LAM ZyFin Global Markets UCITS ETF plc

LAM ZyFin MSCI India UCITS ETF

20 July 2016

(A sub-fund of LAM ZyFin Global Markets UCITS ETF plc, an investment company with variable capital constituted as an umbrella fund with segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank pursuant to the UCITS Regulations).

This Supplement (the "Supplement") forms part of the Prospectus dated 2 October 2015 (the "Prospectus") in relation to LAM ZyFin Global Markets UCITS ETF plc (the "Company") for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the LAM ZyFin MSCI India UCITS ETF (the "Sub-Fund") which is a separate sub-fund of the Company, represented by the LAM ZyFin MSCI India UCITS ETF series of shares in the Company (the "Shares").

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

The Company and the Directors, as listed in the "*Management*" section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

Base Currency	US Dollar
Calculation Day	One Business Day (D+1 day) following each Dealing Day
Dealing Deadline	For subscriptions and redemptions, 1:00 pm (Irish time) on each Dealing Day
Dealing Day	Every Business Day of each week
Distribution Policy	Accumulating
Index	MSCI India 10/40 Index Net TR (net dividends reinvested), denominated in US Dollars
Index Provider	MSCI, Inc.
ISIN	IE00BDHBGX15
Listing Stock Exchange	It is currently intended to apply for the Shares to be admitted to trading on the Deutsche Börse and the London Stock Exchange. The Directors may determine in their discretion to seek admission to trading for the Shares on any other exchange and will notify investors accordingly.
Minimum Initial Subscription Amount	USD 464,000 (or the aggregate number of Shares equivalent in value) and multiples thereof, or such other amount as may be determined by the Directors from time to time and stated on the Website
Minimum Subsequent Subscription Amount	USD 464,000 (or the aggregate number of Shares equivalent in value) and multiples thereof, or such other amount as may be determined by the Directors from time to time and stated on the Website
Minimum Redemption Amount	USD 464,000 (or the aggregate number of Shares equivalent in value) and multiples thereof, or such other amount as may be determined by the Directors from time to time and stated on the Website
Offer Period	From 9 am (Irish time) on 21 July 2016 to 1 pm (Irish time) on 20 January 2017, or such earlier or later date as the Directors may determine
Settlement Deadline	For subscriptions, appropriate cleared subscription monies must be received by 1:00 pm (Irish time) on the Dealing Day, or such later date as may be determined by the Directors and notified to Shareholders from time to time
Valuation Point	1:00 pm (Irish time) on each Business Day

	(including a Dealing Day)

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The Sub-Fund's objective is to track the performance of the MSCI India 10/40 Index Net TR in USD (the "**Index**").

Investment Policy. The investment policy of the Sub-Fund is to track the performance of the Index (or, subject to prior approval of the Shareholders of the Sub-Fund by ordinary resolution and in accordance with the Prospectus, such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track) as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index's closing price. In the event that the Index is changed, the Directors will change the name of the Sub-Fund accordingly, any change to the name of a Sub-Fund will be approved in advance by the Central Bank and the relevant documentation will be updated.

The Index is the MSCI India 10/40 Index Net TR (net dividends reinvested), denominated in USD. The Index comprises solely Indian equities and has the same basic characteristics as MSCI indices generally, which include free-float adjustment of the market capitalisations of index constituents and sector classification based on the Global Industry Classification Standard (GICS). The Index aims to represent 85% of the free float-adjusted market capitalisation of each sector, as determined by GICS, in the Indian equity market, including, for example, utilities, health care, telecoms etc. By targeting 85% representation for each basic economic sector, the Index aims to reflect 85% of the overall Indian equity market by capitalisation and be representative of that market's economic diversity. The composition of the Index is rebalanced quarterly to account for changes in the market capitalisation of an Index component (i.e. the number of shares issued and the free float) or its sector classification. The Index is calculated on a daily basis at the official closing prices of the constituent stocks. The Index is also calculated in real time every stock exchange trading day. Real-time Index values are available via Bloomberg (M1IN40) and Reuters (MIIN0000TNUS). A full description and the complete methodology used to construct and revise the Index, as well as information on the closing price, composition and respective weightings of the Index components are available at: www.msci.com.

