# ABSL UMBRELLA UCITS FUND PLC

An open-ended investment company with variable capital authorised by the Central Bank as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (together the “UCITS Regulations”)

Registration Number 544236

## ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

**For the financial year ended 31 December 2018**

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## DIRECTORS AND OTHER INFORMATION

**Directors**
Jon Ross (British) (resigned on 24 April 2018)*
Neville Dean Kent (British) (appointed on 24 April 2018)^
Noel Ford (Irish)**^
Vincent Dodd (Irish)**^
Keerti Gupta (Indian) ^

**Registered Office**
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

**Investment Manager and Distributor**
Aditya Birla Sun Life Asset Management Company Pte Ltd
16 Raffles Quay
#32-04 Hong Leong Building
Singapore 048581

**Depositary**
RBC Investor Services Bank S.A., Dublin Branch
4th Floor
One George's Quay Plaza
George's Quay
Dublin 2
Ireland

**Administrator and Transfer Agent**
RBC Investor Services Ireland Limited
4th Floor
One George's Quay Plaza
George's Quay
Dublin 2
Ireland

**Company Secretary**
HMP Secretarial Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

**Legal Advisers**
McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

**Independent Auditor**
Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

**Tax Advisers**
PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

* Executive Director
** Independent Director
^ Non-Executive Director

**DIRECTORS' REPORT**
**For the financial year ended 31 December 2018**

The Directors present the Annual Report including the audited financial statements of ABSL Umbrella UCITS Fund PLC (the Company) for the financial year ended 31 December 2018.

**Statement of Directors' Responsibilities in respect of the Financial Statements**

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departures from those standards.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014, as amended and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors have engaged RBC Investor Services Bank S.A., Dublin Branch, to act as depositary with a duty to safeguard the assets of the Company. The Depositary has the power to appoint sub-custodians.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

**Adequate Accounting Records**

The measures taken by the Directors to secure compliance with the Company's requirements of Sections 281 to 285 of the Companies Act 2014, as amended with regards to keeping adequate accounting records are by employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The accounting records are kept at RBC Investor Services Ireland Limited, 4th Floor, One Georges Quay Plaza, George's Quay, Dublin 2.

**Statement of Audit Information**

The Directors confirm that during the financial year end 31 December 2018:
a) So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
b) The Directors have taken all steps that ought to have been taken by the Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTORS' REPORT (continued)**
**For the financial year ended 31 December 2018**

## Date of incorporation

The Company was incorporated on 22 May 2014 and was authorised as an Undertaking for Collective Investment in Transferable Securities (UCITS) by the Central Bank of Ireland. The Company is organised as an investment company with variable capital pursuant to the UCITS Regulations.

The Company is an umbrella type investment company with segregated liability among sub-funds. As of the date of this report the Company has two active sub-funds disclosed in Principal activities below.

## Principal activities

The primary investment objective of the Company is to seek long-term capital growth and it aims to achieve this as follows:

**India Quality Advantage Fund**
The sub-fund seeks to generate superior risk-adjusted returns. The sub-fund seeks to achieve its investment objective by investing primarily in a target allocation of up to 100% in equities and Equity Related Instruments by investing in companies in India exhibiting consistent high-quality growth.

**India Frontline Equity Fund**
The sub-fund seeks total return through medium-to-long-term growth of capital. The sub-fund seeks to achieve its investment objective by investing primarily in a target allocation of 100% equity and Equity Related Instruments which aims at being as diversified across various industries as the benchmark index, MSCI India Index. The sub-fund seeks to invest its assets directly in India with a policy to invest in instruments issued by companies that are incorporated in India or owned by Indian promoters or which have significant operations in India.

## Review of Business and Future Developments

A comprehensive overview of the Company's trading activities is detailed in the Investment Manager's Report for each sub-fund. The Directors believe that the change in the Net Asset Value Per Share is the key indicator of performance.

The Directors do not anticipate any change in the structure or investment objective of the Company.

## Risk Management Objectives and Processes

The Company operates on the principle of risk spreading in accordance with the UCITS Regulations. Achievement of the Company's investment objectives involves taking risks. The Investment Manager exercises judgement based on analysis, research and risk management techniques when making investment decisions.

Investment in equities, bonds, cash and derivatives exposes a sub-fund to varying risks, including market, liquidity and credit/counterparty risks. A description of the specific risks and the processes for managing these risks is included in these financial statements. The Prospectus provides details of these and other types of risks some of which are additional to that information provided in these financial statements.

## Connected Persons

The UCITS Regulations requires that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if conducted at arm's length and must be in the best interests of the shareholders.

**DIRECTORS' REPORT (continued)**
**For the financial year ended 31 December 2018**

**Connected Persons (continued)**

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in Regulation 41(1) of the UCITS Regulations.

The following table details the types of transactions entered into with counterparties that are connected parties:

| Types of transactions | Counterparties |
|---|---|
| Administration, registry and transfer agency services | RBC Investor Services Ireland Limited |
| Depositary services | RBC Investor Services Bank S.A., Dublin Branch |
| Investment management services | Aditya Birla Sun Life Asset Management Company Pte Ltd |

**Significant Events During the Financial Year**

Jon Ross resigned as a Director of ABSL Umbrella UCITS Fund Plc on 24 April 2018.

Neville Dean Kent appointed as a Director of ABSL Umbrella UCITS Fund Plc on 24 April 2018.

There were no other significant events occurred during the financial year.

**Events After the Financial Year End**

There are no significant events that require recognition or disclosure in the financial statements after the financial year end.

**Going Concern**

The Company's Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**Directors**

The names of the persons who were Directors at any time during the financial year are set out on below:

Jon Ross (British)
Neville Dean Kent (British)
Noel Ford (Irish)
Vincent Dodd (Irish)
Keerti Gupta (Indian)

**Directors' and Secretary's Interests**

The Directors and Secretary (including family interests) do not have any shareholdings in the Company as at 31 December 2018.

**Independent Auditor**

The auditors, Ernst & Young Chartered Accountants, have indicated their willingness to remain in office in accordance with Section 383(2) of the Companies Act 2014, as amended.

**DIRECTORS' REPORT (continued)**
**For the financial year ended 31 December 2018**

**Directors Compliance Statement**

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014, as amended). As required by Section 225(2) of the Companies Act 2014, as amended, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors confirm that:

1) A compliance policy document has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations;

2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and

3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

**Audit Committee**

The Directors believe that there is no requirement to form an audit committee as the Board has four non-executive directors of which two are independent and the Company complies with the provisions of Irish Funds' Corporate Governance Code. The Directors have delegated the day to day investment management and administration of the Company to the Investment Manager and to the Administrator respectively. The Directors have also appointed RBC Investor Services Bank S.A., Dublin Branch as depositary of the assets of the Company.

**Corporate Governance**

The Board has voluntarily adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as issued by Irish Funds (IF) with effect from 1 January 2013, as the Company's Corporate Governance Code. The Board has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

The Board of Directors are responsible for ensuring the design and implementation of internal control system of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and half-year financial statements. The annual and half-yearly financial statements of the Company are required to be approved by the Board of Directors. The statutory financial statements are required to be audited by an independent auditor.

The Board is responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The statutory financial statements are required to be audited by independent auditors who report annually to the Board of their findings. The Board considers the independent auditors performance, qualifications, and independence. As part of its review procedures, the Board receives presentations and reports on the audit process. The Board evaluates and discuss significant accounting and reporting issues as the need arises.

**On behalf of the Board**

**Vincent Dodd** | **Noel Ford**

**Date: 26 April 2019**

RBC Investor & Treasury Services

**Report of the Depositary to the Shareholders**
**For the year ended 31 December 2018**

As required by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) ("the Regulations") and solely within the context of our oversight duties as depositary, we are pleased to present our report as follows.

In our opinion, ABSL Umbrella UCITS Fund plc (the "Company") has been managed for the year ended 31 December 2018:

(i) In accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and the Regulations; and

(ii) Otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

**RBC INVESTOR SERVICES BANK S.A.**
**DUBLIN BRANCH**

**Date: 04 April 2019**

**RBC Investor Services Bank S.A.,**
**Dublin Branch**
4th Floor
One George's Quay Plaza
George's Quay, Dublin 2, Ireland

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**INVESTMENT MANAGER'S REPORT**
**For the financial year ended 31 December 2018**

**INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY**

## Portfolio Returns & Performance Review for Year ended December 2018

### India Frontline Equity Fund

| | 1 Month | 3 Months | 6 Months | 9 Months | 1 Year | 2 Year | 3 Year | Since Inception | YTD |
|---|---|---|---|---|---|---|---|---|---|
| IFEF | 0.0% | 3.3% | -2.0% | -2.7% | -10.4% | 12.5% | 9.0% | 4.4% | -10.4% |
| MSCI India | -0.2% | 2.2% | -0.5% | -1.6% | -8.8% | 11.7% | 6.7% | 1.7% | -8.8% |
| Outperformance | 0.2% | 1.1% | -1.4% | -1.1% | -1.6% | 0.8% | 2.4% | 2.7% | -1.6% |

| | CY 2015 | CY 2016 | CY 2017 | CY 2018 |
|---|---|---|---|---|
| IFEF | -3.3% | 2.4% | 41.2% | -10.4% |
| MSCI India | -7.4% | -2.8% | 36.8% | -8.8% |
| Outperformance | 4.1% | 5.2% | 4.4% | -1.6% |

### India Quality Advantage Fund

| | 1 Month | 3 Months | 6 Months | 9 Months | 1 Year | 2 Year | 3 Year | Since Inception | YTD |
|---|---|---|---|---|---|---|---|---|---|
| IQAF | 0.3% | 6.7% | -4.6% | -8.0% | -15.6% | 12.2% | 8.4% | 6.1% | -15.6% |
| MSCI India Index | -0.2% | 2.2% | -0.5% | -1.6% | -8.8% | 11.7% | 6.7% | 1.7% | -8.8% |
| Outperformance | 0.4% | 4.5% | -4.0% | -6.5% | -6.9% | 0.5% | 1.7% | 4.4% | -6.9% |

| | CY 2015 | CY 2016 | CY 2017 | CY 2018 |
|---|---|---|---|---|
| IQAF | 1.0% | 1.1% | 49.3% | -15.6% |
| MSCI India | -7.4% | -2.8% | 36.8% | -8.8% |
| Outperformance | 8.4% | 3.9% | 12.5% | -6.9% |

## Performance Review

### India Frontline Equity Fund

MSCI India (US$) was down 8.8% in 2018 but outperformed its peers MSCI Emerging Market Index and MSCI Asia Pacific Ex-Japan for the second consecutive year. During the same period the fund delivered -10.4% returns, an underperformance of 160 bps.

