

The Directors of India Acorn ICAV (the “**ICAV**”) whose names appear in the “**Directory**” of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and the Prospectus is in accordance with the facts and does not omit any material information likely to affect the import of such information.

Ashoka India Opportunities Fund

(A sub-fund of India Acorn ICAV, an Irish collective asset management vehicle constituted as an umbrella fund with segregated liability between sub-funds and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))

SUPPLEMENT

INVESTMENT MANAGER

White Oak Capital Partners Pte. Ltd.

DATED 10 February 2020

This Supplement forms part of, and should be read in the context of and together with, the Prospectus dated 10 February 2020 (the “Prospectus”) in relation to the ICAV and contains information relating to the Ashoka India Opportunities Fund (the “Fund”) which is a sub-fund of the ICAV.

SELLING RESTRICTIONS – NOTICE TO RESIDENTS OF THE U.S.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY U.S. STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY U.S. STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE. THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT. SHARES MAY BE OFFERED IN THE UNITED STATES TO “ACCREDITED INVESTORS,” AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT AND “QUALIFIED PURCHASERS” AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT. NEITHER THE ICAV NOR ANY FUND IS, AND WILL NOT BE, REGISTERED UNDER THE INVESTMENT COMPANY ACT, AND THE INVESTMENT MANAGER IS NOT REGISTERED UNDER THE U.S. INVESTMENT ADVISERS ACT OF 1940, AS AMENDED.

PURSUANT TO AN EXEMPTION FROM THE CFTC, AN OFFERING MEMORANDUM FOR THE ICAV OR THE FUND IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THE ICAV OR THE FUND.

EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER WHETHER ITS FINANCIAL CONDITION PERMITS IT TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, PROSPECTIVE INVESTORS SHOULD BE AWARE THAT FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF A MEMBER'S INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON WITHDRAWALS MAY AFFECT A MEMBER'S ABILITY TO WITHDRAW ITS PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE PARTICIPATION IN A COMMODITY POOL. THEREFORE, BEFORE DECIDING TO PARTICIPATE IN THIS COMMODITY POOL, A PROSPECTIVE INVESTOR SHOULD CAREFULLY STUDY THE PROSPECTUS AND THIS SUPPLEMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT.

All prospective investors should also carefully review the Distribution and Selling Restrictions set forth in the Prospectus.

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DEFINITIONS

Any words or terms not defined in this Supplement have the same meaning given to them in the Prospectus. The Fund is established pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (“**UCITS Regulations**”) and this Supplement will be construed accordingly and will comply with the applicable Central Bank UCITS Regulations.

“**Accumulation Class Shares**” means Class A, Class B, Class C, Class D, Class E, Class F and Class G Shares.

“**Base Currency**” means USD;

“**Business Day**” means:

- (i) a day on which stock exchanges and banks in Dublin, Singapore and Mumbai are open for business; or
- (ii) such other day or days as may be determined from time to time by the Directors;

“**Dealing Day**”, being the day upon which redemptions and subscriptions occur, means:

- (i) each Business Day; and / or
- (ii) any other day which the Directors have determined, subject to advance notice to all Shareholders in the Fund and provided there is at least one Dealing Day per fortnight;

“**Fund**” means the Ashoka India Opportunities Fund;

“**Redemption Cut-Off Time**” means 11.00am (Irish time) on the relevant Dealing Day or such point as the Manager may determine in exceptional circumstances;

“**Sterling**”, “**GBP**” or “**£**” means Pound Sterling, the lawful currency of the United Kingdom;

“**Subscription Cut-Off Time**” means 11.00am (Irish time) on the relevant Dealing Day or such point as the Manager may determine in exceptional circumstances;

“**Valuation Day**” means each Dealing Day, unless otherwise determined by the Manager; and

“**Valuation Point**” means 3.00pm (Irish time) on each Valuation Day or such other time as the Manager may determine in respect of the Fund from time to time and notify to Shareholders.

THE FUND

The Ashoka India Opportunities Fund is a sub-fund of the India Acorn ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should have regard to the 'Risk Considerations' Section below.

The ICAV offers the classes of Shares in the Fund as set out below. The ICAV may also create additional classes of Shares in the Fund in the future with prior notification to, and clearance in advance by, the Central Bank.

Share Class Description	Class Currency	Management Fee (per annum)	Investment Management Fee (per annum)	Sales charge
Class A Shares USD*	USD	0.05%	0.50%	Up to 5%
Class A Shares EUR*	EUR	0.05%	0.50%	Up to 5%
Class A Shares GBP*	GBP	0.05%	0.50%	Up to 5%
Class B Shares USD	USD	0.05%	0.75%	Up to 5%
Class B Shares EUR	EUR	0.05%	0.75%	Up to 5%
Class B Shares GBP	GBP	0.05%	0.75%	Up to 5%
Class C Shares USD	USD	0.05%	0.85%	Up to 5%
Class C Shares EUR	EUR	0.05%	0.85%	Up to 5%
Class D Shares USD	USD	0.05%	0.95%	Up to 5%
Class D Shares EUR	EUR	0.05%	0.95%	Up to 5%
Class D Shares GBP	GBP	0.05%	0.95%	Up to 5%
Class D Shares CHF	CHF	0.05%	0.95%	Up to 5%
Class E Shares USD	USD	0.05%	1.50%	Up to 5%
Class E Shares EUR	EUR	0.05%	1.50%	Up to 5%
Class F Shares USD	USD	0.05%	1.75%	Up to 5%
Class F Shares EUR	EUR	0.05%	1.75%	Up to 5%
Class F Shares CHF	CHF	0.05%	1.75%	Up to 5%
Class G Shares USD**	USD	0.05%	Up to 1.50%	Up to 5%

*Class A Shares are no longer open for subscription.

** Class G Shares will only be available to investors at the Investment Manager's discretion pursuant to a separate agreement.

Where a class is denominated in a currency other than the Base Currency, the currency exposure of that class to the Base Currency of the Fund will not be hedged to the relevant Class Currency.

Notwithstanding the disclosure in the sub-section headed “*Reports to Shareholders*” in the “*Meeting and Reports to Shareholders*” section of the Prospectus, the initial annual report of the ICAV will cover the period to 18 December 2018 and the initial semi-annual report will cover the period from 19 December 2018 to 30 June 2019. For the avoidance of doubt, subsequent annual reports of the ICAV will cover the period ending 31 December in each calendar year beginning with 31 December 2019.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to seek long-term capital appreciation.

Investment Policy

The Fund will actively seek to achieve its objective by primarily investing in equity and equity-related securities of Indian companies, as described in further detail below.

The Fund will invest at least two thirds of its net assets in equity and equity related transferable securities listed or traded on a Recognised Market and/or other collective investment schemes which provide exposure to companies that are domiciled in, or which derive a predominant proportion of their revenues or profits from India. Equity related transferable securities include common stock, preferred stock and warrants.

The Fund may also invest up to one third of its net assets in equity and/or equity related transferable securities which may generate exposure to companies that are not domiciled in India and which do not derive a predominant proportion of their revenues or profits from India where to do so is deemed appropriate by the Investment Manager to achieve the investment objective of the Fund.

The Fund may invest up to 20% of its net assets in fixed income securities listed or traded on a Recognised Market for investment purposes. These securities may be fixed or floating rate and include treasury bonds, convertible bonds/debentures, preference shares, corporate debt (bonds, notes and debentures issued by corporations), fixed income securities (fixed-interest bonds and securities) issued by governments in India and globally, certificates of deposit and commercial paper rated investment grade by any Indian based credit rating agency. Fixed income securities will be selected by the Investment Manager considering their credit risk, yield and liquidity. A fixed income security will be deemed to be investment grade if it has a rating of BBB- and/or higher by S&P for non-India issuers and CRISIL for India issuers or an equivalent rating by any of the other principal rating agencies in India or globally. The Investment Manager will employ a credit-screening strategy to assist in minimising the Sub-Fund’s exposure to fixed income securities believed to be most susceptible to excessive price deterioration. Any fixed income security that is subsequently downgraded may continue to be held by the Fund in order to avoid a distressed sale.

