Risk Factors and Other Disclosures

PART - A

1. NAME, ADDRESS AND SEBI REGISTRATION DETAILS OF THE INVESTMENT ADVISER

Name:	Credit Suisse Securities (India) Limited
Type of Registration	Non Individual Investment Adviser
Registered and Correspondence Address:	Ceejay House, 9th Floor, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400018
Telephone:	+91 22 6777 3777
Fax:	+91 22 6777 3866
Website:	www.credit-suissee.com
SEBI Registration Details:	
SEBI Registration Number:	Investment Adviser: INA000014401
Name of Principal Officer: Telephone: Email:	Puneet Matta +91 22 6777 3853 puneet.matta@credit-suisse.com
Compliant/ Escalation email: Corresponding SEBI Address:	**list.indiapbcompliance@credit-suisse.com** Securities and Exchange Board of India SEBI Bhavan, BKC Plot No: C4-A, "G" Block, Bandra Kurla Complex, Bandra – East, Mumbai - 400051

2. RELEVANT HISTORY, PRESENT BUSINESS AND OTHER BACKGROUND OF CREDIT SUISSE.

A. Credit Suisse Securities India Private Limited ("CSSIPL")

a) CSSIPL was incorporated in Mumbai, India on 10 December 1996.

b) CSSIPL is registered with SEBI as Investment Adviser under the SEBI (Investment Adviser) Regulations 2013, with license no. INA000014401.

c) CSSIPL is registered with SEBI as a Portfolio Manager under the portfolio management services license no. INP000002478.

d) A segregated division of CSSIPL is engaged in the broker dealer activities and is a member of the National Stock Exchange of India Limited (**"NSE"**) and the BSE Limited (**"BSE"**) having registration No. INZ000248233. CSSIPL is also registered as a clearing member of the futures & options / derivative segment of NSE.

e) A segregated division of CSSIPL is also registered with the SEBI as a merchant banker permitted to undertake merchant banking and underwriting activities. The merchant banking registration No. of CSSIPL is INM 000011161.

f) A segregated division (**"PDD"**) Product Distribution Division of CSSIPL is engaged in the activities of distribution of units of mutual funds and other financial products and is registered with the Association of Mutual Funds in India (AMFI) vide registration No. ARN-53956.

g) A segregated division ("**ED**") Execution Division is engaged in activity related to execution services on the basis of client instructions.

h) CSSIPL is registered with SEBI as a Research Analyst and is permitted to undertake research related activities. The research analyst registration No. of CSSIPL is INH000001030.

i) CSSIPL is an indirect subsidiary of Credit Suisse AG.

B. Credit Suisse AG, Mumbai Branch ("CSMBB")

a) CSMBB is licensed by Reserve Bank of India to operate as a Scheduled Commercial Bank and Authorized Dealer in India with a branch office in Mumbai.

b) CSMBB is registered as a Depository Participant under the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 under SEBI Registration No _IN- DP – 450-2020.

c) CSMBB is also registered as Banker to an Issue under SEBI (Banker to an Issue) Regulations 1994 with registration no. INBI00001212.

C. Credit Suisse Finance (India) Private Limited ("CSFIPL")

CSFIPL is incorporated in India under Companies Act, 2013. It is licensed by Reserve Bank of India as a systemically important non-deposit taking non-banking financial company.

D. Credit Suisse AG

a) The Credit Suisse Group purpose is at the core of everything we do. It underpins the value we create and has powered our progress for more than 160 years. It captures the essence of 'why' we exist as an organization. It motivates us when we come to work every day and serves as our North Star when we make decisions. Ultimately, it serves to define who we are and what we should be doing for our employees, clients and stakeholders. A revised code of conduct aligned to our new cultural values is available here: credit-suisse.com/code of conduct

b) Credit Suisse's Group strategy has a clear focus on strengthening and simplifying the integrated model and investing in sustainable growth, while placing risk management at the very core of the Bank. With a global business and regional structure, Credit Suisse strengthens cross-divisional collaboration within the Bank to promote sustainable growth and economic profit.