Negative contributors to the performance were:

- Stock selection losses (Indusind Bank, L&T Finance, PNB Housing Finance, PNB) in financial sector and underweight allocation to index heavyweights HDFC and Axis bank stocks was opportunity lost.
- Underweight allocation to Technology sector stocks was opportunity lost. IT one of the top performing sectors for the year was aided by a depreciating INR.
- Stock selection losses (Vedanta, Dalmia Bharat, NMDC & Jindal Steel & power) in Materials sector.
- Stock selection losses (Emami) in Consumer Staples sector.
- Stock selection losses (Bharat Electronics, L&T, Bluestar, Ashok Leyland & Voltas) in industrial sector.
- Stock selection losses (Sunteck Reality) in Real Estate Sector.

**INVESTMENT MANAGER'S REPORT**
**For the financial year ended 31 December 2018 (continued)**

**INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)**

Some losses were recouped because of:

- Stock selection gains (Crompton Greaves, Eicher Motors, Page Industries & Tata Motors) in Consumer Discretionary Sector.
- Underweight allocation to utilities and communication services sector which were underperforming sectors helped prevent downside.
- Underweight allocation to Healthcare sector companies.

**India Quality Advantage Fund**

MSCI India (US$) was down 8.8% in 2018 but outperformed its peers MSCI Emerging Markets Index and MSCI Asia Pacific Ex-Japan for the second consecutive year. During the same period the fund delivered -15.6% returns, an underperformance of 690 bps.

Negative contributors to the performance were:

- Overweight allocation to consumer discretionary sector which was one of the worst perming sectors impacted fund performance negatively. Consumer discretionary sector disappointed with stocks reporting negative returns. Auto companies were under pressure as margins deteriorated due to rising input cost pressures and high discounting amid weak demand environment.
- Underweight allocation to Technology sector stocks was opportunity lost. IT one of the top performing sectors for the year was aided by a depreciating INR.
- Stock selection losses (Adani Ports & SEZ and Bharat Electronics) in industrial sector.
- Stock selection losses (Petronet LNG & Bharat Petroleum) and underweight allocation to index heavy weight Reliance Industries in Energy sector impacted the fund performance negatively.
- Stock selection loss (Indraprastha gas) in Utilities sector.

Some losses were recouped because of:

- Stock selection gains (Marico, Godrej consumer prod, Avenue Supermarts & Britannia ind) in Consumer Staples sector.
- Stock selection gains (Pidilite Industries) in materials sector.
- Underweight allocation to Healtcare sector companies.

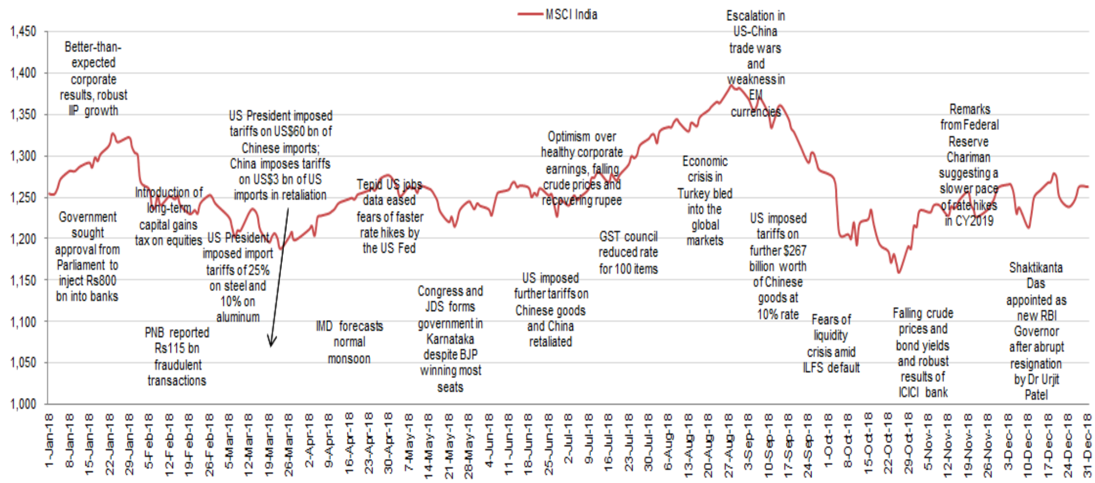
**Market Review**

In 2018 MSCI India (US$) was down 9% but outperformed peer group both MSCI Emerging Markets Index (-17%) and MSCI Asia Pacific Ex-Japan (-16%) for the second consecutive year. Absolute performance for MSCI India (US$) was the weakest since 2011. But this was largely driven by a weakening USD-INR - down 8.4%, the most since the taper tantrum in 2013. In local currency terms the market ended flat in 2018 hiding significant dispersion. Mid and small cap indices declined ~15-20% meaningfully underperforming large caps.

## INVESTMENT MANAGER'S REPORT
**For the financial year ended 31 December 2018 (continued)**

### INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)

News Flow and Market Performance




Source: Bloomberg, Kotak Institutional Equities

Equity market performance was significantly volatile and driven by both global and local factors. Key global factors: a) Trade tensions between US-China, b) Tighter global liquidity conditions with United States Federal Reserve monetary policy normalization and the retrenchment of G4 central bank balance sheets, c) US exceptionalism leading to a stronger dollar and d) Late cycle dynamics leading to concerns on global growth slowdown. Key local factors: a) Introduction of 10% long term capital gains tax on equities, c) Concerns over credit and liquidity issues in the Non-Banking Financial Company (NBFC) segment post IL&FS default c) Healthy earnings season in 1st Half Year of 2019 d) Improvement in macro variables in 2H18 driven by large sell-off in global crude oil prices.

2018 Foreign Institutional Investor net equity outflows were are at US$4.4bn vs. inflows of US$8.1bn in 2017. 2018 was the first year of net Foreign Institutional Investor outflows from equities after 6 consecutive years of inflows. In debt, Foreign Institutional Investors were net sellers at US$6.7bn in CY18 vs. inflows of US$22.9bn in CY17. Domestic Institutional Investors remain net equity buyers for the 4th consecutive year, largely driven by mutual funds. In 2018, Domestic Institutional Investor net equity inflows are at US$15.9bn vs. US$14.1bn of inflows in CY17. Domestic Instititutional Investor inflows in 2018 were the largest annual inflow since 2008. Mutual funds continue the strong momentum of inflows with the 5th consecutive year of net buying at US$17.6bn vs. US$17.9bn in 2017. Insurance funds remain net equity sellers for the 3rd consecutive year at US$1.7bn vs. US$3.8bn in 2017.

| Ranked sector returns | | | |
|---|---|---|---|
| **One month** | | **Twelve months** | |
| Utilities | 6.6 | IT | 22.6 |
| Consumer staples | 2.1 | Consumer staples | 19.1 |
| Financials | 1.7 | Financials | 4.9 |
| Industrials | 1.3 | Energy | 4.1 |
| Material | (0.1) | Industrials | 1.6 |
| Telecom | (0.2) | Healthcare | (8.9) |
| Consumer Disc. | (0.6) | Utilities | (11.6) |
| Energy | (1.6) | Material | (13.3) |
| IT | (2.1) | Consumer Disc. | (23.2) |
| Healthcare | (4.6) | Telecom | (44.2) |
| **MSCI India** | **(0.0)** | **MSCI India** | **(0.2)** |

| Top and bottom five MSCI India | | | |
|---|---|---|---|
| **One month** | | **Twelve months** | |
| Rec | 22.3 | Bajaj Finance | 50.6 |
| Indiabulls Housing Fin | 19.3 | Tech Mahindra | 43.5 |
| Interglobe Aviation | 12.2 | Nestle India | 40.8 |
| Bharat Petroleum | 11.8 | Tata Consultancy Svs. | 40.2 |
| Power Grid | 10.3 | Avenue Supermarts | 36.0 |
| | | | |
| Sun Pharm.Industries | (12.6) | Vodafone Idea | (65.1) |
| Bharat Forge | (9.8) | Tata Motors | (60.0) |
| Aurobindo Pharma | (9.6) | Yes Bank | (42.3) |
| Ashok Leyland | (8.8) | Bharti Airtel | (41.0) |
| Page Industries | (6.9) | Hindustan Petroleum | (39.5) |

Source: MSCI, Bloomberg

Technology & Staples were the best performing sectors for the year while Consumer Discretionary & Telecom were the worst.

**INVESTMENT MANAGER'S REPORT**
**For the financial year ended 31 December 2018 (continued)**

**INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)**

## Political Landscape

Calendar Year 2018 was a politically busy year with provincial elections held in the States of Karnataka, Rajasthan, Madhya Pradesh, Chhattisgarh, Telangana, Mizoram, Meghalaya, Tripura and Nagaland. The Bhartiya Janta Party and its allies fared well in elections held in 3 states (Meghalaya, Tripura and Nagaland) in North East India. Although Bhartiya Janta Party emerged as the single largest party in the southern state of Karnataka, Janta Dal Secular-Congress formed the coalition government after Bhartiya Janta Party failed to prove their majority. More recently, the Congress Party fared well by wresting power from the Bhartiya Janta Party in the three states in the northern heartland – Chhattisgarh, Madhya Pradesh and Rajasthan that contribute ~15% seats in National Parliament. The Congress, however lost in Mizoram to MNF, while TRS retained power in Telangana. The Bhartiya Janta Party also fared relatively poorly in the by-poll elections held for parliamentary and assembly seats throughout 2018.

In March 2018, Telugu Desam Party (TDP) pulled out of National Democratic Alliance government at the Centre over the issue of special category status for Andhra Pradesh. This was followed by Bhartiya Janta Party ending its alliance with PDP in the state of J&K. These events triggered a no confidence motion against the incumbent Government in the Parliament which was easily defeated by a vote of 325 to 126.

## Union Budget FY19; Goods & Sales Tax revenues are the key

The FY18E fiscal deficit slipped to 3.5% of Gross Domestic Product (GDP) from the budgeted target of 3.2%. On the back of this slippage, the Government has targeted a modest consolidation of 0.2% of GDP to 3.3% of GDP for FY19E. The consolidation is achieved largely through expenditure restraint. Our economists believe that the increase in direct taxes budgeted (14%) is realistic, but the key risk appears to be on Goods & Sales Tax revenues (targeted to rise 45%). Tax on long term capital gains (above 1 year) on equity at the rate of 10% has been introduced without allowing any indexation benefit. However, all gains up to 31 January, 2018 will be grandfathered. Separately, the Budget also introduced a tax on distributed income by equity-oriented mutual funds at the rate of 10%. The short-term capital gains rate remains unchanged at 15%.

