayer identification number [(‘TIN’) (assigned in the country of residence)] and date and place of birth [‘DOB’ and ‘POB’ (in the case of an individual)];
- b. where an entity has one or more controlling persons that are reportable persons:
  - i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
  - ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- c. account number (or functional equivalent in the absence of an account number);
- d. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
- e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS).

Furthermore, as per sub-section (2) in the section 271FAA of the ITA, if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of INR 5000 shall be imposable on such institution, in addition to the penalty leviable on such financial institution in the said section, if any. This penalty shall be levied by the income tax authority prescribed under sub-section (1) of section 285BA of the ITA. The reporting financial institution may recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

Now, the Finance Act, 2024 amended that with effect from 1 October 2024, the penalty of INR 50,000 will be levied (i) for furnishing inaccurate information in the statement of financial transaction or reportable account, or (ii) for failing to comply with due diligence requirements in said statement under the provisions of section 271FAA of the Act. Also, no penalty will be imposed for any failure, if the assessee proves that there was a reasonable cause for such failure.

#### Goods and Service Tax

GST is not applicable on services received by a unit in IFSC and also on services provided to IFSC/ SEZ units. As management fees will be paid by the Scheme to the FME set-up as a unit in the IFSC, the same should not be subject to GST.

However, in case where services procured by the unit in IFSC does not satisfy certain conditions laid down under the GST law, the benefit of the exemption would not be available, and the GST charged will become a cost.

#### Changes in Law

As an overall point, it should be borne in mind that income tax positions are in an evolutionary phase. Given this, while the comments outlined in this section factor in the prevalent general industry practices and current interpretations of tax laws, such positions may not have been specifically addressed or endorsed by the revenue/ judicial authorities and could be subject to scrutiny.

Further, there can be no assurance that there will not be future legislative, judicial, or administrative changes in the law or interpretations thereof. Any such changes, which could be retroactive, could adversely affect the consequences, including the tax consequences, of an investment in the Scheme.

#### IMPORTANT QUALIFICATION

THERE CAN BE NO GUARANTEE THAT THE ABOVE POSITION REGARDING TAXATION OF THE SCHEME AND TAXATION OF INVESTORS OF THE SCHEME WOULD BE NECESSARILY ACCEPTED BY THE INCOME-TAX AUTHORITIES UNDER THE ITA. NO REPRESENTATION IS MADE EITHER BY THE TRUSTEE OR THE FME OR ANY EMPLOYEE, DIRECTOR, SHAREHOLDER OR AGENT OF THE FME IN REGARD TO THE ACCEPTABILITY OR OTHERWISE OF THE ABOVE POSITION REGARDING TAXATION OF THE SCHEME AND TAXATION OF INVESTORS OF THE SCHEME BY THE INCOME TAX AUTHORITIES UNDER THE ITA. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS IN THIS REGARD.

## SECTION XI: DISCIPLINARY HISTORY

**Disciplinary history of the Scheme, Trustee, FME and their directors (as may be applicable) are provided hereunder:**

**Details of disciplinary history of the Scheme, FME and their directors:**

1) **Details of outstanding/pending and past cases (where the person has been found guilty) of litigations, criminal or civil prosecution, disputes, non-payment of statutory dues, overdues to/defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences, adverse findings with respect to compliance with securities laws, penalties levied, disputed tax liabilities, etc.**

- i. In the matter of IPO of Electrosteel Steels Limited, Edelweiss Financial Services Limited (EFSL), along with other Merchant Bankers received an adjudication order dated March 31, 2016 from SEBI imposing penalty of Rs. 1,00,00,000/- on all the Merchant Bankers, which the Merchant Bankers are liable to pay jointly and severally. EFSL along with other Merchant Bankers have filed an appeal before Securities Appellate Tribunal against the Adjudicating order. The Securities Appellate Tribunal vide its order dated November 14, 2019, has reduced the penalty amount from Rs. 1,00,00,000 to Rs. 50,00,000. The penalty of Rs. 50,00,000 imposed on the Merchant Bankers has been paid jointly. EFSL paid Rs. 16,66,667/- on December 3, 2019.
- ii. SEBI has issued its Final Order on Oct 25, 2024, pertaining to the Show Cause Notice issued for exceeding the maximum 30 stock limit by Edelweiss Focused Fund as is applicable to under the Focused Fund Category.

