

PORTFOLIO MANAGEMENT SERVICES

DISCLOSURE DOCUMENT

OF

ABAKKUS ASSET MANAGER LLP – IBU

Registered FME (Non-Retail) - IFSCA/FME/II/2022-23/041

DISCLOSURE DOCUMENT FOR ABAKKUS ASSET MANAGER LLP – IBU, GIFT CITY BRANCH

(As per the requirement of the Regulation 74 of International Financial Services Centres Authority (“IFSCA”) (Fund Management) Regulation 2022)

DECLARATION:

- a) The Disclosure Document (hereinafter referred as the “**Document**”) required as per Regulation 74 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 (“**Regulations**”).
- b) The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging Abakkus Asset Manager LLP - IBU, GIFT City Branch (hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.
- c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing and the investor may also be advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager is as follows:

<p>Principal Officer Name: Mr. Sachin Patel</p> <p>Phone: +91-9819715810</p> <p>E-Mail: sachin.patel@abakkus.in</p>	<p>Portfolio Manager: Abakkus Asset Manager LLP</p> <p>Registered and Business Address: Abakkus Corporate Centre, 6th Floor, Param House, Shanti Nagar, Off Santacruz Chembur Link Road, Santacruz East, Mumbai – 400055</p> <p>GIFT Branch Office Address: Unit No. 19, Office E-3, GIFT Aspire 3, Block 12, Road 1-D, Zone-1, GIFT SEZ, GIFT City, Dist. Gandhinagar- 382355</p>
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1. Disclaimer

- a. The particulars of this Document have been prepared in accordance with the International Financial Services Centres Authority (“IFSCA”) (Fund Management) Regulation 2022 as amended till date.
- b. This Document has neither been approved or disapproved by IFSCA nor has IFSCA certified the accuracy or adequacy of the contents of the Document.

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

2. Definitions

In this Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

- a) **Accreditation Agency:** means an entity permitted by the Authority to undertake the activity of accrediting accredited investors.
- b) **Accredited Investor:** means any person who fulfils the eligibility criteria as may specified by IFSCA and in the manner specified from time to time and is granted a certificate of accreditation by an Accreditation Agency
- c) **Agreement:** means the agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.
- d) **Applicable Laws:** means any applicable Indian statute, law, ordinance, regulation including the Regulations, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in IFSC, as is in force from time to time.
- e) **Assets under Management or AUM:** means the value of Securities in the Client Portfolio. For the purpose of calculating the asset under management, securities shall be valued at the fair market value/marked to market basis (as applicable).
- f) **Assets under Advise or AUA:** means the aggregate net asset value of securities and investment products for which the Portfolio Manager has rendered investment advice irrespective of whether the implementation services are provided by the Portfolio Manager or concluded by the client directly or through other service providers.
- g) **Associate:** means (a) a company or a Limited Liability Partnership a body corporate in which a director or trustee or partner of the FME or the FME or any fiduciaries as defined in regulation 17 of these Regulations, either individually or collectively, hold twenty percent or more of its paid-up equity share capital or partnership interest, as the case may be (b) a company or a limited liability partnership or a body corporate, either individually or collectively, hold twenty percent or more of its paid-up equity share capital or partnership interest, as the case may be

in the FME (c) Any other company or a limited liability partnership or a body corporate, in which the entity referred in clause (b) above holds twenty percent or more of its paid-up equity share capital or partnership interest, as the case may be;

- h) **Capital Market Regulations:** means IFSCA (Capital Market Intermediaries) Regulations, 2021
- i) **Capital Contribution:** means the sum of money or Securities, contributed by the Client simultaneously upon execution of the Agreement or any time thereafter, subject to a minimum of USD 150,000 (US Dollars One Lakh Fifty Thousand) or such other amount as may be specified by the Portfolio Manager in compliance with Applicable Laws.
- j) **Chartered Accountant:** means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.
- k) **Client / Investor:** means such person(s) whose money or portfolio is advised or directed or managed by Portfolio Manager as permitted by applicable regulations.
- l) **Control:** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or partnership agreement or in any other manner, including by holding interest, whether direct or indirect, to the extent of more than fifty percent of voting rights or interest: Provided that a director or officer of an entity shall not be considered to be in control over such entity, merely by virtue of holding such position.
- m) **Compliance Officer:** means any senior officer, designated so and reporting to the board of Directors, or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the FME or the head of an organization, as the case may be.
- n) **Custodian:** means one or more custodian appointed by the Portfolio Manager, from time to time, for maintaining custody of funds and/or Securities of the Client.
- o) **Disclosure Document or Document:** means this document as required under the Regulations and as may be amended by the Portfolio Manager from time to time.
- p) **Discretionary Portfolio Manager:** means a portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client, as the case may be;
- q) **Distributor:** means any person engaged by the Portfolio Manager for the purpose of sale or distribution of securities.
- r) **Advisor:** means any person, who is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called; (whether known as Channel Partners, Agents, Referral Interfaces or by any other name).

- s) **Eligible Investor:** means
 - a. a person resident outside India;
 - b. a non-resident Indian;
 - c. a non-individual resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted; and
 - d. an individual resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed under the liberalised remittance scheme (LRS) of Reserve Bank of India and such other persons as the Portfolio Manager may determine in accordance with the Regulations, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS.
- t) **Exit Load:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.
- u) **Fund Management Regulation:** means International Financial Services Centre Authority (Fund Management) Regulations, 2022 as amended and modified from time to time and including circulars/notifications issued pursuant thereto.
- v) **Fund Management Entity and FME:** means an entity registered with the Authority as a Fund Management Entity under any of the categories specified in these regulations;
- w) **Fund Manager:** means any individual who is appointed by the FME to manage its investments by whatever name called;
- x) **Foreign Jurisdiction:** means a country, other than India, whose securities market regulator is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A signatories) or a signatory to a bilateral Memorandum of Understanding with the Authority, and which is not identified in the public statement of Financial Action Task Force as:
 - (i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
- y) **Hurdle Rate:** means the rate of return or benchmark return above which the performance fee will be charged as per the terms of the Agreement.
- z) **IFSC:** shall mean the International Financial Services Centre and have the same meaning as assigned to it under Regulation 2(s) of the Fund Management Regulations.
- aa) **IFSCA:** shall mean the International Financial Services Centres Authority.
- bb) **Investment Approach:** is a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current investment approach such investment approach that may be introduced by the Portfolio Manager, from time to time.
- cc) **Management Fee:** means the management fee payable to the Portfolio Manager in accordance

with the terms of the Agreement and this Document.

- dd) **Non-Resident Indian** or **NRI**: means an individual resident outside of India who is an Indian Citizen.
- ee) **Net worth**: means the aggregate value of the paid-up share capital (or capital contribution) and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;
- ff) **Performance Fee**: means the performance-linked fee payable to the Portfolio Manager above the Hurdle Rate in accordance with the terms of the Agreement and this Document.
- gg) **Person**: means and includes any individual, partnership, central or state government, limited liability, corporation, company, body corporate, cooperative society, unincorporated organization or association, trust, society, hindu undivided family or other entity whether incorporated or otherwise.
- hh) **Portfolio or Client Portfolio**: means the total holdings of Securities belonging to the Client in accordance with the Agreement.
- ii) **Portfolio Entity**: means companies, enterprise, bodies corporate, or any other entities in the Securities of which the monies from Client Portfolio are invested subject to Applicable Laws.
- jj) **Portfolio Investments**: means investments in Securities of one or more portfolio entity/ies made by the Portfolio Manager on behalf of the Client under the PMS from time to time.
- kk) **Portfolio Manager**: means Abakkus Asset Manager LLP which pursuant to a contract or arrangement with a Client/Investor, advises or directs or undertakes on behalf of the Client/Investor (whether as a discretionary, non-discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client/Investor, as the case may be.
- ll) **Principal Officer**: means a designated employee of the fund management entity responsible for overall activities of the fund management entity.
- mm) **PMS**: means the portfolio management services and includes discretionary, non-discretionary or advisory services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement and in accordance with the terms of this Document.
- nn) **PML Laws**: means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records) Rules, 2005, IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022 and other, the guidelines/circulars issued by IFSCA thereto as amended and modified from time to time.
- oo) **Product**: means the investment products with the respective Investment Approach/ features of PMS services introduced by the Portfolio Manager from time to time.

pp) **Regulations:** means the International Financial Services Centres Authority (Fund Management) Regulations, 2022 and International Financial Services Centres Authority (Capital Markets Intermediaries) Regulations, 2021 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

qq) **Recognized Stock Exchange:** means a recognised stock exchange in IFSC.

rr) **“Related Party:** means (i) a director, partner or his relative; (ii) a key managerial personnel or his relative; (iii) a firm, in which a director, partner, manager or his relative is a partner; (iv) a private company in which a director, partner or manager or his relative is a member or director; (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital; (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager; (vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; (viii) any body corporate which is— (A) a holding, subsidiary or an associate company of the portfolio manager; or (B) a subsidiary of a holding company to which the portfolio manager is also a subsidiary; (C) an investing company or the venturer of the portfolio manager. The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate. (ix) a related party as defined under the applicable accounting standards; (x) such other person as may be specified by the Board: Provided that, (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

ss) **Securities:** shall mean and include securities listed or to be listed or traded on a recognized stock exchange, money market instruments, units of mutual funds, shares, bonds, debentures, or any other instrument falling within the definition of 'security' under section 2(h) of the Securities Contract (Regulation) Act, 1956.

tt) **Term:** means the term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

uu) **Termination Fee:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

3. Description

i. History, Present Business and Background of the Portfolio Manager

The Portfolio Manager has been incorporated on March 14, 2018. It has received a portfolio manager license bearing registration number INP00000645 dated on March 14, 2019 from SEBI to offer discretionary, non- discretionary portfolio management Services and advisory services to High-Net-worth Individuals (HNIs), institutional clients, corporates and other

permissible class of investors.

