

**A E Q U I T A S**  
**F A R E A S T**



# INDEX

- Meaning of Aequitas
- Who are we?
- Why choose Aequitas?
- Our Approach
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# THE WORD **EQUITY**”

ORIGINATES FROM THE  
LATIN WORD AEQUITAS

## **AEQUITAS**

Aequitas is the Roman goddess of equity and fairness, often depicted holding a pair of scales. At times, she is shown also holding a cornucopia, which symbolises abundance and wealth. At Aequitas, we strive to conduct ourselves in a fair and equitable manner.

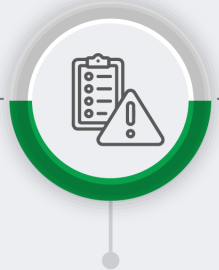




# WHO ARE WE ?



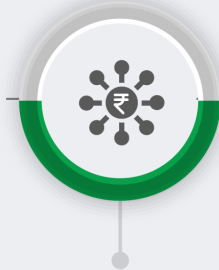
A boutique investment firm specialising in public equities



Firm AUM of ~USD 650 mn (significantly outperforming markets since inception)



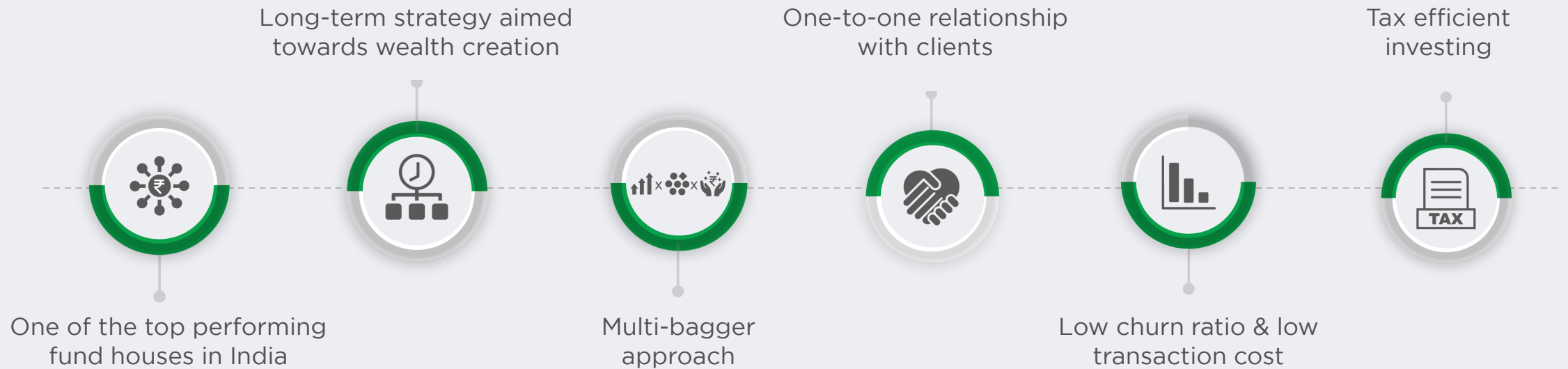
We work with UHNIs, select family offices and institutions



Our Products:  
**Domestic:** PMS, AIF  
**International:** India, Far East

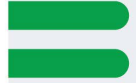


# WHY CHOOSE AEQUITAS ?



**Consolidated AUM: ~\$630 mn | ~33% CAGR = 28x Absolute Returns (in 11+ yrs)\* | 450+ Firm Clients Worldwide**

\*Performance numbers mentioned are for the PMS offering



# MULTIBAGGER APPROACH



## VALUE

The valuation has to be reasonable. This is important because there has to be potential for re-rating. A combination of EPS growth and PE re-rating leads to multibagger returns.



## CONTRARIAN

Contrarian approach does not mean doing the opposite of others, rather, it means doing things differently. Buying in popular names will not provide multibagger returns.

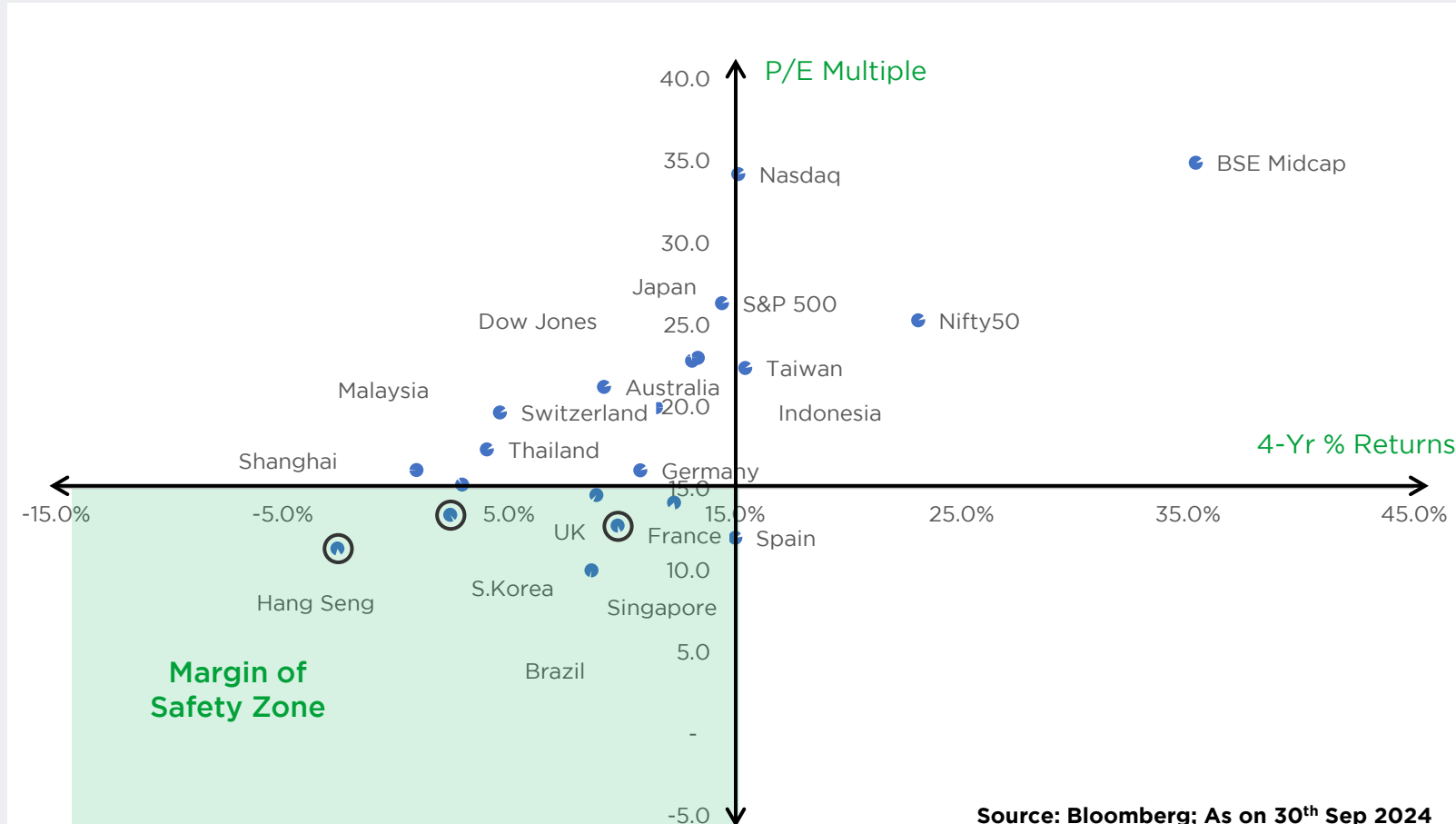


## GROWTH

The company has to be a growth company with above-average growth potential for the next 3-5 years. Markets reward a higher PE multiple for growth companies.