SEBI has levied a penalty of INR 8 lacs on EAML and INR 4 lacs each on Ms. Radhika Gupta and Mr. Trideep Bhattacharya for the violations.

SEBI in its concluding statement has noted that this act does not quantify any disproportionate gain or unfair advantage or consequent loss caused to an investor or group of investors or profit made by the Noticees as a result of the violations committed by the Noticees. Further, there is nothing on record to show that the violations committed by the Noticees are repetitive in nature.

While EAML and Mr. Trideep Bhattacharya have paid the penalty on December 7, 2024, and November 27, 2024, respectively, Ms. Radhika Gupta has filed an appeal against the order in Securities Appellate Tribunal (SAT) on December 12, 2024.

B) Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

Nil

C) Any deficiency in the systems and operations of the sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

Nil

2) **Any disciplinary action taken by any other regulatory authority (including the overseas regulator).**

Nil.

3) **Operational actions such as administrative warnings/deficiency letters:**

Nil.

**The details with respect to the disciplinary history of the Trustee and its directors are provided hereunder:**

- 1) **Details of outstanding/pending and past cases (where the person has been found guilty) of litigations, criminal or civil prosecution, disputes, non-payment of statutory dues, overdues to/defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences, adverse findings with respect to compliance with securities laws, penalties levied, disputed tax liabilities, etc.:**

Adjudication Order No. Order/BM/GN/2023-24/30084-30085 dated March 18, 2024, issued by SEBI under Section 15-1 of Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 and penalty pertaining the same has been duly paid.

- 2) **Any disciplinary action taken by regulatory authority (including the overseas regulator):**

Nil.

- 3) **Operational actions such as administrative warnings/deficiency letters:**

- As regards operational actions, SEBI in regular inspection/examination of Trustee's activities as debenture trustee and Securitised Debt Instrument transactions has issued administrative warning letters dated March 31, 2023, March 18, 2025, September 02, 2024 and respectively and the same has been/is being complied with satisfactorily.
- Mr. Venkatesh Prabhu was issued an advisory letter for one fund as a Key Managerial Personal (KMP) on November 6, 2023. The matter is in correspondence with SEBI.

**Operational actions (for directors):**

Nil

## SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES

### Year 1

Sr. No.	Particulars	Basis of calculation		Regular Plan	Direct Plan
A	Net contribution received from the Unit Holders (Note 4)			5,000.00	5,000.00
B	<u>Fees and other expenses</u>			1.5%	0.5%
	a. Management Fees	(A) * Management Fees rate applicable for respective shares class		75.00	25.00
	b. Operating Expenses (Note 5)	(A) * 0.30%		15.00	15.00
	c. Other Expenses (Note 6)	(A) * 0.50%		25.00	25.00
	Total fees and other expense			115.00	65.00
C	Net invested amount	(A-B)		4,885.00	4,935.00

### Notes:

1. The format provided above is indicative and provided for reference only. Unit Holders should review and examine the detailed terms mentioned in the Offer Document.
2. Please note that the above table is for illustration purposes only and actuals may differ.
3. The illustration is for a 1-year period; however, the actual tenure of the Scheme could be different.
4. The Net contribution received from the Regular Plan Unit Holder (which are sourced through Placement Agent) is after considering the Placement fee of 2% of the respective Initial Contribution / Additional Contribution.
5. Operating Expenses will all be charged on actuals subject to a cap of 0.30% p.a. of the average AUM. For the purpose of this illustration, it is assumed to be 0.30% of the net contribution.
6. Other Expenses will all be charged on actuals. For the purpose of this illustration, it is assumed to be 0.50% of the net contribution.