c) We serve our clients through four divisions: Wealth Management, Investment Bank, Swiss Bank and Asset Management. The global divisions are complemented by four strong regions: Switzerland, EMEA, APAC

d) and Americas. This approach is reinforcing the integrated model with global businesses and strong regional client accountability.

e) Credit Suisse continues to lead the bank and our clients into a sustainable future. The bank will build on its provision of sustainable investment solutions to clients through its ESG product offering and will be partnering with corporate clients to finance their sustainable transition.is part of the Credit Suisse group of companies (referred to here as "**Credit Suisse**"). The registered shares of Credit Suisse's parent company, Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

E. Region Switzerland and Swiss Bank

Our strategy and priorities in Switzerland build on our proven positioning as: (i) the Bank for Switzerland with global expertise, (ii) the Bank for entrepreneurs, (iii) the Bank for holistic solutions, and (iv) the Bank for the digital generation. We want to continue to grow our leading high-touch business with an emphasis on innovation and to attract new clients and gain market share in the broader business with a more digitally focused client service model. In doing so, we aspire to reach the next level as a leading player in the Swiss market. The close collaboration between all business and functional units in region Switzerland and the Swiss Bank division is one of our most important success factors. We must strive to maintain and further enhance this collaboration in order to deliver the full bank to our clients across digital banking, wealth management, corporate and investment banking, our institutional business and asset management.

F. Asset Management

Credit Suisse Asset Management is a division of Credit Suisse Group. Backed by the global market presence of Credit Suisse Group, Asset Management offers active and passive solutions for traditional and alternative investments as well as proven product expertise in Switzerland, EMEA, APAC, and the Americas.

G. Investment Banking & Capital Markets

The Investment Banking & Capital Markets division offers a broad range of investment banking products and services, which include advisory related to M&A, divestitures, and takeover defense strategies as well as debt, equity, and derivative transactions. Our clients include leading corporations, financial institutions, sponsors, ultra-high-net-worth individuals, and sovereign clients.

With teams located across the Americas, EMEA and Asia Pacific regions, our bankers provide clients with the local market expertise combined with access to a global network and platform.

H. Wealth Management

Credit Suisse's wealth management franchise is a fundamental pillar of the bank’s growth strategy. Our vision is to build the leading wealth management organization in the industry. To further strengthen our position, and deliver sustainable growth long-term, we defined 10 strategic priorities focused on dedicated client segments and priority markets, including expanding our market-leading UHNW franchise globally, while accelerating Core HNW growth in selected scale markets, innovative products and solutions, simplification of processes, and people engagement and culture. Thanks to a close collaboration with Investment Banking, Asset Management and our four regions, we will leverage our unique capabilities and bring these to our wealth management clients globally.

3. AFFILIATIONS OF CSSIPL

a) CSSIPL has appointed The Hong Kong and Shanghai Banking Corporation Limited (HSBC) as a Custodian for administration and custody of assets and fund accounting of its Discretionary and Non-Discretionary Portfolio Management clients, in compliance with Clause 26 of the SEBI (Portfolio Managers) Regulation, 2020.

b) CSSIPL is empanelled for distribution of schemes of various mutual funds, and other investment products through its PDD division. However, for more details on the mutual funds schemes / investment products covered by our Investment Advisory Services, please contact your relationship manager.

c) CSSIPL, through its Execution Division (ED) offers execution services to clients, on the basis of client instructions, in relation to execution, settlement of transactions, subscribing to securities, placement of term deposits, making of investments and opening and operating of Bank Account(s), Demat Account(s) and dealing with the Securities and the Funds as per the instructions of the Client. Please note, however, that it is not mandatory to engage the services of the Execution Division as part of t our Investment Advisory Services.

4. PROMOTERS OF THE INVESTMENT ADVISER

a) Credit Suisse Investment Holdings (Mauritius) Limited ("Promoter") is incorporated in Mauritius having its registered office at c/o Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis, Mauritius and is a wholly owned subsidiary of Credit Suisse AG, a joint corporation registered in the Canton of Zurich, Switzerland

b) The Promoter is ultimately owned by Credit Suisse Group AG, a corporation with its registered office in Switzerland and a leading global financial services provider with operations, subsidiaries and affiliates in the European, the Americas and the Asia Pacific regions.

