

SECTION 1-COVER PAGE

FORM ADV PART 2A: FIRM BROCHURE



VALUEQUEST

Powered by Ideas
Driven by Values

Originally prepared on January 2, 2025

Annual updating amendment dated June 23, 2025

Other than annual updating amendment date August 1, 2025

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF VALUEQUEST INVESTMENT ADVISORS PRIVATE LIMITED (“VALUEQUEST” OR “FIRM”) IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 022 – 69394444. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT VALUEQUEST INVESTMENT ADVISORS PRIVATE LIMITED IS ALSO AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

SECTION 2-MATERIAL CHANGES

Our last annual updation to the brochure was prepared on June 23, 2025, in accordance with the SEC's requirements and rules.

Below mentioned are the material changes that have been made on August 01, 2025, since our last annual updation of the Form ADV 2A;

SECTION 8-METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

ValueQuest Poise, one of the investment Approaches has been discontinued effective 1st August 2025. Hence description of this investment approach and references to it have been deleted from the Form ADV 2A.

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SECTION 4-ADVISORY BUSINESS

ValueQuest Investment Advisors Private Limited (“ValueQuest” or “Firm”) is a boutique Securities and Exchange Board of India (“SEBI”) registered Portfolio Management Firm and an SEC registered Investment Adviser with a strong focus on the equity markets. ValueQuest was incorporated on January 04, 2010, as a “limited liability” private limited company governed under the laws of India. Our founders, Ravindra Dharamshi and Sameer Shah, have more than two decades of equity experience. The Firm was registered as a portfolio manager with SEBI on June 09, 2010, and started business in October 2010. It received the SEC registration on January 03, 2024. Presently, the principal owner of ValueQuest is Ravindra Raichand Dharamshi.

Mr. Ravindra R. Dharamshi is the Founder, Director, Chief Investment Officer “CIO”, Principal Officer and Fund Manager of the Firm. He has more than 23 years’ experience in the stock market and investment management. He completed his MBA in Finance from McCallum Graduate Business School, USA and joined Rare Enterprises as a research analyst before taking charge of research at ValueQuest.

ValueQuest provides Discretionary Portfolio Management Services and advisory services to its clients and can provide Non-Discretionary Portfolio Management Services to its clients. Further, for Large Value Accredited Investors, (LVAI) Clients as defined under the SEBI (Portfolio Managers) Regulations 2020 (Portfolio Management Regulations), ValueQuest provides services to such LVAI Clients in accordance with the applicable SEBI Regulations (Collectively referred to as Private Account Clients). In addition, ValueQuest provides (i) co-investment portfolio management services to the investors of SEBI registered Alternative Investment Funds (AIF), for which it is the investment manager; (ii) advisory services to other SEBI registered AIFs as well. As the Firm registers as a Foreign Registered Investment Advisor with the SEC, the Firm shall provide similar investment services for US domiciled clients in Indian Securities Markets. Some of the aforesaid AIF's will be regarded as "Private Funds" under US laws as they may be offered to US based investors.

The Firm provides investment advisory and portfolio management services that are primarily focused on Indian securities markets. Our services are limited to:

- Equity and equity-related instruments listed on Indian exchanges (e.g., NSE and BSE)
- Mutual funds and Exchange Traded Funds (ETFs) registered in India
- Fixed income products including corporate and government bonds in India
- Units of SEBI-registered Alternative Investment Funds (AIFs)
- Derivatives (e.g., index and stock futures/options) used for hedging or tactical strategies

We do not provide advice on:

- U.S. or other foreign securities (outside India),
- Real estate investments
- Commodities or commodity-linked instruments
- Cryptocurrencies or digital assets

As a result, our investment advice is limited to these investment types, and may not be appropriate for clients seeking exposure to asset classes or markets beyond those listed above.

Our Private Account clients are currently based in India, Europe, The United States of America, and other countries. Total Regulatory Asset Under Management (RAUM) of our discretionary accounts was approximately \$2,436,457,591.56 as of April 30, 2025, and total RAUM of US domiciled clients was approximately \$ 505,346,232 as of April 30, 2025.

Under these services, the choice as well as the timing of the investment decision shall be with ValueQuest except for advisory services (which are non-discretionary and recommendatory in nature).

SECTION 5-FEES, EXPENSES, AND COMPENSATION

ValueQuest generally charges asset-based “management fees” and performance-based “performance fees” to its clients. The amount of these fees is subject to negotiation between ValueQuest and its Clients and is set out in the investment management agreement between the Firm and the applicable Client in the Investment Management Agreement, “IMA”. Performance fees, if charged to US Domiciled clients, shall be paid in compliance with Section 205 of the Investment Advisers Act of 1940, “IAA.”. In accordance with Section 205 of the IAA, performance fees shall not be assessed to US clients who are not “Qualified Clients¹.”

The Firm typically charges Management Fees relating to the portfolio management services offered to its Clients. The fee may be a fixed charge or a percentage of the quantum of funds managed. The range for charging management fees is zero to 2.5% per annum of the value of the Client’s Net Assets under Management plus applicable taxes, as of the fee calculation date. Additionally, advisory fees are charged to the client in relation to advisory services provided to its clients. The advisory fee can be a fixed charge or up to 2.5% per annum plus applicable taxes as of the fee calculation date, on the assets under advice as agreed in the Client IMA.

The Firm can also charge an “Exit Load Fee” if the redemption is done prematurely at the option of the Client. The Firm is able to levy an exit load ranging from zero to 3% of the amount redeemed.

¹ Please see Investment Advisers Act of 1940 Release Number IA-4421 [Order Approving Adjustment for Inflation of the Dollar Amount Tests in Rule 205 3 under the Investment Advisers Act of 1940](#).