### SECTION XIII: GLOSSARY

“ <b>20/25 rule</b> ”	has the meaning ascribed to such term in paragraph 27 under the heading ‘ <i>Minimum Number of Investors</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>20 Investors Limit</b> ”	has the meaning ascribed to such term in paragraph 26 under the heading ‘ <i>Minimum Number of Investors</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>25% Limit</b> ”	has the meaning ascribed to such term in paragraph 26 under the heading ‘ <i>Minimum Number of Investors</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Additional Subscription</b> ”	has the meaning ascribed to such term in paragraph 9 under the heading ‘ <i>Initial Subscription and Additional Subscription</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Application Date</b> ”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ”.
“ <b>Application Form</b> ”	means the subscription form signed by the Investor to subscribe to the Units of the Scheme.
“ <b>Applicable Laws</b> ”	shall mean any applicable statute, law, ordinance, regulation, rule, order, bye-law, notification, circular, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law, in India and outside India, as is in force from time to time, including the IFSCA FM Regulations, SEZ Act, the Foreign Exchange Management (Overseas Investment) Regulations, 2022, Foreign Exchange Management (Debt Instruments) Regulations, 2019, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, IT Act, and any other laws as may be applicable to the Trust set-up in IFSCA, also including any double taxation avoidance agreement entered into by the Government of India with governments of other jurisdictions.
“ <b>Associate(s)</b> ”	has the meaning as ascribed to such term under the IFSCA FM Regulations.
“ <b>AUM</b> ”	means asset under management as on a particular Business Day. For the purposes of clarity, the AUM shall mean such assets under management before considering any Taxes or Scheme Expenses.
“ <b>Benchmark</b> ”	has the meaning ascribed to such term in paragraph 3 under the heading ‘ <i>Benchmark</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Beneficial Interest</b> ”	means the proportionate interest held by a Unit Holder as evidenced by the number of Units held by such Unit Holder in the Class of Units divided by the total number of Units in the said Class of Units (as determined in accordance with the Offer Document).
“ <b>Business Day</b> ”	means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges located in the jurisdiction where the underlying Master Fund have invested, including India, GIFT City or Greater China region are authorized or required by Applicable Laws to remain closed or

	a day on which the Master Fund is closed for subscription/redemption or any such day as the FME may specify from time to time.
“Class(es)”	means a class or category of Units, as distinct from another class or category of Units of the Scheme.
“Compliance Officer”	has the meaning ascribed to such term in “ <b>SECTION II: GOVERNANCE STRUCTURE</b> ” of this Offer Document.
“Corpus”	has the meaning assigned to such term under the IFSCA FM Regulations.
“CRO”	has the meaning assigned to such term in paragraph 40 titled “ <i>Grievance Redressal</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“CRAO”	has the meaning assigned to such term in paragraph -40 titled “ <i>Grievance Redressal</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“Custodian”	means any person, company, firm or institution competent to be appointed as a custodian, and acting as such for the time being of all or any of the Investments.
“Cut-Off Time”	means 12:00 noon (IST) on the relevant Valuation Day or such other time period as may be decided by the FME from time to time.
“Deceased Investor”	has the meaning ascribed to such term in paragraph 23 under the heading ‘ <i>Transfer/pledge and transmission of Units</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“Direct Plan”	has the meaning assigned to such term in paragraph 5 titled “ <i>Plans and Options</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“Eligible Person”	means a Person who (i) complies with know-your-customer (KYC) norms stipulated by the FME or IFSCA or any other regulatory authority; (ii) is permitted to invest in the Scheme as per Applicable Laws and the Trust Documents; and (iii) is willing to execute necessary documentation as stipulated by the FME in accordance with the Trust Documents.
“Exit Charge”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“Exit Proceeds”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“FATCA Implementation Rules”	has the meaning ascribed to such term in paragraph 3 under the heading ‘ <i>FATCA / CRS Reporting</i> ’ of the Supplementary Information in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“Fund Management Entity” or “FME”	means ‘ <b>Edelweiss Asset Management Limited (IFSC Branch)</b> ’, having its registered office address at 503, 5th Floor, Pragya II, Block 15 – C1, Zone -1, Road No. 11, GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India, appointed by the Trustee as the fund management entity to