The Portfolio Manager has established its branch office at Unit No. 19, Office E-3, GIFT Aspire 3, Block 12, Road 1-D, Zone-1, GIFT SEZ, GIFT City, Dist. Gandhinagar- 3823555. The Branch office is registered with International Financial Services Centres Authority (IFSCA) as a Fund Management Entity (Non Retail) bearing registration number – IFSCA/FME/II/2022-23/041 on November 1, 2022.

Further, it has received investment advisory license bearing registration number INA000015729 issued on February 03, 2021 from SEBI to offer advisory services to institutional, corporate, individual and non-individual clients.

The Portfolio Manager also acts as an investment manager to the following:

- a. Abakkus Growth Fund and its schemes, which is a Category-III Alternative Investment Fund registered with the SEBI from June 05, 2018, bearing registration number IN/AIF3/18-19/0550.
- b. India-Ahead Venture Trust and its scheme(s), which is a Category I Alternative Investment Fund registered with the SEBI from January 25, 2022, bearing registration number IN/AIF1/21-22/0976.
- c. India-Ahead Private Equity Trust and its scheme(s), which is a Category II Alternative Investment Fund registered with the SEBI from January 27, 2022, having registration number IN/AIF2/21-22/0980.

ii. **Partners of the Portfolio Manager and their background**

a) **Mr. Sunil Singhania**

Mr. Sunil Singhania is the founder of Abakkus Asset Manager LLP; an India focused Asset Management Entity he established in 2018.

Sunil Singhania Chartered Accountant and Chartered Financial Analyst (CFA) Charter Holder, was rated among the Best fund managers by Outlook Business in 2016 and 2017 over a 10 year time frame. He was the first Indian to be appointed on the Global Board of CFA institute, USA (2013-2019). Currently he is the only Indian to be appointed on the IFRS Capital Market Advisory Committee (CMAC) (2020-2023). He was Chief Investment Officer (CIO), Equities of Reliance Nippon Asset Management (now Nippon Life India Asset Management) overseeing – USD 11 billion of equity asset. He was also an Honorary Chairman of Investment committee of CFA Institute (2018-2019).

Mr. Singhania graduated in commerce from the Bombay University and completed his Chartered Accountancy from the Institute of Chartered Accountants of India, New Delhi (ICAI) with an all-India rank. He has also earned the right to use the Chartered Financial Analyst designation, conferred by CFA Institute. Having travelled extensively across the world, Singhania has also attended many global investment conferences and seminars.

b) **Abakkus Expert Professionals Private Limited**

Abakkus Expert Professionals Private Limited is a private limited company, incorporated on February 20, 2018, in Mumbai. Its main objects are to act as financial consultants, management consultants, and provide advice, services, consultancy in various fields viz. general, administrative, secretarial, commercial, financial and legal. Mr. Biharilal Deora is acting as the representative/nominee of Abakkus Expert Professionals Private Limited.

iii. Key Personnel of Portfolio Manager and their background

a) Mr. Sachin Patel – Principal Officer

Sachin has more than 10 years of experience in capital markets with diverse exposure in broking, custody services and branch operations. He has completed his MBA from N L Dalmia Institute of Management Studies and Research, affiliated to Mumbai University. He has worked with reputed firms like Reliance Securities Ltd, Aditya Birla Money Ltd and SBISG Global Securities Services Pvt Ltd in areas like equity dealing, risk management, custody operations and clearing and settlement. He has strong leadership skills with sound knowledge of risk, compliance and operations.

b) Mr. Surendra Mali – Compliance Officer

Surendra has sound knowledge of operations and compliance with around 8 years of experience in portfolio management services and branch operations. He has completed his PGBM with specialization in Finance from Wigan and Leigh college, India. He has worked with firms like ASK Investment Managers Limited and Birla Sunlife Mutual Fund. He has good expertise in Anti Money Laundering and KYC.

iv. Top 10 Group companies/firms of the Portfolio Manager on turnover basis (latest audited financial statements may be used for this purpose)

a) Abakkus Expert Professionals Private Limited

b) Abakkus Fund Sponsors LLP

v. Details of the services being offered: Discretionary, Non-Discretionary and Advisory

The Portfolio Manager proposes to primarily carry-on discretionary portfolio management services and if opportunity arises thereafter, then it also proposes to render non-discretionary portfolio management services and advisory services.

Abakkus Asset Managers LLP shall provide portfolio management services and advisory services to Eligible Investors as per IFSCA Regulations.

The key features of all the said services are provided as follows:

a) Discretionary Services:

Under the discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/divested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the ground of fraud, malafide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the Agreement and the Regulations. The client's portfolios under the discretionary service are based on the investment objective of the client and should not be construed as any scheme offered or promoted by the Portfolio manager.

b) Non - Discretionary Services:

Under the non-discretionary PMS, the assets of the Client are managed in consultation and in accordance with the instructions of the Client under the agreement between the Client and the Portfolio Manager. The Client has complete discretion and final decision-making authority on the investment (quantity and price or amount). The Portfolio Manager, *inter alia*, may provide, market intelligence, research reports, trading strategies, trade and market statistics and any such material which may aid client to take appropriate investment decision along with managing (if any) transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client entirely at the Client's risk.

c) Advisory Services:

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the Portfolio Investment Approach and investment and divestment of individual securities on the Client Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market. The Portfolio Manager shall be solely acting as an Advisor to the Client Portfolio and shall not be responsible for the investment/divestment of Securities and/or any administrative activities on the Client Portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and/or directives issued by the regulatory authorities and/or the Client, from time to time, in this regard. The terms of the advisory services provided shall be in accordance with the advisory agreement entered into by the clients.

The Portfolio Manager shall not, in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the client on the basis of the investment advice provided by the portfolio Manager. The Portfolio Manager may act upon any in-house research, commercially or non-commercially available databases & news services, external meetings and visits, third-party and broker research reports, publicly available information etc. Neither the Portfolio manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the client or to any other person claiming through the client for any claim, damage, liability, cost or expense suffered by the client or any other person arising out of or related to the advisory services provided therein.

4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:

- i. All cases of penalties imposed by any regulatory authority or the directions issued by any regulatory authority: **None.**
- ii. The nature of the penalty/direction: **Not applicable.**
- iii. Penalties/fines imposed for any economic offence and/ or for violation of any securities laws: **None.**
- iv. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any: **None.**

- v. Any deficiency in the systems and operations of the Portfolio Manager observed by the IFSCA or any regulatory agency: **Not Applicable**.
- vi. Any enquiry/ adjudication proceedings initiated by IFSCA against the Portfolio Manager or its partners, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its partners, principal officer or employee, under the IFSCA Act or rules or regulations made thereunder: Not Applicable.

5. Services Offered

- i. **The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.**

Investment Objective

The investment objective of the Portfolio Manager under its PMS is to generate alpha, capital appreciation or preservation, regular returns or risk adjusted returns for client. The Portfolio Manager may invest Capital Contributions in any or all in any combination in Equity and/or related Securities, other debt products, fixed income products/instruments, mutual fund units, exchange traded fund/s, structured product/s, derivatives, and any other permissible securities/instruments/products in which the Portfolio Manager can invest as per Applicable Laws in India. The Portfolio Manager may, from time to time, hold any un-invested amount of Capital Contribution in cash or deploy the amount in liquid fund schemes, exchange traded liquid or index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits or other short-term avenues for investments in the Indian Financial Market.

- ii. **Investment Approach of the Portfolio Manager**

Please refer to **Annexure I** for more details.

- iii. **The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/ guidelines.**

The Portfolio Manager will not be making investment in associates/group companies.

- iv. **Type of securities in which Portfolio Manager will invest:**

- i. Under the discretionary PMS, the Portfolio Manager on behalf of the Client may invest in Securities and any other permissible instruments /products as per the Applicable Laws in India, in such manner and through such markets as it may deem fit in the interest of the Client.
- ii. Under the non-discretionary PMS, investments shall be made in Securities and any other permissible instruments/products as per the Applicable Laws, in accordance with the directions of the Client subject to the provisions set out with the Regulations.

- v. **Services offered to Accredited Investors:**

The detailed framework for Accredited Investors is available on the website of the Portfolio Manager at <https://abakkusinvest.com/regulatory-disclosure/>

vi. **Net worth of the Portfolio Manager**

The net worth of the Portfolio Manager as on December 31, 2022 is INR 99.58 Crores as per the audited financial statements for the year ended 31st December, 2022.

6. Risk factors

General Risk:

- a) Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- b) The Portfolio Manager has no previous experience/track record in the field of portfolio management services in IFSC. However, the Principal Officer, partners and other key management personnel of the Portfolio Manager have rich individual experience.
- c) Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, wilful default and/or fraud of the Portfolio Manager.
- d) The Client Portfolio may be affected by settlement periods and transfer procedures.
- e) The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single portfolio entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.
- f) The services rendered by the Portfolio Manager will be subject to conflict of interest relating to Abakkus Asset Manager LLP as Portfolio Manager and various other affiliates, associates, holdings companies, subsidiaries, partners, officers and employees of the Portfolio Manager ("Relevant Parties"), which are engaged in a broad spectrum of activities in the financial sector.
- g) The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, Policy changes of local/international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change/ technology updates/ obsolescence of technology would affect the investments made by the Portfolio Managers.
- h) The Portfolio Manager or any of its associates is not responsible or liable for any loss resulting from the operation of the Services.

Some of the possible conflicts of interest and potential conflicts of interest are outlined below:

- a) The Portfolio Manager and/or any of the Relevant Parties may act as an investment business by identifying, evaluating and recommending investments to its clients. Any conflict arising out of such relationships would be managed by the Portfolio Manager subject to Applicable Laws and IFSCA Regulations.
- b) There could be multiple portfolios under the management of Abakkus Asset Manager LLP as a Portfolio Manager/Investment Manager/Advisor to other funds/schemes and/or any of the Relevant Parties, thereby presenting possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The Portfolio Manager will endeavour to resolve any such conflicts in a reasonable manner as it deems fit.
- c) The Portfolio Manager and/or any of the Relevant Parties, while managing the funds of Client, may from time to time effect transactions in securities in which the Portfolio Manager may have a financial or other business interest.
- d) The Relevant Parties providing services to the Client will have, in addition to their responsibilities for the Client, responsibilities for other companies, projects and clients.

Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Fund and such other projects and clients.

- e) The Portfolio Manager and/or any of the Relevant Parties can act as manager/Advisor to any of the Portfolio Entity/ies, charge fee for the services rendered to them, provide broad range of financial services, from time to time and earn fee in addition to the fee charged to the Client under this Agreement. Any conflict arising out of any such relationships would be managed by the Portfolio Manager subject to Applicable Law and IFSCA Regulations.
- f) The Portfolio manager and/or any of the Relevant Parties and/or its advisory clients or managed clients like AIF/FPI may have existing similar or contra positions in the stocks/ recommended in the client's account and may execute the their trades at different timeline based on their execution strategy which may not match with trade execution in the PMS.
- g) The Portfolio Manager may or may not have a similar position as PMS in its other products/services/funds/vehicle where it acts as Investment Manager or Advisor.
- h) Certain Relevant Parties may also serve as employees or partner(s) /director(s) of the company within the group. In such situations, the employee or partner is considered to be in a "dual hat" situation, which may result in conflicts of interest due to duties to differing entities.
- i) Considering Abakkus Asset Manager LLP is acting as Portfolio Manager, Investment Manager and also providing advisory services, a potential conflict of interest could be perceived between the investments and disinvestments undertaken by the Investment Manager for the schemes of AIF and various investment strategies under the PMS and investments and disinvestments advise provided to investment advisory clients.
- j) The attorneys, accountants, and other professionals, who perform services for the Abakkus Asset Manager LLP may, and in some cases do, also perform services for the Relevant Parties.
- k) The services rendered by the Portfolio Manager will be subject to conflict of interest relating as Portfolio Manager and various other affiliates, associates, holdings companies, subsidiaries, partners, officers, employees and other group entities of the Portfolio Manager, which are engaged in a broad spectrum of activities in the financial sector.

Conflict of interest would be inherent between the activities of the Portfolio Manager, Portfolio Entity/ies and the Relevant Parties. Abakkus Asset Manager LLP has adopted, inter alia, certain policies and procedures intended to protect the interest of all the investors. It is intended for such conflicts to be managed primarily by complying with the Applicable Laws, acting in good faith to develop equitable resolutions of known conflicts and developing policies to reduce the possibilities of such conflict. The Portfolio Manager shall ensure fair treatment to all its clients in case of conflicts of interest.

Other risks arising from the investment objectives, Investment Approach and asset allocation are stated as under:

Risks associated with investments in equity and equity linked securities in Indian Financial markets.

- a) Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- b) In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- c) In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- d) The value of the Client Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock

exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.

- e) Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

Risk Factors associated with investments in derivatives

- a) Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of such strategies to be persuaded by the Portfolio Manager involve uncertainty and decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager shall be able to identify or execute such strategies.
- b) The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in securities and other traditional investments.
- c) As and when the Portfolio Manager on behalf of Clients would trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- d) The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.
- e) The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- f) Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- g) The Portfolio Manager may actively hedge its portfolio, to limit or reduce investment risk but this may result in limiting or reducing the potential for profit. No assurance can be given that any particular hedging strategy will be successful. Hedging against a decline in the value of Portfolio positions does not eliminate fluctuations in the values of Portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the Portfolio's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the strategy to hedge against a fluctuation at a price sufficient to protect the Strategy's assets from the decline in value of the Portfolio positions anticipated as a result of such fluctuations. Given that the underlying investments is in cash equity derivatives; the market movements will affect the performance of the strategy accordingly.

Risks associated with investments in fixed income Securities/products

Some of the common risks associated with investments in fixed income and money market

Securities are mentioned below. These risks include but are not restricted to:

- a) **Interest Rate Risk:** As with all debt securities, changes in interest rates affects the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of portfolios.
- b) **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.
- c) **Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. risk that the issuer will be unable to make timely principal and interest payments on the security). Due to this risk, debentures are sold at a yield spread above those offered on treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.
- d) **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- e) **Rating Risk:** Different types of debt securities in which the Client invests, may carry different levels and types of risk. Accordingly, the risk may increase or decrease depending upon its investment pattern, for instance corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively riskier than bonds, which are AAA rated.
- f) **Price Volatility Risk:** Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher rated or more widely followed Securities.

Investment and Liquidity Risks: There may be no active secondary market for investments of the kind the Portfolio Manager may make for the Client Portfolio. Such investments may be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant approvals. However, there can be no guarantee that such realizations shall be achieved, and the Portfolio's investments may remain illiquid.

Since the Portfolio may only make a limited number of investments, poor performance by one or a few of the investments could severely adversely affect the total returns of the PMS.

Identification of Appropriate Investments: The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability

and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

Management and Operational risks

Reliance on the Portfolio Manager

- a) The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of portfolio entities and the structuring of investments. Furthermore, the team members of the Portfolio Manager may change from time to time. The Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.
- b) The investment decisions made by the Portfolio Manager may not always be profitable.
- c) Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, Investment Approach, investment strategy and asset allocation.

Termination Fee: Client may have to pay a high Termination Fee to withdraw the funds/Portfolio (as stipulated in the Agreement with the Client). In addition, they may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

Non-diversification risks: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. However, the Portfolio Manager will attempt to maintain a diversified portfolio in order to minimize this risk.

No Guarantee: Investments in Securities are subject to market risks and Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved. Further, the value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

India-related Risks

Political, economic and social risks: Political instability or changes in the government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The portfolio entity's business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments in India have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector

companies, market conditions, prices and yields of the portfolio entity/ies.

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

Legal and Tax risks:

Tax risks: Clients/ Investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Client Portfolio are subject to change, and tax liabilities could be incurred by the Clients/ Investors as a result of such change. The government of India, state governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the portfolio entities. The tax consequences of an investment in the portfolio entities are complex, and the full tax impact of an investment in the portfolio entities will depend on circumstances particular to each Client/ Investor. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes. Alternative tax positions adopted by the income tax authorities could also give rise to incremental tax liabilities in addition to the tax amounts already paid by the Client/Investors. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability.

Bankruptcy of portfolio entity: Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a portfolio entity that experience financial difficulty. For example, if a portfolio entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Portfolio Investment to other creditors. If the PMS/Client holds equity securities in any portfolio entity that becomes insolvent or bankrupt, the risk of subordination of the PMS's/Client's claim increases.

Change in Regulation: Any change in the Regulation and/or other Applicable Laws or any new direction of IFSCA may adversely impact the operation of the PMS.

Following are the risks associated with the investment in options:

- Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and seller the obligation to sell, the underlying instrument at the exercise price.
- If a put or call option purchased under the strategy and pre permitted to expire without being sold or exercised, the client would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security, currency or other asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold to the client at a higher price than its current market value of the underlying security, currency or other asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold by the client at a lower price than its current market value. Purchasing and writing put and call options and in particular, writing "uncovered" options

are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or other asset above the exercise price of the option. The risk is enhanced if the security, currency or other asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities, currencies or other assets necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities, currencies or other assets to satisfy the exercise of the call option can itself cause the price of the securities, currencies or other assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Client of all or a substantial portion its assets.

Risk pertaining to Investments

Investment in Securities/Instruments

- a) The Client Portfolio may comprise of investment in unlisted Securities, fixed income Securities, debt Securities/products and in case of such Securities, the Portfolio Manager's ability to protect the investment or seek returns or liquidity may be limited.
- b) In case of in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio, the same could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with portfolio entities. If an in-specie distribution is received by the Client from the Portfolio Manager, the Client may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.
- c) Some of the portfolio entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange/s in India after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the portfolio entity for such period as may be prescribed under the Applicable Law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non- disposal and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.
- d) The Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.
- e) The Portfolio Manager may also invest in portfolio entity/ies which are investment vehicles like mutual funds/trusts. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Provided investments in mutual funds shall be through direct plans only.

Risks associated with investments into securities of Associates/Related Parties

The associates/related parties providing services will have, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Portfolio Manager and such other projects and clients.

Further, the Client Portfolio may be invested in listed securities of the associates/related parties and as such may be subject to the market risk associated with the vagaries of the capital market.

7. Counterparty Risks

The portfolio will also be exposed to a counterparty risk in relation to the brokers, vendors, and other parties with whom they transact.

8. Pricing and Valuation Risks

For quoted investments, a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in a unquoted and/ or illiquid investments and investments in markets that may be closed for holidays or other reasons will increase the risk of mispricing. In these and similar cases, an objective verifiable source of market prices will not be available and the Portfolio Manager may follow a process which will determine fair value for the relevant investments and this process may involve assumptions and subjectivity. "Fair value" is generally defined as the price that would be received to sell an asset in an orderly transaction between market participants at the transaction/ valuation date. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgement be applied to the specific facts and circumstances of each portfolio investment. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Portfolio's investments may differ significantly from the values that would have been used had a ready market existed for such investments, and the differences could be material. Additionally, the values assigned to investments that are valued by the Portfolio Manager are based on available information and do not necessarily represent amount that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated.

9. Currency Risk

Contributions to the portfolio management services will be denominated in U.S. Dollars. However, the Strategy may invest in securities denominated in INR and/or such other currency. Any dividends, sale proceeds, interest and return of capital contributions in respect of such portfolio companies will likely be paid in INRs and subsequently converted into U.S Dollars for repatriation. A change in value of the INR against the U.S. Dollar will cause a corresponding change in the U.S. Dollar value of the investments that are denominated in the INR. Such changes may also affect the Client's income and profitability. Any change in trading policy by the RBI/Global bank can significantly and suddenly influence exchange rates from time to time. Other Factors that may affect currency values include trade balances, the level of short –term interest rates, long-term opportunities for investment and capital appreciation and political developments. The client may incur costs in converting from one currency to another. The Portfolio Manager may employ hedging techniques for select Clients to minimize these risks, but there can be no assurance that such strategies will be effective.