Furthermore, for certain Client relationships, in addition to a management fee, ValueQuest is also eligible to be reimbursed for expenses (e.g., software, data vendor and infrastructure costs, research and trading infrastructure, other operating expenses such as Audit fee, Registrar & Transfer fees, Transaction cost, Custodian and Depository charges, securities lending and borrowing cost, Fund accounting charges, certification/ professional charges, legal fees and Other Statutory levies as applicable are as per actuals etc.) it incurs in managing the respective Client accounts, as contractually agreed in the Client IMA.

For Separately Managed Accounts, “SMAs”, and Fund accounts ValueQuest charges Clients accounts monthly for management fees.

The following list of expenses is not meant to be exhaustive and may be dependent on the individual Client IMA.

- a) Custodian/Depository charges: The charges pertaining to opening and operation of dematerialized accounts and bank accounts, custody and transfer charges for funds, shares, bonds and units, dematerialization, rematerialisation and other charges in connection with the operation and management of the depository and bank accounts at actuals.
- b) Registrar and Transfer Agent charges: Charges payable to registrar and transfer agents in connection with effecting transfer of securities, including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges, etc. at actuals.
- c) Brokerage and Transaction charges: The brokerage charges and other charges like goods and service tax, securities transaction tax, service charges, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments at actuals.
- d) Certification and Professional charges: Charges payable for outsourced professional services like accounting, auditing, taxation and legal services, notarization, etc. for certification, attestation required by bankers, auditors, intermediaries, and regulatory authorities at actuals.
- e) Incidental Expenses: Courier charges, stamp duty, service tax, postal stamps, opening and operation of bank accounts, etc. at actuals.
- f) Onboarding of clients: The Clients shall have an option to be on-boarded directly, without intermediation of persons engaged in distribution services. At the time of on boarding of clients directly, no charges except statutory charges shall be levied.

Fees charged may be a fixed fee or a return-based fee or a combination of both. ValueQuest does not charge any direct or indirect upfront fees to clients. Clients may incur additional fees charged by third-party service providers, including custodians, brokers, or administrators.

Clients should seek advice from their own professional advisor if they have any doubt regarding the taxation consequences of investing in the Products offered by ValueQuest under Portfolio Management Services or the Funds for which ValueQuest is the Investment Manager.

SECTION 6-PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

ValueQuest also receives performance-based compensation from its clients, as agreed and set out in the Investment Advisory Agreement between ValueQuest and the applicable Client.

The Performance fee calculation will be done as per the applicable regulations pertaining to India and US.

Performance-based fees generally are invoiced to the applicable Client on an annual basis or at the time of full redemption, unless otherwise agreed with a particular Client.

Conflicts of Interest Related to Performance-Based Compensation. A pre-defined percentage of the appreciation (if any) which would otherwise be allocated to Clients is paid to ValueQuest as performance-based fees or allocations. This performance-based compensation is based upon unrealized, as well as realized, gains, and such unrealized gains may never be recognized by the Client. Performance-based compensation may create an incentive for ValueQuest or its advisory affiliates to make investments that are riskier or more speculative than they might otherwise select. ValueQuest has policies and procedures to mitigate such conflicts.

The amount of performance-based compensation (if any) that ValueQuest receives from a client is expected to vary among the various Client Accounts. This results in a potential conflict of interest, as it could provide ValueQuest with an incentive to favor the Clients from whom ValueQuest receives substantial performance-based compensation over Clients from which ValueQuest receives only asset-based management fees, or a lesser amount of performance-based compensation, by, for example, seeking to allocate more profitable investment opportunities to the Clients for which ValueQuest receives greater amounts of performance-based compensation. To address these conflicts, the Firm has developed allocation policies and procedures that seek to ensure that we allocate investment opportunities among our clients in a manner that we believe is fair and equitable. ValueQuest generally intends to trade and invest in liquid, exchange-traded products, and has implemented an equitable allocation methodology in cases where orders for multiple Clients are aggregated (see “Brokerage Practices” below), which ValueQuest believes mitigates these conflicts.

Performance fees will only be charged to U.S. clients who meet the definition of 'Qualified Client' under Rule 205-3 of the Advisers Act.

SECTION 7-TYPES OF CLIENTS

ValueQuest offers investment advisory services to institutional investors, and accredited investors under Indian law including (but not limited to) investment funds sponsored and operated by ValueQuest and/or other investment advisory firms. Client Accounts are generally subject to a minimum initial investment, unless such a minimum is waived by ValueQuest in its sole discretion subject to compliance with applicable Regulations.

Valuequest will advise Qualified Clients, Family Offices, Accredited Investors, Institutional, and Non-Institutional Accounts including Funds that are regarded as Private Funds under US laws. The firm will also service US Domiciled Clients who are not Qualified Clients. In the event the Firm chooses to offer Advisory Services to US domiciled clients who are not Qualified Clients, ValueQuest will abide by all applicable provisions of the Investment Advisers Act of 1940, In particular Section 203². The Firm will also offer Advisory Services to US domiciled Retail Clients.

SECTION 8-METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The funds of the Clients, under the portfolio management services offered by ValueQuest, will be managed by the Firm's Fund Managers. ValueQuest's investment philosophy underlines maximizing the risk-adjusted returns depending on the client's risk tolerance. In order to achieve the same, a disciplined investment approach, with adequate risk controls, has been adopted by ValueQuest's investment team that is assisted by a dedicated equity research team.

Key elements of our investment philosophy and approach are:

- a) Bottom-up stock selection.
- b) In-depth independent fundamental research.
- c) Focus on high quality companies with sustainable competitive advantages.
- d) Disciplined valuation approach applying multiple valuation measures.
- e) Long term vision resulting in comparatively low portfolio turnover.
- f) Investments in Unit of Mutual Funds (MFs)/Exchange-Traded Funds (ETFs).