# HOW THE FAR EAST FITS INTO OUR INVESTMENT PHILOSOPHY

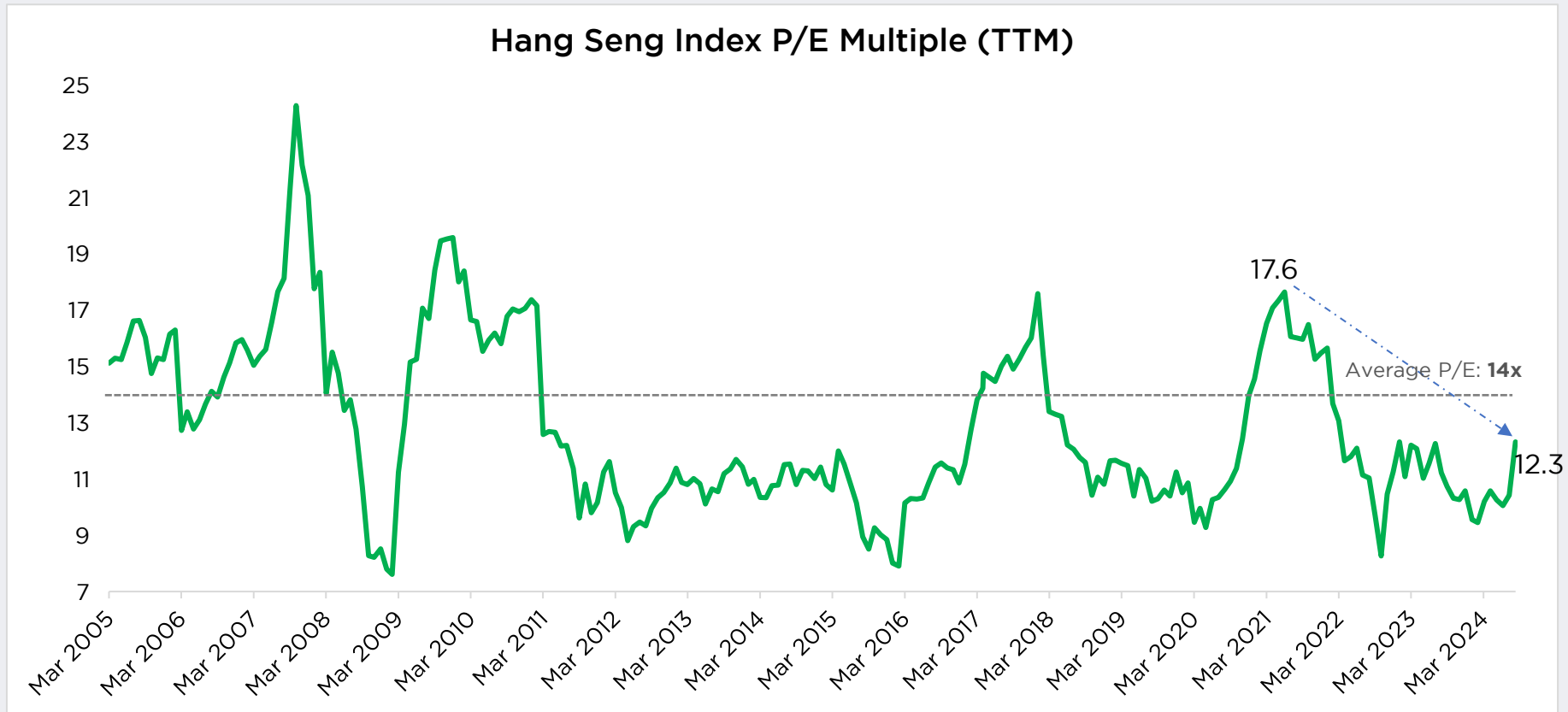
## THE QUADRANT OF OPPORTUNITY



- Prolonged underperformance combined with depressed headline valuations means Far East markets provide a favorable risk-reward scenario



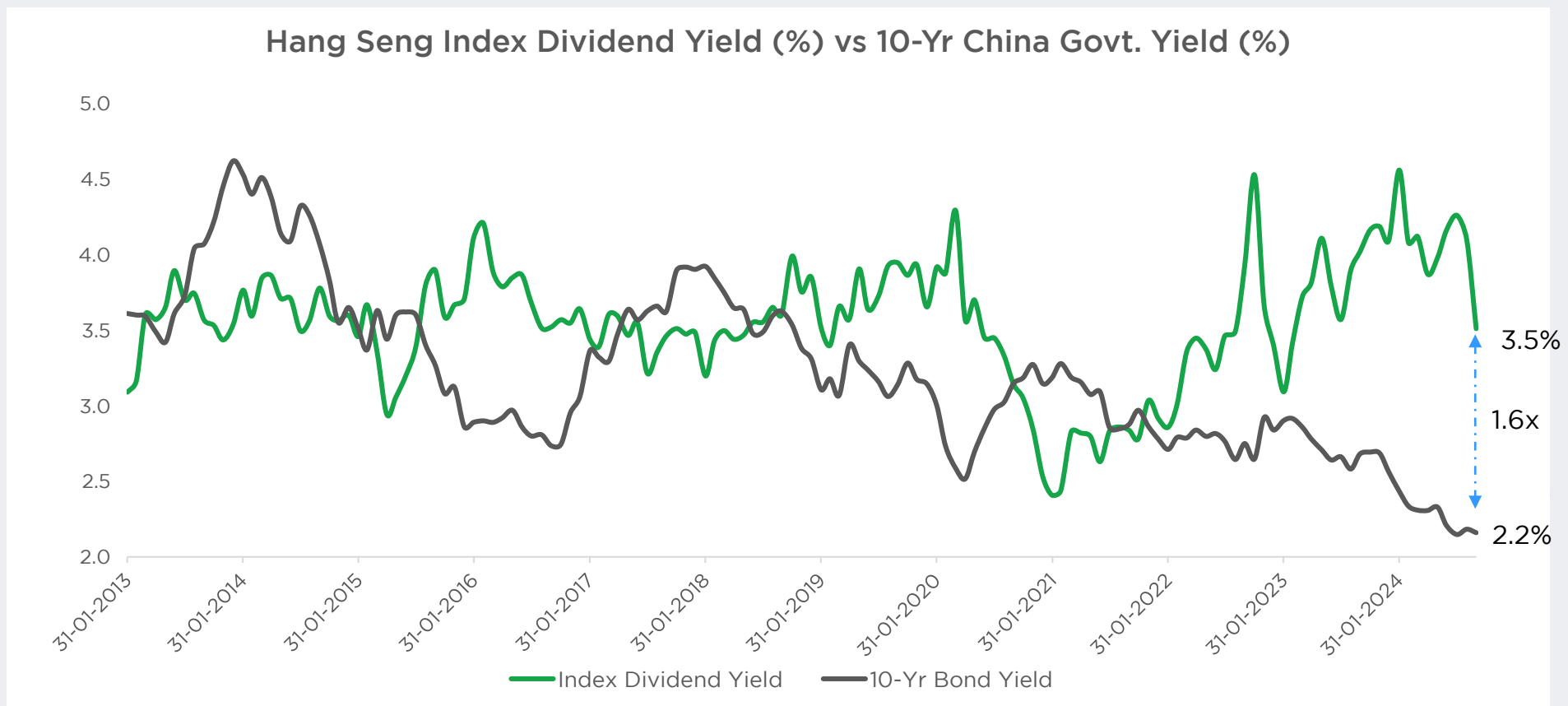
# CHINA: HANG SENG INDEX IN 'DEEP-VALUE' TERRITORY



Source: Bloomberg; As on 30<sup>th</sup> Sep 2024

- The Hang Seng index P/E multiple is available at mouthwatering valuation of ~12 times

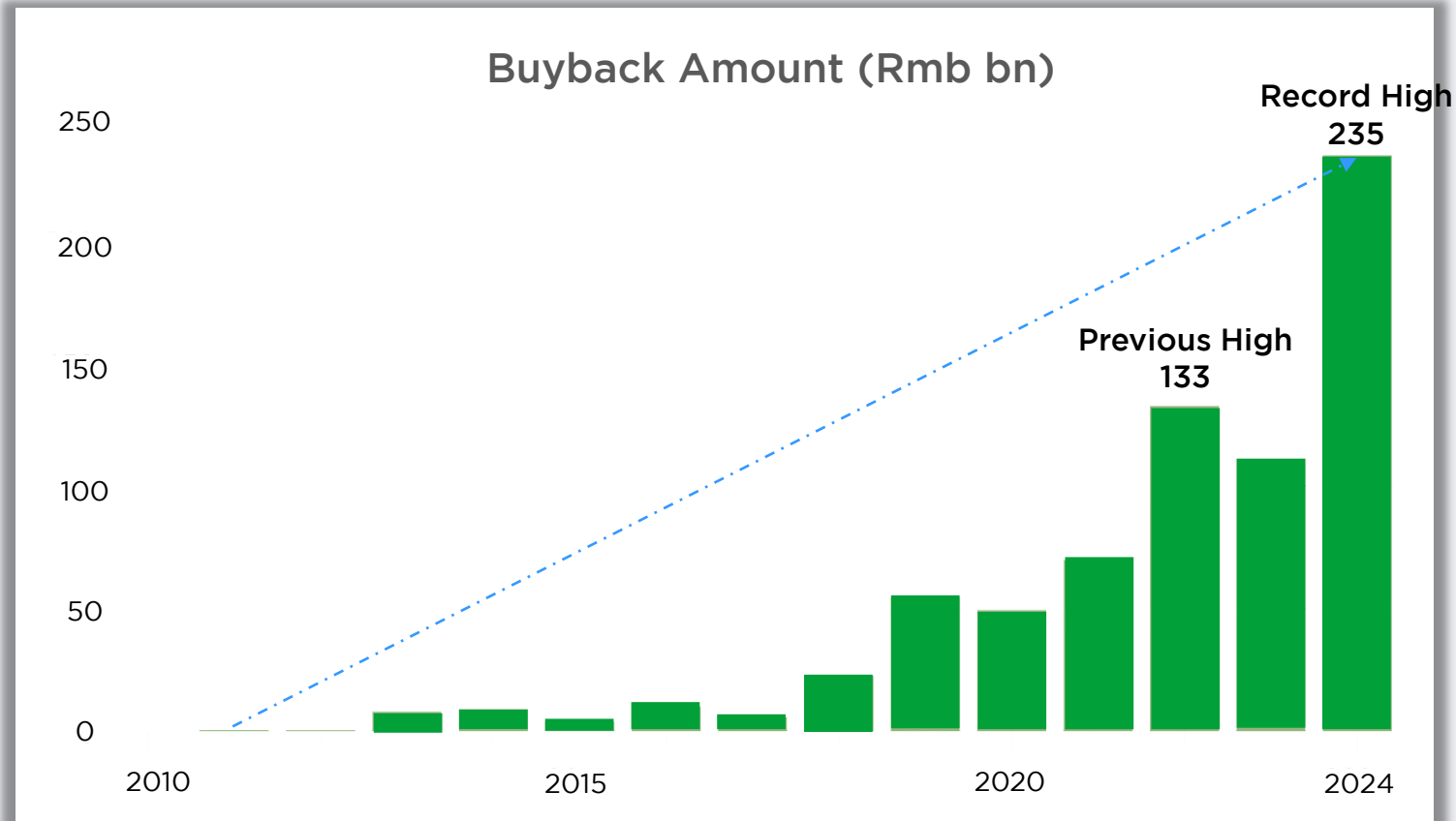
# WIDENING SPREAD: DIVIDEND YIELDS OUTSHINE BOND YIELDS



Source: Bloomberg; As on 30<sup>th</sup> September 2024

- Spread between Hang Seng Index Dividend yield and 10-Yr Govt. Bond is very high at 1.6x
- CY'24 has seen record dividend yield for the Hang Seng Index