In order to seek to achieve the Sub-Fund's investment objective of tracking the performance of the Index, the Investment Manager will aim to invest in a portfolio of equity securities, including differential voting rights shares ("**DVRs**") (which are listed shares which are similar to ordinary shares, except that they offer higher dividends to investors in lieu of voting rights) that as far as possible and practicable, consist of the Index Securities. However, where full replication of the Index is not reasonably possible (for example as a result of the illiquidity or unavailability of certain Index Securities due to the occurrence of certain of the circumstances referred to under "Emerging Markets Risk"), in order to minimise the tracking error, the Sub-Fund may purchase other listed Indian equities and DVRs that the Investment Manager considers to be closely equivalent to the relevant Index Securities. As a result, the Sub-Fund may not hold each and every underlying constituent of the Index at all times or hold them in the same proportion as their weightings in the Index.

Further, in the event that the Investment Manager cannot identify or acquire equivalent securities in respect of Index Securities, the Investment Manager may buy futures in respect of the same securities in order to build a representative portfolio that provides a return that is similar to that of the Index. Futures and their use for this purpose are described under "*Use of Financial Derivative Instruments*" in the "*Investment Objectives and Policies*" section of the Prospectus. Further information on the Sub-Fund's replication methodology can be found under "*Index Tracking Sub-Funds*" in the "*Investment Objectives and Policies*" section of the Prospectus.

The securities in which the Sub-Fund invests will be primarily listed or traded on Recognised Markets in India in accordance with the limits set out in the UCITS Regulations. The Sub-Fund may hold up to 10% of its Net Asset Value in ancillary liquid assets (UCITS eligible money market funds, deposits, commercial paper and short term commercial paper) in accordance with the UCITS Regulations and all investments will be made subject to local investment restrictions.

The Sub-Fund will use the replication strategy described above in order to seek to track as closely as possible the returns of the Index after deduction of Fees and Expenses. However, while it is the Investment Manager's intention that any dividends received from Index Securities be reinvested on the dates on which they are received, this will only be possible where such dividend amounts are equal to or exceed the minimum investment amount which may be required in order to invest in Index Securities, as determined by the issuers of such securities and general market practice. Pending such investments, the dividend amount may be held in cash, which may result in tracking error. Such minimum investment amounts may also change over time, depending upon changes in the prices of the constituents of Index from time to time. For further information in relation to the difficulties associated with tracking indices, please refer to "*Index Tracking Risk*" in the "*Risk Information*" section of the Prospectus. It is currently anticipated that the Sub-Fund will track the Index with a potential variation of up to 5% annually under normal market conditions.

Foreign Portfolio Investor. The Company will obtain all necessary licenses from local regulatory authorities for investing in India on behalf of the Sub-Fund. The Sub-Fund will be classed in India as a foreign portfolio investor ("**FPI**") and accordingly the Sub-Fund is prohibited by local rules from purchasing more than 10% of the total issued capital of any Indian company.

DISTRIBUTION

First Trust Global Portfolios Limited, a limited liability company having its registered office at 8 Angel Court, London EC2R7HJ, England, will act as the exclusive distributor in Europe in respect of the Sub-Fund.

INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the "*Risk Information*" section of the Prospectus. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares. **As the Sub-Fund has material exposure to emerging markets, an investment in the Sub-Fund should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.**

While the Sub-Fund will be leveraged as a result of its use of FDIs, such leverage will not exceed 100% of the Sub-Fund's Net Asset Value. For information in relation to risks associated with the use of financial derivative instruments, please refer to "*Derivatives Risk"* in the "*Risk Information*" section of the Prospectus.