² For a copy of the Investment Advisers Act of 1940 please visit <https://www.sec.gov/investment/laws-and-rules>

Presently the Firm offers the following investment strategies:

ValueQuest Growth: The main object of this Investment Approach is to invest in all equity and equity related instruments, debt instruments (including liquid mutual funds, fixed deposits etc.) and securities listed or traded on any recognized stock exchange to deliver long-term capital appreciation and risk-adjusted returns.

ValueQuest Growth endeavours to invest in fundamentally strong, well-researched companies across market capitalizations, aiming to deliver long-term capital growth and risk-adjusted returns. The strategy combines bottom-up stock selection with top-down analysis, focusing on identifying businesses which are at inflexion points of their scale change.

1. Long-term -3-5 years rolling view
2. Multicap -Market cap agnostic
3. Customized -As per client mandate
4. Focused- Absolute returns
5. Concentrated approach

We follow the SCALE framework mentioned below to identify high quality companies at reasonable valuations.

- Scalable Companies
- Competitive Advantage
- Adaptive
- Long-runway
- Superior Execution

Asset Allocation would be primarily in equities. The remaining portfolio allocation may be invested in Bank balances/ Liquid Mutual Funds/ Fixed Income/ETFs instruments as per the portfolio Manager's discretion.

Time frame for investments for this Investment Approach will be rolling 3-5 years.

ValueQuest Platinum: The main object of this Investment Approach is to invest in all equity and equity related instruments, debt instruments (including liquid mutual funds, fixed deposits etc.) and securities listed or traded on any recognized stock exchange with aim to deliver long-term capital appreciation and risk adjusted returns.

ValueQuest Platinum endeavors to build a portfolio of companies benefiting from strong structural trends, targeting long-term capital appreciation and optimal risk-adjusted outcomes. The approach is to identify megatrends and the sectors and companies which can benefit from this trend and change their scale of business. The portfolio combines core holdings with emerging opportunities, including new to market companies and special situations.

1. Long-term -3 years rolling view
2. Multicap -Market cap agnostic
3. Customized -As per client mandate

4. Focused- Absolute returns
5. Concentrated Approach

These stocks will be selected based on business tailwinds and optimal risk-reward.

- Large Addressable External Opportunity
- Sustainable Competitive Advantage
- Scalable Business Model
- Management with Integrity and Capability
- Reasonable Valuations

Asset Allocation would be primarily in equities. The remaining portfolio allocation may be invested in Bank balances/Liquid Mutual Funds/ Fixed Income instruments/ETFs as per the Portfolio Manager's discretion. Time frame for investments for this Investment Approach will be rolling 1-3 years.

ValueQuest Vision: The main object of this Investment Approach is to invest in all equity and equity related instruments, debt instruments (including liquid mutual funds, fixed deposits etc.) and securities listed or traded on any recognized stock exchange with aim to deliver long-term capital appreciation and risk-adjusted returns.

Valuequest Vision aims to invest in fundamentally sound, well researched companies having bright future prospect irrespective of market capitalization. The aim is to identify stocks through bottom-up research based on sector developments, quarterly results, etc. Here our philosophy is to look for companies that have the capability to change league in terms of size.

1. Long-term -5 years rolling view
2. Multicap -Market cap agnostic
3. Customized -As per client mandate
4. Focused- Absolute returns
5. Concentrated Approach

These stocks will be selected based on strength of balance sheet, management quality, product, and sales capabilities, etc Asset Allocation would be primarily in equities. The remaining portfolio allocation may be invested in Bank balances/Liquid Mutual Funds/Fixed Income instruments/ETFs as per the portfolio Manager's discretion. Time frame for investments for this Investment Approach will be rolling 5 years.

ValueQuest Alpha: The primary objective of the Portfolio is to generate returns superior to the Benchmark by adopting an active stock selection approach, subject to a controlled risk environment.

The Portfolio shall follow a combination of top-down and bottom-up investment approach, identifying sectoral opportunities through macroeconomic and industry analysis, and selecting

businesses positioned at inflection points based on fundamental strength, growth potential, quality, and sectoral tailwinds.

The investment process incorporates Environmental, Social, and Governance (ESG) considerations such as management quality, corporate governance standards, shareholder rights, and relevant social or environmental responsibilities. ESG factors will be evaluated as part of the due diligence process but will not be the sole basis for investment decisions.

The Portfolio seeks to achieve superior risk-adjusted returns through a concentrated approach, with a strong emphasis on disciplined risk management.

Financial instruments approved below (“Approved Instruments”) with listing on a regulated and recognised exchange.

Approved investments can be Common stocks and preferred stocks, American Depositary Receipts (“ADR”) and Global Depositary Receipts (“GDR”) as well as other depository receipts provided that the depository receipts are sponsored by the issuer, Real Estate Investment Trusts (“REITS”) provided that the investment qualifies as a REIT or REIT equivalent in the specific country / marketplace.

The objective is to build a concentrated portfolio of high-conviction ideas offering favourable risk-reward, aligned with the fund’s broader investment strategy and risk management principles.

The Portfolio shall primarily invest in listed equity and equity-related instruments, including but not limited to equity shares, convertible securities, and equity-linked instruments.

Subject to the investment strategy and regulatory limits, the Portfolio may also allocate cash and cash equivalents, units of mutual funds, and debt instruments for tactical or liquidity management purposes.

The exact allocation may vary based on market conditions, investment opportunities, and the discretion of the Portfolio Manager within the defined strategy framework.

The indicative investment horizon for the Portfolio is long-term, typically we take 3 to 5 years rolling view, to allow adequate time for the investment thesis to play out and for underlying businesses to deliver on growth and value creation.

ValueQuest Liquid. The main object of this Investment Approach is to invest in all Liquid Mutual Funds, short-term debt funds, Exchange Traded Funds, money market mutual funds, and other debt funds to facilitate investors to take Asset Allocation calls between Cash and Equity.