5. GROUP COMPANIES

The Credit Suisse AG has a significant number of group/subsidiary and associate companies domiciled in numerous overseas jurisdictions. Disclosure on group companies of CSSIPL is limited to the companies domiciled in India as listed below and which are part of Credit Suisse Group AG.

i) Credit Suisse Services (India) Private Limited;
ii) Credit Suisse Consulting (India) Private Limited;
iii) Credit Suisse Finance (India) Private Limited;
iv) Credit Suisse Business Analytics (India) Private Limited;
v) Credit Suisse AG, Mumbai Branch;
vi) Credit Suisse Business Management (India) Private Limited;
vii) Credit Suisse Services AG, Pune Branch.

6. DETAILS OF PENALTIES/PENDING LITIGATION

The following material action has been taken by the regulators against CSSIPL in the capacity of a stock broker:

- Interim order dated April 18, 2001 debarring the CSSIPL from undertaking any new business as a stock broker until further orders were passed by SEBI;

- Order dated June 13, 2002 bearing reference IES/ID2/RKK/10780/2002 suspending CSSIPL's broking operations for a period of two years;

- Order dated December 11, 2003 bearing reference IVD/ID2/CSFB/KR/23686/2003 issuing a warning to CSSIPL with regard to its proprietary transactions in a variety of stocks;

- Order dated March 5, 2004 bearing reference ISD-2/RM/4617/2004 with regard to transactions in the shares of Ranbaxy Laboratories suspending CSSIPL's broking operations for a period of one month from March 26, 2004;

- Order dated September 10, 2004 bearing reference no. ISD1/SR/SS/GTB/20633/2004 with regard to transactions in the shares of Global Trust Bank suspending CSSIPL's broking operations for a period of three months from October 1, 2004;

- Order dated August 10, 2006 bearing reference no. IVD/ID-4/PKN/JKA/74158/2006 with regard to of dealings in the shares of South East Asia Marine Engineering and Constructions Limited suspending CSSIPL's broking operations for a period of one month from September 1, 2006;

- Order dated November 27, 2006 bearing reference no. IVD/ID3/PKB/AA/DSQBL/80938/06 with regard to transactions in the shares of DSQ Biotech Limited (now known as Origin Agrostar Limited) issuing a warning to CSSIPL to be "careful in future";

- Administrative warning dated July 31, 2013 to initiate corrective actions to streamline the Account Opening Process and remediate the KYC deficiencies with respect to institutional clients;

- NSE vide its letter dated February 6, 2019, levied penalty of INR 2,00,000/- and disabled proprietary trading of CSSIPL for a day for violation of regulatory guidelines on (a) decision support tools/algorithmic trading; and (b) testing of software used in or related to trading and risk management, respectively;

- Administrative warning dated January 03, 2023 to enhance/streamline Issue due diligence and disclosure processes

PART - B

RISK FACTORS

1. No Assurance of Guarantee: Investments are subject to market and other risks and therefore the IASD does not give any guarantee regarding profit of its investments and/or the avoidance of losses.

2. Risk arising from the investment objective/investment strategy and asset allocation:

a) The liquidity of the AUA may be restricted by trading volumes and settlement periods. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays and/or other problems in settlement of transactions could result in temporary periods when the Securities comprising the AUA are un-invested and no return is earned thereon. The resulting inability of the Client to make intended Securities purchases due to settlement problems could cause the AUA to miss certain investment opportunities. Similarly, the inability to sell Securities held in the AUA due to the absence of a well-developed and liquid secondary market for debt securities would result at times, in potential losses to the AUA.

b) Certain investment vehicles, in particular alternative investments instruments, can include Securities with a long-term investment horizon. The Securities comprising the AUA may therefore be subject to lock-up periods or be redeemable only periodically or on certain dates, i.e. not be liquid at all times. In such cases, early redemption can result in a lower price and additional charges.

c) The value of the AUA, to the extent invested in fixed income securities, will be affected by changes in the general level of interest rates. When interest rates decline, the value of AUA containing fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of AUA containing fixed income securities can be expected to decline.

d) As with any investment in Securities, the value of the AUA could fluctuate depending on various factors that may affect the value of the Securities comprising the AUA. In addition to the factors that affect the value of individual Securities, the value of the AUA can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.