The Fund may invest in money market instruments such as treasury bills, municipal bonds and commercial paper for the purposes of cash management. The Fund may invest in other collective investment schemes (including money market funds, exchange traded funds, index funds real estate investment trust securities and infrastructure investment trusts). The Fund will not invest more than 10% of its net assets in other collective investment schemes.

The Fund will not be biased towards any specific industry or sector. The Investment Manager utilises a simple bottom up stock selection philosophy which aims to generate returns over time by investing in businesses at attractive values. The Investment Manager's philosophy has two elements – business and valuation. The Investment Manager seeks to invest in companies which present the most powerful combination of business and valuation. The Investment Manager will build a portfolio by evaluating investment opportunities on a company-by-company basis. The Investment Manager will select investment opportunities following fundamental research carried out using a rigorous and proprietary analytical framework. This approach will include fundamental analysis of a company's financial statements, management record, capital structure, operations, product development, and competitive position in its industry. The Investment Manager looks for businesses which are trading at a substantial discount to their intrinsic value (i.e. the calculated value placed upon the business by the Investment Manager having regard to the fundamental analysis which it carries out on that business as opposed to its market value), which can substantially outperform over time. The Investment Manager seeks to maintain a balanced portfolio reflecting its stock selection capabilities and views of the market rather than being driven by non-stock specific macro factors such as market timing, sector, currency or other such factor exposures. The Investment Manager also looks for newer or established businesses that are entering into a growth cycle, have the potential for accelerating earnings growth or cash flow, and possess reasonable valuations. The Investment Manager will use its proprietary cash-flow centric analytical framework for assessing valuation. This is evaluated through fundamental analysis of each company including but not limited to, identifying opportunities in new products or services, restructuring, and/or changes in strategic direction such as selling off non-core assets, re-financing operations or establishing in other markets. The Investment Manager may select the stocks of companies with all market capitalisations.

The Fund may purchase American Depository Shares ("**ADS**") as part of American Depository Receipt ("**ADR**") issuances, European Depository Receipts ("**EDRs**") and Global Depository Receipts ("**GDRs**") or their equivalent, such as structured securities, including structured participation notes ("**P-Notes**"). The Fund will not invest more than 10% of its net assets in P-Notes.

Any such structured securities may embed derivatives and generate leveraged exposure to such equities and equity related securities on behalf of the Fund. They are subject to some special considerations and risks as set out under the heading "*Depository Receipts*" in the Prospectus.

The Investment Manager may, on behalf of the Fund and subject to the conditions and limits set out in the Central Bank UCITS Regulations, in addition to warrants and other rights to acquire stock described above which may be used for investment purposes, employ techniques and instruments relating to transferable securities in which the Fund may invest for hedging purposes (to protect an asset of the Fund against, or minimise liability from, fluctuations in market value or foreign currency exposures) or for efficient portfolio management purposes (with a view to achieving a reduction in risk, a reduction in costs or an increase in capital or income returns to the Fund provided such transactions are not speculative in nature) only. Investment in FDI which give exposure to foreign exchange will only be used for hedging purposes. Such techniques and instruments may include investments in exchange-traded or over-the-counter ("**OTC**") FDI (futures and currency forwards (which may be used to manage market and currency risk respectively) and options (including call and put options which may be used to achieve cost efficiencies)).

Futures: Futures contracts are agreements to buy or sell a fixed amount of an index, equity, bond or currency at a fixed date in the future. Futures contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt.

Currency Forwards: Currency forwards are agreements between parties to exchange fixed amounts of different currencies at an agreed exchange rate at an agreed time in the future. They are similar to currency futures, except that they are not exchange-traded, but are instead over the counter instruments. Currency forwards may be used to manage currency risk by hedging the currency exposure of the Fund.

Further detail regarding the use of the above derivatives and their risks are set out in the sections entitled “Investment Objectives and Policies” and “Risk Considerations – Derivative Risks” in the Prospectus.

The Fund will not use swaps, or engage in repurchase agreements, reverse repurchase agreements or stock lending.

Investment in India

It is intended that the Fund will obtain and hold all necessary licenses from local regulatory authorities for investing in India. The Fund will be classed in India as a Category II foreign portfolio investor (“**FPI**”). Any equities and equity-related securities of issuers based in India will be registered and held on behalf of the Fund by one of the sub-custodians listed in Schedule III of the Prospectus.

The Investment Manager is required to register the Fund as a FPI with the Securities and Exchange Board of India (“**SEBI**”) under the SEBI (Foreign Portfolio Investors) Regulations 2014 to be eligible to invest in the Indian capital market. SEBI approved Designated Depository Participants (“**DDPs**”) register FPIs on behalf of the SEBI subject to compliance with “Know Your Client” or “KYC” requirements.

Under the FPI regime, the Fund may not purchase more than 10% of the total paid-up equity capital on a fully diluted basis of an Indian company. This investment control is subject to change from time to time and is monitored by the DDPs and the Investment Manager.

Borrowing and Leverage

The Fund may be leveraged through the use of derivatives for efficient portfolio management purposes. The Fund’s resulting global exposure will not exceed its total net assets, i.e. the Fund may not be leveraged in excess of 100% of its Net Asset Value, through the use of derivatives. The ICAV will use the commitment approach to calculate the global exposure of the Fund, as described in detail in the risk management process document of the ICAV.

The Fund will be subject to the borrowing restrictions pursuant to the UCITS Regulations, as set out in the section entitled “Borrowing Policy” in the Prospectus.

INVESTOR PROFILE

The Fund is suitable for investors seeking capital growth over a medium to long-term horizon who are prepared to accept a high level of volatility from time to time. Those investors should be willing to assume the risk of short term share price fluctuations and losses that are typical for an aggressive growth fund focusing on stocks of issuers based in India. The Fund is not designed for investors needing current

income. The Fund is not a complete investment program. You should carefully consider your own investment goals and risk tolerance before investing in the Fund.

RISK CONSIDERATIONS

There can be no assurance that the Fund's investments will be successful or that the investment objectives of the Fund will be achieved. Investors should be aware of the risks of the Fund including, but not limited to, the risks described in the "Risk Considerations" section of the Prospectus. An investment in the Fund is suitable only for persons who are in a position to take such risks.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Share Currency Designation Risk: Certain Share Classes (the "Euro/Sterling/Swiss Franc Share Classes") are denominated in Euro, Sterling or Swiss Franc whereas the Base Currency of the Fund is USD. It is not intended to hedge the Euro/Sterling/Swiss Franc Share Classes against any fluctuation in the value of the Base Currency relative to either EUR, GBP or CHF. Accordingly in the event that the Base Currency differs from EUR, GBP or CHF respectively, the relevant Shareholder will bear the risk of any currency fluctuation.

A currency conversion will take place in respect of the Euro/Sterling/Swiss Franc Share Classes on subscriptions, redemptions, exchanges and distributions at the rate of exchange available to the Administrator and the cost of conversion will be deducted from the relevant Euro/Sterling/Swiss Franc Share Class.

Risks of Growth Investing: If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favour during past market cycles and is likely to continue to do so. During periods when growth investing is out of favour or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

POLITICAL, LEGAL, SOCIAL, MARKET, AND ECONOMIC CONSIDERATIONS OF INVESTING IN INDIA

Political and Social Risks

The value of the Fund's investments may be adversely affected by potential political and social uncertainties in India. Certain developments, beyond the control of the Fund, such as the possibility of nationalization, expropriations, confiscatory taxation, political changes, government regulation, social instability, diplomatic disputes or other similar developments, could adversely affect the Fund's investments. Furthermore, agriculture occupies a more prominent position in the Indian economy, and the Indian economy therefore is more susceptible to adverse changes in weather. Monsoons and other natural disasters in India and surrounding regions also can affect the value of Fund investments.

The Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and the number of public sector enterprises in India is substantial. As a result, actions

of the Indian government could have a significant effect on the Indian economy, and ultimately on private sector companies and the Fund.