10. FPI Registration

To the extent of investment in listed securities in India, the Client will need to seek registration as Foreign Portfolio Investor (FPI). The value Portfolio Investments may be affected by changes or developments in the legal and regulatory climate in India. SEBI regulates the securities market in India and legislates from time to time on matters affecting the stock market. SEBI has issued regulations that affect investment India, including regulations on takeovers, raising funds and insider dealing. The regulations affect the pricing, cost of a transaction and the ability to conduct due diligence. SEBI and/or the Government of India may make changes to regulations which may affect the ability of the Portfolio Manager to make, or exit, investments for a Client.

Under the FPI Regulations, FPI's, on their own behalf, may only invest in equity below 10% of the paid-up capital of an Indian company or 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an India company and total holdings by all FPIs put together shall not exceed 24% (Twenty-four percent) paid-up equity capital on a fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The limit can be extended to the applicable sectoral caps prescribed by the RBI if the board of directors of the Indian company approves it followed by an approval by way of special resolution of general body of the Indian company, and prior intimation about the increase is provided to RBI. The investment of the Client shall be accordingly restricted to that extent.

Further, for investment in debt securities, the FPI will need to bid for Corporate Debt limit and investments in debt securities shall be accordingly constrained to the extent of limit available for a FPI to invest.

11. Loss of FPI Registrations

The investments by the Client in India as FPI, shall be dependent upon the continued registrations as FPI. If the registrations as FPI is terminated, the Client may be forced to redeem its investments, and such forced redemption could adversely affect the returns.

Any investigations of, or actions against, the Portfolio Manager or any of its investors initiated by SEBI or any other regulatory authority may impose a ban on the investment and trading activities for the Client.

12. Cyber Security Risks

The Portfolio and its services providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include but are not limited to, gaining unauthorized access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber- attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Portfolio Manager, Administrator or Depository or other service providers such as financial intermediaries have the ability to cause disruption and impact business operations, potentially resulting in financial losses, including by interference with a Portfolio's ability to calculate its portfolio value; impediments to trading for a Portfolio's portfolio; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damages; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Portfolio invests, counterparties with which a Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties.

Prospective clients should review/study the Disclosure document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisors(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution,

and other tax consequences relevant to their Portfolio, acquisition, holding, capitalization , disposal(sale, transfer or conversion into money) of Portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/ gifting, purchasing or holding portfolio of securities before making an investment.

7. Client Representation:

- i. The Portfolio Manager has setup a branch office in GIFT City and has no previous experience/track record in the field of portfolio management services and advisory services in IFSC and therefore has no record of representing any persons/entities in the capacity of a portfolio manager.
- ii. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

Name of KMP and/or related parties as per audited financial statements for year ended December 31, 2022

Nature of relationship	Name of the party
Partner	Mr. Sunil Singhania
Partner	Abakkus Expert Professionals Private Limited
Nominee Partner for Abakkus Expert Professionals Private Limited	Mr. Biharilal Laxman Deora
Relative of Partner	Mrs. Kanchan Singhania
Investment Manager	Abakkus Growth Fund-1
Investment Manager	Abakkus Emerging Opportunities Fund -1
Investment Manager	Abakkus Growth Fund-2
Investment Manager	Abakkus Diversified Alpha Fund
Investment Manager	India - Ahead Private Equity Fund
Investment Manager	India - Ahead Venture Fund

Transaction with related parties (Amount in Lakhs.) as per audited financial statements for year ended 31st December, 2022.

Name of Party	Nature of Transaction	Apr Dec- 2022 (Audited) (Rs. In lakhs)	2021-22 (Audited) (Rs. in Lakhs)	2020-2021 (Audited) (Rs. in Lakhs)
Abakkus Expert Professionals Pvt Ltd	Share of Profit	6889.65	4,621.21	1,463.13
	Current Account	1040.00	2,031.86	620.42
Mr. Sunil Singhania	Share of Profit	69.59	46.68	14.78
	Current Account	375	165.00	0.72
	Partner's Remuneration	210	345.00	180.00
	Lease Rent Expense	41.31	4.59	-
	Lease Deposit Given	0	27.54	-

Mr. Biharilal Deora	Salary	44.84	107.05	62.08
	Loans and Advances	0	-	100.00
	Interest on Loan	3.00	4.00	1.10
	Reimbursement	27.78	8.70	3.62
Mrs. Kanchan Singhania	Lease Rent Expense	42.96	55.08	-
	Lease Deposit Given	0	-	27.54
Abakkus Growth Fund-1	Management Fees	3850.98	4,935.71	1,891.16
	Reimbursement of Expenses	15.74	13.13	2.61
Abakkus Growth Fund-2	Management fees	2658.93	588.17	-
	Set-up Fees	1.56	123.62	-
	Reimbursement of Expenses	7.96	6.96	-
Abakkus Diversified Alpha Fund	Reimbursement of Expenses		0.75	-
India - Ahead Private Equity Fund	Reimbursement of Expenses	0	11.25	-
India - Ahead Venture Fund	Management Fees	11.26	0.47	-
	Reimbursement of Expenses	6.25	6.25	-
Abakkus Emerging Opportunities Fund-1	Management Fees	4087.20	4,109.85	1740.82
	Reimbursement of Expenses	6.85	6.04	0.80

Closing Balance with related parties (Amount in Lakhs.) as per audited financial statements for year ended 31st December, 2022.

Name of Party	Nature of Balance	As on December 31, 2022 (Audited) (Rs. In lakhs)	As on March 31, 2022 (Audited) (Rs. in Lakhs)	As on March 31, 2021 (Audited) (Rs. in Lakhs)
Abakkus Expert Professionals Pvt Ltd	Capital Contribution	0.99	0.99	0.99
	Current Account	9796.59	3,949.04	1,359.68
Mr. Sunil Singhania	Capital Contribution	0.01	0.01	0.01
	Current Account	154.42	249.84	23.17
	Partners' Remuneration Payable	15.00	180.00	-
	Lease Deposit Given	27.54	27.54	-
Mr. Biharilal Deora	Loan and Advances	108.1	105.10	101.10
	Salary Receivable	0	0.61	-
Mrs. Kanchan Singhania	Lease Deposit Given	27.54	27.54	27.54

Abakkus Growth Fund-1	Management fees	1221.07	2,038.13	499.96
	Reimbursement of expenses	0	15.74	2.61
Abakkus Growth Fund-2	Management Fees Receivable	1055.25	531.31	-
	Set-up Fees Receivable	(1.14)	44.10	-
	Reimbursement of expenses	0	7.96	-
Abakkus Diversified Alpha Fund	Reimbursement of expenses		0.75	-
India - Ahead Private Equity Fund	Reimbursement of expenses	11.25	11.25	-
India - Ahead Venture Fund	Management Fees Receivable	4.34	0.50	-
	Reimbursement of expenses	0	6.25	-
Abakkus Emerging Opportunities Fund-1	Management fees	1370.08	411.51	632.42
	Reimbursement of expenses	0	6.85	0.81

8. The Financial Performance of Portfolio Manager (based on audited financial statements)

Kindly refer to **Annexure II** for the last annual audited financial statements of the Portfolio Manager.

9. Performance of the Portfolio Manager

The Portfolio Manager has no previous experience/track record in the field of Portfolio Management services in IFSC. Accordingly this is not applicable.

10. Penalties, pending litigation or proceedings, findings of inspection or investigation for which action may have not have been taken or initiated by any regulatory authority against the Portfolio manager and it principal officers, partners/designated partners and key Managerial personnel: Nil

11. Audit Observations for preceding three years

In the audit conducted by Portfolio Manager's statutory auditor for the financial year ended March 2020, March 2021 and March 2022 the auditor has no audit observations.

12. Nature of expenses

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

i. Management Fees:

The Management fees related to the Portfolio management services offered to the clients. The fee may be fixed charge or a percentage of the quantum of the funds being managed as agreed in the agreement.

ii. Advisory Fees:

The advisory fees relates to the advisory services offered by the Portfolio Manager to the client. The fee may be fixed charge or a percentage of the quantum of the funds being managed as agreed in the agreement.

iii. Performance Fees:

The Performance fees relates to the shares of profits charged by the Portfolio Manager, subject to hurdle rate and high water mark as per the details provided in the Agreement.

iv. Exit Load:

The Portfolio Manager may charge early withdrawal fee as a percentage of the value of the Portfolio/withdrawn Portfolio as per the terms and conditions of a particular Product as agreed in the Agreement.

v. Termination Fee:

Subject to regulatory limits, the Portfolio Manager may charge the following early withdrawal fee as a percentage of the value of the Portfolio /withdrawn Portfolio as per the terms and conditions of a particular Product as agreed in the Agreement.

vi. Other Fees and expenses:

The Portfolio Manager may incur the following expenses which shall be reimbursed by the Client:

- a. Transaction expenses including but not limited to statutory fees, documentation charges, statutory levies, stamp duty, notary charges, registration charges, commissions, charges for transactions in Securities, custodial fees, fees for fund accounting, RTA expenses, investor servicing expenses, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
- b. Legal and statutory expenses including litigation expenses, if any, in relation to the Portfolio;
- c. Statutory taxes and levies, if any, payable in connection with the Portfolio;
- d. Valuation expenses, valuer fees, audit fees, levies and charges;
- e. All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses plus applicable taxes not specifically covered above, whether agreed upon in the client agreement or not, arising out of or in the course of opening, managing or operating, closing of the Portfolio.

Notwithstanding the above, the Portfolio Manager may charge onboarding/closing costs and expenses so attributable to the Client in terms of the Agreement upon commencement date or closure date or during the tenure of the agreement at the discretion of the Portfolio Manager.

iv. Payment of Fees and Expenses regardless of Profits

Portfolio will incur obligations to pay operating, legal, accounting, auditing, custodial and other related fees and expenses. In addition, a Portfolio will incur obligations to pay brokerage commissions and other transaction costs to securities brokers and dealers. The foregoing fees and expenses are payable regardless of whether a Portfolio realizes any profits from its investment operations. In accordance with the operating agreement of a Portfolio, amounts owing to a Portfolio's creditors will be paid before amounts payable to Shareholders. It is possible that a Portfolio will not realize any profits in excess of such amounts. Distributions in respect of Investors are not guaranteed and Investors shall not have recourse to any assets or property of the Portfolio Manager, any of its affiliates or any of a Portfolio's other service providers in connections therewith.