To generate optimal returns consistent with moderate levels of risk and liquidity by investing in Debt Securities and Money Market Securities. The allocation of the portfolio shall be in Debt Instruments including Government Securities, Corporate Debt, Other Debt Instruments, Term

Deposits and Money Market Instruments. Typically, investment will be for a short term of 3-6 months with an objective of interim parking of money.

Benchmarks: ValueQuest primarily uses the BSE 500 TRI Bombay Stock Exchange (“BSE 500 TRI”) as the benchmark to compare performance for equities held within the Firms portfolios. The BSE 500 index is designed to be a broad representation of the Indian market. Consisting of the top 500 companies listed at BSE Ltd., the index covers all major industries in the Indian economy. The Fund Manager under this strategy invests across market capitalizations.

For Debt investments ValueQuest typically utilizes the CRISIL Composite Bond Fund Index as a benchmark. The index seeks to capture the movement in a portfolio consisting of most liquid government and corporate securities by using appropriate market representation. CRISIL Research is India's largest independent integrated research house. Effective April 1, 2023, SEBI has prescribed that the portfolio managers shall choose benchmarks from Nifty Medium to Long Duration Debt Index, CRISIL Credit Index, CRISIL Composite Bond Fund Index. The CRISIL Composite Bond Fund Index was more appropriate benchmark according to our analysis.

Derivative Products. ValueQuest may trade and invest in various derivatives products. The firm views these products as an effective means of hedging, to capture idiosyncratic market events, and to manage tax liabilities in the most efficient manner. ValueQuest also views derivatives as a means of achieving greater diversification, cost efficiency, and customization. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the firm may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the firm. Counterparty risk is also a consideration. Should ValueQuest enter a derivatives position with a counterparty who was unable to meet their obligations, the firm may be exposed to losses. Other unforeseen risks may arise, which may expose the firm to additional risks and losses.

Valuation: Investments in Equities, Mutual Funds and Debt instruments will be valued at the closing market prices of the exchange (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant Investment Approach(es) on the date of the report, or any cutoff date or the market value of the debt instrument at the cutoff date. Alternatively, the last available prices on the exchange or the most recent Net Asset Value “NAV” will be reckoned.

- a) Realized gains/losses will be calculated by applying the First in/First out principle for income tax purpose. For example, the earliest purchased quantity will be reckoned for the current/most recent sale at the respective prices at both points in time.
- b) For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- c) Unrealized gains/losses are the differences between the current market values/ NAVs and the historical cost of the securities.

- d) Dividends on shares and units in mutual funds, interest, stock lending fees earned etc. shall be accounted on an accrual basis. The interest on debt instruments shall be accounted on an accrual basis.
- e) ValueQuest and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- f) ValueQuest shall follow the method as prescribed by APMI circular APMI/2022-23/01 dated March 23, 2023 for valuing any unlisted securities.
- g) The Client may contact the customer services official of ValueQuest for the purpose of clarifying or elaborating on any of the above policy issues.
- h) Tax deducted at source ('TDS') on interest / TDS on dividend received on equity shares and TDS on capital gain (for Non resident Indian clients) is shown as withdrawal from corpus and in case of reversal of TDS it shall be shown as corpus inflow. For clarification, no TDS is deducted on capital gains for resident clients and is the responsibility of the Client to pay such taxes to the authorities.

The Firm expects that it will primarily invest in securities listed on public exchanges. Accordingly, the Firm anticipates that a market quotation will be readily available. In general, exchange traded securities and securities for which pricing information is readily available are priced by the Firm using independent pricing sources. The pricing data obtained by the Firm is reviewed and generally used for valuation purposes.

Securities listed on a securities exchange will be valued at the official closing price reported by the exchange on which the securities are primarily traded on the date of determination. If the security is listed on National Stock Exchange (NSE) as well as Bombay Stock Exchange (BSE), then closing prices reported by NSE are considered primarily and if the price is not available on NSE, then closing prices reported by BSE are considered for valuation. In the event that the date of determination is not a day on which the relevant exchange is open for business, such securities will be valued at the official closing prices reported by the exchange on the most recent business day prior to the date of determination. Exchange-traded options will be valued at the average of the most recent "bid" and "ask" prices.

The determination of fair value using these methodologies considers a range of factors, including but not limited to the price at which the investment was acquired; the nature of the investment; local market conditions; trading values on public exchanges for comparable securities; current and projected operating performance; and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of judgment by the Firm.

In addition, the Firm will typically take into account any significant third-party valuation events that may materially affect a portfolio company's valuation during the quarter in which they occur. These third-party valuation events include, without limitation: new investors in the company; the announcement of an initial public offering; or other occurrences which may be material to the valuation of a company.

Risk Factors: The following list of risk factors does not purport to be a complete itemization or analysis of the risks associated with investment in the securities/Funds:

- a) Investing is speculative and carries the risk of capital loss. There is no guarantee or assurance that the Firm or any particular investment will meet their investment objectives or prevent losses, including the potential loss of the entire investment.
- b) Investment in securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc. ValueQuest does not assure or guarantee that the objectives of any of the Investment Approach(es) will be achieved. Investments may not be suitable for all the clients/investors.
- c) The past performance of ValueQuest does not indicate the future performance of the Firm. There is no assurance that the past performances will be repeated in future. Clients/Investors are not being offered any guaranteed or assured returns under any of the Investment Approach(es).
- d) ValueQuest may appoint individual(s) as fund managers (Fund Manager/s) to manage certain portfolios or certain Investment Approach(es). The past performance of the Fund Managers does not indicate the future performance of the portfolios managed by such Fund Manager(s). There is no assurance that the past performances will be repeated in future. The names of the portfolios do not in any manner indicate their prospects or returns. ValueQuest may change the Fund Manager in the interest of the Portfolio Management Service(s) at any time without assigning any reason to it and/ or without any information to the clients/investors. That said, ValueQuest will strive to inform the relevant Clients/investors about the change of the Fund Manager(s) and the details of the new Fund Manager(s) within a reasonable timeframe after the change is affected. Investments in equity may be adversely affected by the performance of companies, changes in the economy, government policy, the marketplace, credit ratings and industry specific factors. Debt and other fixed income investments may be subject to changes in interest rates and/or liquidity, credit and reinvestment risks. Liquidity in the investments and performance of portfolio may be affected by trading volumes, settlement periods and transfer procedures. Derivatives, futures and options are highly leveraged instruments and require a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value. Appreciation in any of the Investment Approach(es) can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach(es) may also be affected due to any other asset allocation factors. When investments are restricted to a particular or few sector(s) under Investment Approach(es) there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the portfolio value will be adversely affected.