India is a country which comprises diverse religious and ethnic groups. It is the world's most populous democracy and has a well-developed and stable political system. Ethnic issues and border disputes have, however, given rise to ongoing tension in the relations between India and Pakistan, particularly over the region of Kashmir, and between certain segments of the Indian population. Any exacerbation of such tensions could adversely affect economic conditions in India and consequently the Fund's investments.

While fiscal and legislative reforms have led to economic liberalization and stabilization in India over the past ten years, the possibility that these reforms may be halted or reversed could significantly and adversely affect the value of investments in India. The Fund's investments could also be adversely affected by changes in laws and regulations or the interpretation thereof, including those governing foreign investment, anti-inflationary measures, rates and methods of taxation, and restrictions on currency conversion, imports and sources of supplies.

Although India has experienced significant growth and is projected to undergo significant growth in the future, there can be no assurance that such growth will continue. For example, the relocation trend may decelerate by reason of a general economic downturn in one or more industrialized nations, by the promulgation of governmental policies in those nations discouraging the relocation of labour or by a voluntary reduction in relocation by companies in response to negative popular opinion or customer dissatisfaction. Adverse economic conditions or stagnant economic development in India could adversely affect the value of the Fund's investments.

Global Economy: Recent Global Financial Market Declines and Financial Instability

The Indian stock market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. Economic developments outside India have adversely affected the stock market in India and may affect the Fund's investments. The deterioration in the financial markets has led to a recession in many countries, which may lead to significant declines in employment, household wealth, consumer demand and lending and as a result may adversely affect economic growth in India and elsewhere.

The unprecedented fluctuations and declines in the financial markets in India, the U.S. and elsewhere around the world which began in September 2008 could adversely affect the returns of the Fund. Recently, concerns over inflation, energy costs, geopolitical issues and the availability and cost of credit have contributed to increased volatility and diminished expectations for the U.S. and world economy and the financial markets going forward.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, and financial instability in other countries may cause increased volatility in Indian financial markets. Although economic conditions are different in each country, Investors' reactions to developments in one country may have adverse effects on the securities of companies in other countries, including India. A loss of Investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and in the Indian economy generally. Worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur and could harm investee entities' business or their future financial performance, which will in turn affect Fund's investments and returns. It is not possible to predict how long current economic conditions will continue, whether the financial markets and economic conditions will continue

to deteriorate or the magnitude of the long-term impact, if any, of such conditions on the financial markets, and economic conditions generally, in India.

Market Dislocations

During 2008, financial markets experienced losses and volatility without precedent in recent decades. Similarly, war and occupation, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the investments of the Fund.

The markets crisis also resulted in many countries in new governmental regulation of the financial sector and securities markets, together with proposals for increased future regulation of the sector and markets. Often these new regulations were adopted on an emergency or ad hoc basis, subjecting market participants without notice to new rules that were often unclear in scope or application. Recently adopted and proposed new regulations of the financial sector and securities markets may have a material adverse impact on the Fund.

Ongoing Dislocations

Global credit and equity markets have recently experienced significant market events, including decreasing liquidity and declining market values. Increasing credit and valuation problems in debt markets and the mass liquidation of investment portfolios across all markets, among other factors, have generated extreme volatility and illiquidity in worldwide capital markets. This volatility and illiquidity has extended to the global credit and equity markets generally and has been exacerbated by, among other things, growing uncertainty regarding the extent of the problems in the mortgage industry and financial institutions, decreased risk tolerance by Investors, significantly tightened availability of credit and global deleveraging. The continuation of recent market conditions and uncertainty and further deterioration could result in further declines in the market value of the Fund's portfolio. The duration and ultimate effect of recent market conditions cannot be predicted, nor is it known whether or the degree to which such conditions may worsen. Such declines could prevent the Fund from successfully executing its investment strategy or may require the Fund to dispose of portfolio investments at a loss while such adverse market conditions prevail.

Government Approvals

Certain governmental approvals from India have to be obtained for the Fund to make portfolio investments. These approvals are granted at the discretion of the Indian government and though the Investment Manager (on behalf of the Fund) expects the existing approvals to continue, the Investment Manager cannot be certain that these approvals will so continue. If policy announcements or regulations are made subsequent to this offering, which warrant retrospective changes in the structure or operations of the Fund, these may adversely impact the performance of the Fund.

Further, there lies the risk of loss of relevant licenses, registrations and authorisations that are required as per applicable laws granted by the relevant governmental authorities. For instance, the Fund will be unable to continue making portfolio investments if its Foreign Portfolio Investor ("FPI") registration from the Securities and Exchange Board of India ("SEBI") is revoked at a subsequent date.

Legal Considerations

Many of the fundamental laws in India have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, laws often refer to regulations which have not yet been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them, all of which can ultimately adversely affect the performance of the Fund. Changes in laws and regulations (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which the Fund will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and may lead to increased legal costs and reduced returns. In particular, tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Fund or its investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purport to have retroactive effect, may be introduced with little or no prior consultation. As such, the Fund's ability to secure the judicial or other enforcement of its rights may be limited.

Risk of Sanctions

Sanctions may be imposed by other countries on trade with India and this may have an adverse impact on the value of the Fund's investments.

Inflationary Pressures in India

Although inflation in India has been relatively modest, there is no assurance that inflation rates will not increase. High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the Fund's investments.

Deflation

Although neither India nor the global economy as a whole has experienced excessively low relative inflation over the last decade, there is no assurance that inflation rates in India or globally will not decrease below zero percent annually. Negative inflation, or deflation, in India or globally, could inhibit economic activity and thereby possibly adversely affect the Fund's investments.

Enforcement Risk

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

Market Risks

Indian stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently from large cap stocks. Political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. Securities listed on Indian

stock exchanges may have low market capitalization and trading volume. There can be no assurance that sales on the Indian stock exchanges will provide a viable exit mechanism for the Fund's investments. In addition, Indian stock exchanges have in the past experienced substantial fluctuations in the prices of their listed securities. They have also experienced problems such as temporary exchange closures, broker defaults, settlement delays, work stoppages and trading improprieties that, if they occur in the future, could have a negative impact on the liquidity and value of the Fund's portfolio. Recently, there have been delays and errors in share allotments relating to initial public offerings, which generally have a negative effect on overall market sentiment and lead to fluctuations in the market prices of the securities of those companies and others in which the Fund may invest.

Regulatory Risk

The value and marketability of the Fund's investments may be affected by changes or developments in the legal and regulatory climate in India. SEBI regulates the equity market in India and legislates from time to time on matters affecting the equity market. Securities and Exchange Board of India and/or the Government of India may make changes to regulations which could affect the ability of the Fund to make, or exit, investments.

Further, any regulatory investigations or action by the regulators against the Fund, its Investors, the Investment Manager or its principals could adversely impact the ability of the Fund to achieve its desired investment objectives and hence adversely impact the performance of the Fund. Further, any claim or substantial judgment/award against the Fund, in various litigations in the process of resolution, recovery, enforcement of security interest, etc. and any adverse change in stamp duty and registration fee rates in various states in India, may adversely affect the activities within objectives of the Fund.

Regulatory and Accounting Practices

Accounting, auditing, disclosure and regulatory standards applicable to India differ from other developed countries and in some respects may be less stringent and there may be less information available to the Fund and / or Investors about the Fund's investments. The Investment Manager would generally rely on publicly available information on the Fund's investments. Subject to the provisions of relevant SEBI regulations dealing with access to information in relation to public companies including but not limited to SEBI insider trading regulations, the Investment Manager may seek information from the management of the Fund's investments from time to time, however no assurance can be given that relevant information would be made available to the Investment Manager or the Fund by such companies if at all or in a timely manner. Such lack of information could restrict the ability of the Investment Manager to adequately foresee or comprehend the risks, if any, in a Fund's investment which could have an adverse impact on the performance of that investment as well as that of the Fund.