	the Scheme under the Investment Management Agreement and is registered with the IFSCA as a Registered FME (Retail) under the IFSCA FM Regulations with registration number FDM2025FMR0792.
<b>“FME Commitment”</b>	has the meaning assigned to such term in paragraph 12 titled “ <i>FME Commitment</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“GIFT City”</b>	means the Gujarat International Finance Tec-City.
<b>“Global Custodian”</b>	means any person, company, firm or institution competent to be appointed as a custodian, and acting as such for the time being of all or any of the Investments.
<b>“Government”</b>	means any Indian central, state or local government authority, agency, branch or body or any instrumentality thereof or relevant applicable governmental authority, agency, body outside India.
<b>Greater China</b>	means People’s Republic of China, Hong Kong and Taiwan.
<b>“GST”</b>	means goods and services tax.
<b>“Guardian”</b>	means either natural guardian that is father or mother, as the case may be, or a court appointed legal guardian.
<b>“IFSCA” or “IFSC Authority”</b>	means International Financial Services Centres Authority established under the International Financial Services Centres Authority Act, 2019.
<b>“IFSCA FM Regulations”</b>	means the International Financial Services Centres Authority (Fund Management) Regulations, 2025 and various notifications, directives, circulars, guidelines and clarifications issued by IFSCA and includes any amendment issued from time to time or any modification or re-enactment thereof by IFSCA.
<b>“Indemnified Persons”</b>	has the meaning ascribed to such term in paragraph 28 under the heading ‘ <i>Indemnification</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Indenture”</b>	means the indenture of trust dated September 17, 2025, executed by and between, the Settlor and the Trustee, for the creation of Scheme and registered under the provisions of the Registration Act, 1908, together with all annexures, schedules and exhibits, if any, as may be further amended, modified, reinstated or supplemented from time to time.
<b>“Independent Valuer”</b>	shall mean an independent service provider such as a fund administrator, a custodian, a credit rating agency registered with the IFSCA, a valuer registered with Insolvency and Bankruptcy Board of India or such other person as may be specified by the IFSCA, as may be appointed for carrying out valuation of Investments.
<b>“Indian Rupees” or “Rupes” or “Rs.” or “INR”</b>	means the currency of the Republic of India.
<b>“Initial Offer Period”</b>	has the meaning ascribed to such term in paragraph 6 under the heading ‘ <i>Initial Offer Period</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.

<b>“Initial Settlement”</b>	means a sum of USD 100 (United States Dollar One Hundred), being the initial amount irrevocably transferred or delivered by the Settlor to the Trustee towards creation of the Corpus of the Scheme.
<b>“Initial Subscription”</b>	has the meaning ascribed to such term in paragraph 9 under the heading ‘ <i>Initial Subscription and Additional Subscription</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Institutional Investor”</b>	means any applicable company, bank, pension or other fund, financial institution or other institutional body or entity or any other permissible body/entity/investor, but not including an individual.
<b>“Interested Parties”</b>	means the FME and its affiliate/group entities, directors, employees, shareholders and agents.
<b>“International Financial Services Centre or IFSC”</b>	means International Financial Services Centre located in the Gujarat International Finance Tec-City, Special Economic Zone, Gandhinagar, Gujarat.
<b>“Investment Management Agreement”</b>	means investment management agreement to be entered into by and between the Trustee and FME for advising, managing and administering the Trust, together with all annexures, schedules and exhibits, if any, as maybe further amended, modified, restated or supplemented from time to time.
<b>“Investment/s”</b>	means investments in the following instruments or entities in IFSC, or foreign jurisdictions: (i) securities listed or to be listed or traded on stock exchanges; (ii) unlisted securities; (iii) money market instruments; (iv) debt securities; (v) securitised debt instruments, which are either asset backed or mortgage backed securities; (vi) units of other investment schemes subject to appropriate disclosures in the Offer Document; (vii) derivatives including commodity derivatives only for the purpose of hedging subject to suitable disclosures in the Offer Document (ix) exchange traded funds; (x) UCITs; (xi) Master Fund; and (xii) such other securities or financial products, instruments, assets and properties as may be specified by the IFSCA, subject to the IFSCA FM Regulations and Applicable Laws, as amended from time to time.
<b>“Investor/s”</b> or <b>“Unitholders”</b> or <b>“Unit Holder/s”</b>	means the Eligible Persons each of whom have made an investment in the Scheme, in accordance with the subscription forms and Offer Document and shall include without limitation any Eligible Persons becoming transferees of Units in accordance with the provisions of the Offer Document.
<b>“IPO”</b>	means an initial public offering.
<b>“IST”</b>	means Indian standard time.
<b>“IT Act”</b>	means the (Indian) Income-tax Act, 1961 and rules framed thereunder, as may be amended, re-enacted, or replaced from time to time, along with all applicable rules, regulations, orders, by-laws, circulars, notifications, ordinances, policies, directions and the like issued thereunder.
<b>“Long term post-Tax NAV”</b>	has the meaning ascribed to such term in “ <b>SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS</b> ” of this Offer Document.