13. Taxation

i. General

The information stated herein below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided for general information to the investor only vis-à-vis the investments made through the portfolio management services ('PMS') agreement provided by the Company through its branch in GIFT City, IFSC (hereinafter referred to as the Company) that is registered as a Registered FME (Non-Retail) with the IFSCA. This summary gives the direct tax implications on the understanding that the securities are/will be held for the purpose of investments as capital asset. In case the securities are held as stock-in-trade, the tax treatment will substantially vary. Further, the issue as to whether the investments are held as capital assets or stock-in-trade needs to be examined on a case-to-case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

The information stated below is neither a complete disclosure of every material fact of the Income-Tax Act, 1961 (the "ITA") nor does it constitute tax or legal advice. This information is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. Investors / clients should be aware that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of the individual nature of the tax consequences, each investor/ client is advised to consult his/her/its own professional tax advisor. The information/ data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy and should not be construed as investment advice.

Further, the statements with regards to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes or avail services of the Portfolio Manager. Implications of any judicial decisions/ double taxation avoidance agreements, etc. are not explained herein. The investor should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment, or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc, the investor is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdiction in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.

The following summary is based on the law and practice of the ITA, the Income- Tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The ITA is amendment every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Indian Finance Act, 2023 for financial year ('FY') 2023-24 [relevant to assessment year ('AY') 2024-25] and are exclusive of surcharge and education cess as applicable, unless specified otherwise.

The Portfolio Manager accepts no responsibility for any loss suffered by any investor as a result of

current taxation law and practice or any changes thereto.

The Portfolio Manager accepts no responsibility of tracking the residential status of the investors. It would be the responsibility of the investors to determine their residential status and thereby determine the taxability of the income received from investments.

The surcharge rates applicable for Foreign Portfolio Investors (FPIs) and Non-Resident Individuals (NRIs) for the Financial Year 2023-24 (Assessment Year 2024-25) are as follows:

FPIs

Surcharge for non-corporate entities (for Capital Gains income and Dividend income*):

Total Taxable Income	Rate of Surcharge
Up to INR 5 million	NIL
More than INR 5 million but up to INR 10 million	10%
Above INR 10 million	15%

* Capital gains income referred to in section 115AD(1)(b) of the ITA or income by way of dividend income on equity shares.

Surcharge for non-corporate entities (other than Capital Gains income and Dividend income*):

Total Taxable Income	Rate of Surcharge
Up to INR 5 million	NIL
More than INR 5 million but up to INR 10 million	10%
More than INR 10 million but up to INR 20 million	15%
More than INR 20 million but up to INR 50 million	25%
Above INR 50 million	37%

*However, if the total income pertaining to such assessee comprises of income referred to in section 115AD(1)(b) of the ITA or income by way of dividend income on equity shares, maximum surcharge applicable on such income shall not exceed 15%.

Health and Education Cess:

Health and education cess of 4% is levied on the total tax payable (i.e tax payable + surcharge).

Individual, Hindu undivided families (HUF), AOPs, BOIs –

i. Old tax regime

The tax rates applicable to individuals, HUFs, AOPs, BOIs, or an artificial juridical person are as below:

Total Income Range	Income Tax Rates for individuals (other than senior and super senior individuals), HUFs, AOPs, BOIs, and artificial juridical person	Surcharge	Health and Education Cess
Up to INR 0.25 million	Nil	Nil	Nil
Above INR 0.25 million – INR 0.50 million	5% (Total Income Minus INR 0.25 million)	Nil	4% of income – tax
Above INR 0.50 million to INR 1 million	INR 0.0125 million + 20% of (total income minus INR 0.5 million)	Nil	4% of income – tax
Above INR 1 million to INR 5 million	INR 0.1125 million + 30% of (total income minus INR 1 million)	Nil	4% of income – tax
Above INR 5 million to INR 10 million	INR 1.3125 million + 30% of (total income minus INR 5 million)	10% of Total Income Tax	4% of aggregate income – tax and surcharge
Above INR 10 million to INR 20 Million	INR 2.8125 million + 30% of (total income minus INR 10 million)	15% of Total income tax	4% of aggregate income – tax and surcharge
Above INR 20 million to INR 50 million	INR 5.8125 million + 30% of (total income minus INR 20 million)	25% of Total income Tax	4% of aggregate income – tax and surcharge
Above INR 50 million	INR 14.8125 million + 30% of (total income minus INR 50 million)	37% of Total income Tax	4% of aggregate income – tax and surcharge

Note 1: Section 87A of the ITA has provided for a rebate on tax on total income of up to INR 0.5 million for individual assessee.

Note 2: In the case of an individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 0.3 million.

Note 3: In the case of an individual of the age of 80 years or more, the basic exemption limit is INR 0.5 million.

Note 4: However, if the total income pertaining to such taxpayers comprises of income referred to in section 111A [short-term capital gains ('STCG')] or section 112/112A [long-term capital gains ('LTCG')] of the ITA or income by way of dividend, maximum surcharge applicable

on such income shall not exceed 15% on income-tax.

ii. New personal tax regime

The Finance Act, 2023 has provided the below rates of tax under section 115BAC(1A) applicable to Individuals, HUFs, AOPs and BOIs from Assessment Year 2024-25 and onwards. The new personal tax regime is a default regime unless an option is exercised to opt out of this regime.

Total Income Range	Income Tax Rates for individuals, HUFs, AOPs, BOIs, and artificial juridical person	Surcharge	Health and Education Cess
Up to INR 0.3 million	Nil	Nil	Nil
Above INR 0.3 million – INR 0.60 million	5% (Total Income Minus INR 0.3 million)	Nil	4% of income – tax
Above INR 0.60 million to INR 0.90 million	INR 0.015 million + 10% of (total income minus INR 0.60 million)	Nil	4% of income – tax
Above INR 0.90 million to INR 1.20 million	INR 0.045 million + 15% of (total Income minus INR 0.90 million)	Nil	4% of income – tax
Above INR 1.20 million to INR 1.50 million	INR 0.09 million + 20% of (total Income minus INR 1.20 million)	Nil	4% of income – tax
Above INR 1.50 million to INR 5 million	INR 0.15 million + 30% of (total income minus INR 1.5 million)	Nil	4% of income – tax
Above INR 5 million to INR 10 million	INR 1.2 million + 30% (total income minus Rs 5 million)	10% of Total Income Tax	4% of income – tax and surcharge
Above INR 10 million to INR 20 million	INR 2.7 million + 30% of (total Income minus INR 10 million)	15 % of Total Income Tax	4% of income – tax and surcharge
Above INR 20 million	INR 5.7 million + 30% of (total income minus INR 20 million)	25% of Total Income Tax	4% of income – tax and surcharge

The Finance Act, 2023, has proposed that the rates provided under the sub-section (1A) of section 115BAC shall be applicable 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. Under this new regime, the rate of surcharge shall be capped at 25% (instead of 37%).

Further, in case of AOPs that consist of only companies as their members, the maximum surcharge is restricted to 15%.

Note 1: The Central Government vide the Finance Act, 2023, has provided for a rebate on tax on total income of up to INR 0.7 million for individual assessee.

Note 2: The option to pay tax under this regime shall be available only if the total income of assessee is computed without claiming specified exemptions or deductions specified under the ITA.

Note 3: However, if the total income pertaining to such taxpayers comprises of income referred to in section 111A STCG or section 112/112A LTCG of the ITA or income by way of dividend, maximum surcharge applicable on such income shall not exceed 15% on income-tax

Taxation in hands of investors under the ITA

The tax implications in the hands of the non-resident investors on different income streams are discussed below:

1. Dividend Income:

Taxability of dividend income from Indian portfolio companies

As per section 115-O of the ITA, the Indian company declaring dividend would not be required to pay any dividend distribution tax on dividend distributed/paid/declared to its shareholders. The dividend income would be taxable in the hands of the shareholders under the ITA at applicable rates. Further, the shareholder can claim a deduction of interest expenditure incurred for the purpose of earning such dividend income and such deduction would be restricted to 20% of the gross dividend income.

The Indian company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) and at rates in force (in case of payment to non-resident investors).

Further, as per section 80M of the ITA, any Indian company which receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company to its shareholders before the specified due date (i.e., one month prior to the date of filing tax return under section 139 of the ITA), then the first mentioned Indian company can claim a deduction of the dividend received by it from the other Indian company.

As per section 115A(1)(a)(i) of the ITA, the dividend income would be taxable at the rate of 20% (plus applicable surcharge and health and education cess) in case of NRIs. Under section 115AD of the ITA, dividend income earned by FPIs should be taxable at 20% (plus applicable surcharge and health and education cess).

Taxability of income from mutual funds

As per section 115R of the ITA, a mutual fund would not be required to pay additional income-tax on income distributed to unitholders after 1 April 2020. Such income would be taxable in the hands of the unitholders at the applicable rates under the ITA. Further, the unitholder can

claim a deduction of interest expenditure incurred for the purpose of earning such income from mutual funds and such deduction would be restricted to 20% of the gross income from mutual funds.

As per section 115A(1) of the ITA, distribution of income by the mutual fund in respect of units, purchased in foreign currency, would be taxable at the rate of 20% (plus applicable surcharge and health and education cess) in the hands of NRIs. Distribution of income by the mutual fund for other than units purchased in foreign currency would be subject to tax in the hands of NRIs at the tax rates applicable to NRIs.

Under section 115AD of the ITA, income from units of mutual fund earned by FPIs should be taxable at 20% (plus applicable surcharge and health and education cess).