Certain Risk Factors Concerning India

Given the focus of its investment strategy, the success of the Sub-Fund will depend in large part on the general economic and business conditions in India. Risks associated with the investments in India, including but not limited to the risks described below, could adversely affect the performance of the Sub-Fund and result in substantial losses. No assurance can be given as to the ability of the Sub-Fund to achieve any return on its investments and, in turn, no assurance can be given as to any return on an investor's investment in the Sub-Fund. Accordingly, in acquiring Shares, appropriate consideration should be given to the following factors:

Concentration Risk. The Sub-Fund will invest substantially all of its assets in issuers located in India, with the result that the Sub-Fund's performance will be closely tied to the market, currency, economic, political, or regulatory conditions and developments in India and could be more volatile than the performance of more geographically-diversified funds. Further, investors may buy or sell substantial amounts of the Sub-Fund's shares in response to factors affecting or expected to affect India, resulting in abnormal inflows or outflows of cash into or out of the Sub-Fund. These abnormal inflows or outflows may cause the Sub-Fund's cash position or cash requirements to exceed normal levels and consequently, adversely affect the management of the Sub-Fund and the Sub-Fund's performance. The Sub-Fund's liquidity may also be affected by such concentration of investment.

Currency Risks. Currency risk in relation to the Indian Rupee ("**IRP**") remains a significant risk factor. A decrease in the value of IRP would adversely affect the Sub-Fund's returns, and such a decrease may be likely given India's current account deficits and its budget deficits.

The operation of a bank account in India on behalf of the Sub-Fund would be subject to regulation by the Reserve Bank of India ("**RBI**") under the Indian foreign exchange regulations. An Indian sub-custodian acting also as the remitting banker will be authorised to convert currency and repatriate capital and income on behalf of the Sub-Fund. There can be no assurance that the Indian Government would not, in the future, impose certain restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. In addition, India may in the future reintroduce foreign exchange control regulations which can limit the ability of the Sub-Fund to repatriate the dividends, interest or other income from its investments or the proceeds from the sale of securities. Any amendments to the Indian exchange control regulations may impact adversely on the performance of the Sub-Fund.

Economic Factors. The success of the Sub-Fund's investments depends in part on general economic and business conditions in India. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and in particular if new restrictions on the private sector are introduced or if existing restrictions are not relaxed over time. Notwithstanding current policies of economic liberalisation, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. The current Government of India has announced several policies and taken initiatives that support the continued economic liberalisation policies that have been pursued by previous governments. There is, however, no assurance that these liberalisation policies will continue in the future as the passing of some important bills have been stalled by the government opposition party from time to time. The rate of economic liberalisation could change and specific laws and policies affecting taxation, foreign investment, currency exchange and other matters affecting the Sub-Fund's investments could change as well. In addition, laws and policies affecting the various investments held by the Sub-Fund could change, adversely affecting the values or liquidity of securities issued by those companies.

Emerging Markets Risk. Investment in emerging markets such as India may subject the Sub-Fund to a greater risk of loss than investment in developed markets. Please refer the following additional risks in brief and for a more detailed risk disclosure, please refer to the "*Risk Information*" section in the Prospectus:

- greater market volatility;
- lower trading volume and liquidity issues;
- limited securities markets;
- restrictions on purchases of securities by foreign investors;
- the imposition of currency or capital controls or the expropriation or nationalisation of assets
- political, social and economic instability;
- economic dependence on a few industries or on international trade or revenue from particular commodities;
- high levels of inflation, deflation or currency devaluation;
- regulatory, financial reporting, accounting and disclosure standards that may be less stringent than those of developed markets;
- settlement and custodial systems that are not as well-developed as those in developed markets that may cause delays in settlement and possible "failed settlements";

- potential difficulty, expense or delay in enforcing legal rights, particularly against governments;
- precarious financial stability of issuers (including governments);
- uncertainty and unexpected variations in the application of tax rules;
- greater risk of market shut down; and
- more governmental limitations on foreign investment policy than those typically found in a developed market.