## Government unveiled Public Sector Unit banks recapitalization norms

The government announced infusion of ~INR 881bn in Public Sector Unit banks in January 2018. This was the first tranche of the Rs2.11tn (o/w Rs1.35tn is via recap bonds and rest Rs760bn from budgetary spending) planned recap that was front-loaded by FY18-end. The recap plan is expected to enable additional credit capacity of PSB by >Rs5tn. Looking through the break-up of capital allocation, ~60% of the capital is biased toward weaker banks requiring corrective action, thus, limiting access to growth capital for larger banks. Further in December 2018, the Government announced plans to infuse an additional Rs410bn in Public Sector Unit banks by year-end FY19. This is over and above the aforementioned Rs2.1tn recap announced in 2017.

## Godds & Sales Tax revisions

The Goods & Sales Tax Council cut rates on 29 goods and 54 services in January 2018. Key beneficiaries of lower rates were second-hand cars, drinking water, fertilizers, sugar boiled confectionary; while service tax was lowered for education, insurance, entertainment and tourism. The council also approved mandatory compliance of the E-way bill for the inter-state movement of goods from 1 Feb 2018 and intra-state movement from 1 Jun 2018. In July 2018, the Goods & Sales Tax Council cut Goods & Sales Tax rates of 88 consumer items (the bulk of which were reduced from 28% to 18% tax rate) and eased certain compliance requirements. The tax cuts were concentrated within consumer durables such as refrigerators, washing machines, small screen televisions, and other household equipment. The total quantum of the tax cuts amount to Rs.80-100bn, which is close to 0.05% of GDP. The impact on consumption and growth is expected to be limited. This will add to fiscal pressures on the back of Goods & Sales Tax collection shortfalls and the expansive increases in agriculture support prices. At the 31st Goods & Sales Tax council meeting held on 22 December, the council announced rate cuts for goods mostly under the 28% slab.

## Monetary policy

As expected, Monetary Policy Committee (MPC) voted to raise the repo rate by 25 basis points (bps) twice to 6.5% in June and August meetings citing upside risks to inflation forecasts from Minimum Sales Price (MSP) announcements, weakening rupee and closing output gaps while hinting that rate hiking cycle will continue. However, in a positive surprise, MPC voted 5-1 to keep policy rates on hold in October but tightened its liquidity stance from 'neutral' to 'calibrated tightening'. Finally, in the recently concluded meet, MPC again kept the repo rate unchanged while retaining its earlier liquidity stance. It also marked down its inflation outlook, forecasting headline Consumer Price Index (CPI) at 2.7%-3.2% in 2HFY19 (~100bps below October forecast).

## Tighter provisioning norms by the Reserve Bank of India (Central Bank)

Reserve Bank of India (Central Bank) (RBI) announced an overhaul of Non-Performing Asset (NPA) resolution and provisioning. This simplifies the earlier system and moves toward comprehensive resolution of most stressed assets by FY20. This will accelerate NPL recognition and provisioning, though the pace of provisioning is still slower than what it would be under International Financial Reporting Standards (Indian Accounting Standard). MSP hikes announced: The government announced MSPs in August for Kharif crop at 1.5x the cost of production, as per its budgetary promise. Consequently, MSP for paddy-the crop with highest weight in CPI basket-was increased by ~13%, the highest in six years. On a weighted average basis, it was a healthy 13.7% increment in Kharif MSPs. On the other hand, winter crop MSPs were raised by just 5-6% in October. Increase in MSPs was widely perceived as upside risk to CPI inflation given the 46% of food in the CPI basket. However, food prices have remained surprisingly benign throughout the year with latest November food inflation printing at -1.7% one year ago, the lowest level in the new CPI series that commenced since 2014.

## Government announces measures to curb rupee depreciations and Current Account Deficit

The Government announced measures to boost capital flows and ease the pressure on the Rupee in the month of September. The Government also announced incremental import tariffs on 19 items amounting to USD 13bn (0.5% of GDP and 3% of total import bill) in September in an attempt to chip away at the widening Current Account Deficit (CAD). Items to face increased tariffs included refrigerators, ACs, washing machines, footwear, kitchenware, luggage and plastic products. Tariffs were also raised on diamonds and gemstones, but no further increase on gold was announced which currently attracts a 10% duty. Impact of these tariffs on CAD was expected to be muted as it was expected to reduce CAD by less than 0.1% of GDP.

## Reduction in Government borrowing

The Central Government announced reduction in its gross borrowing for 2HFY19 to INR 2.47tn vs. INR 2.88tn borrowed in the first half in a bid to keep its fiscal math in line with its budgetary target of 3.3% of GDP.

## RBI Governor resigns

In a major surprise, Dr. Urjit Patel tendered his resignation from the post of RBI Governor on Dec 10, citing personal reasons. In the wake of this event, the government appointed Mr. Shaktikanta Das as the 25th Governor for a term of three years. Mr. Das is a seasoned bureaucrat having served as Economic Affairs Secretary and Revenue Secretary for the Government of India (GOI). Earlier, Government appointed Dr. Krishnamurthy Subramanian as Chief Economic Advisor (CEA) after Dr. Arvind Subramanian resigned in June 2018.

## Farm loan waivers

Delivering on their election campaign manifesto, newly elected governments in Rajasthan, Madhya Pradesh and Chhattisgarh announced farm loan waivers in their respective states. The decision is expected to cost INR 180bn in Rajasthan, INR 500bn in Madhya Pradesh (MP) and INR 61bn in Chhattisgarh. Following suite,

**INVESTMENT MANAGER'S REPORT**
**For the financial year ended 31 December 2018 (continued)**

**INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)**

**Farm loan waivers (continued)**

the Assam Government also approved INR 6bn farm loan waiver for ~0.8mn farmers. Earlier in the year, Karnataka government also declared farm loan waivers to the tune of INR 440bn.

**RBI injects liquidity**

RBI announced it would buy Rs500bn of bonds under Open Market Operations (OMOs) in January through five auctions of Rs100bn each. RBI said it would consider a similar quantum of OMO purchases until the end of March 2019. RBI also raised the total injection of durable liquidity for December to Rs500bn (vs. previous guidance of Rs400bn). RBI completed Open Market Operation (OMO) purchase of G-Sec totaling Rs.1.3trillion in 3QFY19 vs. Rs.0.3trillion in 1$^{st}$ Half Year of 2019, to stabilize liquidity conditions resulting in lower funding costs.

**Macro Review:**

- **India GDP growth lost steam in 3$^{rd}$ Quarter Calendar Year 2018 by printing at 7.1% one year ago (oya) vs. 8.2%oya in 2Q18 and 7.7%oya in 1Q18.** Internals of the report revealed that core Gross Value Added (GVA) (reflective of private business cycle) slowed sharply to 6.6%oya vs. 8.1%oya in 2Q. Our economists suspect tightening liquidity situation, slower fiscal stimulus from the government to meet its fiscal deficit target and benign food prices affecting agrarian growth to pose as significant headwinds to overall growth in the future. Hence, they forecast 2HFY19 growth to slow down below 7% year on year (yoy) while FY19 full year growth to print at 7.3%oya.

- **Headline CPI inflation undershot expectations throughout 2HCY18**, easing from January high of 5.1%oya to 2.3%oya in the latest Nov print, largely on the back of unexpectedly benign food prices which have failed to show any impact of generous increase in MSPs. Food prices contracted for 10th consecutive month in Nov, printing at -1.7%oya, the lowest level in the new CPI series that commenced since 2014. However, the core-core inflation (standard core adjusted for gasoline, diesel and housing) still remains high at 5.5%oya in November but with input costs falling in recent weeks and growth expected to soften, our economists expect the momentum of core prices to soften further.

- **India's composite Purchasing Managers' Index (PMI) remained in the expansionary territory throughout the year (except in Feb)** with November print of 54.5, its highest level since Oct-16. Strong PMI prints for October (53) and November (54.5) suggest that the economy is gaining traction in 4Q18 after a dull 3Q18. Sectorally, the services PMI which lagged in the beginning of the year is catching up with already strong manufacturing PMI. November print for both manufacturing (54.0) and services PMI (53.7) was the highest in 2018.

- **Industrial production (IP) decelerated in 1$^{st}$ Half Calendar Year 2018 from 7.5%oya in January to 3.8%oya in May.** However, June IP jumped back to 7%oya largely on the back of favorable base effect. Most recently, October print for industrial production raised 1.0%m/m, printing at 8.1%oya, well ahead of consensus expectations of 6.0%.

- **Monsoon** in the country ended at a 9% deficit with rainfall significantly below normal in East & North East India (-24% vs. Long Period Average (LPA)).

- **India's CAD widened sharply to 2.9% of GDP (US$19.1bn) in Q2FY19** vs. 2.4% (US$15.9bn) in Q1FY19 and 1.1% (US$6.9bn) in Q2FY18. The widening of the CAD was largely on account of higher trade deficit at US$50bn in Q2FY19 vs. US$32.5bn in Q2FY18. Depreciating INR and rising crude oil prices were the main culprits in widening of CAD. Going forward, our economists forecast CAD to come down to 2.4% of GDP on the back of expected slowdown in growth and lower crude price.

**INVESTMENT MANAGER'S REPORT**
**For the financial year ended 31 December 2018 (continued)**

**INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)**

## Market Outlook

Looking forward, in 2019, we should be on a steady wicket and the macro backdrop will become supportive of markets. With the US expected to see a soft landing, we will see a dovish Fed and USD strength will start abating. The macro fundamentals for India will be stable with range-bound oil prices, stable INR, benign inflation, and manageable twin deficits. The tight liquidity situation has also eased off and system liquidity should be back at neutral by Mar'19.

India will continue to see steady economic growth with a marginal improvement in FY20E. The key driver will be secular growth in private consumption, supported by investments, particularly in infrastructure.

Private consumption will continue to be on a steady growth path driven by demographics, rising urbanization and premiumization, and shift from unorganized to organized. With a large middle class and growing affluent class, discretionary spending will increase going forward. Government stimulus in an election year will give a boost to rural consumption.

Bank balance sheets are getting repaired and credit growth will remain strong as banks step in for NBFCs. Although the Housing sector faced challenges in 2018, reforms such as RERA and Affordable Housing will drive household capex over the next few years. Government is continuing its investment in infrastructure development, particularly in Bharatmala road projects and Dedicated Freight Corridor railway projects. Capacity Utilization has risen to levels where we should start seeing private capex picking up.