Limitations of Investments

Under the existing FPI Regulations, the Fund can acquire only up to 10% of paid-up capital or 10% of the paid-up value of each series of convertible debentures of an Indian company. Investment by the Fund in Indian companies is accordingly restricted to that extent. This restriction could impair the ability of the Fund to take higher exposure in better performing companies. The Investment Manager has factored such regulatory limitations as part of its investment strategy for the Fund.

Risk of permanent establishment in India

While the Investment Manager believes that the activities of the Fund and the Investment Manager should not create a permanent establishment of the Fund or the Investment Manager in India, there may be a risk that the Indian tax authorities will claim that such a permanent establishment has been created.

If for any reason such a decision was taken, then the profits of the ICAV attributable to the Fund and/or the Investment Manager to the extent attributable to the permanent establishment would be subject to taxation in India, which could have an adverse impact on the performance of the Fund.

Risk of tax residency in India

The Income-tax Act 1961 ("ITA 1961"), as amended by the Indian Finance Act, 2015, provides that a Fund shall be a tax resident in India in a given financial year if: (i) it is incorporated in India; or (ii) its "place of effective management" ("POEM") during the year is in India. The POEM is based on the place where key management and commercial decisions of the entity as a whole are taken. No clarity exists as to the meaning of the term "effective management". The Indian Central Board of Direct Taxes ("CBDT") issued a circular on 24 January 2017 on the "Guiding Principles for determination of POEM of an Indian Fund". While the Investment Manager believes that the activities of the Fund and the Investment Manager should not create a POEM of the Fund or the Investment Manager in India, there may be a risk that the Indian tax authorities will claim that these activities have resulted in the POEM of the Fund and/or the Investment Manager being situated in India. If for any reason such a decision was taken, then the global profits of the Fund and/or the Investment Manager could be subject to taxation in India. Further, if the Fund were regarded as an Indian resident under the ITA 1961, it would not qualify as an FPI under FPI Regulations.

Introduction of general anti-avoidance rules in India

Under the ITA 1961, general anti-avoidance rules ("GAAR") would be applicable where the main purpose of an arrangement is to obtain tax benefit. GAAR provisions empower the tax authorities to investigate any such arrangement as an "impermissible avoidance arrangement" and consequently disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa, and the like. By doing so, the tax authorities may even deny tax benefits conferred under a tax treaty.

The GAAR related provisions of the ITA 1961 came into force on 1 April 2017. If the Indian tax authorities find the Fund to have entered into an impermissible avoidance arrangement, the Fund may not be permitted to receive the tax benefits under the India-Ireland tax treaty, to the extent any treaty benefits are sought to be claimed by the Fund. An inability by the Fund, to receive the tax benefits under the India-Ireland tax treaty (to the extent any treaty benefits are sought to be claimed by the Fund) could have an adverse impact on the tax liabilities of the Fund and would likely have an impact on the returns to investors.

Multilateral convention to implement tax treaty related measures to prevent base erosion and profit shifting (the "MLI")

Base erosion and profit shifting ("BEPS") refers to the tax planning strategies of multinational corporations that exploit mismatches in national tax rules to artificially shift profits to low or no-tax locations, resulting in little or no overall corporate tax being paid. The Organisation for Economic Co-operation and Development ("OECD") and the G20 countries are currently attempting to implement a number of measures to address BEPS, including releasing the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS ("MLI"), to which various countries (including India) have signed up.

The MLI includes, among other things, a "principal purpose test" wherein tax treaty benefits can be denied if one of the principal purposes of an arrangement or a transaction is to, directly or indirectly,

obtain tax benefit. The MLI has also expanded the definition of a "permanent establishment" to include agents (excluding independent agents) playing a principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it 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 BEPS project has been intensive.

It is currently unclear what the implications will be for the Fund or investments in Indian securities. It is possible that the implementation of the MLI or other BEPS actions in India or other jurisdictions through which the Fund invests may have negative implications for the Fund. There is therefore a risk that the OECD's BEPS measures, including the MLI, could have an adverse effect on the value of the Fund's investments and/or the results of its operations.

Risk of business connection

The Indian Finance Act, 2018 has widened the definition of "business connection" under the ITA 1961 to align it with the definition proposed under the MLI. The Indian Finance Act, 2018 provides that an agent shall constitute a business connection in India for a non-resident if such person habitually plays a principal role leading to conclusion of contracts on behalf of the non-resident (even though such person may not have an authority to conclude contracts). While the ICAV believes that the activities of the ICAV, the Fund, the Investment Manager and their respective service providers should not create a business connection of the ICAV, the Fund or the Investment Manager in India, there may be a risk that the Indian tax authorities will claim that such a business connection has been created. If for any reason such a decision was taken, then the profits of the Fund to the extent attributable to the business connection would be subject to taxation in India under the ITA 1961, which could have an adverse impact on the performance of the ICAV.

DIVIDEND POLICY

Investors should note that Accumulation Class Shares only are available in respect of the Fund.

Accumulation Class Shares

The Directors do not currently intend to declare any dividends in respect of the Accumulation Class Shares. Accordingly, net investment income on the Fund's investments attributable to the Accumulation Class Shares is expected to be retained by the Fund, which will result in an increase in the Net Asset Value per Share of the Accumulation Class Shares.

The Directors nevertheless retain the right to declare dividends in respect of such net investment income on the Fund's investments attributable to the Accumulation Class Shares in their sole discretion. In the event that the Directors determine to declare dividends in respect of the Accumulation Class Shares in the Fund, Shareholders will be notified in advance of any such change in the dividend policy (including the date by which dividends will be paid and the method by which dividends will be paid) and full details will be disclosed in an updated Supplement.

FEES AND EXPENSES

The following fees and expenses apply in respect of the Fund. Please see the “Fees and Expenses” section of the Prospectus for further detail in relation to the fees and expenses of the ICAV and Fund.

Management Fee

The Manager will receive a management fee (the “**Management Fee**”) for the provision of management services to the Fund. The Management Fee is set out in the table above and further described below. The Manager shall be entitled to receive, out of the assets of the Fund, an annual fee which shall accrue daily and be payable monthly in arrears at a rate which shall not exceed 0.05% of the Net Asset Value or €30,000 each year, whichever is higher.

For the purposes of calculating the Management Fee for any Business Day, the NAV of the Fund attributable to a Class is determined by or under the direction of the Manager, based on the Fund's NAV as of the close of the prior Business Day adjusted to reflect any applicable redemptions and subscriptions.

The Fund may issue Shares of a separate Class that may calculate the Management Fee differently or charge a lower Management Fee.

In addition, the Manager shall be entitled to be reimbursed all reasonable out-of-pocket expenses properly incurred which shall be payable out of the assets of the Fund.

Investment Management Fee

The Investment Manager will receive an investment management fee (the “**Investment Management Fee**”) in respect of each Class for the provision investment management services to the Fund. The Investment Management Fee will be up to an annualized rate set out in the table above. The Management Fee is accrued daily and paid monthly, in arrears.

For the purposes of calculating the Investment Management Fee for any Business Day, the NAV of the Fund attributable to a Class is determined by or under the direction of the Manager, based on the Fund's NAV as of the close of the prior Business Day adjusted to reflect any applicable redemptions and subscriptions.

Notwithstanding the foregoing, the Investment Manager may, in its sole discretion, during any period, elect to waive a portion of its fees with respect to the entire Fund or any Class without notice to Shareholders. In addition, the Fund may issue Shares of a separate Class that may calculate the Investment Management Fee differently or charge a lower Investment Management Fee.

In addition, the Investment Manager shall be entitled to be reimbursed all reasonable out-of-pocket expenses properly incurred which shall be payable out of the assets of the Fund.

Administration Fee

The Administrator shall be entitled to receive, out of the assets of the sub-fund, an annual fee for fund accounting services which shall accrue daily and be payable monthly in arrears at a rate which shall not exceed 0.05% of the Net Asset Value, subject to a minimum of \$4,500 per month. Separately, the Administrator is also entitled to receive transfer agency fees covering class charges, account opening, maintenance charges and transaction charges. Further, and separate to the fees outlined above, the

Administrator shall be entitled to receive fees in relation to tax classification services and financial statement preparation. Such fees will be payable out of the assets of the Fund and will be at normal commercial rates.