- e) In the case of stock lending, risks relate to the defaults from counterparties with regard to securities lent and the corporate benefits accruing thereon. ValueQuest is not responsible for any loss resulting from stock lending.
- f) Each client portfolio (Portfolio) will be exposed to various risks depending on the investment objective, investment strategy and the asset allocation. The investment objective, investment strategy and the asset allocation may differ from client to client. However, highly concentrated portfolios with lesser number of stocks will generally be more volatile than a portfolio with a larger number of stocks.
- g) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc. Risk may also arise due to inherent nature of the product/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume, among others.

- h) Liquidity or Marketability Risk: Certain securities may become impossible to sell or not marketable due to the absence of any potential buyers. In such situations, the investment in the securities may be lost or its realization may be inordinately delayed.
- i) Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of portfolios. The co-investment portfolio will consist largely of equity, equity-linked instruments and other convertible securities issued by investee companies, whose securities are not publicly traded. Such investments involve a high degree of business and financial risk, as well as company-specific, industry-specific, and macro-economic risks, which may result in substantial loss to the value of the co-invest portfolio. The investee companies may face intense competition, including competition from companies with greater financial wherewithal and superior resources. ValueQuest can offer no assurance that the marketing efforts of the investee company will succeed or that its business will succeed or be profitable. Further, the target securities are volatile and are prone to fluctuations in value. Investments such as these carry a high degree of risk and there is a risk of loss of the entire amount invested. While ValueQuest shall take all reasonable steps with respect to the co-investment portfolio in a prudent manner, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume the loss on the investment, and, consequently, the growth of the co-investment portfolio.
- j) ValueQuest is neither responsible nor liable for any losses resulting from the Co-Investment Portfolio Management Services. After the commencement of the term of the Co-Investment Portfolio Management Services, ValueQuest may not get the opportunity to offer the Clients any suitable co-investment opportunities

There are also idiosyncratic risks to investing in the Indian Stock and Bond markets. These are just some of the risks and the following list is not exhaustive or all encompassing.

- a) The Indian markets can be highly volatile due to domestic economic conditions, inflation rates, and changes in government policy. Global economic trends, including changes in US monetary policy, can significantly affect the Indian market.
- b) US investors face currency risk when investing in Indian assets since their returns will be affected by changes in the exchange rate between the Indian Rupee ("INR") and the US Dollar ("USD"). Hedging against currency risk can be expensive, impacting overall investment returns.

- c) Changes in government, policy shifts, or political unrest can lead to sudden changes in market dynamics. The Indian regulatory environment can be complex and subject to rapid changes, which may introduce risks for foreign investors.
- d) Indian markets are subject to the performance of key sectors like information technology ("IT"), agriculture, and manufacturing, making them vulnerable to sector-specific downturns. Indicators such as Gross Domestic Product ("GDP") growth, inflation, and employment rates influence stock and bond market performance.
- e) Some smaller stocks or bonds may have low trading volumes, making it difficult to buy or sell positions without impacting market prices. In times of market downturns, there could be challenges in liquidating positions at favorable prices.
- f) Some Indian companies may not adhere to high governance standards, making it essential for investors to thoroughly investigate before investing. Incidents of fraud or corporate scandals can lead to significant losses.
- g) US investors may face challenges in obtaining accurate and timely information about Indian companies and the markets. The quality of market research and analysis may fluctuate, affecting investment decisions.
- h) Changes in India's monetary policy leading to rising interest rates can negatively impact bond prices.
- i) Tensions with neighboring countries can lead to increased geopolitical risk and market instability.
- j) Changes in trade agreements or tariffs can impact certain sectors adversely.

Disclosures on Conflict of Interest

- a) ValueQuest has in place internal policies and procedures for its employees to manage conflict of interest and ensures fair treatment of their clients and discloses possible areas of conflict of interest.
- b) With respect to any conflict of interest related to services offered by group/associate companies of ValueQuest, the Firm makes best efforts to ensure that clients' interests are protected. ValueQuest shall abide by high level principles on avoidance of conflicts of interest, as may be specified by the SEBI from time to time.

