Material Risks in relation to the Investment

RISKS RELATED TO PORTFOLIO INVESTMENTS

Risks associated with the nature of the portfolio investments.

Concentration risk.

The Fund will endeavour to have a fair degree of diversification in its asset type with varying exit horizons. However, poor performance by even a few of these investments could lead to adverse effects on the Fund's overall returns. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected. The Investment Manager would strive to diversify the portfolio of the Fund, as much as possible, in order to mitigate the concentration risk.

Leverage risk of Portfolio Companies

The Fund may invest in Portfolio Companies, the capital structure of which may have significant leverage. While investments in leveraged entities offer the opportunity for capital appreciation, such investments may also involve a high degree of risk. Although the Investment Manager will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of Portfolio Companies will increase the exposure of such Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy, debt or equity capital markets or deteriorations in the condition of Investments and which may impair such Portfolio Companies ability to finance its future operations and capital needs and result in restrictive financial and operating covenants, including those that may prevent distributions to the Fund. These restrictive financial covenants may limit such Portfolio Companies' flexibility to respond to changing business and economic conditions. If a Portfolio Company is unable to generate sufficient cash flows to meet principal and/or interest payments on its indebtedness or make regular dividend/profits payments, the value of such investment could be significantly reduced or even eliminated, magnifying potential losses. Moreover, the Fund may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

Hedging Strategies

Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that any particular hedging strategy will be successful. The Fund may utilize financial instruments such as futures and options, interest rate swaps etc. to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of certain changes in the equity markets and changes in interest rates. 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 positions' 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 Fund to hedge against a fluctuation at a price sufficient to protect the Fund's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

Leverage

Subject to the Regulations, the Fund may use leverage in its investment program including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Fund purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Fund. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds the Fund's use of leverage would result in a lower rate of return than if the Fund were not leveraged.

If the amount of borrowings which the Fund may have outstanding at any one time is substantially large in relation to its capital, fluctuations in the market value of the Fund's portfolios will have disproportionately large effects in relation to the Fund's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of the Fund to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to the Fund, the net asset value of the Fund will generally decline faster than would otherwise be the case.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage. Further, Contributors should be aware that SEBI may at its discretion from time to time issue guidelines that shall be followed by the Fund while employing leverage.

Short Selling

If permitted by the Regulations and Applicable Laws, the Fund may engage in short selling of securities in accordance with the guidelines / regulations issued by SEBI from time to time.

Engaging in short selling of securities is subject to risks related to fluctuations in market price, and settlement/ liquidity risks. Short selling of securities entails the risk of the price of the securities going up, thereby decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required under the Applicable Laws, short selling may entail depositing margin money with the clearing house and the prices and margins being marked to market on daily basis. This may impact securities pricing and may induce liquidity risks in the event the Fund is unable to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed on the Fund by the exchanges and clearing house.

Investment in equity instruments

The Fund may, as a part of the investment objective, invest in the equity securities of Portfolio Entities. There can be no assurance that the Fund's investments will achieve the investment objectives. Although the Investment Manager will endeavour to recommend investments that are consistent with the investment objectives, such investments may involve an inherently greater risk of loss of capital than various other types of investments. While there is correspondingly high return associated with this risk, it should be noted that returns could show high volatility based on the performance of a few successes. Investment in the Fund should be deemed as highly speculative and should be made only by sophisticated investors who are able to bear the risk of loss of an investment in the Fund.

Inability of Portfolio Entities to commercialize their technologies, products, business concepts or services

The value of the Fund Investments may decline if the Portfolio Entities are unable to commercialize their technology, products, business concepts or services. Additionally, although many of the Portfolio Entities may already have a commercially successful product or product line at the time of the Fund Investment, technology-related products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these companies often depends on their ability to innovate continually in increasingly competitive markets. If they are unable to do so, the Fund's investment returns could be adversely affected. The Portfolio Entities may be unable to acquire or develop successful new technologies and the intellectual property they currently hold may not remain viable. Even if the Portfolio Entities are able to develop commercially viable products, the market for new products and services is highly competitive and rapidly changing. Neither the Portfolio Entities nor the Fund may have any control over the pace of technology development. Commercial success is difficult to predict, and the marketing efforts of the Portfolio Entities may not be successful.

Model risks

The Investment Manager may select equities and equity-related securities using a quantitative selection process constructed by the Investment Manager. This selection process involves the Investment Manager creating investment model by ranking and scoring equities and equity related securities based on various factors such as ESG factors, volatility, momentum, mean-reversion, fundamentals and market sentiment/momentum. Further, the Investment Manager may use algorithm-based prediction models to forecast the future market environment. Such prediction model will generally be driven by macro-economic indicators such as global currencies, equities, fixed income and volatility movements. While the above models are expected to address investment risks, the Investment Manager does not guarantee that investments by the Fund will yield results intended by the above models. Any change in the factors initially considered by the Investment Manager for constructing the models could have negative impact on NAV of the Fund.

Illiquidity

A secondary market for Units of the Fund may not develop. Further, the Units of the Fund may not be listed on any stock exchange/s, which may make the Units illiquid for trading purposes.

Small and Mid-Cap Issuers

A portion of the Fund's assets may be invested in securities of small and mid-cap issuers. While, in the Investment Manager's opinion, the securities of small and mid-cap issuers may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small and mid-cap issuers may also present greater risks. For example, small and mid-cap issuers often have limited operating histories, product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and, thus, may create a greater chance of loss than investments in securities of larger-cap issuers. The market prices of securities of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small and mid-cap issuers may be higher than in those of large-cap issuers.