In addition, the Administrator shall be entitled to be reimbursed all reasonable out-of-pocket expenses properly incurred which shall be payable out of the assets of the Fund.

The fees set out above are exclusive of VAT (if any), which is payable out of the assets of the Fund.

Depositary Fee

The Depositary will be entitled to a monthly fee out of the assets held on behalf of the sub-fund in an amount which will not exceed 0.025% of the Net Asset Value (plus value added tax, if any, thereon) subject to a minimum of USD2,500 per month. The Depositary fees shall accrue daily and be payable monthly in arrears. The Depositary shall also be entitled to payment out of the assets of the Fund of transaction charges, safekeeping fees and sub-custodian fees which shall be charged at normal commercial rates. The Depositary shall also be entitled to be reimbursed out of the assets held of the Fund for all reasonable out-of-pocket expenses incurred by it on behalf of the Fund and all reasonable out-of-pocket expenses of any sub-custodian appointed by the Depositary.

Sales charge

Shares in the Fund may be subject to an up-front sales charge of up to 5% of the net subscription amount for such Shares. This sales charge will be payable directly to such distributor or distributors as may be appointed by the Manager from time to time to assist with the marketing, distribution and sale of Shares in the Fund. Investors should note that such charges may also be payable on an exchange of Shares in any other fund of the ICAV for Shares in the Fund.

The Fund is also subject to other expenses as more particularly set out in the Prospectus.

Anti-Dilution Levy

An Anti-Dilution Levy of up to 5% may be payable on net subscriptions for and net redemptions of Shares.

SUBSCRIPTION AND REDEMPTION OF SHARES

Eligible Investors

Subject to the section "Transfer of Shares" in the Prospectus, applicants will be obliged to certify that they are not U.S. Persons. If an applicant is a U.S. Person, such person must also be a Qualified U.S. Investor in order to be an Eligible Investor. Shares are not allowed to be offered to the retail public in Singapore. Shares may be offered and sold in Singapore, directly or indirectly, only to "accredited investors" and "institutional investors" (as defined in the SFA).

The ICAV and the Administrator reserve the right to reject in whole or in part any application for Shares. Where an application for Shares is rejected, the subscription monies will be returned to the applicant at the applicant's cost and risk and no interest or other compensation will be payable in respect of such returned monies.

Initial Offer Price

Shares in the Share Classes for which no Shares have yet been issued (the "**Unlaunched Share Classes**") will be available at the initial offer price plus any applicable sales charge as set out below during the initial offer period which commenced at 9.00 am (Irish time) on 15 November 2018 and will end at 5.00 pm (Irish time) on 10 August 2020 or such other date and/or time as the Manager may determine and notify to the Central Bank (the "**Initial Offer Period**"). Thereafter those Share Classes will be issued at the relevant Net Asset Value per Share.

The initial offer price per Share for each Unlaunched Share Class will be in its respective Class currency: \$100, €100, £100 or CHF100. Details of which Share Classes are available for subscription as Unlaunched Share Classes are available from the Investment Manager.

Subscription monies plus the sales charge (if any) must be paid in the Class Currency and must be paid by wire transfer to the bank account of the Administrator. After the initial issue of Shares in any Class, the Shares in such Class will be issued on the relevant Dealing Day at the relevant Net Asset Value per Share for the applicable Class on the terms and in accordance with the procedures described herein.

Applications for Shares

Applications for Shares in the Fund should be made by written application using the Subscription Agreement available from the Administrator. Subscription Agreements, duly completed together with all supporting documentation in relation to money laundering prevention checks, should be sent to the Administrator, in accordance with the instructions contained in the Subscription Agreement, prior to the Subscription Cut-Off Time. Subscription Agreements may be sent by facsimile or electronic means (e.g. via clearing platform/SWIFT trading) provided that the signed original version (including all support documentation in relation to money laundering prevention checks) is sent to the Administrator by post immediately thereafter. Subsequent purchases of Shares, following an initial subscription pursuant to a properly completed Subscription Agreement, may be made by completing and submitting an Additional Subscription Agreement to the Administrator. Additional Subscription Agreements may be sent by facsimile or electronic means (e.g. via clearing platform/SWIFT trading) as previously agreed with the Administrator.

During the Initial Offer Period, cleared funds representing the initial offer price plus any applicable sales charge must be received by the ICAV by the final Business Day of the Initial Offer Period. After the Initial Offer Period, cleared funds representing the subscription monies must be received by the ICAV by the

third Business Day following the relevant Dealing Day (or such other period as the Manager may determine). If cleared funds representing the subscription monies are not received by the ICAV by the third Business Day following the relevant Dealing Day, or such other day as is determined by the Manager from time to time, the Manager reserve the right to reject the subscription and/or cancel the provisional allotment of Shares, as appropriate. In such an event the investor will indemnify the ICAV, the Management Company, the Investment Manager, the Administrator and any of their respective affiliates for any and all claims, losses, liabilities or damages (including attorneys' fees and other related out-of-pocket expenses) suffered or incurred by any such person as a result of the investor not remitting the amount of its subscription by the due date for such subscription or otherwise failing to comply with the terms of such Subscription Agreement. In the event that the Manager decides not to cancel a provisional allotment of Shares notwithstanding that cleared funds have been received by the ICAV after the relevant cut-off time, the Manager reserves the right to charge interest on such subscription monies at prevailing interest rates commencing on the fourth Business Day following the relevant Dealing Day. In addition, upon the failure of a Shareholder to pay subscription monies by the date due, the Manager may, in their sole discretion, redeem any Shares held by the Shareholder in the ICAV and apply the redemption proceeds in satisfaction of the Shareholder's liabilities to the ICAV, the Management Company, the Investment Manager or any of their respective affiliates pursuant to the indemnity described above. Please see "Redemption of Shares – Mandatory Redemption of Shares, Forfeiture of Dividend and Deduction of Tax" in the Prospectus.

The ICAV or the Administrator may, in its sole discretion, reject any subscription in whole or in part without reason.

Shares in the Fund will be issued on the terms and in accordance with the procedures described in the Prospectus.

Redemption Applications

If Redemption Applications on any Dealing Day exceed 10% of the NAV of the Fund, or such higher percentage as the Manager may determine in their sole discretion in respect of any Dealing Day (the "**Gate Amount**"), the ICAV may (i) reduce all such Redemption Applications pro rata (in accordance with the size of the Redemption Applications so that Shares redeemed on such Dealing Day, in aggregate, represent only the Gate Amount) and (ii) defer Redemption Applications in excess of the Gate Amount to subsequent Dealing Days, subject to any Gate Amount applicable on any such Dealing Day. Any deferred Redemption Applications will rank pari passu on any subsequent Dealing Day with other Redemption Applications received on subsequent Dealing Days from Shareholders. Except at the sole discretion of the ICAV, any such deferred Redemption Application may not be revoked.

Shareholders may request that Shares be redeemed on any Dealing Day by completing and submitting a Redemption Application to the Administrator in accordance with the procedures set out in the Prospectus. Redemption Applications will generally not be accepted after the Redemption Cut-Off Time. Redemption Applications received after the relevant Redemption Cut-Off Time will be held over until the next applicable Dealing Day, unless the Manager determines in their sole discretion, in exceptional circumstances and where such Redemption Applications are received before the earliest relevant Valuation Point, to accept such Redemption Applications on the relevant Dealing Day.

Shares will be redeemed at the applicable NAV per Share on the Dealing Day as of which the redemption is effected. Subject to any provisions contained herein, distributions in respect of redemptions will be paid in full (on the basis of unaudited data) in the applicable Class Currency of the Shares being redeemed normally within three Business Days after the relevant Dealing Day and in any event will not

exceed ten (10) business days. All payments will be made by transfer to the bank account previously designated by Shareholders for such purpose.