The foregoing factors may cause the Sub-Fund's investments to be more volatile than if the Sub-Fund invested in more developed markets and may cause the Sub-Fund to realise losses. This risk of increased volatility and losses may be magnified by currency fluctuations relative to the Base Currency.

FPI Risks. The Sub-Fund, is required to register as a FPI with the Securities and Exchange Board of India ("**SEBI**") under the SEBI (Foreign Portfolio Investors) Regulations, 2014 to be eligible to invest in the Indian capital market. SEBI approved Designated Depository Participants ("**DDPs**") register FPIs on behalf of the SEBI subject to compliance with "Know Your Client" requirements. Under the FPI regime there are quotas and investment controls applicable to the FPIs that are subject to change from time to time. In the event there is an imposition of new limits which restricts the ability of the Sub- Fund to buy Indian securities or the registration of the Sub-Fund as a FPI is terminated or is not renewed, the ability of the Sub-Fund to invest or redeem its investments could potentially be restricted impacting the investments held in India, and such events could adversely affect the returns or the value of the investments of the Sub-Fund.

FPIs are categorised into the below three categories based on their perceived risk profile. The SEBI has grouped (i) all government and government related investors into Category I FPIs; (ii) all regulated entities into Category II FPIs; and (iii) all unregulated entities into Category III FPIs, as further described below:

(i) Category I FPIs (Low risk entities) **–** These include government and government related investors such as central banks, government agencies, sovereign wealth funds and international / multilateral organisations / agencies;

(ii) Category II FPIs (Moderate risk entities) **–** These include mutual funds, investment trusts, insurance / reinsurance companies, banks, asset managers, investment advisors, portfolio managers, pension funds, university funds, university related endowments that are already registered with the SEBI as FPIs / sub-accounts, and 'broad based funds' that are not appropriately regulated but whose investment managers are appropriately regulated. It is proposed that the Sub-Fund be registered under Category II, however where the Sub-Fund is deemed not to meet the Category II criteria, the Sub-Fund will be registered under Category III;

(iii) Category III FPIs (High risk entities) **–** This is a residuary category and covers all types of investors who do not fall in the above two categories. Examples of such types of FPIs include endowments, charitable trusts, societies, foundations, corporate bodies, trusts, individuals, and family offices.

FPIs are permitted to invest only in the following instruments:

- Securities in primary as well as secondary markets including shares, debentures and warrants of listed companies or to be listed on recognised stock exchanges in India;
- Units of domestic mutual fund schemes;
- Units of collective investment schemes;
- Government securities;

- Derivatives traded on a recognised stock exchanges;
- Security Receipts issued by Asset Reconstruction Companies;
- Indian depository receipts;
- RBI specified perpetual debt instruments and debt capital instruments;
- Listed and unlisted non-convertible infrastructure debentures / bonds;
- IRP denominated credit enhanced bonds; and
- Non-convertible bonds by the RBI specified Infrastructure Finance Companies (IFCs).

A FPI may have to pay a premium for acquiring the shares under the FPI regime if they approach the FPI limits specified pursuant to notifications made by the RBI from time to time in respect of same.

The Sub-Fund, as a FPI, is not allowed to make investments in short term maturity liquid/money market mutual funds, treasury bills and commercial paper in India. The individual investment limit for a FPI in companies is less than 10% of total issued capital of the company and the aggregate limit for investment by all FPIs in any one company is 24% of the total issued capital of the company. The company specific sectoral limits are monitored by the RBI, based on reports sent by custodians in India. The RBI alerts designated custodian-banks when FPI holdings reach the trigger limit (which is 2% lower than the applicable threshold limit) or the applicable threshold limits. Once the trigger limit has been reached, the FPI needs to instruct the local custodian to obtain RBI approval for further investments. The RBI processes such applications on a first come first served basis till the threshold limit is reached and grants no approvals once the threshold limit is reached.