3. Risk Arising out of Non Diversification: The investment objectives of one or more of the investment profile(s) could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the AUA to improper and/or undesired concentration of investment risks.

4. Risk of Loss in Value of Investments: The investment of the AUA and resultant investments are subject to a very wide range of risks which include, amongst others, and by way of illustration, loss in value of the investments due to, inter alia, overall economic slowdown, unanticipated bad corporate performance, environmental or political problems, changes in monetary or fiscal policies (including changes in tax laws and rates), changes in government policies and regulations with regards to industry and exports, acts of state, sovereign action, acts of God, acts of war, civil disturbance etc.

5. Market Risk: The value of the AUA may increase or decrease depending upon varying market forces and factors affecting the capital markets such as the de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume etc. The Client could lose money over short periods due to the fluctuations in the value of the AUA in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock market movements and over longer periods due to market downturns. Consequently, the IASD makes no assurance of any guaranteed returns on the AUA.

6. Asset Class Risk: The returns from the types of Securities in which the IASD provides its Investment Advisory Services may underperform when compared with returns in the general Securities market or different asset classes. Different types of Securities tend to go through different cycles of out-performance and under-performance in comparison to the general Securities market.

7. Risks Associated with Overseas Investments: Subject to necessary approvals as may be required, and within the investment profile(s) identified by the Client, the IASD may provide its advise to invest in overseas markets in which investments therein are subject to a very wide range of risks, which include amongst others and by way of illustration, risks on account of fluctuations in foreign exchange rates, nature of the Securities market of the country concerned, repatriation of capital due to exchange controls, political circumstances etc. Further, before entering into any agreement and/or making an investment, the Client should enquire about any rules and/or regulations relevant to the Client's agreement and/or investment. It may be noted that the Client's local regulatory authority will be unable to compel the enforcement of rules of the regulatory authorities or markets in other jurisdictions where the Client's investments have been effected. The Client should enquire about the type of redress available in both the Client's home jurisdiction and other relevant jurisdictions before the Client enters into any agreement and/or investment.

8. Risk of Insolvency: AUA shall be subject to insolvency risks in relation to the IASD, issuers, custodians, and other intermediaries. The extent to which a Client will be able to recover its/his/her AUA will depend upon local law, rules and regulations.

9. No Liability: The IASD shall not be responsible or liable for any losses resulting from the operations of the investment profile(s).

10. Risks Associated with investments in Mutual Funds: In the event that the IASD provide its advice to invest the AUA of the Client in mutual funds registered with SEBI, scheme specific risk factors of such underlying schemes would be applicable to the AUA. All risks associated with such underlying schemes, including but not limited to performance of their underlying stocks, derivative instruments, stock-lending, off-shore investments etc., would therefore be applicable to the AUA. Clients are required to and deemed to have received, read and understood the risk factors of the underlying schemes. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. In addition, events like change in the fund manager of a scheme, takeovers and mergers of mutual funds, foreclosure of schemes or plans, change in government policies etc. could affect the performance of investments in mutual fund units.

11. Liquidity Risk: Liquidity of investments in equity and equity related Securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular Security does not have a market at the time of sale, then the Client may have to bear the impact depending on its/his/her exposure to that particular Security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these Securities is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of such Securities thereby resulting in a loss to the AUA until such Securities are sold. Further, the liquidity and valuation of the AUA may be affected by the value of unlisted Securities which are a part of the AUA, and specifically, by the sale of such Securities prior to the target date of their disinvestment.

12. Equity and Equity Related Risks: Equity related Securities carry both company specific and market risks and hence no assurance of returns can be made for investments made in such Securities. While the IASD shall take all reasonable steps to advise about investment of the Funds in a prudent manner in such instruments, such decisions may not always prove to be profitable and/or correct. Consequently, the Client shall bear any loss arising from such decisions.