- c) ValueQuest is acting as an Investment Manager for CAT II AIF – ValueQuest Alternate Investment Trust and to CAT III AIF- ValueQuest India Investment Trust. ValueQuest also has a Branch in International Financial Services Centres Authority (“IFSCA”) GIFT City, Gujarat as a Registered Fund Management Entity, FME (Non-Retail). Given the above activities, there is a risk that conflict of interest will arise between the firm or its affiliates interest and the client/investors interests. ValueQuest will make the best efforts to ensure that such conflicts of interest are identified and managed, and that clients’ interests are protected. ValueQuest shall ensure fair treatment to all clients and put clients’ interest above all.
- d) ValueQuest and/or its officers, directors, and employees and personnel, may invest in or promote or advise investments/funds/projects which are similar to those being considered by the Fund/ValueQuest (including for the purposes of co-investment opportunities). This may result in circumstances wherein there may be a conflict of interest in determining the allocation of investment opportunities amongst the various such investments/funds/projects. While ValueQuest will endeavor to resolve any such conflicts in a reasonable manner, taking into account, inter alia, the remaining unfunded commitments in the various funds, the level of diversification, etc., there can be no assurance that the Client will be allocated the opportunity to participate in a co-investment opportunity.
- e) Diversification Policy: ValueQuest’s asset allocation would be primarily in equities. The remaining portfolio allocation may be invested in bank balances/liquid Mutual Funds/ Fixed Income/ETFs instruments as per ValueQuest’s discretion. The emphasis would be to invest in fundamentally sound, well-researched companies having bright prospects irrespective of market capitalization. Portfolio will be spread across sectors and across market capitalization and hence the risk would be diversified.
- f) The services of ValueQuest and the key managerial personnel will not be exclusive to a Client or Fund, and, subject to the limits described, they are free to render investment management and other services to others and to be involved in a variety of investment and non-investment activities/ businesses unrelated to a Client or Fund so long as the services to be performed by it for the Client or Fund are not impaired thereby.
- g) With respect to investments of clients’ funds in securities of related party/associates, ValueQuest shall comply with the limits prescribed under the SEBI (Portfolio Managers) regulations 2020 and its amendments.

SECTION 9-DISCIPLINARY INFORMATION

In the normal course of business, ValueQuest underwent examinations by the Securities and Exchange Board of India, “SEBI”, for the period April 1, 2022, thru, June 30, 2024. The Firm takes compliance with all rules and regulations of the jurisdictions in which it conducts business with the utmost importance. At the conclusion of the aforesaid exams SEBI found the following deficiencies within ValueQuests operations which they communicated to ValueQuest vide their letter dated August 6, 2024, October 3, 2024 and December 5, 2024 respectively.

August 6, 2024

ValueQuest did not disclose its performance numbers per the SEBI prescribed template in its “Disclosure Document” thus resulting in non-compliance with clause 4.5.1 of the SEBI (Master Circular) on Portfolio Managers, dated March 20, 2023. SEBI advised the Firm to take corrective actions and notify them of the action taken in this connection. ValueQuest responded to SEBI on August 21, 2024, followed by a follow-on letter of September 12, 2024 and communicated that the Firm had revised its “Disclosure Document” effective April 2024 and have since been disclosing its performance numbers per the SEBI prescribed template. Further the Firm has also changed its “internal auditor” by appointing a reputed Mumbai based auditor and additionally appointed another audit firm as a “concurrent auditor” to ensure greater controls.

October 3, 2024

Regulation 24 (3A) of the Portfolio Managers Regulations inter-alia provides that portfolio managers shall ensure compliance with the prudential limits on investment as may be specified by the SEBI. In accordance with this Regulation, Portfolio Managers registered with the SEBI shall not hold more than 15% of the Client funds in equity investments in securities of associates/related parties of the Investment Manager.³

During the course of the examination the SEBI found a) that ValueQuest had breached the position limits set forth in Regulation 24 (3A) and b) that the ValueQuest board of directors (Board) had failed to review performance of each of their client portfolios at their quarterly board meetings. As regards breach of the position limits. ValueQuest was able to detect a deficiency within internal controls which allowed the situation to arise. The Firm has put new policies and procedures in place to ensure compliance with the Regulation. Primarily, the ValueQuest Board evaluates these positions on a semi-annual basis as opposed to annually. Further the ValueQuest Board has started reviewing performance of each of their client portfolio accounts separately at their quarterly board meetings as opposed to the annual review they were doing earlier. The

³ [SEBI | Securities and Exchange Board of India \(Portfolio Managers\) Regulations, 2020 \[Last amended on August 18, 2023\]](#)

Firm feels this increased measure of due diligence shall ensure compliance with aforesaid requirement going forward.

December 5, 2024

SEBI communicated that ValueQuest had not adhered to SEBI Circular dated June 28, 2006 that required portfolio managers to include disclosures in their “Disclosure Documents” permitting their clients to question the portfolio manager’s investment decisions on the grounds of malafide, fraud, conflict of interest or gross negligence. SEBI advised ValueQuest to take steps to rectify the deficiency and comply going forward.

ValueQuest has already amended the paragraph in accordance with SEBI Circular SEBI/IMD/CIR No. 1/70353/2006 dated June 28, 2006, in the latest disclosure document dated October 21, 2024, which has been filed with SEBI and updated on the Company’s website. This will be followed going forward.

SECTION 10-OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain inherent conflicts of interest may arise from the fact that ValueQuest expects to carry on substantial investment activities for multiple Clients simultaneously. The investment methods and strategies that ValueQuest uses to manage a particular Client’s account are expected to be used by ValueQuest when managing other Clients’ accounts. ValueQuest and/or its affiliates may have a conflict of interest in rendering advice to a particular Client because the financial benefit from managing another Client’s account may be greater, which could provide an incentive to favor such other account. Trading by principals and personnel of ValueQuest will be subject to ValueQuest’s Code of Ethics and personal trading policy, as described below in “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,” which seeks to mitigate the conflicts described above. Also, as described in “Performance-Based Fees and Side-by-Side Management -- Conflicts of Interest Related to Performance-Based Compensation” above, ValueQuest believes that these conflicts are mitigated by the nature of its investment program, as well as its methodology for allocating investments among Clients’ accounts, as described below in “Brokerage Practices.”

Neither ValueQuest nor any of our employees are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer in the USA.

Neither we nor any of our employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities in the USA.

SECTION 11-CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ValueQuest has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, prohibition on insider trading, prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, policies and procedures relating to expert networks, and personal securities trading procedures, among other things. All supervised persons at ValueQuest must acknowledge the terms of the Code of Ethics annually, or as amended. ValueQuest Clients or prospective clients may request a copy of ValueQuest's Code of Ethics by contacting ValueQuest at 022-69394444. A copy of ValueQuest's Code of Ethics is available to clients and prospective clients upon request, at no charge.