Indian Legal System. The Indian civil judicial process to enforce remedies and legal rights is less developed and more lengthy than more developed jurisdictions and has a huge backlog of pending cases, and is therefore more uncertain than in more developed countries. Enforcement by the Sub-Fund of civil liabilities under the laws of a jurisdiction other than India may be adversely affected by the fact that the Sub-Fund's portfolio companies will have a significant amount of assets in India. The laws and regulations in India can be subject to frequent changes as a result of economic, social and political instability. In addition, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available. Where the legal and regulatory framework is in place, the enforcement may be inadequate or insufficient.

Political Factors. India's relations with other neighbouring countries historically have been tense. Since the separation of India and Pakistan upon their independence in 1947, a source of ongoing tension between the two countries has been the dispute over the northern border state of Kashmir. India and Pakistan have fought three wars since independence, and in the last several years both countries have conducted successful tests of nuclear weapons and missile delivery systems. Although there are periodic efforts to normalise relations between the two countries, significant military confrontations between India and Pakistan have occurred in the disputed region of Kashmir in the last few years and both India and Pakistan continue to allocate substantial resources to the defense of their borders as a result. More recently, terrorist attacks, including those in November 2008 and July 2011 in Mumbai, and insurgencies in India from time to time have heightened tensions and security risks in both countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, and on the market for the services of Indian companies in which the Sub-Fund may have investments. The Indian Government is also confronted by insurgencies and separatist movements in several states in addition to Kashmir.

Tracking Error. The exposure of the Sub-Fund to any capital gains tax, as mentioned under "*Taxation in India*" below and due to reasons such as redemptions or index rebalancing, could result in an increase in the Sub-Fund's tracking error. Such tracking error could further vary if the taxation charges applicable to the Sub-Fund change from time to time. Please refer to the *Index Tracking Risk*" section in the Prospectus for further details on factors that may lead to tracking error.

Unhedged Exposure Risk. The Sub-Fund will not hedge its local currency risk. The assets of the Sub-Fund will generally be invested in securities denominated in IRP and any income or capital received by the Sub-Fund from these investments will, likewise, be received in IRP. As Shares in the Sub-Fund are denominated in US Dollars (USD), changes in currency exchange rates between the IRP and USD may affect the value of the Shares. As the currency exchange rates of emerging market countries, such as India, tend to be more volatile than those of more developed economies, the effect of changes in exchange rates on the value of Shares in the Sub-Fund may be more pronounced than it would be for funds which invest in more developed markets.

Furthermore, the Sub-Fund will accept subscriptions and pay distributions and redemption proceeds, in USD, while it invests in IRP and will therefore incur costs in connection with conversions between these currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they buy and sell various currencies. Thus, a dealer normally will offer to sell currency to the Company at one rate, while offering a lesser rate of exchange should the Company wish immediately to resell that currency to the dealer. Due to the relatively high volatility of IRP, the spread between a dealer's sell and offer prices for IRP may be greater than that for the currencies of more developed economies, which may result in relatively high currency exchange costs for the Sub-Fund. The Company may conduct its currency exchange transactions on a spot basis or at the spot rate prevailing in the currency exchange market for delivery on a day other than the spot date. It is anticipated that most of the Sub-Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Sub-Fund.

INVESTOR PROFILE

The Sub-Fund may be suitable for investors who are seeking capital appreciation and/or income over a medium to long term timeframe and are prepared to accept risk to their capital and higher levels of volatility in the value of their investments.

SUBSCRIPTIONS

The Sub-Fund will issue Shares denominated in US Dollars. Investors should note that Shares may only be purchased in multiples of the Minimum Initial Subscription price.

Shares will be available during the Offer Period at an Initial Issue Price of US$ 10 per Share.

Following the Closing Date, Shares will be issued in respect of each Dealing Day at the Net Asset Value per Share calculated on the applicable Calculation Day, with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Authorised Participants may subscribe for Shares for cash on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out below and in the "*Purchase and Sale Information*" section of the Prospectus. Consideration, in the form of cleared subscription monies, must be received by the applicable Settlement Deadline.