Leverage risk of Portfolio Companies

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Temporary Investments

To the extent that the Fund has already called capital from the Contributors, pending investment in Portfolio Entities, these funds may be retained in cash or may be invested in short term liquid investments. Such investments may substantially reduce the Fund's overall return.

Risk of Counterparty Default

There is a risk that counterparties may default on their contractual obligations to the Fund or the Portfolio Entities. Any such counterparty default would likely have an adverse effect on the value of the investments in Portfolio Entities and on the returns to Contributors.

Risks associated with the investment returns.

No guarantee of investment returns

The Fund does not provide assurance that it will be able to identify, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Fund will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the type of Portfolio Entities forming part of the investment strategy of the Fund. Accordingly, an investment in the Fund should be considered only by Persons who can afford a loss of their principal amount invested in the Fund.

Future investments, inability to invest committed capital and competition from other funds

The activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The Fund will be competing for investments with other investment vehicles, as well as financial institutions and other Institutional Investors. Indian and non-Indian funds with similar investment objectives have been and may be formed in the future by unrelated parties. As a result, the Fund may face risks and uncertainties with respect to the selection of investments and the Investors will be relying on the ability of the Fund, with the advice of the Investment Manager, to find and close suitable future investments using the proceeds of this offering. Due to the factors described above, it may take a long period for the Fund to invest and there is no assurance that the Fund will ever be able to fully invest the Capital Commitments or that suitable investment opportunities will be identified that satisfy the Fund's investment objective. If the Fund is unable to invest the Capital Commitments fully, the potential return to the Investors could be materially reduced.

Net Asset Value (NAV) Consideration

The NAV of a Class of the Fund is expected to fluctuate over time with the performance of the Fund's investments. An Investor may not fully recover his investment if the NAV of a Class of the Fund at the time of exit is less than the subscription price paid by such Investor.

Other Risks

Risk related to the exit by the Fund from the Portfolio Investments.

The feasibility and terms of any proposed exit strategy for the Fund in respect of its investments will depend in part on factors that are not within the control of the Fund, at the time of the proposed disposition and the effect of applicable legislation and political and economic conditions. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favorable to the Fund. If the Fund is not able to exit from Fund Investments at the time of termination of the Fund, the Fund Investments may be distributed in-specie to the Investors. However, the Fund will try to dispose at the most favorable terms and may increase the tenure of the Fund post compliance with relevant regulations.

Exchange Rules

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

Risk in relation to side letters that maybe entered into between Fund and certain investors.

Not applicable.

Risk with regards to ability of the Fund to raise significant capital.

If the Fund is unable to raise significant capital, it may not be able to fully implement its investment strategy, thereby impacting the nature of investments that the Fund would pursue to realise investment objective and thus impacting the returns on investment to the Investors.

Risk associated with the Fund investing with third parties.

The Fund may make investments along with a third-party. Such investments may involve risks not present in investments where such a third-party is not involved, including, for example, the possibility that a third-party may have financial difficulties or may become bankrupt, or may at any time have economic interests or goals which are inconsistent with those of the Fund or may be in a position to take (or block) actions in a manner inconsistent with the Fund's objectives.

Risk in relation to change in environment.

The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates is expected to undergo substantial changes, some of which may be adverse to the Fund. The Investment Manager will have the exclusive right and authority to determine the manner in which the Fund shall respond to such changes or to demand specific modifications to the Fund's operations in consequence thereof. Within the limitations set forth in the Contribution Agreement, the Investment Manager will have the right and authority to cause the Fund's investment selection, management and liquidation strategies and procedures to deviate from those described in this Memorandum.

Risk in relation to counter party's actions or default with respect to the Fund.

Counterparties are third parties that enter into contracts either directly with the Fund or with any of its Portfolio Entities. The long-term financial performance of the Fund is partially dependent on the creditworthiness and performance of counterparties with regard to a variety of agreements and arrangements. If a counter party is unable to or chooses not to meet its obligations, financial or otherwise, the Fund may be adversely impacted.

Risk in relation to change in control of parties in relation to the Fund.

The Fund's success depends, in large part, upon the abilities of the controlling parties of the Investment Manager, Trustee and Portfolio Entities, who are responsible for the day-to-day operations. Any change in control of the Investment Manager, Trustee and Portfolio Entities may hinder the performance of the Fund and may adversely affect its financial condition. The Investment Manager may put restrictions on change in control of the Portfolio Entity by way of the agreement with Portfolio Entity.

Risk associated with the managerial role the Fund may play vis-à-vis a portfolio entity.

The Fund may designate members to serve on the supervisory board or boards of directors of Portfolio Entities. The serving on such bodies and/or designation of supervisory board members and of directors and other measures contemplated exposes the Fund to potential liability and exposes the assets of the Fund to claim by a Portfolio Entity, its security holders and its creditors.

Epidemics and Other Health Risks

Many countries have experienced outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and the 2019-nCoV (the "**COVID-19**"). In December 2019, an initial outbreak of the COVID-19 was reported in Hubei, China. Since then, a large and growing number of cases have subsequently been confirmed around the world. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The World Health Organization has declared the COVID-19 outbreak a global pandemic.