13. Risk of Arbitrage Strategies: The success of an investment profile depends on the IASD's ability to identify investment opportunities and to exploit price discrepancies in the capital and derivative markets. Identification and exploitation of the strategies to be pursued by the IASD involves uncertainties. No assurance can be given that the IASD will be able to locate investment opportunities, or correctly exploit price discrepancies in the capital markets. A reduction in the pricing inefficiency of the markets in which the IASD seeks to invest will reduce the scope for the IASD's investment strategies. Also in the event that the perceived mis-pricing underlying the investment profile's position were to fail to converge towards or diverges further from relationships expected by the IASD, the investment profile may incur a loss. Further, the IASD's recommended investment strategies may result in high portfolio turnover and consequently, high transaction cost.

14. Stock Exchange Related Risks: 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 and broker strikes that, if they occur again in the future, could affect the market price and liquidity of the Securities in which the Funds are invested. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain Securities, limitations on price movements and margin requirements. Disputes have also occurred from time to time among listed companies, the stock exchanges and other regulatory bodies, and in some cases those disputes have had a negative effect on overall market sentiment. Recently, there have been delays and errors in share allotments relating to initial public offerings. In addition, SEBI has recently imposed heavy fines on market intermediaries in relation to manipulations by some investors of the allotment process in several recent initial public offerings with a view to cornering large allotments of shares in the "retail investor" category. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the Securities.

15. Credit Risk: Debt securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to price volatility due to factors such as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

16. Transfer and Price Risk: The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities.

17. Risks Associated with Derivatives: Derivative products are specialized instruments that require investment technique and risk analysis different from those associated with stocks. The use of derivatives requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the AUA and the ability to forecast price. There is a possibility that loss may be sustained by the Client as a result of the failure of another party (usually referred as the counterparty) to comply with the terms of the derivative contract.

Other risks in using derivatives include but are not limited to (a) credit risk - this occurs when a counterparty defaults on a transaction before settlement. For exchange traded derivatives, the risk is mitigated as the stock exchange provides the guaranteed settlement but the Client would still be subject to the performance risk on the relevant stock exchange; (b) market liquidity risk - where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices; (c) model risk - the risk of mis-pricing or improper valuation of derivatives; (d) basis risk - arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may also be inter-related. For instance, interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date. The cost of hedge can be higher than adverse impact of market movements. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of the derivatives market depends on the development of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.

18. <u>Macro Economic Risks</u>: Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monitory or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently on the value of the AUA.

19. <u>Tax Risks:</u> Before deciding to avail of the Investment Advisory Services, the Client should understand the tax implications (including the implications of any applicable income tax, goods and service or value added taxes, stamp duties and other taxes) of acquiring entering into, holding and disposing of the relevant AUA. Different investments may have different tax implications. The tax implications of any investment are dependent upon the nature of the Client's business activities and the investment in question. The Client should, therefore, consult an independent tax advisor to understand the relevant tax considerations of availing of the Investment Advisory Services.

20. <u>Risk of Conflicts:</u> The IASD is a part of a large international financial group (see above) and acts simultaneously for a large number of Clients, and may act for its own account. Accordingly, conflicts of interest cannot be completely avoided. Accordingly, the Client acknowledges that the IASD 's other divisions or affiliates may (subject to applicable laws and regulations): (a) be the issuer of any investments; (b) give advice to make investments or effect transactions for the Client through the agency of and/or with a counterparty which is a related organization or a person otherwise associated with it/them; (c) have a position or a direct or indirect interest in any advise given to the Client (however, the IASD or its affiliates shall not enter into transactions on its/their own account(s) which is contrary to the IASD's advice given to the Client for a period of 15 (fifteen) days from the date of such advice, provided that during the period of such 15 (fifteen) days, if the IASD or its affiliates are of the opinion that the situation has changed, then they may enter into such a transaction on its/their own account after giving a suitable revised assessment to the Client at least 24 (twenty-four) hours prior to entering into such transaction(s)); or (d) have bought or sold any investments or entered into any transactions as principal or for its/their other Clients. The Investment Advisory Services provided by the IASD to the Client are non-exclusive and the IASD's other divisions and affiliates shall be under no obligation to account to the Client for any benefit received for providing services to others or to disclose to the Client any fact or thing which may come to the notice of the IASD's other division and affiliates in the course of providing services to others or in any other capacity or in any manner whatsoever otherwise than in the course of providing the Investment Advisory Services to the Client pursuant to this Investment Advisory Agreement.