Prefunding

India is a prefunding market, which means that Indian securities can only be purchased on a pre-funded basis. Accordingly, each Authorised Participant submitting an application to subscribe for Shares in the Sub-Fund is required to deliver upfront a subscription amount (the "**Prefunding Amount**") by the Settlement Deadline to cover the purchase by the Sub-Fund of underlying Indian securities in connection with the subscription order, for the Authorised Participant's subscription application to be valid.

The Prefunding Amount will be based on an estimated Net Asset Value per Share, using Duties and Charges which are estimated by the Investment Manager and Investment Adviser, based on their knowledge and experience of the relevant markets and securities and provided to the Administrator. The final Net Asset Value per Share can be confirmed only once all the underlying Indian securities required to be purchased in connection with the subscription have been acquired by the Sub-Fund. The Prefunding Amount must be subsequently converted to IRP for investment purposes. Details on the estimated Duties and Charges and the Prefunding Amount may be obtained from the Administrator.

Where any Prefunding Amount paid by an Authorised Participant is subsequently determined to have been in excess of the final Net Asset Value per Share (including final Duties and Charges) for the relevant Shares on the Dealing Day by reference to which the subscription was effected, the excess cash amount will be held in custody on a temporary basis and will be reimbursed to the relevant Authorised Participant as soon as practicable, net of any foreign exchange transaction costs and any other related costs. The relevant Authorised Participant shall remain an unsecured creditor of the Sub-Fund in respect of the amount to be reimbursed ("**Reimbursement Amount**") until such time as the amount is paid to it. Authorised Participants should note that no interest will accrue on the relevant Reimbursement Amount and interest shall therefore not be payable by the Sub-Fund to the relevant Authorised Participant in respect of any such amount.

The foreign exchange transaction costs associated with conversions made in relation to subscriptions and redemptions and the risk of a potential difference between USD and IRP rates will be borne by the relevant Authorised Participant and included in the final Duties and Charges which are applied to the relevant subscription or redemption amounts paid or received (respectively) by such Authorised Participant.

In the event that the Prefunding Amount is insufficient to purchase all the underlying securities required to be purchased in connection with the subscription, the Sub-Fund will not be able to acquire all the requisite underlying securities and will need to carry out one or more further purchases on subsequent day(s). Similarly, if restrictions under Indian laws, regulations and/or stock exchange rules, or the suspension of trading of particular Indian securities restrict the Sub-Fund from acquiring all the requisite underlying securities, the Sub-Fund may also need to carry out one or more further purchases on subsequent day(s). The market risk arising from the timing of the placement of further underlying trades and any delay in trading will be borne by the Authorised Participants. In the event of any funding shortfall, the Authorised Participant will be required to deliver additional sums to make up any funding shortfall to enable further purchases to be made until all the requisite underlying Indian securities have been acquired for the Sub-Fund and such additional sums will be required to be delivered to the Company by such reasonable timeframe as shall be notified to the Authorised Participant at the time of any such shortfall occurring but which shall in any event not be less than two Business Days and not more than five Business Days. In order to reduce the risk of an Authorised Participant having to pay a funding shortfall and to protect the Sub-Fund and its Shareholders, a buffer to cover expected market and foreign exchange volatility will be added to estimated Duties and Charges in the Prefunding Amount and any additional sums payable by the Authorised Participant to cover a funding shortfall. In circumstances where additional sums are payable by an Authorised Participant to cover a funding shortfall after the Authorised Participant has received Shares which it subscribed for in the Sub-Fund, the Sub-Fund will have a credit exposure as an unsecured creditor in respect of such additional sums.

In the event that an Authorised Participant fails to deliver the Prefunding Amount in full by the Settlement Deadline, the subscription application shall not be valid and the Directors and/or the Investment Manager reserve the right (but shall not be obliged) to reject or cancel the relevant subscription application. In the event that a subscription application is not accepted, any subscription amount already paid by the Authorised Participant to the Sub-Fund will be returned to the Authorised Participant (without any interest and less any foreign exchange transaction cost and other transaction costs incurred).