With regards to earnings, even as there would be near-term pain in earnings for NBFCs and wholesale-oriented banks, broader earnings growth for the market will remain supportive. We should see earnings growth of ~24%in FY20E.

India and other Emerging Markets now offer favorable risk-reward amid improving growth, supportive macro, healthy balance sheets, light investor positioning, and reasonable valuations. Consequently, we will see a reversal of the FPI outflows that took place in 2018. In addition, domestic liquidity will sustain in India with SIP flows expected to remain steady.

Markets are likely to be choppy in near term and trade sideways until the 2019 Lok Sabha election. The recent correction means that quality companies are available at cheaper valuation. Moreover, the recent uptick in currency and correction in oil prices is expected to push down the current account deficit. This improved macro situation coupled with stronger expected corporate earnings means that investors can view any interim volatility as an opportunity for accumulation. We continue to hold a selectively constructive view of the market. In the last 2 months or so, majority of the concerns surrounding crude, Rupee and liquidity have reduced. In addition, earnings and revenue growth is expected to inch-up. There is also an improvement on demand side, helping pick-up in industrial activity. The combination of these factors leads us to believe that market is well balanced at the current juncture.

Themes of interest for 2019 are Financials i.e. Private Banks, Corporate banks and select NBFCs, and Consumption i.e. Consumer and Consumer Discretionary.

## INVESTMENT MANAGER'S REPORT
**For the financial year ended 31 December 2018 (continued)**

### INDIA QUALITY ADVANTAGE AND INDIA FRONTLINE EQUITY (continued)

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL UMBRELLA UCITS FUND PLC

## Opinion

We have audited the financial statements of ABSL Umbrella UCITS Fund PLC (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL UMBRELLA UCITS FUND PLC (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and

- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL UMBRELLA UCITS FUND PLC (continued)

### Respective responsibilities

#### Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

#### The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kieran Daly

Kieran Daly
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 29 April 2019

## STATEMENT OF FINANCIAL POSITION

*As at 31 December 2018*

| | Notes | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2018 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2017 USD |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Financial assets at fair value through profit or loss: | | | | | | | |
| Investment in transferable securities | 9 | 7,024,084 | 7,750,311 | 80,807,806 | 120,682,648 | 87,831,890 | 128,432,959 |
| Cash and cash equivalents | 6 | 154,576 | 201,331 | 19,572,725 | 1,102,454 | 19,727,301 | 1,303,785 |
| Amount receivable on subscriptions | | - | - | - | 250 | - | 250 |
| Receivable from investment manager | 3, 8 | - | - | 704,584 | 248,575 | 704,584 | 248,575 |
| Dividend and interest receivable | | 22 | 37 | 1,167 | 30 | 1,189 | 67 |
| Prepaid capital gains tax | | - | - | 427,448 | - | 427,448 | - |
| Other prepaid expenses | 2 | 7,912 | - | 34,684 | - | 42,596 | - |
| **Total assets** | | **7,186,594** | **7,951,679** | **101,548,414** | **122,033,957** | **108,735,008** | **129,985,636** |
| **Liabilities** | | | | | | | |
| Investment management fees payable | 3, 8 | 102,508 | 14,540 | 297,174 | 38,417 | 399,682 | 52,957 |
| Administration fees payable | 3 | 6,617 | 6,609 | 6,621 | 8,142 | 13,238 | 14,751 |
| Amount payable on purchase of securities | | - | - | 1,832,183 | - | 1,832,183 | - |
| Subscription received in advance | | - | - | 16,500,000 | - | 16,500,000 | - |
| Transfer agency fees payable | 3 | 2,281 | 2,286 | 2,281 | 2,286 | 4,562 | 4,572 |
| Depositary fees payable | 3 | 3,467 | 3,382 | 14,887 | 15,837 | 18,354 | 19,219 |
| Audit fees payable | 3 | 1,482 | 1,572 | 9,065 | 20,821 | 10,547 | 22,393 |
| Consulting fees payable | 3 | - | 52 | - | 923 | - | 975 |
| Directors' fees payable | 3 | - | 80 | - | 1,381 | - | 1,461 |
| Liquidation fees payable | 8 | - | 2 | - | 1,173 | - | 1,175 |
| Payable to investment manager | 8 | 82,746 | 118,033 | - | - | 82,746 | 118,033 |
| Other accrued expenses and liabilities | | 10,818 | 11,868 | 340,765 | 180,764 | 351,583 | 192,632 |
| **Total liabilities (excluding amounts attributable to holders of redeemable participating shares)** | | **209,919** | **158,424** | **19,002,976** | **269,744** | **19,212,895** | **428,168** |
| **Net assets attributable to holders of redeemable participating shares** | 13,14 | **6,976,675** | **7,793,255** | **82,545,438** | **121,764,213** | **89,522,113** | **129,557,468** |

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION (continued)

*As at 31 December 2018*

| | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD |
|---|---|---|---|---|
| Class 'A' USD Shares In Issue | 4,471 | 10 | 52,701 | 27 |
| Net Asset Value Per Share | USD 90.13 | USD 107.89 | USD 96.54 | USD 107.97 |
| Class 'D' USD Shares In Issue | 51,414 | 51,414 | 3,092 | 151,576 |
| Net Asset Value Per Share | USD 127.86 | USD 151.58 | USD 120.19 | USD 136.56 |
| Class 'E' USD Shares In Issue | - | - | 583,582 | 701,421 |
| Net Asset Value Per Share | - | - | USD 132.09 | USD 144.09 |

**Signed on behalf of the Company on 26 April 2019 by:**

**Vincent Dodd**

**Noel Ford**

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

*For the financial year ended 31 December 2018*

| Income | Notes | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2018 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2017 USD |
|---|---|---|---|---|---|---|---|
| Net realised and change in unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss | 7 | (1,223,101) | 2,625,556 | (12,209,915) | 27,408,525 | (13,433,016) | 30,034,081 |
| Dividend income | | 78,018 | 45,434 | 1,521,478 | 842,977 | 1,599,496 | 888,411 |
| Anti-dilution levy | 2 | - | - | 520,628 | - | 520,628 | - |
| Bank interest | | 548 | 141 | 3,420 | 1,600 | 3,968 | 1,741 |
| Reimbursement of expenses paid on behalf of subsidiary | 8 | - | 16,573 | - | 37,577 | - | 54,150 |
| **Total (loss)/income** | | **(1,144,535)** | **2,687,704** | **(10,164,389)** | **28,290,679** | **(11,308,924)** | **30,978,383** |
| **Expenses** | | | | | | | |
| Investment management fees | 3,8 | 87,967 | 13,421 | 258,757 | 35,308 | 346,724 | 48,729 |
| Administration fees | 3 | 40,382 | 65,613 | 39,202 | 76,854 | 79,584 | 142,467 |
| Depositary fees | 3 | 31,186 | 28,952 | 133,056 | 135,209 | 164,242 | 164,161 |
| Audit fees | 3 | 2,544 | 3,124 | 39,212 | 43,143 | 41,756 | 46,267 |
| Consulting fees | 3 | 3,639 | 17,297 | 47,057 | 81,632 | 50,696 | 98,929 |
| Directors' fees | 3 | 3,962 | 4,107 | 53,576 | 52,138 | 57,538 | 56,245 |
| Transfer agency fees | 3 | 10,756 | 9,850 | 19,915 | 17,450 | 30,671 | 27,300 |
| Other expenses | 3 | 34,431 | 35,472 | 341,511 | 285,060 | 375,942 | 320,532 |
| Transaction cost | | 7,612 | 9,516 | 225,915 | 177,271 | 233,527 | 186,787 |
| Liquidation fees | 8 | 3 | 5,756 | 51 | 6,949 | 54 | 12,705 |
| Expenses paid on behalf of the subsidiary | 8 | - | 16,573 | - | 37,577 | - | 54,150 |
| **Total expenses** | | **222,482** | **209,681** | **1,158,252** | **948,591** | **1,380,734** | **1,158,272** |
| Capital gains tax | 2 | - | (61,833) | - | (55,759) | - | (117,592) |
| Investment manager subsidy | 3,8 | 130,298 | 105,287 | 703,648 | 558,190 | 833,946 | 663,477 |
| **Net expenses** | | **(92,184)** | **(166,227)** | **(454,604)** | **(446,160)** | **(546,788)** | **(612,387)** |
| **(Decrease)/Increase in net assets attributable to holders of redeemable participating shares from operations** | | **(1,236,719)** | **2,521,477** | **(10,618,993)** | **27,844,519** | **(11,855,712)** | **30,365,996** |

Gain and losses are solely from continuing operations. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

*For the financial year ended 31 December 2018*

| | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2018 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2017 USD |
|---|---|---|---|---|---|---|
| **Net assets attributable to holders of redeemable participating shares at the beginning of the financial year** | **7,793,255** | **5,070,783** | **121,764,213** | **53,242,436** | **129,557,468** | **58,313,219** |
| (Decrease)/Increase in net assets attributable to holders of redeemable participating shares from operations | (1,236,719) | 2,521,477 | (10,618,993) | 27,844,519 | (11,855,712) | 30,365,996 |
| Capital Transactions | | | | | | |
| Issue of redeemable shares during the financial year | | | | | | |
| USD A class | 447,352 | 1,000 | 5,593,961 | 2,760 | 6,041,313 | 3,760 |
| USD D class | - | 200,138 | 200,839 | 200,100 | 200,839 | 400,238 |
| USD E class | - | - | 10,400,345 | 53,044,604 | 10,400,345 | 53,044,604 |
| Redemption of redeemable shares during the financial year | | | | | | |
| USD A class | (27,213) | (143) | (27,591) | (429,165) | (54,804) | (429,308) |
| USD D class | - | - | (17,365,596) | - | (17,365,596) | - |
| USD E class | - | - | (27,401,740) | (12,141,041) | (27,401,740) | (12,141,041) |
| **Net assets attributable to holders of redeemable participating shares at the end of the financial year** | **6,976,675** | **7,793,255** | **82,545,438** | **121,764,213** | **89,522,113** | **129,557,468** |
| **Redeemable participating shares in issue at beginning of the financial year** | **51,424.147** | **50,000.000** | **853,024.373** | **535,355.386** | **904,411.570** | **585,355.386** |
| Shares issued during the financial year | | | | | | |
| USD A class | 4,766.532 | 10.000 | 52,942.273 | 26.950 | 57,708.805 | 36.950 |
| USD D class | - | 1,415.147 | 1,610.088 | 1,577.099 | 1,610.088 | 2,992.246 |
| USD E class | - | - | 79,718.838 | 414,690.325 | 79,718.838 | 414,690.325 |
| Shares redeemed during the financial year | | | | | | |
| USD A class | (305.909) | - | (268.268) | - | (574.177) | - |
| USD D class | - | (1.000) | (150,094.000) | (3,712.073) | (150,094.000) | (3,713.073) |
| USD E class | - | - | (197,558.749) | (94,913.314) | (197,558.749) | (94,913.314) |
| **Redeemable participating shares in issue at the end of the financial year** | **55,884.770** | **51,424.147** | **639,374.555** | **853,024.373** | **695,222.375** | **904,448.520** |