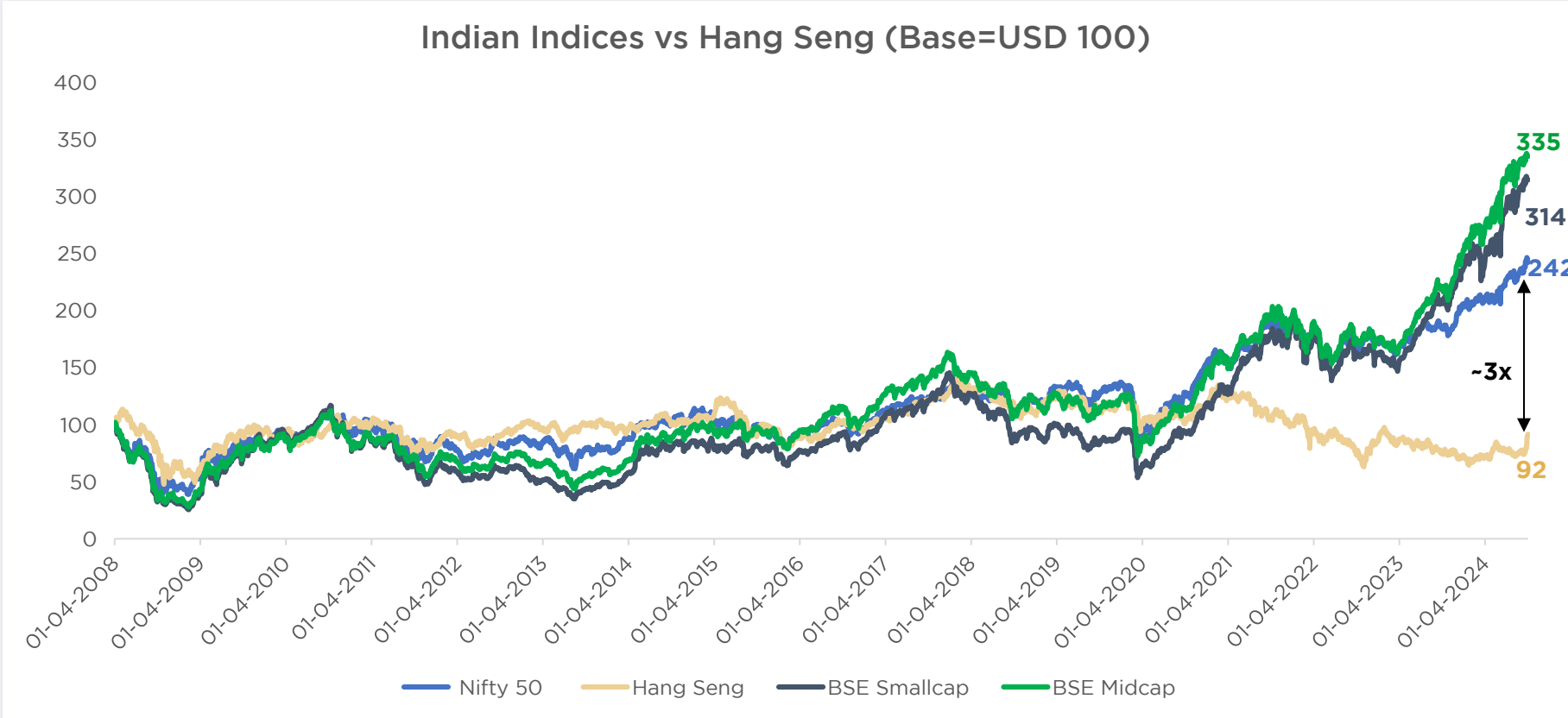
## CHINA: BUYBACKS AT RECORD HIGHS



Source: Financial Times

- Record share buybacks by Chinese Corporations reflect strong conviction in their business trajectory

# DIVERGING JOURNEYS: INDIAN INDICES VS HANG SENG



Source: Bloomberg; As on 30<sup>th</sup> Sep 2024



# CHINA: ON A ROAD TO RECOVERY



Source: Bloomberg; As on 30<sup>th</sup> September 2024

	Hang Seng Index	Nifty 50
1 Year Returns (CY 2024)	18.32%	5.79%

# **WHY THE FAR EAST? CHINA: A GLOBAL POWERHOUSE**



# CHINA BEYOND HEADLINES



FROM EXECUTOR TO INNOVATOR

THE CONSUMPTION STORY

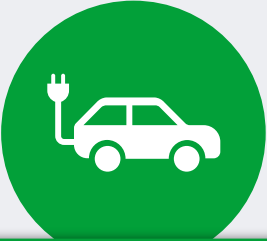
SUPPLY CHAIN DOMINANCE

MANUFACTURING BEHEMOTH

CAN THE WEST REALLY  
DECOUPLE?

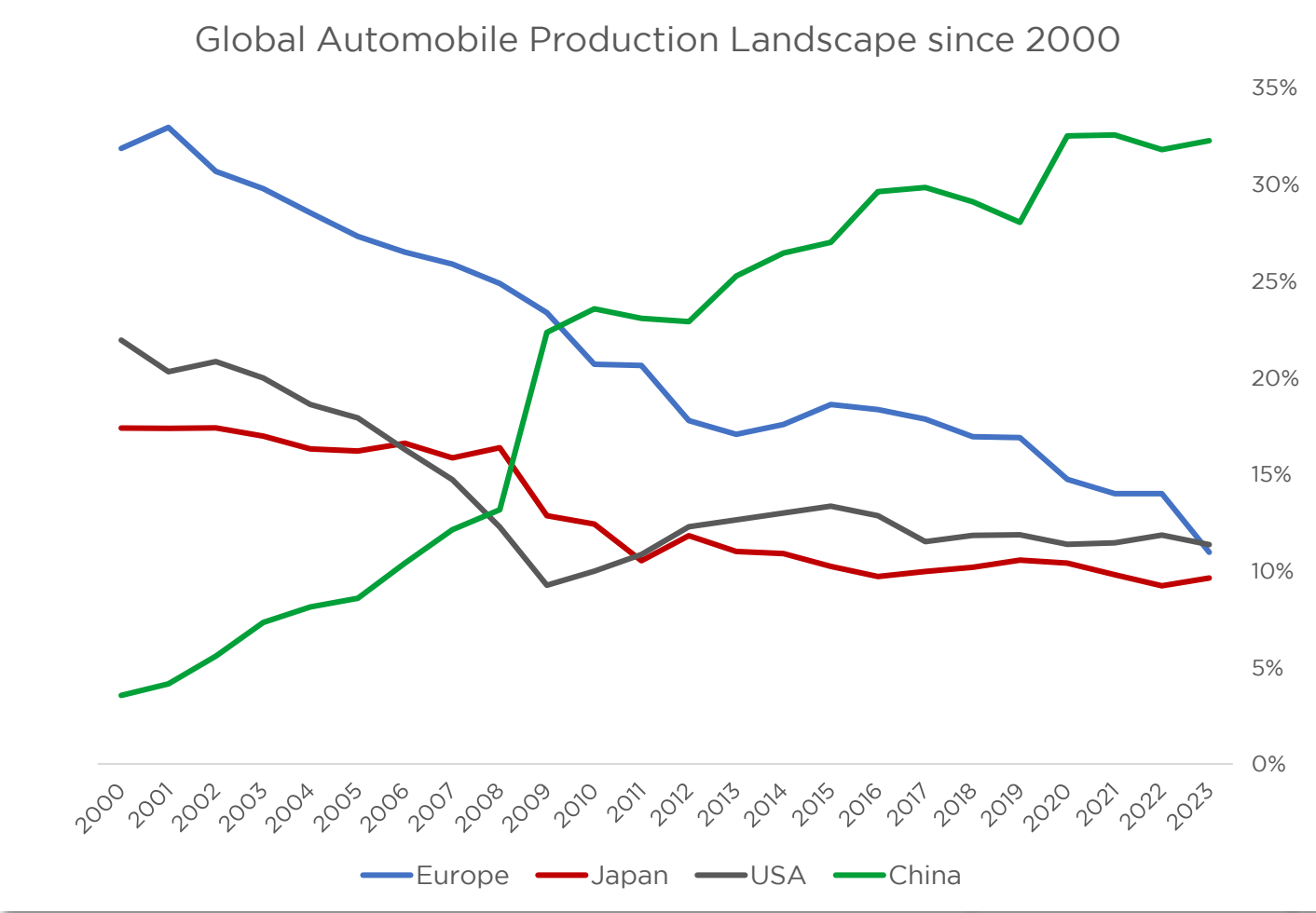


# CHINA'S DOMINANCE



## AUTO SECTOR

- China is today the EV capital of the world, producing around 58% of the global EVs
- From accounting for 1% of Automobile production in 2000, China today accounts for about 35% global production
- With over 200 brands offering electric cars, competition within China's domestic market has driven innovation at a breakneck pace.