REDEMPTIONS

Shareholders may effect a redemption of Shares on any Dealing Day at the NAV of the applicable Calculation Day, subject to an appropriate provision for Duties and Charges, provided that a written redemption request is signed by the Shareholder and received by the Administrator by the Dealing Deadline, in accordance with the provisions set out in this section and at the "*Purchase and Sale Information*" section of the Prospectus. Settlement will normally take place within Six Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline.

Shareholders should note that: (i) any redemption request which would result in a Shareholder holding Shares with a value of less than the Minimum Redemption Amount; and (ii) any redemption request submitted by a Shareholder which holds Shares with a value of less than the Minimum Redemption Amount may, at the discretion of the Directors, be treated as a request to redeem all of that Shareholder's Shares.

FEES AND EXPENSES

The TER for the Sub-Fund will be up to 0.89% per annum of the Net Asset Value.

The costs of establishing the Sub-Fund will be paid out of the TER and amortised over the first three years of the Sub-Fund.

Further information in this respect is set out in the "*Fees and Expenses*" section of the Prospectus.

LISTING

It is planned to apply for Shares to be admitted to (i) the Deutsche Börse and (ii) the London Stock Exchange shortly after the establishment of the Sub-Fund, and thereafter, on any other stock exchange as may be decided by the Directors.

TAXATION IN INDIA

General

The discussion on Indian tax matters contained herein is based on existing law, including the provisions of the Indian Income Tax Act, 1961 ("**ITA**") and the provisions of the Double Tax Avoidance Agreement between India and Ireland. ITA is amended every year by the Indian Finance Act of the relevant year, and this summary reflects changes through the date hereof. No assurance can be given that future legislation, administrative rulings or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect. Additionally, the discussion of Indian tax matters contained herein does not address the tax consequences to investors arising from the acquisition, holding or disposition of interests in their respective local jurisdictions.

Taxability of Income under the ITA

The ITA codifies the law relating to taxes on income in India. The ITA provides for taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India.

The Sub-Fund is proposing to invest in equity shares of Indian companies directly and will obtain registration as a FPI with the DDP (i.e. local custodian bank in India).

For Indian income tax purposes, the Sub-Fund investing directly in Indian securities, is likely to be taxed as a 'Non-Corporate' tax payer. The income tax implications with respect to the income earned in India are detailed below.

Residency in India

A non-corporate tax payer will be treated as a non-resident in India if its 'control and management' is wholly situated outside India. Since the Sub-Fund will be wholly managed and controlled from outside India, it should be treated as non-resident in India.

Accrual / Receipt of Income

Since the Sub-Fund would be regarded as non-resident in India, it will be subject to taxation in India if (a) it receives or is deemed to receive income in India; (b) the income accrues or arises in India; or (c) the income is deemed to accrue or arise in India. Income is deemed to accrue or arise in India if it accrues or arises, whether directly or indirectly (i) through or from any "business connection" in India; (ii) through or from any property in India; (iii) through or from any asset or source of income in India; or (iv) through the transfer of a capital asset situated in India.

Characterisation of Income

As per section 2(14) of the ITA, "capital asset" includes any security held by a FPI which has invested in such security in accordance with the regulations made under the SEBI Act, 1992. Accordingly, all income arising out of the sale of Indian securities held by the FPI shall be treated as capital gains.

Income streams

The Sub-Fund is expected to earn the following streams of income from investment in equity shares in India:

- capital gains on transfer of equity shares; and
- dividend income from investments in shares of Indian companies.

Taxation of Capital Gains

Under the provisions of the ITA, depending upon the period of holding of securities, capital gains earned by the Sub-Fund on transfer of equity shares would be taxable either as short-term or long-term capital gains.

If the shares are listed on a recognised stock exchange in India and held for a period of not more than 12 months, gains realised on the sale of such shares will be treated as short-term capital gains, otherwise it will be treated as long-term capital gains.