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

*For the financial year ended 31 December 2018*

| | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2018 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2017 USD |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| **Operating (loss)/gain before working capital changes** | (1,236,719) | 2,521,477 | (10,618,993) | 27,844,519 | (11,855,712) | 30,365,996 |
| **Changes in operating assets and liabilities** | | | | | | |
| Decrease/(Increase) in financial assets at fair value through profit or loss | 726,227 | (2,636,535) | 39,874,842 | (67,398,210) | 40,601,069 | (70,034,745) |
| Increase in amount receivable on subscriptions | - | - | - | (250) | - | (250) |
| Decrease/(Increase) in receivable from investment manager | - | 59,096 | (456,009) | (158,645) | (456,009) | (99,549) |
| Decrease/(Increase) in dividend and Interest receivable | 15 | (37) | (1,137) | (30) | (1,122) | (67) |
| Increase in prepaid capital gains tax | - | - | (427,448) | - | (427,448) | - |
| (Increase)/Decrease in other prepaid expenses | (7,912) | 652 | (34,684) | 20,569 | (42,596) | 21,221 |
| Increase in investment management fees payable | 87,968 | 13,420 | 258,757 | 35,308 | 346,725 | 48,728 |
| Increase/(Decrease) in administration fees payable | 8 | (4,756) | (1,521) | (3,043) | (1,513) | (7,799) |
| Increase in amount payable on purchase of securities | - | - | 1,832,183 | - | 1,832,183 | - |
| Increase in subscription received in advance | - | - | 16,500,000 | - | 16,500,000 | - |
| Decrease in transfer agency fees payable | (5) | (935) | (5) | (935) | (10) | (1,870) |
| Increase/(Decrease) in depositary fees payable | 85 | (618) | (950) | (383) | (865) | (1,001) |
| Decrease in audit fees payable | (90) | (6,509) | (11,756) | (2,586) | (11,846) | (9,095) |
| (Decrease)/Increase in consulting fees payable | (52) | (17,863) | (923) | 923 | (975) | (16,940) |
| Decrease in directors’ fees payable | (80) | (1,683) | (1,381) | (13,544) | (1,461) | (15,227) |
| (Decrease)/Increase in liquidation fees payable | (2) | 2 | (1,173) | 1,173 | (1,175) | 1,175 |
| (Decrease)/Increase in payable to investment manager | (35,287) | 80,397 | - | (29,544) | (35,287) | 50,853 |
| Decrease in payable to subsidiary | - | (38,229) | - | (66,782) | - | (105,011) |
| (Decrease)/Increase in other accrued expenses and liabilities | (1,050) | 8,371 | 160,001 | 165,379 | 158,951 | 173,750 |
| **Cash (used in)/provided by operating activities** | **(466,894)** | **(23,750)** | **47,069,803** | **(39,606,081)** | **46,602,909** | **(39,629,831)** |
| **Financing activities** | | | | | | |
| Proceeds from issuance of redeemable participating shares | 447,352 | 201,138 | 16,195,395 | 53,247,464 | 16,642,747 | 53,448,602 |
| Payment on redemption of redeemable participating shares | (27,213) | (143) | (44,794,927) | (12,570,206) | (44,822,140) | (12,570,349) |
| **Net cash flows provided by/(used in) financing activities** | **420,139** | **200,995** | **(28,599,532)** | **40,677,258** | **(28,179,393)** | **40,878,253** |
| **Net (decrease)/increase in cash and cash equivalents** | **(46,755)** | **177,245** | **18,470,271** | **1,071,177** | **18,423,516** | **1,248,422** |
| **Cash and cash equivalents at the beginning of the financial year** | **201,331** | **24,086** | **1,102,454** | **31,277** | **1,303,785** | **55,363** |
| **Cash and cash equivalents at the end of the financial year** | **154,576** | **201,331** | **19,572,725** | **1,102,454** | **19,727,301** | **1,303,785** |

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS (continued)

*For the financial year ended 31 December 2018*

| | India Quality Advantage Fund 31 Dec 2018 USD | India Quality Advantage Fund 31 Dec 2017 USD | India Frontline Equity Fund 31 Dec 2018 USD | India Frontline Equity Fund 31 Dec 2017 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2018 USD | ABSL Umbrella UCITS Fund PLC Total 31 Dec 2017 USD |
|---|---|---|---|---|---|---|
| **Supplemental disclosure of cash flow information** | | | | | | |
| Interest income received | 563 | 141 | 2,283 | 1,600 | 2,846 | 1,741 |
| Dividend income received | 78,018 | 45,434 | 1,521,478 | 842,977 | 1,599,496 | 888,411 |
| Capital gains tax paid | - | (61,833) | (427,448) | (55,759) | (427,448) | (117,592) |

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements for the financial year ended 31 December 2018**

## 1. The Company

ABSL Umbrella UCITS Fund PLC (the “Company”) is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company authorised by the UCITS Regulations. The Company was incorporated on 22 May 2014 with registration number 544236.

The Company is structured as an umbrella fund with segregated liability between sub-funds.

The Company is organised as an umbrella type of collective investment vehicle comprising of distinct sub-funds. The assets of a sub-fund are invested separately in accordance with the investment objectives and policies of that sub-fund which are set out in a supplement to the Prospectus. As 31 December 2018 the Company had two active sub-funds (the “sub-funds”), both denominated in US Dollars:

- India Quality Advantage Fund
- India Frontline Equity Fund

With the prior approval of the Central Bank, the Company may from time to time create such additional sub-funds as the Directors may deem appropriate. Details of any such sub-fund or sub-funds created in the future shall be as set out in the applicable Supplement in accordance with the requirements of the Central Bank.

The objective of each sub-fund is as follows:

**India Quality Advantage Fund**
The sub-fund seeks to generate superior risk-adjusted returns. The sub-fund seeks to achieve its investment objective by investing primarily in a target allocation of up to 100% in equities and Equity Related Instruments by investing in companies in India exhibiting consistent high-quality growth. The sub-fund seeks to invest its assets in India by investing in instruments issued by companies that are incorporated in India or owned by Indian promoters or which have significant operations in India.

**India Frontline Equity Fund**
The sub-fund seeks total return through long term growth of capital. The sub-fund seeks to achieve its investment objective by investing primarily in a target allocation of 100% equity and Equity Related Instruments which aims at being as diversified across various industries as the benchmark index, MSCI India Index. The sub-fund seeks to invest its assets in India by investing in instruments issued by companies that are incorporated in India or owned by Indian promoters or which have significant operations in India.

## 2. Significant Accounting Policies

**Basis of Preparation**
The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements have been prepared on the basis of the Net Asset Value produced on 31 December 2018 and subscriptions and redemptions until that date.

The financial statements are presented in US Dollars (USD).

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future financial periods.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 2. Significant Accounting Policies (continued)

**Basis of Preparation (continued)**

This is the first set of the Company's annual financial statements in which IFRS 9 has been applied full retrospectively. The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. The application of IFRS 9 had no material impact on the financial statements. All financial assets and liabilities previously held at fair value under IAS 39 continue to be held at fair value under IFRS 9. There were no financial assets and liabilities designated at fair value at initial application. All short term receivables and payables held at amortised cost under IAS 39 continued to be held at amortised cost under IFRS 9.

**Comparative Information**

As a result of tax reform in India, the Company's Mauritius subsidiaries were no longer required and the board took the decision to wind down and trade through the sub-funds going forward. Effective 31 March 2017, substantially all assets and liabilities within subsidiaries were disposed of and settled respectively. As of 1 April 2017 trades were moved through the market from the subsidiaries to the Company and the subsidiaries were subsequently wound down.

This does not have any impact on the presentation and classification on the face of the Statement of Financial Position, however, the corresponding notes to the financial statements may not be entirely comparable. See note 8 and note 10 for further details.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

**Going Concern**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**Tax Uncertainties**

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

**Functional and Presentation Currency**

The financial statements are presented in US Dollar (USD) which is the Company's functional currency being the currency of the primary economic environment in which the Company operates.

**Foreign Currency Translation**

The presentation currency of the Company is USD. USD was chosen as the presentation currency as the sub-funds are predominantly marketed in Asia Pacific, and the Middle East. Investors in these jurisdictions prefer to invest in USD due to its stability.

*Transactions and balances*

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 2. Significant Accounting Policies (continued)

### Foreign Currency Translation (continued)

Foreign currency assets and liabilities are translated into USD at the exchange rate ruling at the financial year end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit and loss together with other fair value changes arising from the asset or liability in the Statement of Comprehensive Income.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Please refer to note 9 for fair value measurement and discussions.

### Financial Assets and Liabilities at Fair Value through Profit or Loss

*(i) Classification*

In accordance with IFRS 9 (effective from 1 January 2018), the Company classifies its financial assets and liabilities at initial recognition into the categories of financial assets and liabilities discussed below.

In applying that classification, a financial asset or liability is considered to be held for trading if:

a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b) On initial recognition, it is part of a portfolio of identified financial assets and liabilities that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

*Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss comprise of equities. After the initial measurement, the Company classifies its financial assets at amortised cost or at fair value through profit or loss on the basis of both:

a) The entity's business model for managing the financial assets; and
b) The contractual cash flow characteristics of the financial asset.

Based on how performance is evaluated, how risks are managed and how compensation is paid, the business model for financial assets is to manage on a fair value basis as they are held for trading. The contractual cash flows of the financial assets are not solely payments of principal and interest.

*Financial assets at amortised cost*

Loans and receivables are measured at amortised cost. This includes cash and cash equivalents and other short term assets.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

**2. Significant Accounting Policies (continued)**

**Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)**

*(i) Classification(continued)*

*Financial liabilities at amortised cost*
These include Investment management fees payable, amounts payable on purchases of securities and other short term payables.

*(ii) Initial Measurement*
Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value of the financial assets and liabilities are presented in the Statement of Comprehensive Income, in the period in which they arise.

If a quoted market price is not available on a recognised stock exchange or from a broker/ counterparty, the fair value of the financial instruments may be estimated by the Directors or their delegate (being a competent person approved for such purpose by the Depositary) with care and in good faith and in consultation with the Investment Manager at the probable realisation value. Such probable realisation value may be determined by using a mid-quotation from a broker.