The mutual fund declaring/ paying income is required to deduct tax at the rate of 20% or at the rates in force or rates under the relevant double tax avoidance agreement, whichever is beneficial (in case of payment to NRIs and FPIs).

2. Interest Income

Income by way of interest received on debentures, bonds, and other debt instruments held as investments will be charged to tax as interest under the head "Income from Other Sources" at the rates applicable to such non-resident investor, prescribed above (plus applicable surcharge and health and education cess after deductions of expenses allowable under section 57 of the ITA. These are essentially, expenses (not being in the nature of the capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income.

The interest income earned by the NRI investors shall be generally taxable at the applicable tax rates.

Under section 115AD of the ITA, interest income earned by FPIs should be taxable at 20% (plus applicable surcharge and health and education cess).

3. Gains on sale of securities

Gains arising from the transfer of securities held in the investee company or portfolio company 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 a 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 on transfer of securities should be taxed as 'Business Income' or as 'Capital Gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, the Central Board of Direct Taxes ('CBDT') has provided guidance, vide its Instruction: No. 1827, dated 31 August 1989 ('CBDT Instructions') and Circular No. 4/2007, dated 15 June 2007 ('CBDT Circular 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):-

(a) Intention at the time of acquisition – capital appreciation;

- (b) Low transaction frequency;
- (c) 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; and
- (f) Main object in constitution document is to make investments.

No single criteria should be decisive to determine whether or not the income is in the nature of capital gains or business income. The characterisation should depend on the total effect of all criteria applicable to the facts of the case.

Further, the CBDT had issued a circular no. 6/2016 dated 29 February 2016 ('CBDT Circular 2016'), clarifying the issue of taxability of gains arising on sale of listed shares and securities. The CBDT Circular 2016, 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 income-tax officer would not dispute any income arising from transfer of listed shares and securities held for more than 12 (twelve) 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, the CBDT Circular 2016, did not deal with the treatment of Capital Gains arising on transfer of unlisted shares.

To avoid disputes/ litigation and to have a consistent view in assessments, the CBDT had issued an instruction on 2 May 2016, to the tax department, on determining the tax treatment of income arising from transfer of unlisted shares, providing that the income from transfer of unlisted shares would be treated as 'Capital Gains' irrespective of period of holding. However, the CBDT has carved out the following 3 (three) exceptions for the tax department to take an appropriate view, if:

- a) The genuineness of transactions in unlisted shares itself is questionable;
- 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.

FPIs

As per section 2(14) of the ITA, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains.

Gains characterised as capital gains

The ITA provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains would depend on whether the capital gains are long-term or short-term in nature.

Depending on the period for which the securities are held, capital gains earned by the investors would be treated as short term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterisation
Listed securities (other than a unit) / Unit of equity-oriented Fund / Zero Coupon Bonds	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset
Unlisted shares (including those offered through offer for sale as part of an IPO)	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset
Other securities (including unit of a debt-oriented Fund)	More than 36 months	Long-term Capital Asset
	36 months or less	Short-term Capital Asset

As per the amendments in the Finance Act 2023, capital gains on redemption/ transfer of Specified Mutual Fund (i.e. a mutual fund where not more than 35% is invested in equity shares of an Indian company) acquired on or after 1 April 2023 or Market Linked Debentures shall be deemed to be capital gains arising from a Short-Term Capital Asset, irrespective of the period of holding.

Taxability of capital gains under the ITA (without considering the benefits under the tax treaties for non- resident investors) should be as follows:

Sr. No	Particulars	NRI investors	FPI
		Tax rate (%) excluding applicable surcharge and health and education cess	
1	Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale and units of an equity oriented mutual fund on which securities transaction tax ('STT') has been paid (Section 111A).	15%	15%

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Sr. No	Particulars	NRI investors	FPI
		Tax rate (%) excluding applicable surcharge and health and education cess	
2	Any other short-term capital gains	30%	30%
3	Long-term capital gains on transfer of: (1) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; and (2) units of equity oriented mutual fund on which STT has been paid on transfer [Note 1] (Section 112A).	10% [Note 2] [on income in excess of INR 1 lakh]	10% [Note 2] [on income in excess of INR 1 lakh]
4	Long term capital gains on sale of listed bonds or listed debentures	10% (without indexation) [Note 3]	10% (without indexation) [Note 2]
5	Long term capital gains on transfer of unlisted bonds or unlisted debentures	10% [Note 2]	10% [Note 2]
6	Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures). [Note 5]	10% [Note 2]	10% [Note 2]

Note 1:

The cost of acquisition of equity shares or units of an equity oriented mutual funds acquired before 1 February 2018, shall be higher of:

- the actual cost of acquisition; and
- Lower of:
 - Fair market value as on 31 January 2018, determined in the prescribed manner; and
 - Value of consideration received or accruing upon transfer.

The CBDT issued a notification dated 1 October 2018, wherein the list of transactions has been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the ITA shall not apply i.e. payment of STT on acquisition of equity shares.

Note 2:

Without considering indexation and foreign exchange fluctuation benefit.

Note 3:

The Indian Tax Authorities may disregard the said position and apply a tax rate of 20%.

Note 4:

As per section 50CA of the ITA, where the consideration received or accruing on account of transfer of unlisted shares is less than the fair market value of such share, determined in the prescribed manner, the fair value as determined should be deemed to be the full value of consideration for the purpose of computing capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

As per the Finance (No. 2) Act, 2019, the provision of section 50CA shall not apply to any consideration received/ accruing on transfer by certain class of persons and subject to fulfilment of conditions, as may be prescribed.

Note 5:

As per the section 47(viiab) of the ITA income accrued or arisen to, or received as a result of transfer of capital asset being bond or Global Depository Receipt referred to in sub-section (1) of section 115AC of the ITA, rupee denominated bond of an Indian company, derivatives, or any such other securities as may be notified by the Central Government in this behalf, on a recognised stock exchange located in IFSC and where the consideration for such transaction is paid or payable in convertible foreign exchange shall not be regarded as transfer; hence, not chargeable to capital gains tax.

Note 6:

As per section 196D of the ITA, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD which is payable to an FPI.

4. Proceeds on buyback of shares by a domestic company

Gains arising on buyback of shares (listed and unlisted) shall be exempt in the hands of investors. However, a distribution tax at the rate of 20% (plus applicable surcharge of 12% and health and education cess of 4%) shall be payable by the Indian company on distribution of income by way of buyback of its shares if the buyback is in accordance with the provisions of any law for the time being in force relating to companies. Such distribution tax shall be payable on the difference between consideration paid by such Indian company for purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares.

5. Other tax considerations

a. Non-resident investors (including FPI):

A non-resident investor would be subject to taxation in India only if:

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

As per Section 6 of the ITA, a foreign company will be 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 would qualify as resident of India for tax purposes and consequently, its worldwide income would be taxable in India.

b. Exemption to non-resident investors

As per the provisions of section 10(4G) of the ITA, any income received by a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident, in an account maintained with an Offshore Banking Unit in any International Financial Services Centre ('IFSC'), to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India, shall be tax exempt in India and no tax shall be payable on such income. Please note that a portfolio manager for the purpose of this provision is referred to as the portfolio manager as defined under the IFSCA (Capital Market Intermediaries) Regulations, 2021. However, the portfolio manager related regulations forming part of the IFSCA (Capital Market Intermediaries) Regulations, 2021 stand omitted as the same are now forming part of the IFSCA (Fund Management) Regulations, 2022. One could contend that the exemption was intended to cover portfolio managers operating in GIFT City and the same should be available even if portfolio managers are now regulated under the IFSCA (Fund Management) Regulations, 2022.

Thus, where monies are raised from a person resident outside India including NRIs for the purpose of investments in one or more overseas funds/ETFs or other securities listed/ traded outside India, the income received from such transactions by non-residents ought to be exempt from tax in India.

c. Tax Treaty Benefits for Non-Resident investors

As per Section 90(2) of the ITA, the provisions of the ITA, would apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to General Anti Avoidance Rules provisions discussed below and to the extent of availability of Tax Treaty benefits to the non-resident investors).

Section 90(1) of the ITA provides that the Central Government may enter into a Tax Treaty for granting relief in respect of income tax, without creating opportunities for non- taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit of residents of any other country or territory).

Having said the above, it may be noted that no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investors, or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future.

In order to claim Tax Treaty benefits, the non-resident investor has to furnish the Tax Residency Certificate ('TRC') issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated 1 August 2013 has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The tax authorities may grant Tax Treaty benefit (after verifying the TRC) based on the facts of each case. This chapter does not discuss the tax implications applicable to the non-residents under a beneficial Tax Treaty, which would need to be analysed separately based on the specific facts.

The taxability of such income of the non-resident investors, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of the ITA.

d. General Anti Avoidance Rules ('GAAR'):

The GAAR regime as introduced in the ITA are effective from 1 April 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 recharacterizing 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; or
- 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 would 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 should not apply, have been enumerated in the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 30 million.

On 27 January 2017, the CBDT has 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 30 million cannot be read in respect of a single taxpayer only.

e. Multilateral Instruments

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

The MLI, amongst others, includes a 'principal purpose test', wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to conclusion of contracts without material modification. For this purpose, an agent is not considered independent if the agent acts exclusively or almost exclusively on behalf of one or more closely related enterprises.

India has been an active participant in the entire discussion and its involvement in the Base Erosion and Profit Shifting project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLI.

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 9 August 2019, India had notified the provisions of Multilateral Convention under section 90(1) of the ITA and has specified the date of entry into force as 1 October 2019.

In order to prevent the granting of tax treaty benefits in inappropriate circumstances and to align it with the Multilateral Convention to implement Treaty related measures to prevent Base Erosion and Profit Shifting, the Finance Act, 2020 has amended Section 90(1) to provide that the Central Government shall enter into agreement(s) for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining

reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

Once MLI evolves in future, one would need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries.

f. Deemed income on investment in securities

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such consideration shall be taxable in the hands of the recipient as 'Income from Other Sources'. The above rates would be subject to availability of benefits under the Tax Treaty, if any in case of non-resident assessee.