# CHINA'S DOMINANCE



## MARITIME SHIPPING

- China has more shipping ports than any other country, including 7 of the world's 10 busiest ports
- China owns or operates ports in over 60 countries, and has a foothold in every continent except Antarctica
- Total port Projects: **129**
- Port Projects with majority Chinese ownership: **17**
- Port projects with majority Chinese ownership where there is physical potential for naval use: **14**



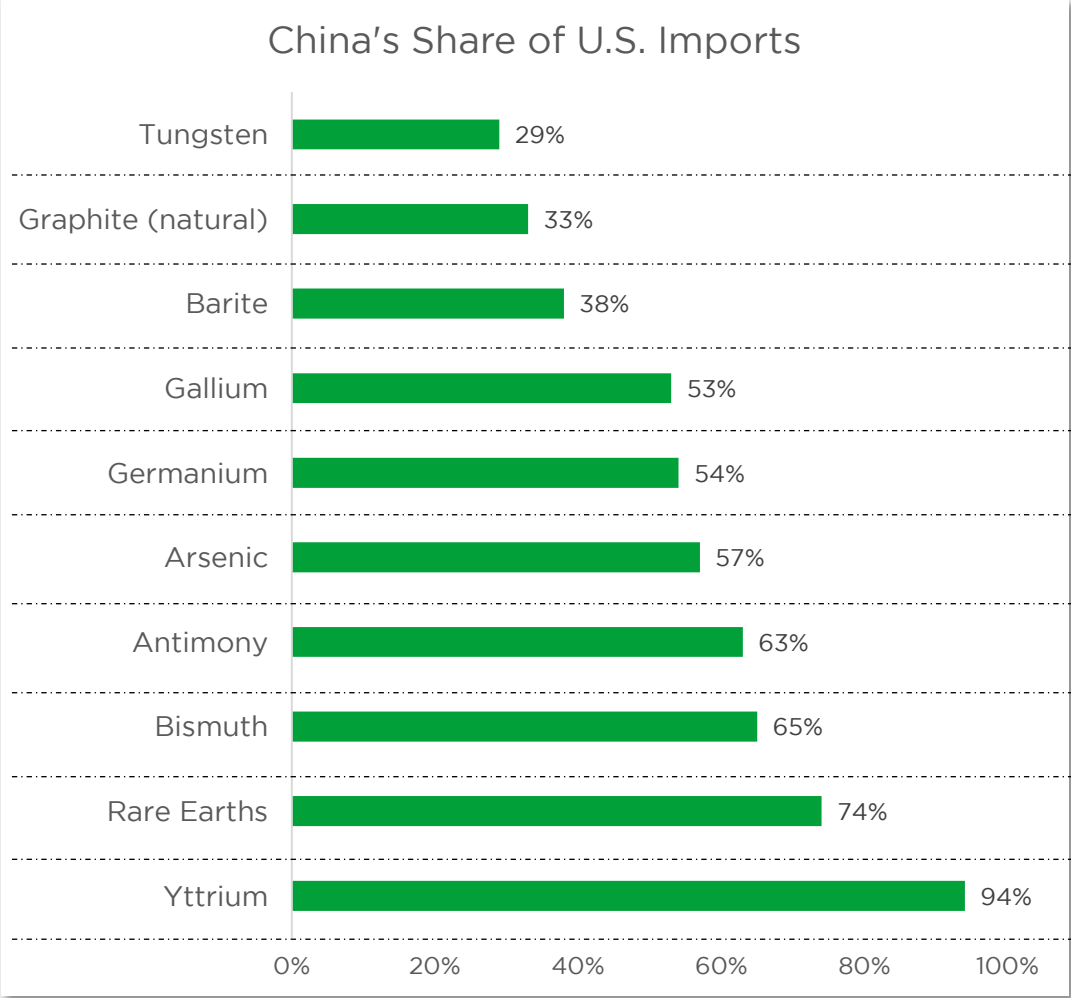


# CHINA'S DOMINANCE



## SUPPLY CHAIN

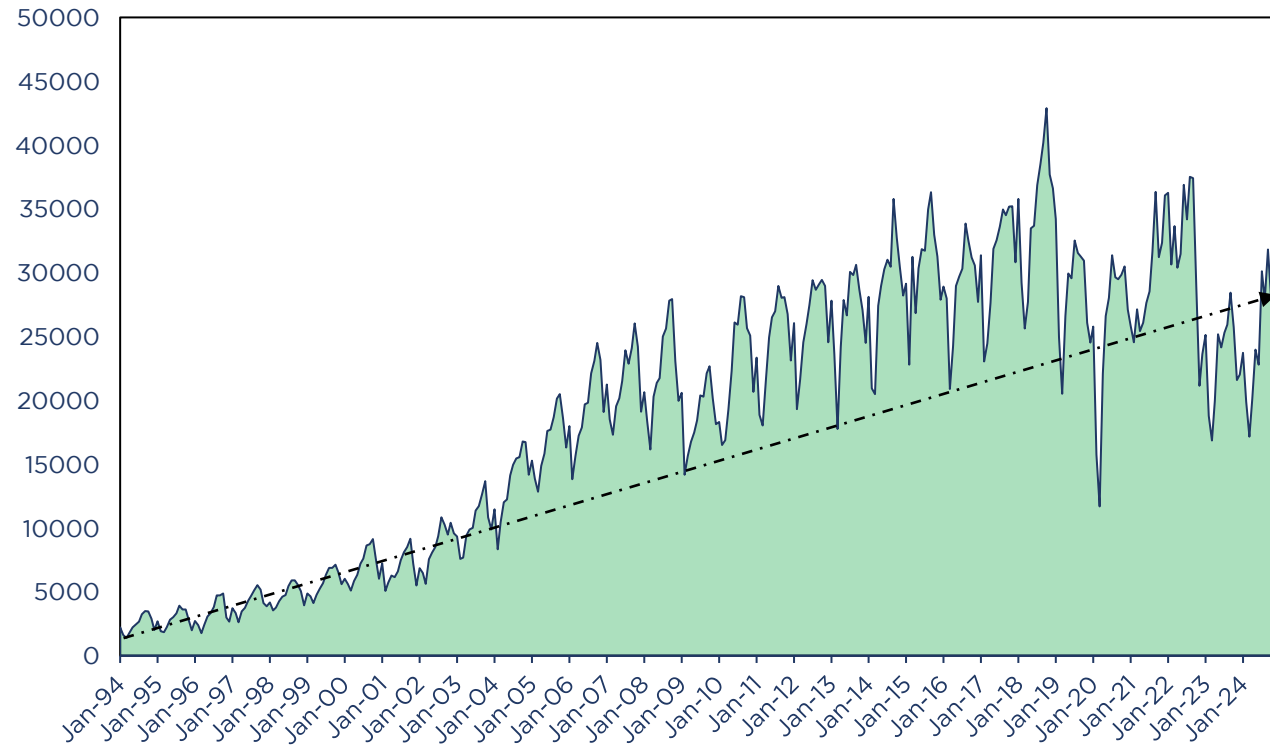
- China is the world's primary producer of 29 critical minerals, which are used in industries like clean energy and advanced electronics
- The U.S. also imports nearly three-quarters of its rare earth compounds and metals demand from China.
- Responsible for 55 percent of steel, 51 percent of cement, and 59 percent of aluminum production globally



Uses
Catalyst, Microwave filters
Smartphones, Cameras
Metallurgy
Batteries
Semiconductors
Chips, Fibre Optics
Chips, Fibre Optics
Hydrocarbon production
Batteries, Lubricants
Metallurgy

# CHINA'S TRADE RELATIONS WITH THE US

CHINA HISTORICAL TRADE SURPLUS WITH USA



*Trump's stance before election: 100% tariffs on Chinese goods*

*After Elections: US and China are good friends*

- Since Trump first came in Power, US has hardly managed to reduce it's trade deficit with China with imports higher than Pre-Trump levels
- China countering Tariff implications by considering to devalue the Yuan
- Tariffs will also impact US manufacturers as 40% imports from China are intermediate goods used by US industries as raw materials

# YOUR FAVOURITE BRAND IS CHINESE

CLSA

LME  
An HKEX Company

tp-link

D-Link

Tencent 腾讯

BALLY

TUMI

PRADA

Sams<sup>o</sup>nite



MOTOROLA

oppo



vivo



HUAWEI

1+ ONEPLUS

Lenovo



Smithfield

Haier  
dji  
Midea

SHEIN

L'OCCITANE  
EN PROVENCE



XTEP

LI-NING

ANTA

Wilson.