Alternatively, the Directors, in consultation with the Investment Manager may use such probable realisation value as the Investment Manager or other competent professional appointed by the Directors for such purposes, may recommend. Due to the nature of such unquoted assets and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager.

*(iii) Subsequent Measurement*
After initial measurement, the Company measures financial instruments classified as fair value through profit or loss on the Statement of Comprehensive Income. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty in the case of non-exchange traded instruments, at the balance sheet date without any deduction for estimated future selling costs.

*(iv) Derecognition*
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the Company transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

*(v) Impairment*
*Policy effective from 1 January 2018 (IFRS 9)*
The sub-funds hold only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, have chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all their trade receivables. Therefore, the sub-funds do not track changes in credit risk, but instead, recognise a loss allowance based on lifetime ECLs at each reporting date.

The sub-funds’ approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The sub-funds use the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 2. Significant Accounting Policies (continued)

**Valuation Principles**
The value of any investment which is quoted, listed or normally dealt in on a regulated market shall be calculated at the closing price. Investments quoted, listed or normally dealt on more than one market shall be valued at the closing price for such market, that in the opinion of the Directors provides the principal market for such investment. When prices are not available for any reason, or such prices are deemed to not represent fair value, the value thereof shall be the probable realisation value which must be estimated in good faith by such competent person as may be appointed by the Directors and approved for the purpose by the Depositary.

In determining value of investments held by the sub-funds, each security which is quoted or dealt in on a stock exchange will be valued at its latest available price on the stock exchange which is normally the principal market for such security, and each security dealt in on an organised market will be valued in a manner as near as possible to that for quoted securities.

Prior to 1 April 2017 each sub-fund had invested in a wholly owned subsidiary which was not quoted on an active market. These investments were valued based on the Net Asset Value (NAV) per share which was calculated by RBC Investor Services Ireland Limited. From 1 April 2017 onwards the structure of the Company changed so that each sub-fund was invested directly in Indian equities.

All investments in the sub-funds' portfolios as at 31 December 2018 and 31 December 2017 were recorded at the fair value per quoted market price. Please refer to note 9 for details on the valuation of Odisha Cements Ltd.

**Income and Expenses**
Dividends are recognised as income on the dates that the related investment is first quoted 'ex-dividend' to the extent information thereon is reasonably available. Interest income and interest expense are recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

**Cash and Cash Equivalents**
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**Realised and Unrealised Gains/(Losses) on Investments**
Realised gains and losses on disposal of investments during the financial year and the change in unrealised gains and losses on valuation of investments held at financial year ended are dealt with in the Statement of Comprehensive Income.

**Operating Expenses**
The Company pays out of its assets all normal operating expenses including depositary fees, administration fees, transfer agent fees, Investment Manager fees, NAV publication and circulation fees, audit & other professional fees, and charges incurred on the acquisition and realisation of investments. Such costs are expensed in the financial period incurred.

**Transaction Costs**
Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs relate to the purchase and sale of investments.

**Taxation**
Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act of 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

## 2. Significant Accounting Policies (continued)

**Taxation (continued)**

However, Irish tax may arise on the holding of shares at the end of a "Relevant Period" in respect of Irish Resident Investors constituting a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of redeemable participating shares. A Relevant Period is defined as a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding Relevant Period. No Irish tax will arise on the Company in respect of chargeable events in respect of:

(a) a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act of 1997, as amended, are held by the Company; and

(b) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

**Capital Gain Tax**

*Long Term Capital Gains Tax*

Consequent to introduction of Tax on Long term capital gains, as per provisions of Section 112A read with section 55(2)(ac) of the Indian Income Tax Act, 1961 (the Act), cost of acquisition in respect of long term capital asset acquired by the assessee before the 1st day of February, 2018 shall be deemed to be the higher of –

a) the actual cost of acquisition of such asset; and

b) the lower of –

    (I) the fair market value of such asset (highest price on 31/01/2018 as quoted on a recognised stock exchange; where such security is not traded on the exchange, then highest price on a day traded immediately preceding 31/01/2018) ; and

    (II) the full value of consideration received or accruing as a result of the transfer of the capital asset.

In view of the above, the full value of sales consideration will be considered to be the deemed cost of acquisition. Accordingly, long term capital gains earned by the sub-funds will be treated as NIL.
Further, as per the provisions of Section 112A of the Act, the sub-funds are liable to pay tax @ 10% on the long term capital gains exceeding Rs.100,000 arising from transfer of a long term capital asset, being an equity share in a company, where Securities Transaction Tax ('STT') has been paid on acquisition and transfer of such capital asset.

*Short Term Capital Gains Tax*

As per the provisions of Section 111A of the Income Tax Act, 1961 ("the Act"), the Company is liable to pay tax @ 15% on the short term capital gains arising from the transfer of a short term capital asset, being an equity share in a company and the transaction of sale of such equity shares is chargeable to Securities Transaction Tax ("STT").

The Company will also be liable to pay surcharge @10% on its tax liability arising out of income earned in India (in case the total income of the Company exceeds Rs. 50 lacs but does not exceed Rs. 1 crore) or a surcharge @ 15% on its tax liability arising out of income earned in India (in case the total income of the Company exceeds Rs. 1 crore). In addition to the surcharge, the Company will be liable to pay an Education cess of 4% on its total tax liability (including surcharge).

Indian capital gain tax on any Indian based securities are recognised in capital gains tax on the Statement of Comprehensive Income.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 2. Significant Accounting Policies (continued)

**Capital Gain Tax (continued)**
For the financial year ended 31 December 2018 capital gain tax on India Quality Advantage Fund and India Frontline Equity Fund was recognised in the Statement of Comprehensive Income and amounted to USD Nil (31 December 2017: USD61,833) and USD Nil (31 December 2017: USD55,759) accordingly. Prepaid capital gains tax as of 31 December 2018 amounting to USD427,448 (31 December 2017:USD Nil).

*Policy for Capital Gains Tax – Unrealised Capital Gains*
The Company uses an "expected timing" model by forecasting disposal of its investments using a combination of company management strategy and trading history during the year specific to the portfolio.

As at 31 December 2018 and 31 December 2017 there were no provision for capital gains tax.

Movement of capital gains tax included in the Statement of Financial Position:

| | 2018<br>USD | 2017<br>USD |
|---|---|---|
| Beginning of the financial year | - | - |
| Provision for unrealised gain/(loss) | - | - |
| Capital gains tax on realised capital gains | - | (117,592) |
| Capital gains tax paid | 427,448 | 117,592 |
| | 427,448 | - |

**Redeemable Participating Shares**
Redeemable participating shares are redeemable at the shareholder's option and are in substance a liability to the Company under the terms of IFRS 9.

The participating shares can be put back to the Company on any dealing day for cash equal to a proportionate share of the Company's Net Asset Value.

**Amounts Receivable and Payable on Sales and Purchases of Securities**
Receivables and payables represent amounts receivable and payable for transactions contracted but not yet delivered.

In accordance with the Company's policy of trade accounting for regular way sales and purchases transactions, sales/purchases awaiting settlement represent amounts receivable/payable for securities sold/purchased but not yet settled. Amounts receivable on sale of securities and amounts payable on purchase of securities are shown on the Statement of Financial Position.

**Share Capital**
The Company's subscriber shares are classified as equity in accordance with the Company's articles of association. These shares do not participate in the profits of the Company.

**Anti-dilution Levy**
During any period of net subscriptions, a charge may be added to the purchase price per Share and deducted directly from the subscription proceeds, to cover the dealing cost involved in purchasing investments in the underlying investments of the relevant sub-fund as set out in the applicable Supplement. The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges and to preserve the value of the underlying assets of the relevant sub-fund.

During any period of net redemptions, the redemption price per Share may be reduced, at the discretion of the Directors, by a charge in respect of each sub-fund to cover the dealing costs involved in redeeming investments in the underlying investments of the relevant sub-fund as set out in the applicable Supplement.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

**2. Significant Accounting Policies (continued)**

**Anti-dilution Levy (continued)**
The charge is intended to protect existing and continuing Shareholders against the dilution of the value of their investment on account of these charges and to preserve the value of the underlying assets of the relevant sub-fund.

**Redemption Fee**
In addition, the Directors may in their discretion charge a redemption fee, payable to the relevant Fund (and as further disclosed in the relevant Supplement for the relevant Fund). For the avoidance of doubt, the maximum redemption fee will not exceed 3%.

**Dividends**
Dividends may be made at the Directors' discretion. Shareholders will be notified in advance of any dividend being declared and details of any change in dividend policy will be provided by amending the Prospectus or the applicable Supplement. Per the Supplements to the Prospectus it is not intended to pay a dividend.

**Offsetting Financial Instruments**
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Umbrella Cash Accounts**
In connection with the processing of subscriptions, redemptions, distributions or other relevant payments to or from investors or Shareholders, the Company may establish or operate a separate umbrella fund or sub-fund specific cash account, opened in its name, for each currency in which shares in the Company are denominated. No investment or trading will be effected on behalf of the Company or any of its sub-funds in respect of cash balances in such accounts. Any balances in such accounts shall belong to the Company or the relevant sub-fund and are not held on trust on behalf of any investors or Shareholders or any other persons.

Cash subscriptions received in advance on the relevant Subscription Date will be held as an asset of the relevant sub-fund in cash in an umbrella fund/Company cash account until the relevant Subscription Date, at which time the Shares will be issued and the investor will become a Shareholder in the relevant sub-fund. In respect of such subscription proceeds received in advance of the relevant Subscription Date and until such time as the Shares have been issued to the investor, in the event of the Company or the relevant sub-fund becoming insolvent, the investor will rank as a general unsecured creditor of the Company or relevant sub-fund in respect of such subscription proceeds.

**New standards, Amendments and Interpretations Issued and effective 1 January 2018**
The below are standards, amendments and interpretations to existing standards that are effective for the first time for the annual accounting period beginning 1 January 2018 are outlined below.

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement, recognition, derecognition and impairment of financial assets and liabilities. IFRS 9 was issued in July 2014. It replaces International Accounting Standards (IAS) 39 that relates to the classification, measurement, impairment and hedge accounting of financial assets and liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial assets and liabilities and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

## 2. Significant Accounting Policies (continued)

### New standards, Amendments and Interpretations Issued and effective 1 January 2018 (continued)

IFRS 9 Financial Instruments (continued)

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (OCI) rather than the income statement, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. All financial assets and liabilities previously held at fair value under IAS 39 continue to be held at fair value under IFRS 9. There were no financial assets and liabilities designated at fair value at initial application. All short term receivables and payables held at amortised cost under IAS 39 continue to be held at amortised cost under IFRS 9. The application of IFRS 9 had no material impact on the financial statements.