21. <u>Transaction Cost:</u> Before entering into an Agreement and/or making any transaction or investment, the Client should obtain a clear explanation of all commissions, fees and other charges for which the Client will be liable.

22. Risk of Emerging Markets Investments: Emerging Markets are located in countries that possess one or more of the following characteristics: A certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. Emerging markets investments usually result in higher risks such as: political risks, economical risks, credit risks, exchange rate risks, market liquidity risks, legal risks, settlement risks, market risks, shareholder risk and creditor risk.

23. General Risk: The Client understands and accepts the risk of total loss of value of its AUA or recovery thereof only through an expensive legal process due to factors which by way of illustration include default or non performance of a third party, a company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties etc.

24. Specific Risk Factors pertaining to structured products: Debt Portfolio - Structured Products will invest in non-convertible debentures that may be linked to performance of equity markets or Interest rates or commodities. In case of equity linked debentures, such debentures are subject to risks applicable to debt and equity securities. The value of these debentures would vary depending on the volatility of stock prices / indices; interest rates and the credit risk profile of the issuer(s). In addition, the liquidity of these securities could be limited as there is currently no well-developed secondary market in India for hybrid instruments. This in turn imply that payments to investors will not be fixed, and could be linked to one or more external variables such as commodity prices, equity indices, or interest rates. This could result in variability in payments — including possible material loss of principal — because of adverse movement in value of the external variables.

25. Specific Risk Factors pertaining to small and mid-cap stocks: Small and mid cap stocks could be more volatile as compared to large cap stocks. Thus the risks associated with investing in such stocks could be relatively higher. The reasons for the greater price volatility in case of small cap stocks are the less certain growth prospects of small cap companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of small cap stocks to changing economic conditions. Further, the small and mid cap stocks also carry relatively higher liquidity risk compared to the large cap stocks, as the ability to sell is limited by overall trading volume in the securities.

The volatility of medium / small – capitalization stocks may be higher in comparison to liquid large capitalisation stocks. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances.

The inability to make intended securities' purchases due to settlement problems could cause this mandate to miss certain investment opportunities. The mid and small cap stocks carry higher liquidity risk as they are less extensively researched compared to large cap stocks. This may lead to abnormal illiquidity and consequent higher impact cost.

Small cap stocks are generally illiquid in terms of trading volumes on stock markets. Investors therefore should assume that illiquidity risks are higher in these securities than in a normally blue chip stocks. This may result in higher impact costs. Impact costs are those costs that are incurred for acquiring and disposing off the stocks. These are different from brokerage and custodian charges. While smaller size companies may offer substantial opportunities for capital appreciation, they also involve substantial risks. Historically, these companies have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. Smaller Companies carries large amount of liquidity risk compared to the Large Cap companies, as the ability to sell is limited by overall trading volume in the securities, which it invests. In addition, smaller companies may lack depth of management, be unable to generate funds necessary for growth or development or be developing or marketing new products or services for which markets are not yet established and may never become established. They could also suffer from disadvantages such as – outdated technologies, lack of bargaining power with suppliers, low entry barriers and inadequate management depth. Overall, the risks of investing in small companies are (a) transparency/liquidity levels may not be on par with established, large companies; (b) corporate governance may be an issue with some companies; and (c) they may not be resilient enough to withstand shocks of business/economic cycles.

26. Specific risk arising due to investment in Alternative Investment Funds ("**AIF**"): AIF investments can be in investments in the form of Private Equity investments, investments in Real Estate Investment Trusts or non-traditional funds such as hedge funds / offshore funds. Risks generally associated with AIFs are listed below although they may not cover all the risks involved.