PIRELLI



SAROVAR  
HOTELS & RESORTS

STEIGENBERGER  
HOTELS AND RESORTS

Club Med

# GOVERNMENT'S 10 TRILLION PLAN

## GOVERNMENT STIMULUS

China announced a 10 trillion yuan (\$1.4 trillion) stimulus, to bolster its ailing economy, which will be spread over 5 years

01

Subsidies for trade-ins & renewal of consumer goods

03

Injecting capital into large banks for boosting economic growth

05

To swap hidden-debt of local governments to free up resources for economic development

02

Cut in existing mortgage rates, lowering down payments & increase in funding support

04

Incentivizing buybacks by providing financing support to Cos for stock repurchase

06

Swap facility for institutions to tap liquidity from central bank to purchase equities

## “DON'T FIGHT THE FED” – CHINESE GOVT STEPS UP ACTIVITY

“China has banned major institutional investors from reducing equity holdings at the open and close of each trading day, part of the government’s most forceful attempt yet to prop up the nation’s \$8.6 trillion stock market”

- **Bloomberg, 21<sup>st</sup> Feb 2024**

“China regulator announces more curbs on short-selling”

- **Economic Times, 6<sup>th</sup> Feb 2024**

“State-backed ‘national team’ of investors piles in to support China stocks”

- **Reuters, 31<sup>st</sup> Jan 2024**

“China is weighing measures to prop up its stock markets, could reportedly mobilize \$278 billion”

- **CNBC, 22<sup>nd</sup> Jan 2024**

“China plans record budget deficit of 4% of GDP in 2025”

- **Reuters, 17<sup>th</sup> Dec 2024**

“China Securities Regulatory Commission (CSRC) approves minimum margin ratio of financing for purchasing securities to be lowered from 100 percent to 80 percent in China Exchanges”

- **China State Council, 28<sup>th</sup> Aug 2023**

“China moves to slow the pace of mainland initial public offerings (IPOs) in an attempt to bolster the secondary market”

- **Reuters, 27<sup>th</sup> Aug 2023**

# **WHAT'S THE DRIVING FORCE? DOMESTIC CONSUMPTION**



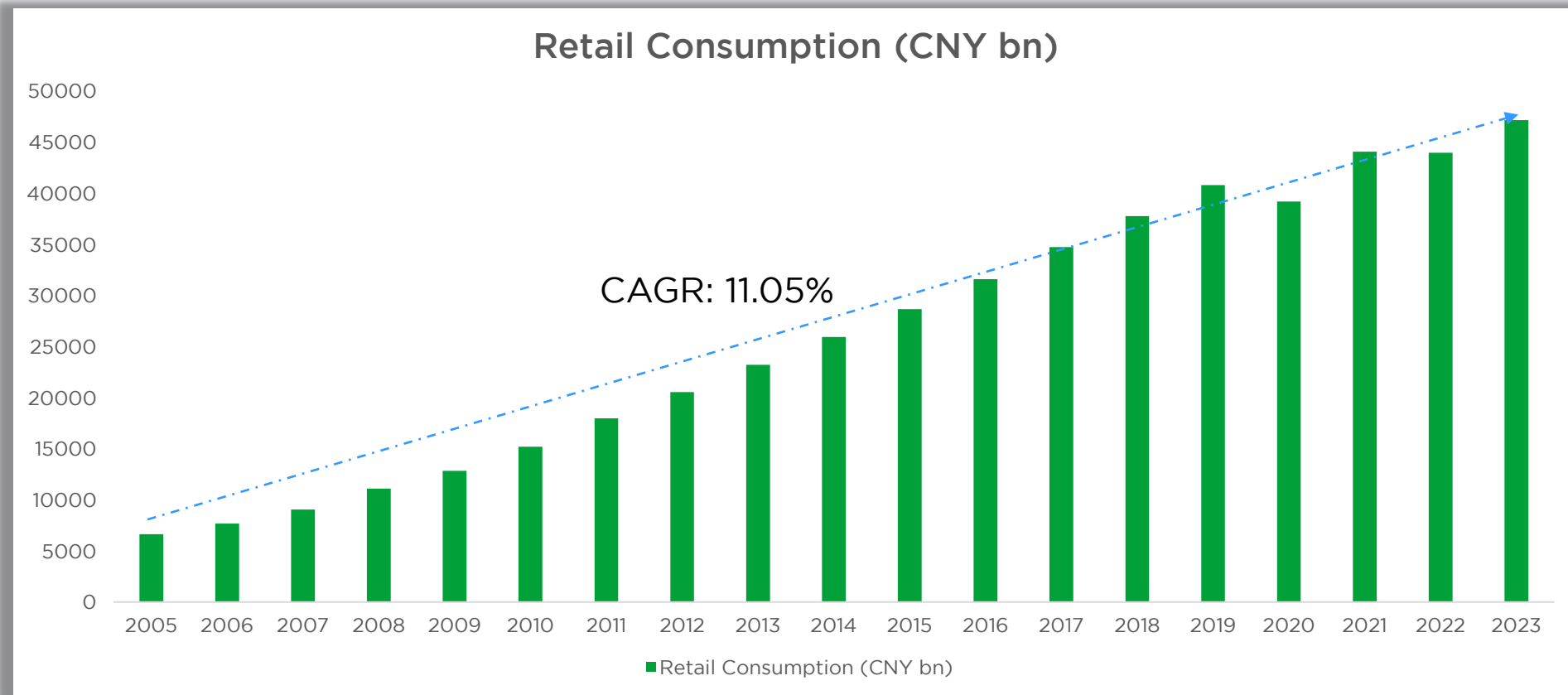
# CHINESE ECONOMY TO MAINTAIN GROWTH MOMENTUM



Source: International Monetary Fund (Statista; As on 31<sup>st</sup> Dec 2024)

- China's US\$17.9 tn economy contributes ~19% of world GDP and forecasted to maintain growth trajectory
- Scale of Chinese economy means that, China adds India's 1-yr absolute real GDP growth in just ~3 months

## MASSIVE OPPORTUNITIES IN DOMESTIC CONSUMPTION



Source: National Bureau of Statistics of China

- China's shift from an export-led growth provides massive opportunities for domestic consumption
- Despite several economic upheavals, retail consumption has grown at ~11% CAGR over 20-yr

# CASE STUDIES

# FOOD DELIVERY

	M-Cap (USD Bn)	Order Delivery (Mn)	P/E (x) (FY26/CY25 E)
MEITUAN	92	60	19
ZOMATO	32	1.8	118

Note: Numbers are as of 20<sup>th</sup> December'24 on TTM basis

- Meituan enjoys a virtual monopoly in the Chinese markets against Zomato which faces stiff competition from Swiggy
- This quarter, Meituan's revenue and PAT grew by 22% and 258% respectively, and now Meituan trades at mouth watering P/E of only 19 times
- China is the biggest food delivery market in the world; Meituan alone commands equivalent revenue of the next 4 countries combined
- With 3% of the order delivery numbers of Meituan, Zomato commands an estimated P/E 5 times that of Meituan



**TRIVIA:**

***In just 10 years, Meituan has become the world's largest food delivery business  
In addition to food delivery, Meituan also offers Online travel agency and e-Commerce services***

# TRAVEL BOOKING

	M-Cap (USD Bn)	Revenue (USD Bn)	PAT	P/E (x)
TRIP.COM	46	7	2.3	20
MAKEMYTRIP	13	1	0.2	53
EASEMYTRIP	0.7	0.1	0.01	63
EXPEDIA	24	13	1	22
BOOKING.COM	167	23	5	33

Note: Numbers are as of 20<sup>th</sup> December'24 on TTM basis

- India's largest travel portal with a market share of 54%, MMT trades at P/E multiple of 53x and has a MCap of US \$12.5 bn
- Its biggest owner, Trip.com, (World's 2nd largest), is a Chinese Travel Services Company with an Mcap of just US\$ 46bn
- Trip.com's PAT is ~10x that of MMT whilst its Mcap is just ~4x of the latter
- On top of MMT, Trip.com has net cash of US\$4.2 bn with a Revenue of US\$7 bn. However, it trades at a P/E of 20x



**TRIVIA:** *Trip.com Group owns and operates the flagship trip.com along with Skyscanner, Qunar, Travix, and MakeMyTrip*

# AUTOMOBILE

	M-Cap (USD Bn)	Revenue (USD Bn)	P/E (x) (FY26/CY25 E)	Vehicles Sold (Q3 2024)
BYD	107	95	23	11,29,256
MARUTI SUZUKI INDIA	40	17	23	5,41,550
HYUNDAI INDIA	17	8	23	1,91,939
TESLA	1352	97	106	4,62,890

Note: Numbers are as of 20<sup>th</sup> December'24 on TTM basis

- BYD's projected sales of 4 mn units in CY24 = ~ India's Total Passenger Vehicle unit sales in 2024!
- Over the last 5-years, BYD's Profit After Tax (PAT) surged ~10x, whilst Maruti's PAT has only doubled
- BYD's Net Profit = Net Profit of (Maruti Suzuki + Hyundai India + M&M + Kia India) = **USD 4.2 bn**
- Despite being a **vertically integrated pure EV play**, BYD trades at a steep **discount** to its Indian ICE peers, whose business appears to be at **serious technological risk**
- BYD trades at a MCap/Sales of ~1.1x, whilst Maruti Suzuki trades at a P/S of ~2.4x, Hyundai trades at ~2x and Tesla at ~14x!



**TRIVIA:** Backed by **Warren Buffet**, BYD is also the **2<sup>nd</sup> largest electric battery cell producer globally (~16% share)**

**BYD surpasses Tesla in Q3 2024, reporting \$28.2 bn, while Tesla reported \$25.2 bn in revenue**

# QUICK SERVICE RESTAURANTS

	M-Cap (USD Bn)	P/S (x)	P/E (x)	No. of Stores
YUM CHINA	19.1	1.7	21	15,861
DEVYANI (YUM INDIA)	2.7	5	1538	1,921
SAPPHIRE FOODS (YUM INDIA)	1.3	4	472	909