APPENDIX 1 – INDIAN TAX DISCLOSURES

The following is a summary of certain relevant provisions of the Income-Tax Act, 1961 (“ITA”), the Income tax Rules, 1962 (“the Rules”), various circulars and notifications issued thereunder from time to time and the provisions of the Tax Treaty. This summary is not intended to constitute a complete analysis of the Indian income-tax implications as applicable and does not constitute legal, professional or tax advice. The relevant tax provisions are subject to change. This section has been prepared to give an overview of the expected Indian income-tax implications in connection with the income accruing to the Fund (presuming it to be a Category II Foreign Portfolio Investor registered in India). This summary is prepared on the basis that the Fund will qualify as a separate taxable person under the ITA and will be regarded as a company for the purposes of the ITA. However, there is a risk that the Indian tax authorities may, *inter alia*, relying on an analogical decision in the context of protected cell companies in Mauritius, take a view that the Fund, being a sub-fund of the ICAV (including any future sub-funds of the ICAV) is not a separate taxable person under the ITA and hence, the income earned by the Fund (including any future sub-funds of the ICAV) can be assessed at a consolidated level in the hands of the ICAV.

The ITA is amended every year by the Finance Act of the relevant year and this summary reflects the amendments made up to Finance Act, 2018. The rates specified in this section are as applicable for the Financial Year 2018-19 under the ITA and are exclusive of surcharge and cess, if any, as currently leviable¹. The tax rates applicable pursuant to the Tax Treaty will generally not be subject to surcharge or cess.

General

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

- (1) The residential status of the taxpayer during a tax year; and
- (2) The nature of the income earned.

The Indian tax year runs from April 1 until March 31.

A person who is an Indian tax resident is liable to taxation in India on worldwide income, subject to certain tax exemptions, which are afforded under the provisions of the ITA. A person who is treated as non-resident for Indian income-tax purposes is generally subject to tax in India only on such person’s Indian-sourced income or income received in India.

¹ Surcharge – Nil, where taxable income does not exceed INR 10 million; 2% (two percent) where taxable income exceeds INR 10 million but does not exceed INR 100 million and 5% (five percent) where taxable income exceeds INR 100 million. Education cess – 4% (four percent) of the income tax plus applicable surcharge.

The Fund will be subject to taxation in India only if: (1) it is regarded as a tax resident of India; or (2) being a non-resident, has an Indian source of income, including income arising through a permanent establishment or a business connection in India; or has received or deemed to have received income or earned income (whether accrued or otherwise) in India.

The income earned by the Fund from investments in India should generally be regarded as Indian sourced income. Such income should be taxable in India as per provisions of the ITA.

As per provisions of the ITA, a foreign company is regarded 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 as a whole are, in substance made.

The CBDT has vide its circular No 6 of 2017 dated 24 January, 2017 issued guiding principles for determination of POEM. The POEM guidelines emphasise the principle of 'substance over form' while determining POEM. As per the said guidelines, the POEM in case of foreign company engaged in active business outside India shall be presumed to be outside India, if the majority of the meetings of the board of directors (with de facto power of control and management with the board of directors) of such company are held outside India. For foreign companies not engaged in active business outside India, determination of POEM would be two stage process, i.e. (1) First stage would be identification or ascertaining the person or persons who actually make the key management and commercial decisions for the conduct of the company's business as a whole and (2) Second stage would be determination of place where these decisions are in fact made (rather than implemented). The POEM of the foreign company is to be determined on a year on year basis and is based on all relevant facts related to the management and control of the foreign company and is not to be determined on the basis of isolated facts.

Further, the CBDT issued a circular dated 23 February 2017 to clarify that the POEM provisions to determine the tax residency of a company would not be applicable to companies having turnover or gross receipts of INR 500 million or less in a financial year.

If the key management and commercial decisions that are necessary for the conduct of the activities of the Fund as a whole are, in substance made outside India, the Fund should qualify as a non-resident as per the ITA. However, considering that POEM guidelines are subjective in nature, the possibility of Indian tax authorities challenging the POEM and treating the Fund to have a POEM in India and consequently being regarded as a tax resident of India under the ITA cannot be completely ruled out. In case the POEM of the Fund is in India, global income of the Fund would become subject to tax in India as per the provisions of the ITA. The CBDT has issued a notification dated 22 June 2018 prescribing special provisions with respect to certain computational and procedural aspects of foreign companies which are regarded as residents in India on account of its POEM being in India.

The taxation of a non-resident is governed by the provisions of the ITA, read with the provisions of the Double-taxation Avoidance Agreement entered into between India and the country of residence of such non-resident. As per Section 90(2) of the ITA, a non-resident would be taxable in accordance with the provisions of the ITA or the applicable Tax Treaty (if any), whichever is more beneficial to such non-

residents. This would be subject to the General Anti Avoidance Rules ('GAAR') which are effective from April 1, 2017. The GAAR provisions, if invoked, could result in denial of the beneficial provisions of the Tax Treaty (for detail GAAR provisions refer discussion in paragraphs below).

In the present case, subject to the risks highlighted above the Fund is a company in Ireland for Indian income-tax purposes and therefore, the applicable Tax Treaty would be the Tax Treaty entered into between India and Ireland ("Tax Treaty").

If the Fund is able to obtain tax residency certificate from the Office of Revenue Commissioners, Ireland in its own name, furnish a declaration in Form No.10F along with supporting documents and if its place of effective management is in Ireland, then the benefit of the Tax Treaty should be available to the Fund in respect of its Indian investments. While it is assumed that the Fund would be entitled to the benefits accorded by the Tax Treaty, no assurance can be provided that the Indian tax authorities will not challenge the eligibility of the Fund for benefits of the Tax Treaty.

It is currently envisaged that the Fund could earn the following streams of income from its investment in Indian investments:

- (1) Gains arising on transfer of Indian investments viz. equity shares and derivative contracts;
- (2) Dividend income; and
- (3) Interest income

Details of taxation relating to the Fund's investments are set out below.

(A) Gains arising on transfer of Indian investments:

Under the ITA:

The definition of "capital asset" includes any security held by an FPI², which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992. Accordingly, in the current case, as the Fund is registered as an FPI, the Fund's income on transfer of its Indian investments (acquired in accordance with the FPI regulations) should be regarded as capital gains.

Further, to mitigate tax disputes and litigation, the CBDT has vide its circular dated February 29, 2016 clarified that in respect of listed shares and securities held for a period of more than 12 months immediately preceding its date of transfer, if the taxpayer desires to treat the income arising from transfer thereof as capital gains, the same shall not be put to dispute by the tax officer. However, this stand, once taken by the tax payer in a particular year, shall remain applicable in subsequent years also and the taxpayer shall not be allowed to adopt a different / contrary stand in this regard in subsequent years. The CBDT also clarified that the same shall not apply in respect of the transactions where the genuineness of the transaction itself is questionable.

In the context of transfer of unlisted shares, the CBDT has issued a clarification vide Instruction No.

² Vide Notification No. 9/2014 dated January 22, 2014, the Indian Government has extended the benefits available to Foreign Institutional Investors under section 115AD of the ITA to FPIs in India.

F.No. 225/12/2016/ ITA.II dated 02 May, 2016 stating that income arising from transfer of unlisted shares would be considered under the head “capital gains” irrespective of the period of holding with a view to avoid dispute/ litigation and to maintain uniform approach (with tax treatment on transfer of listed shares). However, the above shall not apply in the following cases:

- The genuineness of transactions in unlisted shares itself is questionable; or
- The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or

The transfer of unlisted shares is made along with the control and management of underlying business and the Indian tax authorities would take appropriate view in such situations.

Depending upon the period of holding of assets, capital gains arising on transfer of securities should be taxable either as short-term or long-term capital gains.