Nature of Asset	**Short-term capital gains**	**Long-term capital gains**
Listed equity shares in a company/units of equity oriented mutual fund (subject to securities transaction tax)	15%	Exempt
Listed equity shares in a company/units of equity oriented mutual fund (not subject to securities transaction tax)	30%	10%

As a non-corporate tax payer, the Sub-Fund will be liable to a surcharge @15% on its tax liability arising out of income earned in India, in case total income of the Sub-Fund exceeds IRP 10 million.

In addition to the surcharge, the Sub-Fund will also be liable to pay an education cess of 3% on its total tax liability (including surcharge).

Taxation of Dividend Income

Dividends are currently exempt from tax in the hands of all shareholders, irrespective of their residential status. Accordingly, the dividends earned by the Sub-Fund should be exempt from tax in India. However, the Indian investee companies declaring, distributing or paying dividends are required to pay a Dividend Distribution Tax ("DDT") at rate of 15% (excluding applicable surcharge and education cess) on the amount of distributable surplus including DDT.

Other provisions

Withholding Tax

No deduction of tax is required from any income by way of capital gains arising from transfer of equity shares in case of FPIs. However, advance tax is required to be discharged by the Sub-Fund prior to repatriation of sale proceeds outside India.

Securities Transaction Tax ("STT")

The exemption for long-term capital gains and the reduction of the rate on short term capital gains are applicable only if the sale or transfer of the equity shares takes place on a recognised stock exchange in India and the STT, is collected by the respective stock exchanges, at the applicable rates on the transaction value. The Sub-Fund will be liable to pay STT in respect of dealings in Indian securities purchased or sold on the Indian stock exchanges.

Indirect transfers

As per the provisions of the ITA, income arising from a transaction entered into outside India between two non-residents should not be taxable in India unless the income could be regarded as arising from a business connection in India or from any asset or source of income in India or through the transfer of a capital asset situated in India, or if received or deemed to be received in India.

The Finance Act, 2015, has clarified that a foreign company or entity shall be deemed to derive its value substantially from Indian assets if the fair market value of Indian assets represents at least 50 per cent of value of all the assets owned by such foreign company or entity, subject to minimum value of Indian assets of IRP100 million.

Since the Sub-Fund is likely to invest mainly in equity shares in India, offshore transfers, satisfying certain conditions ought to be taxable in India. However, exemption is available in the case of dividend pay-outs by the foreign entity to its investors. Relief is also proposed for minority shareholders (along with its associated enterprises) that neither hold the right of control or management nor hold voting power or share capital or interest exceeding five per cent of the total voting power or total share capital in the overseas company.

In view of the above, Indian tax authorities may seek to tax the transfer or redemption of shares to the investors of the Sub-Fund, notwithstanding that there is no transfer or redemption taking place in India.

The investors should, however, be eligible to avail treaty benefits, subject to satisfying certain conditions.

General Anti Avoidance Rules ("GAAR")

GAAR provisions will be effective from 1 April 2017. All investments made up to 31 March 2017 should be grandfathered. Also, the GAAR provisions will apply prospectively. GAAR provisions need to be separately analysed based on specific facts of each case.

Taxability of Income under the Treaty

In cases where India has signed a tax treaty with any country, the provisions of the treaty should apply to the extent it is more beneficial than the provisions of the domestic tax law. This is subject to the Sub-Fund being a tax resident of that country and fulfilling the eligibility criteria to claim benefits under the treaty.

India-Ireland Tax Treaty

India has entered into a tax treaty with Ireland. The India-Ireland Tax Treaty does not provide for exemption from payment of taxes on capital gains earned on transfer of shares in India. Thus, the same would be taxable as per provisions of the ITA, as discussed in the above paragraphs. Since dividend income is currently exempt from tax in the hands of the Sub-Fund under the domestic tax law, taxation of dividend income under the tax treaty is not considered.

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