The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the ITA.

g. Minimum Alternate Tax

As 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 will be required to pay MAT which will be deemed to be 15% of such book profits (excluding applicable surcharge and health and education cess). Further, MAT provisions shall not be applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the company is a resident of a country or a specified territory with which India does not have a Tax Treaty, but the company is not required to seek registration under any law in relation to companies.

Further, the MAT credit is allowed to be carried forward up to 15 assessment years.

In case of an assessee, being a unit located in an International Financial Services Centre and deriving income solely in convertible foreign exchange, MAT at the rate of 9% (plus applicable surcharge and cess) shall be applicable.

h. Alternate Minimum Tax

As 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 shall be deemed to be the total income of that person and he shall be liable to pay income-tax on such total income at the rate of 18.5% (excluding applicable surcharge and health and education cess). Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs. The AMT credit is allowed to be carried forward up to 15 assessment years.

In case of an assessee, being a unit located in an International Financial Services Centre and deriving income solely in convertible foreign exchange, AMT at the rate of 9% (plus applicable surcharge and cess) shall be applicable.

i. Bonus stripping

Any person who buys or acquires any units of a mutual fund or the Unit Trust of India within a period of 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 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.

Effective 1 April 2022, the bonus stripping provisions cover all securities and units (including units of a business trust, i.e., units of a REIT/InvIT and beneficial interest of an investor in an AIF registered with SEBI).

j. Carry-forward of losses and other provisions (applicable irrespective of the residential status)

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. 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, shall be carried forward for set-off against capital gains during the subsequent 8 assessment years subject to filing of such loss return within the due date of filing the tax return.

k. Securities Transaction Tax:

STT is applicable on various transactions as follows:

- 0.10% on the purchase of equity shares in a company and units of equity oriented mutual fund on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
- 0.10% on the sale of equity shares in a company or sale of units of a business trust on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
- 0.001% on the sale of units of equity-oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
- 0.025% on the sale of equity shares in a company or units of equity-oriented funds or units of a business trust on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- 0.0125% on the sale of futures in securities;
- 0.0625% on the sale of options in securities;
- 0.125% of the difference between the strike price and settlement price of the option, where the options are exercised;
- 0.001% on the sale of units of equity-oriented fund to the Mutual Fund; and
- 0.2% on sale of unlisted equity shares under an offer for sale.

l. FATCA Guidelines

According to the Inter-Governmental Agreement read with the FATCA provisions, foreign

financial institutions in India are required to report tax information about US account holders to the Central Government. Along with FATCA, India is one amongst the various countries which has signed up for the implementation of Common Reporting Standards (“CRS”) under the Automatic Exchange of Information (“AEOI”) mechanism which requires Indian financial institutions to report tax information about other jurisdiction account holders. The Central Government has enacted rules relating to FATCA 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:

- the name, address, taxpayer identification number (“TIN”) [assigned in the country of residence)) and date of birth (“DOB”) and place of birth (“POB”) (in the case of an individual));
- where an entity has one or more controlling persons that are reportable persons:
- the name and address of the entity, TIN assigned to the entity by the country of its residence; and
- the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- account number (or functional equivalent in the absence of an account number);
- 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;
- the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and
- in case of any account held by a non-participating financial institution (“NPFI”), for the calendar years 2015 and 2016, the name of NPFI and aggregate amount of such payments.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts.

m. Goods and Services Tax (GST)

GST will be applicable on services provided by the Company to the investors. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee to the Company. However, in respect of IFSC, there is a relaxation in respect of levy of GST on services provided to offshore investors and to entities set-up in IFSC. Services provided to resident investors from IFSC are subject to GST at the rate of 18%.

There can be no guarantee that the above position regarding taxation or other laws or regulations would be necessarily accepted by the Indian tax or other regulatory authorities under the income tax act or other acts as applicable. No representation is made either by the portfolio manager, its group company or any employee, partner or agent of the portfolio manager in regard to the acceptability or applicability or otherwise of the above stated position regarding taxation or other laws by the Indian tax or other authorities under the said acts. Investors are urged to consult their own other advisers in this regard for confirming their position. The portfolio manager or any other related person shall not be held liable for any errors/omissions in the above regulatory section.

14.Accounting and Valuation policies

The following Accounting policy will be applied for the investments of Clients:

- i. Recognition: The Portfolio Manager shall follow accrual-based accounting policies in conformation with generally accepted accounting principles for fund management in India.
- ii. Client Accounts: The investments under the Portfolio Management Service (PMS) are made on behalf of and in the respective names of the Clients. Hence separate bank accounts and demat accounts may be opened in the name of the Clients which are operated by the Portfolio Manager duly authorized for this purpose by a Power of Attorney. As the amount received under PMS and the corresponding investments are made on behalf of the Clients, they are not reflected in the balance sheet of the Portfolio Manager.
- iii. Income Accrual: Dividends on shares and units in mutual funds shall be accounted on exdividend date, interest, stock lending fees earned etc., shall be accounted on receipt basis. The interest on debt instruments shall be accounted on receipt basis.
- iv. Cost of Investments: Purchase/Sale consideration will be calculated by applying the "weighted average cost" method. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- v. Portfolio Management Fees: Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Agreement with each individual client. The performance fees as agreed with the client in the Agreement will be based on returns over a hurdle rate as agreed in the Agreement, with a high watermark. Performance fees will be charged on performance over the hurdle rate. Any costs and expenses of trading or otherwise shall be as detailed in the Agreement.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

15.Details of investments in the securities of related parties of the Portfolio Manager

Investments in the securities of associates/related parties of Portfolio Manager: Not Applicable

16.Diversification Policy

Portfolio diversification is a strategy of risk management used in investing, which allows to reduce risks by allocating the funds in multiple asset types. It helps to mitigate the associated risks on the overall investment portfolio. The same will be in line with IFSCA guidelines issued from time to time.

17. Investors services

The Portfolio Manager seeks to provide the portfolio clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology and RTA agents.

The Client servicing essentially involves:

- a. Reporting portfolio actions and client statement of accounts at pre-defined frequency;
- b. Attending to and addressing any client query with least lead time;
- c. Ensuring portfolio reviews at predefined frequency.

i. Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:

Name	Mr. Nikhil Rathi
Designation	Operations Manager
Address	Abakkus GIFT Branch, Unit No – 19, Office E-3, GIFT Aspire 3, Block 12, Road 1-D, Zone 1, GIFT SEZ, Gandhinagar 382355, Gujarat
Telephone No	+91-9322231445
Email id	Nikhil.rathi@abakkus.in

ii. Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle client complaints. The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action-** As soon as the grievance arises, it would be identified and resolved. This will lower the detrimental effects of grievance.
2. **Acknowledging grievance-** The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts-** The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance-** The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision-making** - After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.
6. **Review - After** implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Principal Officer, namely Mr. Sachin Patel and subject to the Regulations. The Principal Officer will

endeavour to address such grievance in a reasonable manner and time. The coordinates of the Principal Officer are provided as under:

Name	Mr. Sachin Patel
Designation	Principal Officer
Address	Abakkus GIFT Branch, Unit No – 19, Office E-3, GIFT Aspire 3, Block 12, Road 1-D, Zone 1, GIFT SEZ, Gandhinagar 382355, Gujarat
Telephone No	+91-9819715810
Email id	sachin.patel@abakkus.in

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Principal Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be before three arbitrators, with each party entitled to appoint an arbitrator and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Gandhinagar and the language of the arbitration shall be English. The courts of Mumbai shall have the exclusive jurisdiction to adjudicate upon the claims of the parties.

No. of Complaints Received and Resolved: Not Applicable

18. General

Prevention of Money Laundering

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other Applicable Law in force in India and the investor is duly entitled to invest the said funds.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor’s telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorised/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KYC Registration Agency (KRA) compliant except the information required under any new KYC requirement. The Clients who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded. The Portfolio Manager, and its partners, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Client’s account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager

believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND. Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

For and on behalf of Abakkus Asset Manager LLP - IBU

<p>Mr. Sachin Patel Principal Officer</p>	
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Place: Gandhinagar- GIFT City

Date: 26.07.2023

Annexure I – Investment Philosophy and Approach

Investment Philosophy

The investment objective to provide appropriate risk adjusted returns for the Client shall be driven by following philosophies:

- **Alpha generators**
 - **Growth companies:** Companies where profitability is expected to grow at a rate higher than the average market rate.
 - **Value companies:** Fundamentally under-priced stock with reasonable growth expectations
 - **Mid-cap companies:** Invest in small companies having scalable business models and potential of becoming large caps in medium term.

- **Fundamentals for investment**
 - Bottom-up research with focus on balance sheet.
 - Focuses on numbers rather than presentations and hype.
 - Returns ultimately are all about earnings.

- **Independent investment process**
 - Follows a proficient and responsive process for evaluating investment opportunities and does not get carried away by market views and peer / management talks.
 - Disciplined to follow the investment thesis.

- **Agile and flexible**
 - Each investment opportunity is evaluated based on individual merit.
 - Not constrained to a particular theme or style.

- **Distinctive style of investing**
 - Prefer to be first, early and/or only investors.
 - Not inclined towards chasing the momentum.
 - Open to look at companies across different sectors, market caps and business cycle.

- **Long term investor**
 - Buy and hold
 - Invest in a stock as if investing in a business.
 - Think like a partner

- **Risk reward equation**
 - Expected returns have to justify the risk / uncertainty taken.
 - A good company might not necessarily be a good stock.
 - Focus on the price paid and value derived.
 - What is in the price?

MEETS Framework

In order to achieve superior and consistent risk adjusted returns, the Portfolio Manager uses the following framework to evaluate investment opportunities.