Nature of Asset	Short-term capital asset	Long-term capital asset
Securities listed in a recognized stock exchange in India (other than a unit), unit of a Unit Trust of India, units of an equity oriented fund or zero coupon bond	Held for not more than 12 (twelve) months	Held for more than 12 (twelve) months
Unlisted shares (including those offered through offer for sale as part of an initial public offer)	Held for not more than 24 (twenty four) months	Held for more than 24 (twenty four) months
For securities other than those specified above	Held for not more than 36 (thirty six) months	Held for more than 36 (thirty six) months

The capital gains tax rates under the ITA are as under:

Sr. No.	Nature of Income	Tax rate in case of foreign companies
1.	Short-term capital gains earned from following transactions on which Securities Transactions Tax (“STT”) has been paid: (a) sale of listed equity shares through the recognized stock exchange; or (b) sale of to be listed equity shares through offer for sale as part of an initial public offer; or (c) sale of units of equity oriented mutual fund	15%

2.	Other short-term capital gains	30% / 40% (for investment other than under the FPI route)
3.	Long-term capital gains earned from following transactions on which STT has been paid– (a) sale of listed equity shares through the recognized stock exchange; or (b) sale of to be listed equity shares through offer for sale as part of an initial public offer; or (c) sale of units of equity oriented mutual fund; (Refer Note 2)	10%
4.	Long-term capital gains on transfer of listed securities (other than units) on which STT has not been paid (Note 3)	10%
5.	Long-term capital gains on transfer of unlisted securities (Refer Note 4)	10%

Notes:

1. As per Section 48 of the IT Act, capital gains shall be computed by deducting from full value of consideration, the cost of acquisition of such securities and the expenditure incurred wholly and exclusively in connection with transfer of such securities. However, as per section 115AD, an FPI shall not be entitled to take the benefit first proviso (foreign currency computation) and second proviso (indexation) to section 48 of the IT Act while computing capital gains arising from the transfer of securities.

2. The Finance Act, 2018 has withdrawn exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from 1 April 2018. As per section 112A of the IT Act, the LTCG above INR 0.1 million on following transfers shall be taxable at 10%:

- listed equity shares (STT paid on acquisition* and transfer); and
- units of equity oriented mutual fund (STT paid on transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

**The CBDT has issued a draft notification on 24 April 2018 clarifying that condition of paying STT at the time of acquisition shall not apply for all transactions of acquisition of equity shares other than the following negative list:*

- a) where the acquisition of existing listed equity shares in a company whose equity shares are not frequently traded on a recognised stock exchange of India is made through a preferential issue, other than specified preferential issues;*
- b) where transactions for acquisition of existing listed equity shares in a company is not entered through a recognised stock exchange, except in specified circumstances; and*
- c) acquisition of equity share during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956 read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder.*

Further, the CBDT has clarified by way of FAQs that long-term capital gains in case of FPIs will be determined in the same manner as in the case of resident taxpayers.

3. Based on judicial precedents, any non-resident, including the Fund investing under other than the FPI route, may avail the concessional tax rate of 10% with respect to gains arising from transfer of listed securities (other than units) and zero coupon bonds. However, the possibility of Indian tax authorities disregarding the said position and applying a tax rate of 20% cannot be ruled out.

4. As per Section 48 of the ITA, capital gains shall be computed by deducting from full value of consideration, the cost of acquisition of such securities and the expenditure incurred wholly and exclusively in connection with transfer of such securities. As per the amendment in the Finance Act, 2017, in case of transfer of unlisted shares, if the consideration received is less than the fair market value (“FMV”), the fair market value shall be deemed as the full value of consideration. FMV shall be determined in accordance with the rules prescribed by the Indian tax authorities.

6. Capital gains arising to a non-resident from trading in derivatives, foreign currency bonds, GDRs, rupee denominated bonds of Indian companies on a stock exchange located in the International Financial Services Centre (“IFSC”) is exempt from tax in India.

In case the gains of the Fund from sale of the securities (invested under FDI route) held in the Indian portfolio entities is characterized as business income, such income shall be taxed at the rate of 40% on a net-income basis (subject to Tax Treaty benefits discussed below).

The Finance Act, 2018 has widened the definition of business connection under the ITA. As per the amended provisions of the ITA, an agent shall constitute a business connection in India for a non-resident even if such person habitually plays a principal role leading to conclusion of contracts on behalf of the non-resident or habitually concludes contracts on behalf of non-resident.

Under Tax Treaty:

If the gains are characterized as capital gains

As per the Tax Treaty, capital gains arising in the hands of the Fund on account of alienation of shares of Indian portfolio companies will be chargeable to tax in India as per the tax rates prescribed under the ITA.

However, capital gains arising on account of investments in other securities including derivative contracts shall continue to remain exempt under the Tax Treaty (subject to other aspects discussed in this section).

If the gains are characterized as business income

In case the gains of the Fund from sale of the securities (other than investment made under the FPI route) held in the Indian portfolio entities are characterized as business income, then such income shall not be taxable in India if the Fund does not have a Permanent Establishment ("PE") in India. If a PE were created in India, then the Fund would be taxed at the rate of 40% on its income on net basis that is attributable to such PE in India.

(B) Dividend

Position under the IT Act

As per the ITA, any dividends declared by the Indian companies are exempt from tax in the hands of the non-resident shareholders. However, the Indian companies at the time of declaring, distributing or paying the dividend would be liable to pay Dividend Distribution Tax ("DDT") at the effective rate of 15%³ on the amount of dividends.

Position under the Tax Treaty

As the dividend income would be exempt from tax in India, the benefits of the Tax Treaty would not be relevant for such income in India.

³ The amount of dividend distributed by the domestic company to its shareholders shall be increased to such an amount as would after reduction of tax on such increased amount be equal to net distributed profits. Thus, dividend paid or distributed shall be grossed up for the purposes of computing DDT. The rate of dividend under section 115-O of the ITA is 15%, which needs to be grossed up for tax and hence, the effective DDT rate after grossing up is 20.555% (including surcharge and health and education cess).

(C) Interest income

Position under the IT Act

As per the ITA, interest payable to the Fund, being an FPI, on rupee denominated bonds of Indian companies and government securities would be subject to a tax at the rate of 5% if the following conditions are satisfied:

- (a) Such interest is payable on or after June 1, 2013 but before July 1, 2020;
- (b) In respect of rupee denominated bond, rate of interest does not exceed 500 basis points over the applicable base rate of State Bank of India as on the date of issue of bonds.

As per ITA, any interest arising to the Fund out of borrowings in foreign currency under loan agreements or on long-term bonds issued by Indian companies before July 1, 2020 would be subject to tax at the rate of 5%.

Further, the concessional tax rate of 5% is also extended to interest in respect of monies borrowed from a source outside India by way of rupee denominated bonds issued by an Indian company before July 1, 2020.

In case the benefit of the concessional tax rate is not available, then the interest income on securities would be subject to tax at the rate of 20% in the hands of the Fund, being an FPI. However, if the investment is made under other than FPI route the interest income may be taxed at the rate of 40%.

Position under the Tax Treaty

As per Article 11 of the Tax Treaty, any interest income earned by the Fund from its investment in the Indian companies should be chargeable to tax at the rate of 10% provided (i) the Fund is the "beneficial owner" of such interest income; and (ii) the Fund does not have a PE in India as per Article 5 of the Tax Treaty or a fixed base in India and the debt-claim in respect of which the interest is paid is effectively connected with such PE or fixed base.

The tax rate of 10% under the Tax Treaty would be relevant only if the tax rate under the IT Act on such interest income is higher than 10%.

Other relevant tax considerations

Deemed income on investment in any shares / securities of an Indian portfolio entity

Position under the ITA

As per provisions of the ITA, where any person receives any shares and securities from any person for a consideration which is lower than the fair market value by more INR 0.05 million, then difference between the fair market value and consideration shall be taxable in the hands of acquirer as 'Income from other sources' ("**Other Income**"). The rules for determining the fair market value of shares and securities have been prescribed in under the Rules.

As per the provisions of the Rules, the fair market value of quoted shares and securities received by way of transaction carried out through any recognized stock exchange would be transaction value as recorded in such stock exchange whereas, the fair market value of quoted shares and securities received by way of transaction other than through recognized stock exchange would be based on: (a) the lowest price of such shares and securities quoted on any recognized stock exchange on the valuation date (date of receipt of shares), and (b) the lowest price of such shares and securities on any recognized stock exchange on a date immediately preceding the valuation date when such shares and securities were traded on such stock exchange, in cases where on the valuation date there is no trading in such shares and securities on any recognized stock exchange.