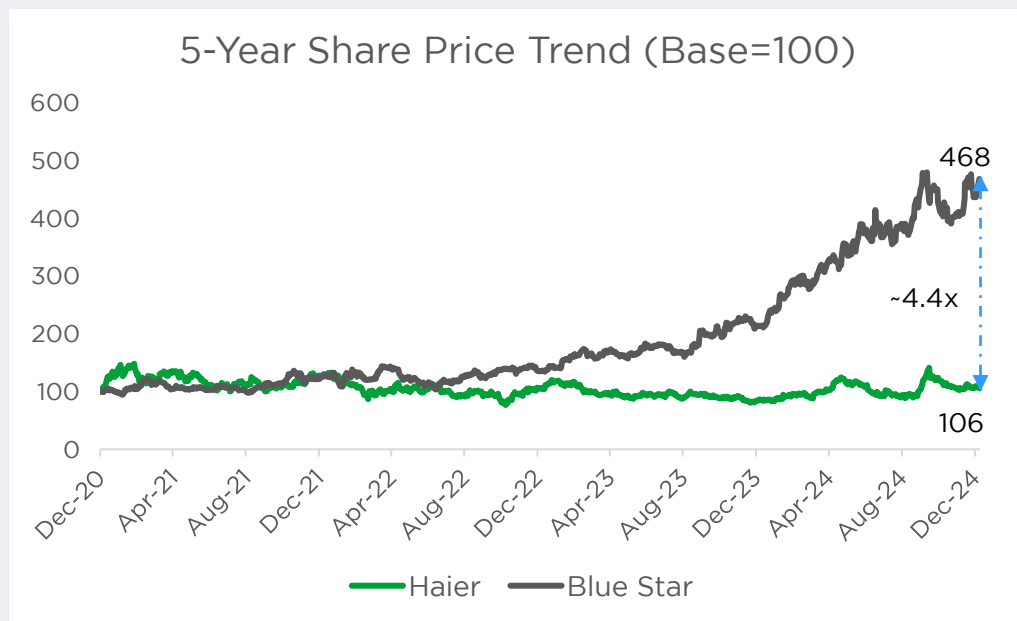
Note: Numbers are as of 27<sup>th</sup> December'24 on TTM basis

- **China contributes ~30% of global sales** for KFC while **India contributes just ~2%** of global sales!
- Yum China generated **-US\$ 3.7 bn** in Free Cash Flows over the last 5-yrs (~US\$ 670 mn FCF every year for the last 5-yrs)
- Also, Yum China has **-US\$3.2 bn** of net cash on its books (~17% of its market cap) whilst Devyani reported net debt
- Whilst Yum Global sold out its holdings in Devyani and Promoters of Sapphire are consistently offloading their holdings, Yum China has announced to return **US\$4.5 bn through dividends and buybacks** over 2024-26



**TRIVIA:** *In Chinese culture, 'dining-out' is so ingrained that even the Stock Market is halted for lunch!*

## CONSUMER ELECTRONICS



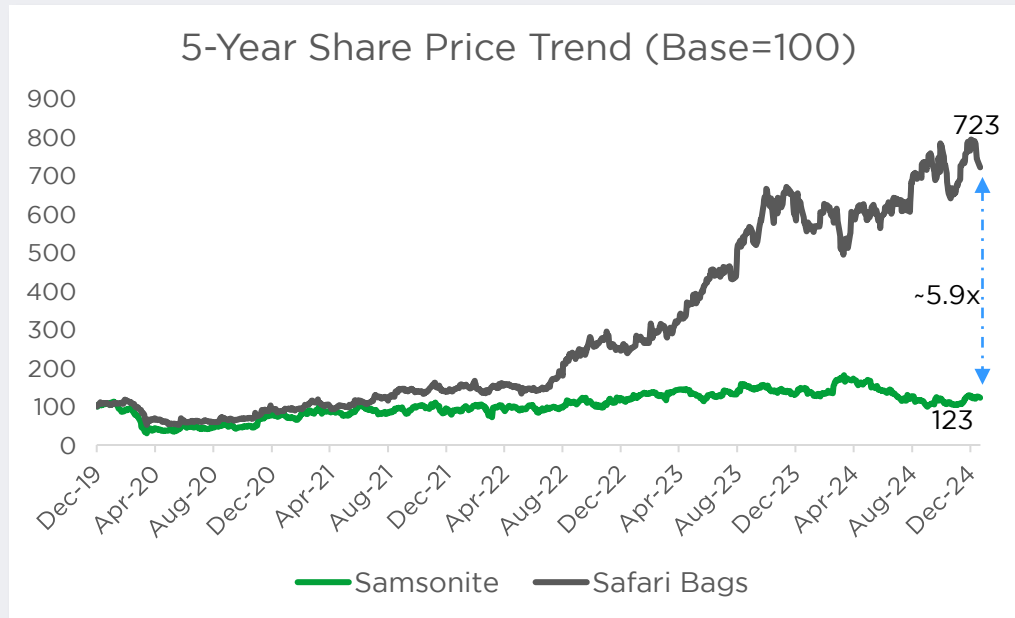
Source: Bloomberg; As on 30<sup>th</sup> December 2024

	Haier Smart Home	Blue Star Company
5-Yr Price CAGR	1%	38%
M.Cap (USD bn)	35	5
Current P/E	12	78
Dividend Yield	3.20%	0.35%
5-Yr Rev. CAGR	7.3%	13.0%
5-Yr PAT CAGR	17.3%	17.0%

- Despite PAT growing at a CAGR of ~17% over 5 years, Haier has given a 5-year CAGR price return of ~1%
- At a dividend yield of 3.2% and P/E multiple of 12x, Haier presents a robust margin of safety compared to Blue Star



# TRAVEL LUGGAGE

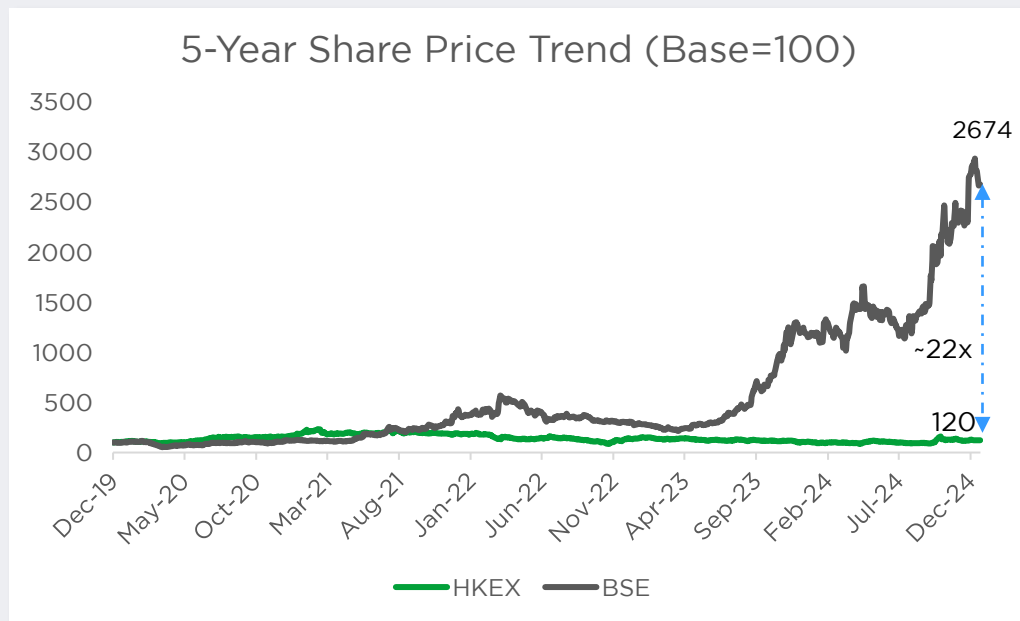


Source: Bloomberg; As on 30<sup>th</sup> December 2024

	Samsonite	Safari
5-Yr Price CAGR	3%	52%
M.Cap (USD bn)	3.7	1.6
Current P/E	10	77
Dividend Yield	3.70%	0.11%
5-Yr Rev. CAGR	-0.6%	22.0%
5-Yr PAT CAGR	12.0%	45.0%

- Despite PAT growing at a CAGR of ~12% over 5 years, Samsonite has given a 5-year CAGR price return of ~3%
- Samsonite is the world's largest luggage company, a **House of Brands** with popular luxury and mid-premium segment labels such as **TUMI, Samsonite, American Tourister, Kamiliant, Timberland** among many others in its kitty

# EXCHANGE

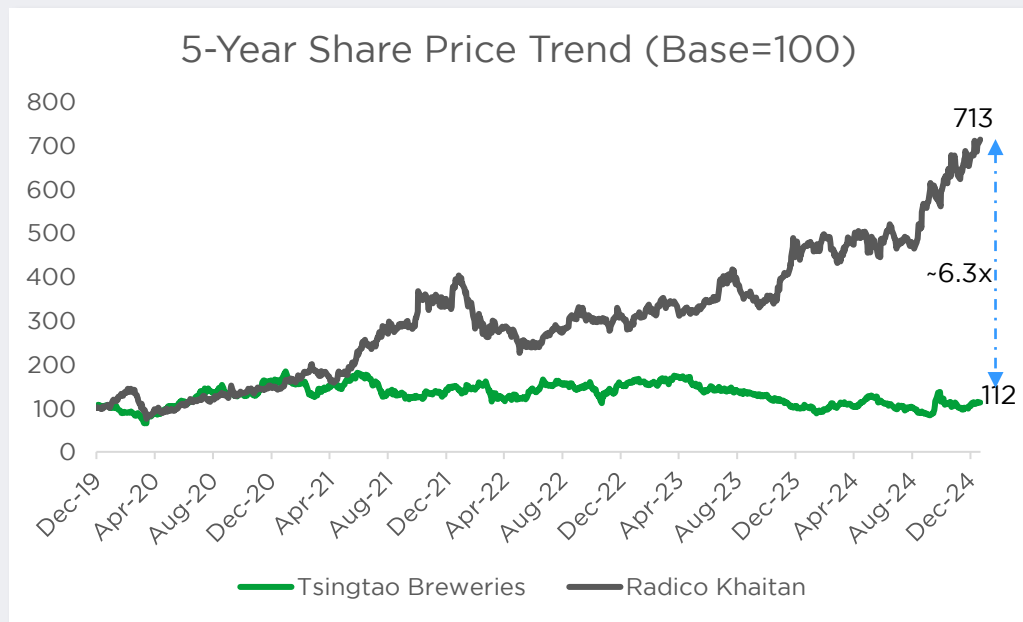


Source: Bloomberg; As on 30<sup>th</sup> December 2024

	HKEX	BSE
5-Yr Price CAGR	3%	103%
M.Cap (USD bn)	48.3	8.8
Current P/E	32	90
Dividend Yield	2.80%	0.27%
5-Yr Rev. CAGR	5.3%	20.0%
5-Yr PAT CAGR	5.0%	17.0%