MEETS Framework

Management	Earnings	Events/Trends	Timing	Structural
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<ul style="list-style-type: none"> • Quality-Capability and track record • Capital Allocation- Capital Expenditure can be made if return on equity is maintained or enhanced • Capital Distribution- fair to minority shareholders • Error in decision- Business errors v. intentional mishaps 	<ul style="list-style-type: none"> • Quality of earnings v. reported numbers • Actual earnings v. expected • Cyclical v. Structural earnings • Companies that can double profits in four years or less or where enterprise value/ earnings before interest, tax, depreciation and amortisation can halve in four years 	<ul style="list-style-type: none"> • Stock movement • because of events. Can be buy or sell opportunity • Events on the horizon • Disruptive trends/new themes 	<ul style="list-style-type: none"> • Good company is not necessarily a good investment if price is not right • What is the price discounting? • Time frame of investment • Mean reversion 	<ul style="list-style-type: none"> • Size of the opportunity • Competitive positioning /MOAT • Consistent growth in profits
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Asset classes generally considered for deployment of investment amount:

Subject to the Investment Approach (as provided herein below) chosen by the Client and the Regulations, the Portfolio Manager shall invest the Client's fund in any of the following securities: -

- vi. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or a pooled investment vehicle other body corporate;
- vii. derivative;
- viii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- ix. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- x. units or any other such instrument issued to the investors under any mutual fund scheme (direct plans only);
- xi. units or any other instrument issued by any pooled investment vehicle;
- xii. any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
- xiii. Government securities;
- xiv. such other instruments as may be declared by the Central Government to be securities; and
- xv. rights or interest in securities or any other security allowed as per applicable laws

The above-mentioned securities are illustrative in nature.

Asset classes for deployment shall be always subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement and as per prevailing Regulations.

Investment Approaches under Discretionary Portfolio Management Services

1. Abakkus Emerging Opportunities Approach

(i) Investment objective

The investment objective of the Abakkus Emerging Opportunities Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio with a mid and small cap bias towards companies which generally classify in the mid and small size companies.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long term investing predominantly in basket of listed equities across market capitalisation with bias towards companies which will classify in the mid and small market capitalisation and opportunistically also investing in money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification cross the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, from SME to large capitalization equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Regulations. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a multicap portfolio including broader markets which are categorized as small and medium market capitalization companies. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments with a medium to long term time horizon of 3-5¹ years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

¹ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

(viii) Other salient features, if any.

N.A.

2. Abakkus Emerging Opportunities (Shariah) Approach

(i) Investment objective

The investment objective of the Abakkus Emerging Opportunities (Shariah) Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio with a mid and small cap bias towards companies which generally classify in the mid and small size companies adhering to Shariah rules.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long term investing predominantly in basket of listed equities across market capitalisation with bias towards companies which will classify in the mid and small market capitalisation and opportunistically also investing in money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification cross the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, from SME to large capitalization equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Regulations. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a multicap portfolio including broader markets which are categorized as small and medium market capitalization companies and S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments with a medium to long term time horizon of 3-5² years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.

² The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

(viii) Other salient features, if any.

N.A.

3. Abakkus All Cap Approach

(i) Investment objective

The investment objective of the Abakkus All Cap Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, predominantly large caps to larger mid-caps equities with some exposure to broader market equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a portfolio of companies across market capitalisation. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a medium to long term time horizon of 3-5³ years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk

³ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.

- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

(viii) Other salient features, if any.

N.A.

4. Abakkus All Cap (Shariah) Approach

(i) Investment objective

The investment objective of the Abakkus All Cap (Shariah) Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio, adhering to shariah rules.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long-term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, predominantly large caps to larger mid-caps equities with some exposure to broader market equities. However, from time to time on opportunistically basis, may also choose to invest in units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a portfolio of companies across market capitalisation. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a medium to long term time horizon of 3-5⁴ years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk

⁴ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.

- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

(viii) Other salient features, if any.

N.A.

5. Abakkus All Cap (FPI) Approach

(i) Investment objective

The investment objective of the Abakkus All Cap (FPI) Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long-term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, predominantly large caps to larger mid-caps equities with some exposure to broader market equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a portfolio of companies across market capitalisation. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a medium to long term time horizon of 3-5⁵ years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research

⁵ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

(viii) Other salient features, if any.

N.A.

6. Abakkus All Cap (ESG) Approach

(i) Investment objective

The investment objective of the Abakkus All Cap (ESG) Approach would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio, which fits in the ESG framework of the Manager.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long-term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

As sustainability of returns and corporate governance form an important element of investment philosophy, the investment approach integrates Environment, Social and Governance (ESG) factors in decision-making process in selection of any security in the portfolio. The Portfolio Manager shall evaluate businesses with respect to their commitment on managing ESG issues effectively as well as integrating ESG into their risk management process and on their approach to making ESG a strategic priority. Focus of the Approach would be on businesses with industry-leading environmental compliance practices and those that demonstrate ethical business conduct and fair dealings with stakeholders.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, predominantly large caps to larger mid-caps equities with some exposure to broader market equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a portfolio of companies across market capitalisation. Effective April, 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSCI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a medium to long term time horizon of 3-5⁶ years.

(vii) Risks associated with the investment approach

⁶ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

(viii) Other salient features, if any.

N.A.

7. Abakkus Personalised Opportunity Specific Strategy

(i) Investment objective

The investment objective of the Abakkus Personalised Opportunity Specific Strategy would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio of selective ideas.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and may or may not seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, from SME to large capitalization equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a multicap portfolio across market caps. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a time horizon of 3-5⁷ years.

⁷ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** This may be a concentrated portfolio and may or may not have adequately diversified portfolio across sectors and stocks.
- **Volatility Risk:** Due to concentrated nature of approach, there may be higher volatility in the portfolio return.

(viii) Other salient features, if any.

N.A.

8. Abakkus Select Opportunities Strategy

(i) Investment objective

The investment objective of the Abakkus Select Opportunities Strategy would be to generate alpha and risk adjusted returns for client by investing in benchmark agnostic multicap portfolio of selective ideas.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in listed equities and opportunistically also in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. Approach will be to generate returns, over the medium to long term investing predominantly in basket of listed equities across market capitalisation and opportunistically also investing in, money market instruments, units of mutual funds or other permissible securities/products in accordance with the Applicable Laws.

(iv) Allocation of portfolio across types of securities

The Portfolio shall be focused through a collection of core holdings and may or may not seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, from SME to large capitalization equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The Portfolio Manager endeavours to invest in a multicap portfolio across market caps. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a time horizon of 3-5⁸ years.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** This will be a concentrated portfolio and may or may not have adequately diversified portfolio across sectors and stocks.
- **Volatility Risk:** Due to concentrated nature of approach, there may be higher volatility in the portfolio return.

(viii) Other salient features, if any.

N.A.

9. Abakkus Liquid Approach

(i) Investment objective

The investment objective of the Abakkus Liquid Approach is to predominantly make investments in Liquid Mutual Funds, short- term debt funds, money market mutual funds, and other debt funds to facilitate investors to take Asset Allocation calls between Cash and Equity.

(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Under this approach, Portfolio would be primarily invested in Liquid Mutual Funds, short-term debt funds, money market mutual funds, and other debt funds in accordance with the Applicable Laws.

(iii) Basis of selection of such types of securities as part of the investment approach

The Portfolio Manager seeks to generate returns for the Client through optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities.

(iv) Allocation of portfolio across types of securities

The Portfolio shall invest in Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments with portfolio Macaulay# duration between 3 months and 6 months permissible securities/instruments as per Applicable Laws.

(v) Appropriate benchmark to compare performance and basis for choice of benchmark

The portfolio will consist of units of money market and liquid funds. Effective April 1, 2023 SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty Medium to Long Duration Debt Index, CRISIL Credit Index \$, CRISIL Composite Bond Fund Index. Out of the options available under regulations, CRISIL Composite Bond Fund Index was considered to be most appropriate.

(vi) Indicative tenure or investment horizon

Typically, investments will have a time horizon of 3-6 months.

⁸ The Portfolio Manager may, at its discretion if it deems fit, hold any Portfolio Investment beyond 5 years, but the same shall not be beyond the Term of the Agreement.

(vii) Risks associated with the investment approach

Below are select risks associated with the investment approach apart from those disclosed in Paragraph 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- **Market Risk** The performance of the investment approach will be impacted by interest rates prevailing as well as movements in interest rates. The Investor may lose money over short or long period due to fluctuation in fund investments due to factors including but not limited to economic, political developments, changes in interest rates, inflation and other monetary factors and also movement in prices of underlining investments.
- **Interest Rate Risk** Changes in interest rates will affect the performance of the investment approach. The prices of securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and/or the price levels at which the market is already dealing in existing securities. Prices of long-term securities generally fluctuate more in response to interest rate changes than short- term securities. The price risk is low in the case of the floating rate or inflation-linked bonds. The price risk does not exist if the investment is made under a repo agreement. Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV. Modified Duration is a measure of price sensitivity, the change in the value of investment to a 1% change in the yield of the investment.
- **Reinvestment Risk** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Pre-payment Risk** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.
- **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** Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. (i.e. the issuer may be unable to make timely principal and interest payments on the security). Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent.
- **Liquidity or Marketability Risk** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods, and such period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme.

(viii) Other salient features, if any.

N.A

Annexure II- Balance Sheet & Abstract of Income & Expenditure Account

Particulars	Apr 22-Dec 22 (Audited) (Rs. in lakhs)	2021-22 (Audited) (Rs. in lakhs)	2020-21 (Audited) (Rs. in lakhs)
Balance Sheet			
CONTRIBUTION AND LIABILITIES			
Partner's Fund	9,957.97	4,199.88	1383.85
Liabilities	2,790.78	3,065.77	641.05
Total	12,748.75	7,265.65	2,024.90
ASSETS			
Total	12,748.75	7,265.65	2,024.90
Abstract of Income & Expenditure Account			
Net Profit / Loss before depreciation and tax	10,745.49	7,241.34	2,274.14
Less: Depreciation	(36.46)	(22.83)	(5.56)
Less: Tax	(3,743.83)	(2,550.62)	(790.68)
Net Profit after depreciation and tax	6965.20	4,667.89	1,477.90