Further, the fair market value of unquoted equity shares would be based on the book values of assets and liabilities subject to certain adjustments or as determined by a merchant banker as per the discounted free cash flow method. The fair market value of all other unquoted shares and securities would be based on the market value of such shares and securities on the valuation date as certified by a merchant banker or an accountant.

Accordingly, if it is held that the Fund has earned Other Income, such other income would be chargeable to tax at the rate of 20% for investment under FPI route and 40% for investment under FDI route.

Provisions under the Tax Treaty

Any income earned by the Fund which is not dealt with in any other Articles of the Tax Treaty would not be taxable in India in the hands of the Fund under the Tax Treaty, unless the Fund is carrying on a business through a PE or fixed base in India.

Provisions related to overseas transfer

As per provisions of the ITA, capital gains on income arising from the transfer of shares or interest in a foreign company or entity registered outside India shall be taxable in India (subject to availability of benefits Tax Treaty benefit, if available), if the shares or interest, directly or indirectly, derive their value substantially from assets located in India. The shares or interest shall be deemed to derive substantial value from the assets located in India, if on the specified date, the value of Indian assets–

- (i) exceeds INR 100 million; and

- (ii) represents at least 50% of the value of all the assets owned by the foreign company.

The capital gains will be taxable in India only to the extent that they are attributable to the Indian assets. The valuation rules have been prescribed in this regard.

Exemption to small shareholders - There would be no levy of Indian tax if the transferor, along with its related parties: (a) does not hold the right of management or control in the direct ordinary shareholder or indirect ordinary shareholder; and (b) holds less than or equal to 5% of the voting power or the share capital, directly or indirectly, in the company/entity organised outside India which holds the Indian assets directly.

The ITA, as amended by Finance Act, 2017, clarifies that the scope of the overseas transfer tax provisions shall not cover within their ambit, direct or indirect investments held by non-resident investors in FPIs that are registered as Category I FPI or Category II FPI with SEBI under the FPI Regulations. Thus, transfer or redemption of shares held by the investors directly or indirectly in such FPIs will not be subject to any tax/ withholding tax in India.

Minimum Alternate Tax

The provisions of the ITA provides for levy of MAT on all companies. Under these provisions, where income-tax payable by a company on its total income as computed under the ITA is less than 18.5% (eighteen point five percent) of its book profits (computed in a prescribed manner), then the book profit is deemed to be total income and the tax is computed at 18.5% (eighteen point five percent) of its book profits..

Further, as per the ITA amended by the Finance Act 2016, MAT provisions should not be applicable to a foreign company, if:

- (1) it is resident of a country with which India has a tax treaty, and it does not have a permanent establishment in India, in accordance with the provisions of the relevant tax treaty; or
- (2) it is resident of a country with which India does not have a tax treaty, and it is not required to seek registration under Indian corporate laws.

In the current case, as the Fund is expected to be resident of Ireland with which India has a Tax Treaty and it does not form permanent establishment in India and the income of the Fund comprise of capital gains (which should be excluded from MAT as discussed above), and hence MAT should not be applicable to the Fund.

General Anti-avoidance Rule (“GAAR”)

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

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

In such cases, the Indian tax authorities are empowered to deny the benefits under a tax treaty, re-allocate the income from such arrangement, or re-characterize or disregard the arrangement. Some of the illustrative powers are:

- (a) Disregarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- (b) Ignoring the arrangement for the purpose of taxation law;
- (c) Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- (d) Looking through the arrangement by disregarding any corporate structure; or
- (e) Re-characterizing equity into debt, capital into revenue, etc.

The above terms should be read in context of the definitions provided under the ITA. Further, the onus to prove that the main purpose of an arrangement was not to obtain any tax benefit is on the taxpayer. Also, any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The GAAR provisions, if invoked, could result in denial of the beneficial provisions of the Tax Treaty.

The Rules have come out with few exceptions where the provisions of GAAR shall not apply. A summary of the key exceptions for application of GAAR provisions as provided under the Rules, are set out below:

- A. *Monetary Threshold Exemption:* The GAAR provisions should apply only where the tax benefit (to all the parties in aggregate) from an arrangement in a relevant year exceeds INR 30 million.
- B. *Exemption to FPIs and P-Note holders:* SEBI registered FPIs are excluded from applicability of GAAR provisions if they do not avail benefits under a tax treaty entered into by India. Hence, if an FPI proposes to avail the benefits of a tax treaty, the GAAR provisions may apply in case of an impermissible avoidance arrangement. Investments in FPIs made by non-resident investors by way of offshore derivative instruments, directly or indirectly, are excluded from the ambit of the GAAR provisions.

Further, on January 27, 2017, the CBDT has issued clarifications⁴ on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Amongst others, the following is clarified:

- GAAR shall not be invoked merely on the ground that the entity is located in tax efficient jurisdiction. GAAR will not apply if the jurisdiction of FPI is finalised based on non-tax commercial considerations and the main purpose of the arrangement is not to obtain tax benefit;
- Specific Anti-Avoidance Rules (SAAR) and GAAR can co-exist and may be applied depending on facts and circumstances of the case;
- GAAR shall not be invoked in cases where the tax avoidance strategy is sufficiently addressed by the LOB clause in the tax treaty;
- GAAR provisions shall not apply if the arrangement is held as permissible by the Authority for Advance Ruling or where the Court has explicitly and adequately considered the tax implication while sanctioning an arrangement;
- Two stage approval process will be followed for invoking GAAR.

Multilateral Convention to implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ('MLI')

The Organisation of Economic Co-operation and Development (“OECD”) released the MLI. Once adopted, MLI will supplement the existing tax treaties that India has with several countries and incorporate anti-avoidance rules/ limitation of benefit conditions. At the time of signing the MLI, countries are required to submit a list of their existing tax treaties, which they would like to designate as Covered Tax Agreements (“CTA”) i.e., agreements to be amended through the MLI. Together with the list of CTAs, the countries are also required to submit a preliminary list of their reservations and notifications in respect of the various provisions of the MLI.

Ireland has signed MLI and India has been notified as a CTA. 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 unless it is established that granting that benefit would be in accordance with the object and purpose of the relevant tax treaty.

Capital losses

As per the provisions of the ITA, short term capital loss can be set-off against both short term capital gains and long term capital gains but long term capital loss can be set-off only against long term capital gains. The unabsorbed short term and long term capital loss can be carried forward for 8 years.

Subject to the risks highlighted above, the Fund is a company for Indian income-tax purposes. As per provisions of the ITA, in the case of a company which is not a company in which the public are substantially interested, the capital losses can be carried forward and set-off only if on the last day of financial year, shares of the company carrying at least 51% of voting power are beneficially held by persons who beneficially held shares carrying at least 51% of the voting power of the said company on

⁴ Circular no 7 of 2017

the last day of the financial year or years in which the said losses have arisen.

STT

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

- (1) 0.1% (zero point one percent) on purchase of equity shares in a company or units of equity oriented mutual funds or (with effect from October 1, 2014) units of a business trust in a recognised stock exchange in India.
- (2) 0.1% (zero point one percent) on sale of equity shares in a company or units of equity oriented mutual funds or (with effect from October 1, 2014) units of a business trust in a recognised stock exchange in India.
- (3) 0.025% (zero point zero two five percent) on sale of equity shares in a company or units of equity oriented mutual funds or (with effect from October 1, 2014) units of a business trust in a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of share or unit.
- (4) 0.05% (zero point zero five percent) of option premium on sale of an option in securities..
- (5) 0.125% (zero point one two five percent) of settlement price on sale of option in securities, where option is exercised.
- (6) 0.01% (zero point zero one percent) on sale of futures in securities.
- (7) 0.001% (zero point zero zero one percent) on sale of units of an equity oriented fund to a mutual fund.
- (8) 0.2% (zero point two percent) on sale of unlisted securities under an offer of sale to the public.