- Established in **1877**, the **London Metals Exchange (LME)**, the world's largest commodities exchange was acquired by the Hong Kong Exchanges & Clearing in 2012 for **US\$ 2.2 bn**

# BEVERAGE



	Tsingtao Brewery Co.	Radico Khaitan
5-Yr Price CAGR	2%	51%
M.Cap (USD bn)	12.9	3.9
Current P/E	16.4x	117.0x
Dividend Yield	4.0%	0.1%
5-Yr Rev. CAGR	3.9%	12.0%
5-Yr PAT CAGR	18.2%*	13.0%

Source: Bloomberg; As on 27<sup>th</sup> December 2024  
 \*PAT after eliminating non-recurring P/L items

- Despite outpacing Radico's PAT CAGR over 5-years, Tsingtao has given negligible returns
- As compared to Radico, Tsingtao trades at a seventh of the former's P/E multiple whilst providing an attractive div. yield

## TOP 10 HOLDINGS

Name of the Company
BYD
China Education Group
Fuyao Glass
Trip.com
Yadea
Tsingtao Brew
Yum China
Budweiser Brewing Company
China Tourism Group Duty Free
Cosco Shipping

\*As on 30<sup>th</sup> September



# PRODUCT INFORMATION



# PROCESS FLOW



## SCREENERS

- Sales growth, PAT growth, capacity utilisation
- Valuation dislocation  
EV/Sales, PE ratio, EV/EBITDA
- Debt
- Dividend track record
- Promoter ownership
- Insider Buying
- Industry Leadership
- Credit rating
- Long term track record



## RESEARCH

- Annual report
- Quarterly results
- Industry & company news
- Management interviews
- Third party research
- Management meetings
- Press releases
- Conference calls / Analyst meets



## PORTFOLIO CONSTRUCTION

- Well diversified portfolio
- Balance across sectors
- Catalyst for stock re-rating



## ONGOING RESEARCH



# PORTFOLIO CONSTRUCTION

We invest in high-quality listed companies with a focus on growth

Most market participants focus on price; we focus on company fundamentals.

We aim to construct a well-diversified portfolio across sectors

Invest with a 3-5 year horizon with a focus on low churn rate

A value can remain a value for a long time. We actively look for catalysts that can lead to stock rerating.

## DIRECTORS' PROFILE



**SIDDHARTHA BHAIYA**  
Director

- Founded Aequitas in 2012
- A qualified Chartered Accountant
- Has consistently outperformed the markets
- Delivered industry-beating CAGR returns
- Headed PMS division at Reliance Mutual Fund
- Expert at finding Multibaggers with his contrarian approach



**NEERAV SHAH**  
Director

- Co-founder at Aequitas
- 20+ years of experience in capital markets
- A qualified Chartered Accountant
- Previously with Reliance Capital Asset Management and Birla Sun Life
- Handled Operations, Fund Accounting and dealing functions



**PRITHIPAL SINGH**  
Director

- Amongst the renowned in the mutual fund industry
- 18+ years in the finance sector
- Has led Marketing & Sales teams at leading firms
- Disciplined personality, Military school background



## KEY PERSONNEL



**SUBHAM AGARWAL**  
Principal Officer

- A qualified Chartered Accountant
- 8+ years of experience
- Co-fund manager of Aequitas' offshore product
- Previously worked with Edelweiss and Investec
- Deep understanding of varied sectors and valuations
- Avid history buff



**SAURABH ARORA**  
Compliance Officer

- MBA in Finance
- 14+ years of experience
- Previously worked with Axis Bank - Fund Services Team
- Seasoned Compliance professional with experience on NAV process on REIT, INVIT, AIF, PE, Hedge Fund and SEBI and IFSCA regulations



# INVESTMENT FEATURES AND FEE STRUCTURE



<b>MINIMUM INVESTMENTS</b>	USD 1 Million <sup>^</sup>
<b>SUITABLE TIME FRAME</b>	3-5 years; 1 year lock-in with an exit load of 2% between 12-24 months*
<b>MODE OF INFLOW</b>	Bank Transfer
<b>FEES</b>	2% Daily Average AUM charged monthly
<b>PERFORMANCE SHARING</b>	10% profit sharing with high-water marking charged annually at the end of the financial year

*\*For non-resident clients (Individuals or non-individuals), no lock-in and no exit load.*

*<sup>^</sup>The investment ticket size can be discussed to find the right balance and avoid over exposure in one product.*



# AEQUITAS

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SEZ, GIFT City, Gandhinagar -  
382355, Gujarat

Phone no.: +91 72080 42953

Email id: [info.gift@aequitasindia.in](mailto:info.gift@aequitasindia.in)  
[operations.gift@aequitasindia.in](mailto:operations.gift@aequitasindia.in)



## BEST IN CLASS PARTNERS



An IFSCA registered entity



Tax advisors



AXIS BANK

Trustee services



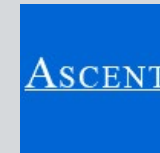
standard chartered

Custodian services



kotak  
Kotak Mahindra Bank

Banking Partner



Fund Administrator

### REPORTING

- Monthly NAV Appraisal Statement

- Quarterly Factsheet

# **DISCLAIMER**

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NO OFFER OR PROMOTION OF THE FUND OR THE PARTICIPATING SHARES HAS BEEN OR WILL BE MADE IN THE ABU DHABI GLOBAL MARKET EXCEPT BY AN "AUTHORISED PERSON" AND IN ACCORDANCE WITH THE LAWS AND REGULATIONS OF THE ABU DHABI GLOBAL MARKET. THIS MEMORANDUM RELATES TO A FUND WHICH IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL BY THE FINANCIAL SERVICES REGULATORY AUTHORITY (THE "FSRA"). THE FSRA ACCEPTS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY PROSPECTUS OR OTHER DOCUMENTS IN CONNECTION WITH THIS FUND. ACCORDINGLY, THE FSRA HAS NOT APPROVED THIS MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT. THE PARTICIPATING SHARES TO WHICH THIS MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTION ON THEIR RESALE. PROSPECTIVE PURCHASERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE PARTICIPATING SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS MEMORANDUM YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR. NO PARTICIPATING SHARES ARE OFFERED TO RETAIL CLIENTS (AS DEFINED IN THE LAWS AND REGULATIONS OF THE FSRA).

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE KINGDOM OF BAHRAIN**

ALL APPLICATIONS FOR INVESTMENT SHOULD BE RECEIVED, AND ANY ALLOTMENTS SHOULD BE MADE, IN EACH CASE FROM OUTSIDE THE KINGDOM OF BAHRAIN. THIS MEMORANDUM HAS BEEN PREPARED FOR PRIVATE INFORMATION PURPOSES OF INTENDED INVESTORS ONLY WHO WILL BE HIGH NET WORTH INDIVIDUALS AND INSTITUTIONS. THE FUND REPRESENTS AND WARRANTS THAT IT HAS NOT MADE AND WILL NOT MAKE ANY INVITATION TO THE PUBLIC IN THE KINGDOM OF BAHRAIN AND THAT THIS MEMORANDUM WILL NOT BE ISSUED, PASSED TO, OR MADE AVAILABLE TO THE PUBLIC GENERALLY. THE CENTRAL BANK OF BAHRAIN HAS NOT REVIEWED, NOR HAS IT APPROVED, THIS MEMORANDUM OR THE MARKETING OF THE PARTICIPATING SHARES IN THE KINGDOM OF BAHRAIN. ACCORDINGLY, THE PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD IN THE KINGDOM OF BAHRAIN TO RESIDENTS THEREOF EXCEPT AS PERMITTED BY BAHRAIN LAW. THE CENTRAL BANK OF BAHRAIN IS NOT RESPONSIBLE FOR THE PERFORMANCE OF THE FUND.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE UAE**

THIS MEMORANDUM, AND THE INFORMATION CONTAINED HEREIN, DOES NOT CONSTITUTE, AND IS NOT INTENDED TO CONSTITUTE, A PUBLIC OFFER OF SECURITIES IN THE UAE AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH. THE PARTICIPATING SHARES ARE ONLY BEING OFFERED TO A LIMITED NUMBER OF INVESTORS IN THE UAE PERMITTED UNDER THE SECURITIES AND COMMODITIES AUTHORITY ("SCA") BOARD DECISION NO. 3 OF 2017 REGARDING THE PROMOTION AND INTRODUCTION REGULATIONS. THE PARTICIPATING SHARES HAVE NOT BEEN APPROVED BY OR LICENSED OR REGISTERED WITH THE UAE CENTRAL BANK, THE SECURITIES AND COMMODITIES AUTHORITY OR ANY OTHER RELEVANT LICENSING AUTHORITIES OR GOVERNMENTAL AGENCIES IN THE UAE. THE MEMORANDUM IS FOR THE USE OF THE NAMED ADDRESSEE ONLY AND SHOULD NOT BE GIVEN OR SHOWN TO ANY OTHER PERSON (OTHER THAN EMPLOYEES, AGENTS OR CONSULTANTS IN CONNECTION WITH THE ADDRESSEE'S CONSIDERATION THEREOF).