Prior to the adoption of IFRS 9, under the guidance of IAS 39, all of Company's investments, comprising of equity securities, were classified as fair value through profit or loss and sub-categorised between those held for trading and those designated at fair value through profit or loss at inception.

Pursuant to IFRS 9, a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. In addition, a portfolio of financial assets that meets the definition of held for trading is not held to collect contractual cash flows or held both to collect contractual cash flows and to sell financial assets. For such portfolios, the collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, such portfolios of financial assets must be measured at fair value through profit or loss.

IAS 39's treatment of financial liabilities has been carried forward to IFRS 9 with very limited change. In particular, financial liabilities that are held for trading will continue to be measured at fair value through profit or loss.

The evaluation of the performance of the Company is done for the entire portfolio on a fair value basis, as is the reporting to the key management personnel and to the investors. In this case, all equity, derivatives and debt investments form part of the same portfolio for which the performance is evaluated on a fair value basis together and reported to the key management personnel in its entirety. As all of Company's investments are either held for trading and/or managed and evaluated on a fair value basis, they have remained classified as fair value through profit or loss upon adoption of IFRS 9.

The adoption of IFRS 9 therefore has not resulted in any change to the classification or measurement of financial assets, in either the current or prior period for Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, 'Revenue from Contracts with Customers', is effective from 1 January 2018, and replaces the existing guidance in IAS 18 and IAS 11. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The adoption of IFRS 15 does not have a significant impact on the Company.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 2. Significant Accounting Policies (continued)

### New standards, Amendments and Interpretations Issued and effective 1 January 2018 (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in foreign currency and recognises a non-monetary asset or liability before recognising the related item.

The interpretation which is effective after 1 January 2018, does not have a material effect on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 was published in June 2017. It addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates: and how an entity considers changes in fact and circumstances.

Guidance contained in IFRIC 23 include (i) if an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax fillings; (ii) if an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty; (a) the most likely amount – the single most likely amount in a range of possible outcomes. The most likely amount may better predict the resolutions of the uncertainty if the possible outcomes are binary or are concentrated on value; (b) the expected value – the sum of the probability-weighted amounts in a range of possible outcomes. The expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary not concentrated on one value.

The interpretation which is effective after 1 January 2018, does not have a material effect on the Company's financial statements.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 3. Fees

**Fee Caps**
The Investment Manager has voluntarily agreed to waive all or a portion of its investment management fees, as presented below, and/or to reimburse certain expenses of each sub-fund to the extent necessary to maintain each sub-fund's total annual operating expenses at a certain level. On a daily basis the operating expenses are capped as follows:

**India Frontline Equity Fund and India Quality Advantage Fund**

| Class of Share | Aggregated Fee for Investment Manager |
|---|---|
| A share class | 2.00% of Net Asset Value |
| B share class | 1.75% of Net Asset Value |
| C share class | 1.35% of Net Asset Value |
| D share class | 1.20% of Net Asset Value |
| E share class | 0.00% of Net Asset Value |

If the operating expenses go above the cap the Investment Manager rebates the sub-fund in the form of the Investment Manager Subsidy. The Investment Manager Subsidy amount is crystallised daily.

As at 31 December 2018 the only share classes that were in operation were A Class, D Class and E Class.

The Investment Manager Subsidy (capped fees) for the financial year amounted to USD 833,946 (31 December 2017: USD 663,477).

USD 704,584 was receivable by the Company from the Investment Manager as at financial year end (31 December 2017: USD 248,575).

**Investment Management Fees**
Under the provisions of the investment management agreement, the Company will pay Aditya Birla Sun Life Asset Management Company Pte Ltd ("Investment Manager") a daily fee in respect of its duties as investment manager.

- Up until 6 November 2017 a daily fee was 0.01% of the closing Net Asset Value of the relevant sub-fund (plus VAT, if any) prior to the accrual of the investment management fee as of each Valuation Date.
- From 7 November 2017 a daily fee is 1.2% per USD D class and 2% per USD A class. USD E class is not subject to Investment Management fees

The investment management fee will accrue on and will be reflected in the Net Asset Value calculated on each Valuation Date and will be paid monthly in arrears.

The Investment Manager shall also be entitled to reimbursement of operating expenses and establishment expenses incurred by the Investment Manager on behalf of the Company.

*India Quality Advantage Fund*
The Investment Management fees charged for the financial year amounted to USD 87,967 (31 December 2017: USD 13,421). Fees of USD 102,508 were outstanding at financial year end (31 December 2017: USD 14,540). The Investment Management fees are calculated on a daily basis.

*India Frontline Equity Fund*
The Investment Management fees charged for the financial year amounted to USD 258,757 (31 December 2017: USD 35,308). Fees of USD 297,174 were outstanding at financial year end (31 December 2017: USD 38,417). The Investment Management fees are calculated on a daily basis.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 3. Fees (continued)

### Administration and Transfer Agency Fees

Under the provisions of the Administration Agreement, the Administration fee are 4 bp per sub-fund per annum, subject to a minimum fee of €34,500 per sub-fund per annum. Additional fee of €300 per class per annum for NAV calculation beyond 2 classes per sub-fund. The Administrator shall also be entitled to transfer agency fees, which will be charged at normal commercial rates, based on the number of transactions processed and registers maintained by the Administrator.

The Administrator is entitled to a fee of €7,000 for financial statement reporting per sub-fund per annum.

The Administration fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods).

The Administrator shall also be entitled to reimbursement out of the assets of the Company of all reasonable properly-vouched out-of-pocket expenses incurred for the benefit of the Company.

*India Quality Advantage Fund*

The Administration and Transfer Agency fees charged for the financial year amounted to USD 40,382 and USD 10,756 (31 December 2017: USD 65,613 and USD 9,850) respectively. Fees of USD 6,617 and USD 2,281 respectively were outstanding at financial year end (31 December 2017: USD 6,609 and USD 2,286).

*India Frontline Equity Fund*

The Administration and Transfer Agency fees charged for the financial year amounted to USD 39,202 and USD 19,915 (31 December 2017: USD 76,854 and USD 17,450) respectively. Fees of USD 6,621 and USD 2,281 respectively were outstanding at financial year end (31 December 2017: USD 8,142 and USD 2,286).

### Depositary Fees and Trustee Fees

Under the provisions of the Depositary Agreement, the Depositary's fee is subject to a minimum fee of €55,000 per annum.

In addition, the Depositary shall be entitled to a trustee fee as set out below.

| **Based on sub-fund level:** | **Per sub-fund** |
|---|---:|
| Net Asset Value < EUR 500 million | 2.5bp per annum |
| Net Asset Value > EUR 500 million | 1.5bp per annum |
| Minimum annual trustee fee | EUR 11,200 per annum |

Depository cash flow monitoring fee amount to €3,000 per annum.

The Depositary shall also be entitled to transaction fees, which will be charged at normal commercial rates, based on the number of transactions processed by the Depositary.

The depositary fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods).

The Depositary shall also be entitled to reimbursement out of the assets of the Company of all reasonable properly-vouched out-of-pocket expenses incurred for the benefit of the Company.

The Company shall also bear the cost of all relevant sub-custodian transaction fees and charges incurred by the Depositary, or any sub-custodian, which will be charged at normal commercial rates.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

**3. Fees (continued)**

**Depositary Fees and Trustee Fees (continued)**

*India Quality Advantage Fund*
The Depositary fees charged for the financial year amounted to USD 31,186 (31 December 2017: USD 28,952). The Depositary fees outstanding at financial year end were USD 3,467 (31 December 2017: USD 3,382).

*India Frontline Equity Fund*
The Depositary fees charged for the financial year amounted to USD 133,056 (31 December 2017: USD 135,209). The Depositary fees outstanding at financial year end were USD 14,887 (31 December 2017: USD 15,837).

**Directors' Fees**
Director fees are EUR 25,000 per annum per Director. Keerti Gupta and Neville Dean Kent, as employees of the Investment Manager, is not entitled to Directors' fees under the applicable employment contracts.

*India Quality Advantage Fund*
Directors' fees amounted to USD 3,962 during the financial year (31 December 2017: USD 4,107). Directors' fees of USD Nil (31 December 2017: USD 80) were outstanding as at 31 December 2018**.**

*India Frontline Equity Fund*
Directors' fees amounted to USD 53,576 during the financial year (31 December 2017: USD 52,138). Directors' fees of USD Nil (31 December 2017: USD 1,381) were outstanding as at 31 December 2018**.**

**Consulting Fees**

*India Quality Advantage Fund*
The Consulting fees charged for the financial year amounted to USD 3,639 (31 December 2017: USD 17,297). The Consulting fees outstanding at financial year end were USD Nil (31 December 2017: USD 52).

*India Frontline Equity Fund*
The Consulting fees charged for the financial year amounted to USD 47,057 (31 December 2017: USD 81,632). The Consulting fees outstanding at financial year end were USD Nil (31 December 2017: USD 923).

| | **2018** | **2017** |
|---|---|---|
| | **USD** | **USD** |
| KB Associate fees | 35,630 | 45,507 |
| PwC fee for tax filing | 15,066 | 53,422 |
| **Total** | **50,696** | **98,929** |

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 3. Fees (continued)

### Audit Fees

The Independent Audit fees in relation to statutory audit services charged to the Statement of Comprehensive Income during the financial year were EUR 29,400 (31 December 2017: EUR 29,400) of which EUR 11,760 (31 December 2017: EUR 11,760) was payable at financial year end. At the financial year end there were fees payable to the Independent Auditor in relation to statutory audit services during the financial year.

| | 2018 EUR | 2017 EUR |
|---|---|---|
| Statutory Audit Fee (exclusive of VAT) | 29,400 | 29,400 |
| Other Assurance Services | - | - |
| Tax Advisory services | - | - |
| Other non-audit services | - | - |
| **Total** | **29,400** | **29,400** |

### Other expenses and ad-hoc expenses

Below is a breakdown of other expenses charged for the financial year end 31 December 2018. The amounts shown below are the totals of both sub-funds. The combined total is disclosed on the face of the Statement of Comprehensive Income.

| | India Quality Advantage Fund | | India Frontline Equity Fund | | Total | |
|---|---|---|---|---|---|---|
| | 31 Dec 2018 USD | 31 Dec 2017 USD | 31 Dec 2018 USD | 31 Dec 2017 USD | 31 Dec 2018 USD | 31 Dec 2017 USD |
| Corporate secretarial fees | 992 | 1,027 | 13,853 | 13,050 | 14,845 | 14,077 |
| Publication fees | 958 | 3,452 | 12,981 | 11,838 | 13,939 | 15,290 |
| Financial statements | 8,189 | 8,153 | 8,189 | 8,153 | 16,378 | 16,306 |
| Registration fees | 10,957 | 8,023 | 148,921 | 126,309 | 159,878 | 134,332 |
| Miscellaneous fees | 1,783 | 5,810 | 12,571 | 13,675 | 14,354 | 19,485 |
| Bank charges | 22 | 3,730 | 920 | 32,690 | 942 | 36,420 |
| Investment compliance fees | 605 | 736 | 8,457 | 9,321 | 9,062 | 10,057 |
| Legal fees | 10,862 | 3,179 | 134,755 | 60,346 | 145,617 | 63,525 |
| Regulatory fees | - | 1,296 | - | 8,843 | - | 10,139 |
| Filing fees | 63 | 66 | 864 | 835 | 927 | 901 |
| **Total** | **34,431** | **35,472** | **341,511** | **285,060** | **375,942** | **320,532** |

## 4. Dividends

The Company's Articles permit the Directors to declare dividends. During the financial year no dividends were declared.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 5. Exchange Rates

Transactions in foreign currencies are translated into USD at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into USD at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into USD at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation and financial instruments at fair value through profit or loss are recognised as a component of net gain from financial instruments at fair value through profit or loss.