As a matter of policy, ValueQuest does not cause Clients to effect transactions in which such Client purchases securities or derivatives from, or sells securities or derivatives to, ValueQuest or its principals or affiliates (i.e., principal trades), or in which one of ValueQuest's affiliates acts as broker for both the Client's account and the other party to the transaction (i.e., agency cross transactions) unless the Said Transactions Are Made In Full Compliance Of Applicable Provisions Of The Advisers Act/Rules And with Consent Of The Clients. Unless otherwise agreed with a Client, and subject to applicable law, ValueQuest may effect transactions between two of its Clients (i.e., cross trades), either directly or through open-market transactions, where ValueQuest believes that such transaction is in the best interests of both participating Clients. Effecting cross trades may increase brokerage commissions and may result in certain Clients holding less of a profitable investment, or more of an unprofitable investment, than would be the case if there were no cross trades.

ValueQuest is permitted, in appropriate circumstances, to cause Clients to purchase or sell securities in which ValueQuest, its affiliates and/or Clients, directly or indirectly, have a position or interest. ValueQuest employees and persons associated with ValueQuest are required to follow ValueQuest's Code of Ethics, which includes certain qualifications on the ability of ValueQuest personnel to trade instruments held by Clients. Subject to satisfying this policy and applicable laws, officers, directors and employees of ValueQuest and its affiliates may, in certain circumstances, trade for their own accounts in securities and derivatives which are recommended to and/or purchased for Clients, as described above in "Other Financial Industry Activities and Affiliations." The Code of Ethics is designed to assure that the personal transactions, activities and interests of the employees of ValueQuest will not interfere with (i) making decisions in the best interest of Clients and (ii) implementing such decisions while at the same time allowing employees to invest for their own accounts. The Code of Ethics requires pre-clearance of certain transactions and requires that the interests of Clients be placed ahead of those of ValueQuest employees in their personal trading. Nonetheless, because the Code of

Ethics in some circumstances would permit employees to invest in the same instruments as Clients, there is a possibility that employees might benefit from market activity by a Client in an instrument held by an employee. Employee trading is regularly monitored under the Code of Ethics in an effort to prevent conflicts of interest between ValueQuest and its Clients.

ValueQuest also manages Proprietary Trading Accounts and Separately Managed Accounts for Clients. Due to this, there may be instances where said accounts hold positions in congruence with or opposite of other Clients Accounts. This can create conflicts of interest. ValueQuest has established policies and procedures within its compliance manual and code of ethics to ensure these conflicts are monitored to confirm compliance with all the Firms policies and procedures as well as all applicable regulatory requirements.

For a copy of the Firms “Code of Ethics and Personal Trading Policies,” please contact ValueQuest Investment Advisors Pvt. Ltd. at Email id- legal.compliance@valuequest.in or 022–69394444.

SECTION 12-BROKERAGE PRACTICES

Client Accounts. ValueQuest generally will select the executing brokers to be used for each transaction and negotiate the rates and commissions the Client will pay. Transactions will take place with direct investments in Indian Securities and Indian Bonds.

ValueQuest Client Account’s may incur brokerage charges and other charges like goods and service tax, securities transaction tax, service charges, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments at actuals. Although cost of execution is a consideration, other facts may influence the choice of brokers.

Where ValueQuest is responsible for selecting brokers to be used for a Client Account, ValueQuest may not adhere to any rigid formulae in making the selection of brokers but will weigh a combination of criteria consistent with its obligation to seek “best execution” for its Clients. In selecting brokers to execute transactions, ValueQuest need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Brokers will be selected generally on the basis of best execution, which may be determined by considering, in addition to price and commission rates, other factors including special execution capabilities, clearance, settlement, other transaction charges, block trading and block positioning capabilities, financial strength and stability, efficiency of execution and error resolution, the availability of stock to borrow for short trades, custody, recordkeeping and similar services (“Products and Services”).

Research and Other Soft Dollar Benefits. In exchange for the direction of commission dollars to certain brokers, credits (or soft dollars) may be generated which may be used by ValueQuest to

pay for the Products and Services provided by, or paid by, such brokers (“Credits”). Although the commission rates charged by such brokers may not be represented as reflecting such additional Products and Services, the commission rates charged by such brokers may be higher or lower than the commission rates charged by other brokers, and ValueQuest’s clients may be deemed to be paying for such research and other Products and Services provided by the broker which are included in the commission rate (i.e., “paying up”). In particular, ValueQuest expects to enter into “soft dollar” arrangements with one or more brokers in connection with securities transactions undertaken on behalf of its clients, pursuant to which such brokers will provide ValueQuest with certain research and execution analytics. ValueQuest intends for its use of such research and other Products and Services to qualify for the “safe harbor” set out in Section 28(e) under the Securities Exchange Act of 1934⁴, as amended.

ValueQuest may derive substantial direct or indirect benefit from such research and other Products and Services, particularly to the extent it uses Credits to pay for research or other expenses which it would otherwise be required to pay. Clients may pay higher commissions to brokers who provide research and other soft dollar benefits, which may benefit ValueQuest but not directly benefit the client. As mentioned above, ValueQuest seeks to comply with the safe harbor under Section 28(e) of the Securities Exchange Act. To the extent that ValueQuest receives the benefits of the research and Products and Services, a potential conflict of interest exists between ValueQuest’s duty to manage or trade in the best interests of its Clients and in an effort to obtain best execution, and ValueQuest’s desire to receive the potential benefits of these Products and Services. In addition, ValueQuest may use Products and Services in servicing some or all of its Clients and the clients of its affiliates, and some research and other Products and Services may not necessarily be used by a particular Client even though its commission dollars may have provided for the research and other Products and Services. A Client, therefore, may not, in a particular instance, be the direct or indirect beneficiary of the research and other Products or Services provided.