<b>“Losses”</b>	has the meaning ascribed to such term in paragraph 27 under the heading ‘ <i>Indemnification</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Malfeasance”</b>	means with respect to any Person, any act or omission which results in a criminal conviction of such Person or which constitutes fraud, gross negligence or wilful misconduct as decided by a final non-appealable order of the highest court of competent jurisdiction.
<b>“Management Fee”</b>	has the meaning ascribed to such term in paragraph 19 under the heading ‘ <i>Management Fee</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Master Fund”</b>	means “ <b>JPMorgan Funds - Greater China Fund</b> ”.
<b>“Master Fund Material Documents”</b>	means such documents relating to the Master Fund as the FME may declare as a Master Fund Material Document.
<b>“Net Asset Value” or “NAV”</b>	means the amount determined pursuant to this Offer Document and as listed out in “ <b>SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS</b> ” of this Offer Document.  For the avoidance of doubt it is clarified that NAV shall include Long term post-Tax NAV and Short term post-Tax NAV (as applicable).
<b>“Offer Document”</b>	means this document by which the Scheme invites the public for subscription to the Units of the Scheme and also provides facilities for redemption, etc. read with any addendums issued thereunder.
<b>“Operating Expenses”</b>	has the meaning ascribed to such term in paragraph 20 under the heading ‘ <i>Expenses of the Scheme</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Other Expenses”</b>	has the meaning ascribed to such term in paragraph 20 under the heading ‘ <i>Expenses of the Scheme</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“PAN”</b>	means Permanent Account Number.
<b>“p.a.”</b>	means per annum.
<b>“Person”</b>	means and includes an individual, banks, insurance companies, bodies corporate, estates, family offices, pension funds, endowment funds, sovereign wealth funds, non-banking finance companies, societies, corporation, partnership (whether limited or unlimited), limited liability company, alternative investment funds, body of individuals, association, trust, proprietorship, institutional investors or any other institution, entity or organization, whether Indian or foreign, whether incorporated or not, including a government or an agency or instrumentality thereof and, where the context so requires, includes a reference to such Person’s, executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns, permissible/eligible under the IFSCA FM Regulations to invest in a Retail Scheme from time to time.

“ <b>PML Norms</b> ”	has the meaning assigned to such term in paragraph 1 under the heading “ <i>AML/KYC</i> ” under supplementary section in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Principal Officer</b> ”	has the meaning ascribed to such term in “ <b>SECTION II: GOVERNANCE STRUCTURE</b> ” of this Offer Document.
“ <b>Receipt Date</b> ”	has the meaning ascribed to such term in paragraph 7 titled ‘ <i>Subscription/ Offering Price</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Redemption Request</b> ”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Redemption Price</b> ”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Redemption Proceeds</b> ”	has the meaning ascribed to such term in paragraph 14 under the heading ‘ <i>Redemption</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Registered FME (Retail)</b> ”	has the meaning ascribed to such term under Regulation 3(4)(c) of the IFSCA FM Regulations.
“ <b>Regular Plan</b> ”	has the meaning assigned to such term in paragraph 5 titled “ <i>Plans and Options</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>Resident Indian</b> ”	shall have the meaning ascribed to such term under the IT Act.
“ <b>RBI</b> ”	means the Reserve Bank of India.
“ <b>Retail Scheme</b> ”	means a retail scheme as defined under the IFSCA FM Regulations.
“ <b>Scheme</b> ” or “ <b>Trust</b> ”	means ‘ <b>Edelweiss Greater China Equity Fund</b> ’ which shall be launched as a Retail Scheme subject to the Applicable Laws.
“ <b>Settlor</b> ”	means ‘ <b>MITCON Credentia Trusteeship Services Limited (IFSC Branch)</b> ’, having its registered office address at 1st Floor, Kubera Chambers, Shivajinagar, Pune – 411005, Maharashtra, India and branch office at 6th Floor, Block 13 – B, 650, Hiranandani Signature Building, Zone 1, GIFT City, GIFT Road, GIFT SEZ, Palaj, Gandhinagar – 382050, Gujarat, India.
“ <b>Short term post-Tax NAV</b> ”	has the meaning ascribed to such term in “ <b>SECTION VI: DETERMINATION OF NET ASSET VALUE OF THE UNITS</b> ” of this Offer Document.
“ <b>SIP</b> ”	has the meaning assigned to such term in paragraph 10 titled “ <i>Systematic Investment Plan (SIP)</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
“ <b>SWP</b> ”	has the meaning assigned to such term in paragraph 11 titled “ <i>Systematic Withdrawal Plan (SWP)</i> ” in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.