Private Equity Funds/ Real Estate Funds: Private equity funds or "**PE**" are participations into private companies and/or funds. Real Estate Funds ("**RE**") essentially invest primarily in real estate sector. The purpose of such participations (either PE or RE) is to provide such companies with capital in order to finance projects that are expected to generate higher returns involving higher risks ("**Projects**"). The PE / RE participations are made either by a single payment or in other cases, by several payments over a certain period of time, known generally as "capital calls" by the private companies involved. PE / RE are less liquid than other securities and in certain cases, fund holdings of PE / RE cannot be sold and/or transferred freely. PE / RE could be locked-in products with limited or even no exit options available. If transferred, this might take place at a discount. Returns on such funds generally occur in several ways such as: (i) a sale of the participations through eventual public listings on stock exchanges; (ii) mergers with other companies, sale to another interested party; or (iii) a recapitalization amongst others. Considerable losses, or even a total loss over the investments into PE / RE might take place, when such private companies and/or funds are either wound up or declared insolvent, should the Projects fail and/or should commercial interest in the business of the private companies or Projects cease to exist. PE / RE investments are suited for sophisticated high risk investors who would like to deploy funds for longer tenure with high yield expectations.

Non-Traditional Funds (Hedge Funds and Offshore Funds): Non-traditional funds are investment companies which differ from traditional equity and bond investments on account of their investment style. The most common form of a non-traditional fund is the hedge fund. Many hedge funds aim to make a profit and sometimes take on very high levels of risk. Hedge funds include all types of investment funds, investment companies, partnerships and limited liability partnerships which use derivatives for investment rather than hedging purposes, which can carry out short sales or which can attain significant leverage from the investment of borrowed capital. Additional features of hedge funds are their free choice of investment categories, markets (including emerging markets) and trading methods. AIF investments could be thematic or have high exposure to only a particular sector thereby increasing the risk on investments. AIF fund managers have greater freedom in their investment decisions than managers of traditional investment funds. The development of the investment capital is therefore substantially dependent on the skills and experience of the fund managers and their teams. There are significant differences in the performance of individual managers.

Hedge funds generally demand high minimum capital investments. Portfolio managers of hedge funds receive performance-linked bonuses and often have a personal stake in the fund. The fund may levy a performance fee in relation to investment in a non-traditional fund. Investment strategies are often high-risk. Due to leverage, a small movement in the market can lead to a major gain, but any losses will also be magnified sharply resulting in loss of the entire amount of the investment. It is not uncommon for there to be little information available concerning non-traditional funds. Moreover, many investment strategies are highly complex and very difficult to understand. There could be changes in strategies that may get overlooked, accorded too little attention or noticed too late, leading to a substantial increase in the level of risk. The liquidity and tradability of non-traditional funds can vary a great deal. Hedge fund issues and redemptions are often only monthly, quarterly or annually. They offer no more than limited subscription and redemption rights with lengthy notice periods.

The net asset value (NAV) of an AIF is usually calculated each monthly, quarterly or annually. The net asset value could also be disclosed about 30 days after it has been calculated. Some of the non-traditional funds only provide very limited information about the individual underlying, their types, and performance. This can make it impossible to understand or verify the valuation. As a result, the investor is faced with the risk that the purchase or sale price calculated for the client might not correspond to the actual value of the fund's net assets.

Alternative investments generally cannot be assigned or transferred. Provisions regarding trading frequency and holding periods may change frequently and rapidly. Liquidations can stretch over many years. Many funds in this category have an offshore domicile which earns them the name offshore funds. They are subject to less stringent legislation and supervision, which in turn offers poorer investor protection. Problems or delays may also arise in the settlement of buy and sell orders for units in such funds. There is no guarantee that an investor's legal rights will be enforceable. Also, absence of a "market" or "common" reference price or a valuation model may make it impossible for the IASD to provide the precise value of the transaction or AIF. Therefore, price indications by the IASD are always based on the latest available market prices of the underlying instrument, latest available net asset values or have arrived from sources believed to be reliable. Consequently, price indications might only reflect historical prices and may not reflect market value of the investments if this is possible at all. The is no assurance as to the accuracy or completeness of price indications for transactions in alternative investments and the IASD does not accept liability for any loss arising from the use thereof.

27. Inability to authenticate any AUA report: The IASD shall provide the Investment Advisory Services based on the Client's AUA report. The Clients' AUA report is typically based on the data received from the product providers, from the Client directly and/or through Client's authorized representatives (such as an Execution Service Provider or a Custodian) and the authenticity of the same cannot be verified by IASD.