Client Referrals from Brokers. ValueQuest acquires client referrals from registered distributors. Because such referrals, if any, are likely to benefit ValueQuest, but will not necessarily provide any significant benefit to ValueQuest’s Clients, ValueQuest will have a conflict of interest when allocating brokerage business to a broker who has referred Clients or investors to ValueQuest. To prevent brokerage commissions from being used to pay investor referral fees, ValueQuest will not allocate brokerage business to a referring broker unless they determine in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to ValueQuest’s Clients.

Directed Brokerage. Generally, all our Clients authorize us to select brokers that we may use to undertake transactions in the Clients’ accounts. Our Private Account clients may direct us to use particular brokers (“designated brokers”) to effect transactions in their accounts (“directed brokerage”). Clients who use directed brokerage (“directed brokerage clients”) may incur higher transaction costs (and therefore experience lower overall returns) than clients who do not use

⁴ Please see <https://www.sec.gov/files/rules/interp/34-23170.pdf>

directed brokerage. For example, designated brokers may charge higher brokerage commission than brokers that we would otherwise use. In addition, designated brokers may execute trades for our directed brokerage clients at disadvantageous times – for example, a designated broker may buy (or sell) a particular security for a directed brokerage client before (or after) brokers that we have selected buy (or sell) identical or related securities for our other clients. Under those circumstances, a directed brokerage client may be subject to adverse price movements, particularly if the designated broker's trades occur after large block trades, involve illiquid securities or occur in volatile markets. Therefore Clients who direct brokerage may receive less favorable execution than clients who permit ValueQuest to select brokers.

Aggregation and Allocation of Client Orders/Investments. In case of Indian clients (domestic clients) where transacting for clients through a pool account is permitted, securities bought or sold for the pool account shall be allocated on a pro-rata basis amongst the clients participating in the said pool in proportion to the size of the original orders placed for each client. Where the execution of an order is 100% complete, each client participating in a pool trade will receive the same average price and shall be charged the same commission rate. Where the order is partly executed, the executed portion of the order shall be allocated on a pro rata basis amongst the clients in proportion to the size of the original orders placed for each client and the balance will be carried forward for the next day as pending orders.

The above aggregation and allocation process will be made Investment Approach-wise.

In the case of Institutional clients (including US institutional clients if any) and non-resident Indian (NRI) clients, including clients who are US Persons, as pooling of trades is not permitted under applicable laws, orders of each of these clients are placed separately with the broker for execution. The broker ascertains the market lot of the ordered securities that is available and generally releases the client orders in a quantity such that all clients' orders get filled fully or proportionately at the same average price and on the same commission rates. This way the Firm ensures that all clients receive fair and equitable treatment over time.

SECTION 13-REVIEW OF ACCOUNTS

Account Reviews. ValueQuest conducts monthly reviews of the positions held by its Clients. These reviews are conducted by ValueQuest's respective Fund manager. In the absence of the respective Fund manager, the review is done by Chief Investment Officer.

Client Reporting. Clients with Accounts advised by ValueQuest receive monthly statements for SMA Accounts, and quarterly statements for Fund Investors with respect to their accounts, and such other reports as may be agreed between ValueQuest and the Client.

SECTION 14-CLIENT REFERRALS AND OTHER COMPENSATION

ValueQuest currently has no arrangements whereby it receives an economic benefit from any person other than its clients, for providing investment advice or other advisory services to its US Domiciled Clients. ValueQuest has empaneled an SEC registered broker-dealer for US domicile clients' referrals and shall compensate the said broker-dealer for potential clients referred by such broker dealer who convert as clients in accordance with our referral agreement with the said broker-dealer.

SECTION 15-CUSTODY

ValueQuest is deemed to have custody of the funds and securities of its US Domiciled Clienty solely because it has authority to deduct its management fees from the portfolio account of its US clients. In accordance with the requirements of the applicable custody rules (Rule 206(4)-2(a)(1) to (3) under the Investment Advisers Rules, ValueQuest has put in place policies and procedures to ensure that (a) the client assets are held with a Qualified Custodian and the prescribed notification has been made to each US domiciled client and (b) the Qualified Custodian sends an account statement to each US Domiciled client on a quarterly basis identifying the amount of funds and of each security held in the US domiciled client's account at the end of the relevant quarter and setting forth all transactions during the said quarter.

SECTION 16-INVESTMENT DISCRETION

ValueQuest exercises discretionary authority over the accounts of its Clients. ValueQuest usually receives discretionary authority from the Client at the outset of an advisory relationship, by means of an investment advisory or similar agreement which grants a power of attorney in favor of ValueQuest to select the identity and amount of any investments to be bought or sold for its Clients. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client's account.

SECTION 17-VOTING CLIENT SECURITIES

Unless otherwise agreed with a particular Client, ValueQuest holds the authority to vote proxies on behalf of its Clients and has adopted proxy voting policies and procedures designed to ensure that such proxies are voted in its Clients' best interests. ValueQuest typically does not vote on

Proxy Material unless the client specifically requires us to do so or Proxy Voting is mandated under applicable Regulations. Pursuant to ValueQuest's proxy voting procedures, in the event that ValueQuest receives proxies sent to a Client, it will be responsible for casting the proxy votes, consistent with ValueQuest's general voting guidelines and other applicable firm policies. However, ValueQuest may also engage an independent third party to cast any proxy votes on behalf of its Clients in the event that the Chief Compliance Officer identifies a material conflict of interest in casting such votes. Clients may obtain a copy of ValueQuest's complete proxy voting policies and procedures, as well as information about how their proxies were voted, by contacting the Firm at the contact information listed on the cover page.

SECTION 18-FINANCIAL INFORMATION

ValueQuest is required to provide you with certain financial information or disclosures about its financial condition. ValueQuest has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.