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE STATE OF KUWAIT**

THIS MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR, OR PURCHASE, ANY SECURITIES (INCLUDING UNITS IN INVESTMENT FUNDS) (REGARDLESS OF NOMENCLATURE) IN THE STATE OF KUWAIT. THE FUND MANAGER, ITS AGENTS AND REPRESENTATIVES HAVE NOT BEEN REGISTERED, LICENSED, OR AUTHORISED TO MARKET, SELL, OR OFFER SECURITIES (INCLUDING UNITS IN INVESTMENT FUNDS) (REGARDLESS OF NOMENCLATURE) IN THE STATE OF KUWAIT WHERE IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR MARKET SECURITIES UNLESS ALL NECESSARY APPROVALS FROM THE COMPETENT AUTHORITIES IN THE STATE OF KUWAIT PURSUANT TO LAW NO. 7 OF 2010, AND ITS EXECUTIVE BYLAWS (EACH AS AMENDED) IN ADDITION TO THE VARIOUS RESOLUTIONS, REGULATIONS, DIRECTIVES AND INSTRUCTIONS ISSUED PURSUANT THERETO, OR IN CONNECTION THEREWITH (REGARDLESS OF NOMENCLATURE) AND ANY OTHER APPLICABLE LAW OR REGULATION DIRECTLY OR INDIRECTLY REGULATING THIS MATTER IN THE STATE OF KUWAIT (TOGETHER, THE "SECURITIES REGULATIONS"), HAVE BEEN GIVEN. 94

NO SERVICES RELATING TO THE OFFERING, INCLUDING THE RECEIPT OF APPLICATIONS AND/OR THE ALLOTMENT OF PARTICIPATING SHARES MAY BE RENDERED (OR DEEMED TO HAVE BEEN RENDERED) WITHIN THE STATE OF KUWAIT BY THE MANAGER, ITS AGENTS AND REPRESENTATIVES. INTERESTED INVESTORS IN THE STATE OF KUWAIT WHO APPROACH THE FUND MANAGER, ITS AGENTS AND REPRESENTATIVES ACKNOWLEDGE THE RESTRICTIONS UNDER THE SECURITIES REGULATIONS.

THE SUBSCRIPTION OF PARTICIPATING SHARES, CONTEMPLATED IN THIS MEMORANDUM BY INVESTORS IN THE STATE OF KUWAIT, SHALL NOT BE (A) DEEMED TO HAVE TAKEN PLACE IN THE STATE OF KUWAIT FOR WHATEVER REASON; (B) GOVERNED IN ANY WAY BY THE LAWS OF THE STATE OF KUWAIT; (C) SUBJECT TO THE JURISDICTION OF THE COURTS OF THE STATE OF KUWAIT, AS THE SUBSCRIPTION AGREEMENTS (AND ANY OTHER DOCUMENT RELATED THERETO) WILL BE ENTERED INTO OUTSIDE THE JURISDICTION OF THE STATE OF KUWAIT.

INVESTORS FROM THE STATE OF KUWAIT SHALL BE PRECLUDED FROM THE DISCLOSURE OR DISTRIBUTION OF ANY MATERIALS OR INFORMATION IN RELATION TO THIS MEMORANDUM TO ANY OTHER PERSON IN THE STATE OF KUWAIT.

INTERESTED INVESTORS FROM THE STATE OF KUWAIT WOULD BE DEEMED TO HAVE TAKEN SOUND LEGAL ADVICE TO THE FOREGOING EFFECT.

# DISCLAIMER

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE SULTANATE OF OMAN**

THE INFORMATION CONTAINED IN THIS MEMORANDUM NEITHER CONSTITUTES A PUBLIC OFFER OF SECURITIES IN THE SULTANATE OF OMAN AS CONTEMPLATED BY THE COMMERCIAL COMPANIES LAW OF OMAN (SULTANI DECREE 4/74) OR THE CAPITAL MARKET LAW OF OMAN (SULTANI DECREE 80/98), NOR DOES IT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF ANY OFFER TO BUY NON-OMANI SECURITIES IN THE SULTANATE OF OMAN AS CONTEMPLATED BY ARTICLE 6 OF THE EXECUTIVE REGULATIONS TO THE CAPITAL MARKET LAW (ISSUED VIA MINISTERIAL DECISION NO 1/2009). ADDITIONALLY, THIS MEMORANDUM IS NOT INTENDED TO LEAD TO THE CONCLUSION OF ANY CONTRACT OF WHATSOEVER NATURE WITHIN THE TERRITORY OF THE SULTANATE OF OMAN. THE PARTICIPATING SHARES, THIS MEMORANDUM OR ANY OTHER OFFERING MATERIAL RELATING TO THE PARTICIPATING SHARES MAY NOT BE DISTRIBUTED TO ANY PERSON IN THE SULTANATE OF OMAN WITHOUT PRIOR CONSENT OF THE CAPITAL MARKET AUTHORITY OF OMAN, AND THEN ONLY IN ACCORDANCE WITH ANY TERMS AND CONDITIONS OF SUCH CONSENT.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE STATE OF QATAR**

THE PARTICIPATING SHARES HAVE NOT BEEN REGISTERED FOR PUBLIC OFFER OR DISTRIBUTION IN QATAR. THE PARTICIPATING SHARES MUST NOT BE DISTRIBUTED WITHIN QATAR BY WAY OF A PUBLIC OFFER, PUBLIC ADVERTISEMENT OR IN ANY SIMILAR MANNER, AND THIS MEMORANDUM AND ANY OTHER DOCUMENT RELATING TO THE PARTICIPATING SHARES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN QATAR, OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OF THE PARTICIPATING SHARES TO THE PUBLIC IN QATAR. THIS OFFERING HAS NOT BEEN FILED WITH, REVIEWED OR APPROVED BY THE QATAR CENTRAL BANK, THE QATAR FINANCIAL MARKETS AUTHORITY, THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY OR ANY OTHER RELEVANT QATARI GOVERNMENTAL BODY OR SECURITIES EXCHANGE. THIS MEMORANDUM DOES NOT, AND IS NOT INTENDED TO, CONSTITUTE AN INVITATION OR OFFER OF SECURITIES IN THE STATE OF QATAR AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH.

THIS MEMORANDUM IS BEING ISSUED TO A LIMITED NUMBER OF INSTITUTIONAL AND/OR SOPHISTICATED INVESTORS (I) UPON THEIR REQUEST AND CONFIRMATION THAT THEY UNDERSTAND THAT THE FUND HAS NOT BEEN APPROVED OR LICENSED BY OR REGISTERED WITH THE QATAR CENTRAL BANK, QATAR FINANCIAL MARKETS AUTHORITY, THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY OR ANY OTHER APPLICABLE LICENSING AUTHORITIES OR GOVERNMENTAL AGENCIES IN THE STATE OF QATAR; AND (II) ON THE CONDITION THAT IT WILL NOT BE PROVIDED TO ANY PERSON OTHER THAN THE ORIGINAL RECIPIENT, IS NOT FOR GENERAL CIRCULATION AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE.

PERSONS INTO WHOSE POSSESSION THIS MEMORANDUM COMES ARE ADVISED TO CONSULT WITH THEIR OWN LEGAL ADVISORS WITH RESPECT TO ANY APPLICABLE LAWS THAT MAY RESTRICT THE DISTRIBUTION OF THIS 95

MEMORANDUM. NEITHER THIS MEMORANDUM NOR ANY PART OF IT SHALL BE RELIED UPON IN ANY WAY IN CONNECTION WITH ANY CONTRACT FOR THE ACQUISITION OF THE PARTICIPATING SHARES NOR SHALL ITS ISSUE BE TAKEN AS ANY FORM OF COMMITMENT ON THE PART OF THE FUND PROCEED WITH ANY TRANSACTION.

IN MAKING AN INVESTMENT DECISION REGARDING THE PARTICIPATING SHARES, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING WITHOUT LIMITATION THE MERITS AND THE RISKS INVOLVED.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE KINGDOM OF SAUDI ARABIA**

THIS MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM OF SAUDI ARABIA EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS ISSUED BY THE SAUDI ARABIAN CAPITAL MARKET AUTHORITY (“**CMA**”). THE CMA DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS MEMORANDUM. PROSPECTIVE PURCHASERS OF THE PARTICIPATING SHARES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE PARTICIPATING SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS MEMORANDUM, YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE UNITED STATES OF AMERICA**

THE UNITS OF THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES. THE UNITS MAY NOT BE OFFERED, SOLD OR DELIVERED DIRECTLY OR INDIRECTLY IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY “U.S. PERSON” EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE LAWS.

THE UNITS ARE BEING OFFERED OUTSIDE THE UNITED STATES PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER REGULATION UNDER THE SECURITIES ACT AND INSIDE THE UNITED STATES IN RELIANCE ON REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND SECTION 4(A)(2) THEREOF.

THE UNITS ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE ABLE TO BEAR THE LOSS OF THEIR INVESTMENT IN THE FUND. THE FUND’S INVESTMENT PROGRAM, BY ITS NATURE, MAY BE CONSIDERED TO INVOLVE A SUBSTANTIAL DEGREE OF RISK. SUBSCRIBERS FOR UNITS MUST REPRESENT THAT THEY ARE ACQUIRING THE UNITS FOR INVESTMENT. A SUBSCRIBER THAT IS A U.S. PERSON WILL ALSO BE REQUIRED TO REPRESENT, AMONG OTHER THINGS, THAT IT IS AN “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 UNDER REGULATION D ADOPTED UNDER THE SECURITIES ACT THEREUNDER.

OFFERING MATERIALS FOR THE OFFERING OF THE SHARES HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY THE SEC OR ANY OTHER STATE OR FEDERAL REGULATORY AUTHORITY, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR PASSED UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.