<b>“Scheme Expenses”</b>	shall include the expenses of the Scheme as set out in the Offer Document.
<b>“Set-up Costs”</b>	has the meaning ascribed to such term in paragraph 20 under the heading ‘ <i>Expenses of the Scheme</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Settlor”</b>	means ‘ <b>MITCON Credentia Trusteeship Services Limited (IFSC Branch)</b> ’, which has settled the Scheme.
<b>“SEZ Act”</b>	means the Special Economic Zones Act, 2005, as amended/modified and reinstated from time to time including the circulars and notifications issued pursuant thereto.
<b>“Statement of Accounts or Unit Certificates”</b>	means a statement/certificate issued by the Trustee or the FME to the Investors specifying the number of Units held by the Investors in the Scheme.
<b>“Switch”</b>	has the meaning ascribed to such term in paragraph 23 under the heading ‘ <i>Switch</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Tax” or “Taxes”</b>	<b>shall mean:</b> (i) all forms of tax, levy, duty, surcharge, cess, impost, withholding tax, including income tax, tax collected at source, value added tax, goods & services tax, tax payable in a representative assessee capacity, minimum alternate tax or other amount whenever or wherever created or imposed by, or payable to any tax authority, any national, state, municipal, local or other authority having the power to tax whether due to past, present or potential obligations, and in relation to goods and services tax or other indirect taxes, payable to the person by whom it is leviable; and (ii) all charges, fees, interest, penalties and fines incidental or relating to any Tax falling within (i) above or which arise as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax. It is hereby clarified that Taxes shall include any goods and services tax payable by/chargeable to, the FME or any of its affiliates on account of any pay-outs or distribution by the Scheme to the FME or any of its affiliates.
<b>“Temporary Investments”</b>	has the meaning ascribed to such term in paragraph 29 under the heading ‘ <i>Temporary Deployment of Surplus Funds</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Trading Expenses”</b>	has the meaning ascribed to such term in paragraph 20 under the heading ‘ <i>Expenses of the Scheme</i> ’ in “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Trust Documents”</b>	means the Offer Document, the Investment Management Agreement, the Indenture, application/subscription form and such other document designated as a Trust Document by the Trustee/FME, as originally executed and amended, modified, supplemented or restated from time to time, together with the respective annexures, schedules and exhibits, if any.
<b>“Trust Property”</b>	means the Initial Settlement and all other contributions, additions, and accretions thereto or any other Investments for the time being representing the same and income thereof (and the said sum of Initial Settlement).

<b>“Trustee”</b>	means “ <b>MITCON Credentia Trusteeship Services Limited (IFSC Branch)</b> ”, or such other Person that may be appointed under the terms of the Indenture.
<b>“Trusteeship Fee”</b>	has the meaning ascribed to such term in paragraph 18 under the heading ‘ <i>Trusteeship Fees</i> ’ under “ <b>SECTION V: PRINCIPAL TERMS OF THE SCHEME</b> ” of this Offer Document.
<b>“Unit”</b>	means a unit of any Class, as evidenced by the Statement of Account specifying the unit(s) allotted to or held by the Investor and evidencing Beneficial Interest in the Scheme.
<b>“USD”</b>	means United States Dollars.
<b>“Valuation Day”</b>	means the day on which NAV per Unit of the Scheme is calculated provided it is a Business Day else the immediately preceding Business Day. The valuation frequency for Units of the Scheme will be held on a daily basis. Redemptions and subscriptions shall be undertaken on the Valuation Day.