The exchange rates prevailing at 31 December 2018 which are used to convert monetary assets and liabilities denominated in other currencies and those stated at fair value are as follows:

| **Currency** | **31 December 2018** |
|---|---|
| EUR | 1.145250 |
| INR | 0.014332 |

The exchange rates prevailing at 31 December 2017 which are used to convert monetary assets and liabilities denominated in other currencies and those stated at fair value are as follows:

| **Currency** | **31 December 2017** |
|---|---|
| EUR | 1.198850 |
| INR | 0.015656 |

## 6. Cash and Cash Equivalents

As at 31 December 2018 the Company's cash accounts with a financial year end balance of USD 154,576 for India Quality Advantage Fund (31 December 2017: USD 201,331) and USD 19,572,725 for India Frontline Equity Fund (31 December 2017: USD 1,102,454) were held at RBC Investor Services Bank S.A., Dublin Branch and HSBC Bank.

## 7. Net gains/(losses) on financial instruments at fair value through profit or loss

| **For the financial year ended 31 December 2018** | **India Quality Advantage Fund USD** | **India Frontline Equity Fund USD** |
|---|---|---|
| Realised (loss)/gain on Equities | (839,445) | 626,987 |
| Realised loss on Currencies | (20,252) | (42,087) |
| Unrealised loss on Equities | (363,404) | (12,794,815) |
| | **(1,223,101)** | **(12,209,915)** |

| **For the financial year ended 31 December 2017** | **India Quality Advantage Fund USD** | **India Frontline Equity Fund USD** |
|---|---|---|
| Realised gain on Investment Funds | 1,338,348 | 9,779,112 |
| Realised gain on Equities | 379,732 | 449,721 |
| Realised loss on Currencies | (19,752) | (152,867) |
| Unrealised (loss)/ gain on Investment Funds | (209,880) | 24,407 |
| Unrealised gain on Equities | 1,137,108 | 17,308,152 |
| | **2,625,556** | **27,408,525** |

## 8. Related Party Transactions

IAS 24 'Related Party Transactions' requires the disclosure of information relating to material transactions with parties, who are deemed to be related to the reporting entity.

A party is considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if the party is a member of the key management personnel of the entity or its parent.

Keerti Gupta is an employee of Aditya Birla Sun Life AMC Ltd (ABSLAMC) and was appointed as a Director of the Company on 22 April 2016. Neville Kent is an employee of SLFC Services Company (UK) Limited, a subsidiary of SLF of Canada UK Limited, the ultimate UK holding company and considered to be a related party by virtue of also being a Director of the Company and was appointed on 24 April 2018. Effective 24 April 2018, Jon Ross resigned as a Director of the Company and is no longer considered as a related party.

Aditya Birla Sun Life Asset Management Company Pte Ltd, the Investment Manager, is a wholly owned subsidiary of ABSLAMC. Sun Life Assurance Company of Canada and Sun Life Global Investments Canada Inc. are both investors in the Company.

Sun Life Assurance Company of Canada held 331,812 shares (2017: 403,365 shares) at the year ended 31 December 2018. Sun Life Global Investments Canada Inc held 301,770 shares (2017: Nil shares) at the year ended 31 December 2018.

Aditya Birla Sun Life Asset Management Company Pte Ltd., as Investment Manager, earned Investment Management fees from the Company of USD 346,724 (31 December 2017: USD 48,729) of which USD 399,682 (31 December 2017: USD 52,957) was payable at financial year end. The Investment Manager paid all ad-hoc expenses which related to consultancy fees, promoter fees, regulatory fees, and professional fees. Details of these expenses are disclosed in note 3. The Investment Manager subsidy (capped fees) for the financial year amounted to USD 833,946 (31 December 2017: USD 663,477). USD 704,584 was receivable by the Company from the Investment Manager as at financial year end (31 December 2017: USD 248,575). The amount payable to Investment Manager for the financial year amounted to USD 82,746 (31 December 2017: USD 118,033).

None of the Directors held any interest in the shares of the Company at 31 December 2018.

During the financial year under review, the Company transacted with the two subsidiaries. The nature, volume of transactions and balances with these subsidiaries are as follows:

| | | | Amount of transactions | | Balances | |
|---|---|---|---|---|---|---|
| **Name of sub-fund** | **Relationship** | **Nature of transactions** | **31 Dec 2018** | **31 Dec 2017** | **31 Dec 2018** | **31 Dec 2017** |
| | | | **USD** | **USD** | **USD** | **USD** |
| India Quality Advantage Fund | Subsidiary | Reimbursement of expenses | - | 16,573 | - | - |
| India Frontline Equity Fund | Subsidiary | Reimbursement of expenses | - | 37,577 | - | - |

The liquidation fees in subsidiaries charged for the financial year amounted to USD Nil (31 December 2017: USD 12,705) of which USD Nil (31 December 2017: USD 1,175) was payable at financial year end.

There have been no other transactions between the Company and its related parties during the financial year.

## 9. Risk Associated with Financial Instruments

The Company's principal financial liabilities comprise of trades and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:.

Level 1 – Valuations based on quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirely is determined on the basis of the lowest level input that is significant to the fair value measurement in it's entirely.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. The determination of what constitutes 'observable' requires significant judgment by Company management. Company management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Company management's perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, Company management's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. Company management uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Fair Value Hierarchy (continued)

The following tables summarise the inputs used to value the sub-funds' financial instruments measured at fair value on a recurring and non-recurring basis as at 31 December 2018.

| India Quality Advantage Fund<br>31 December 2018 | Total<br>USD | Level 1<br>USD | Level 2<br>USD | Level 3<br>USD |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Investments in transferable securities, at fair value | | | | |
| - Equities | 7,024,084 | 7,024,084 | - | - |
| | **7,024,084** | **7,024,084** | **-** | **-** |

| India Frontline Equity Fund<br>31 December 2018 | Total<br>USD | Level 1<br>USD | Level 2<br>USD | Level 3<br>USD |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Investments in transferable securities, at fair value | | | | |
| - Equities | 80,807,806 | 79,306,719 | 1,501,087 | - |
| | **80,807,806** | **79,306,719** | **1,501,087** | **-** |

| India Quality Advantage Fund<br>31 December 2017 | Total<br>USD | Level 1<br>USD | Level 2<br>USD | Level 3<br>USD |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Investments in transferable securities, at fair value | | | | |
| - Equities | 7,750,311 | 7,750,311 | - | - |
| | **7,750,311** | **7,750,311** | **-** | **-** |

| India Frontline Equity Fund<br>31 December 2017 | Total<br>USD | Level 1<br>USD | Level 2<br>USD | Level 3<br>USD |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Investments in transferable securities, at fair value | | | | |
| - Equities | 120,682,648 | 120,682,648 | - | - |
| | **120,682,648** | **120,682,648** | **-** | **-** |

### Assets and liabilities not carried at Fair Value

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: cash and cash equivalents and other short term receivables and payables.

### Valuation Techniques

When fair values of listed equity and debt securities as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

As at 31 December 2018 and 31 December 2017, most of the investments held by the sub-funds are in listed transferable securities whose values are based on quoted prices in active markets. Consequently these have been categorised as Level 1 investments.

The Company's investment activities expose it to various types and degrees of risk which are associated with the financial instruments and markets in which it invests. The following summary is not intended to be a comprehensive summary of all risks. The main risks arising from the Company's financial instruments are market risk (including price risk, currency risk and interest rate risk), liquidity risk and credit risk.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Fair Value Hierarchy (continued)

### Valuation Techniques (continued)

A corporate action, ex-date 29 November 2018 in Dalmia Bharat Ltd. (ISIN: INE439L01019) announced its merger into Odisha Cements Ltd (Unlisted Company). Each shareholder in Dalmia Bharat Ltd. as on the ex-date was entitled to receive 2 shares of Odisha Cements Ltd for every one share held in Dalmia Bharat Ltd. Per the valuation policy, last closing price of Dalmia Bharat Ltd was used for valuing the resultant equity shares of Odisha Cements Ltd, appropriately considering the entitlement ratio (2:1)). This price was marked to market by benchmarking with the movement of S&P BSE Midcap Index on a daily basis. Accordingly, this has been categorised under Level 2 of the fair value hierarchy.

### Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

### i) Equity Price Risk

Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the sub-funds' financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect net investment income.

Indian equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.

The value of investments will go up and down in accordance with prices of securities in which the sub-funds invest. The prices of shares change in response to many factors, including the historical and prospective earnings of the issuer, the value of their assets, management decisions, demand for an issuer's products or services, production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Equity price risk is monitored by the sub-funds' Investment Manager on a daily basis. The Investment Manager manages this risk by constructing a diversified portfolio of investments traded in various industries.

At financial year end 100.68% and 97.91% (31 December 2017: 99.45% and 99.11%) of the Net Assets for India Quality Advantage Fund and India Frontline Equity Fund respectively were invested in equities.

*Equity price Sensitivity Analysis*
At 31 December 2018, if the official stock markets and other markets on which the shares held by the sub-funds had increased by 5% with foreign currency and interest rates held constant, there would have been the following approximate increase in net assets attributable to participating shareholders.

| | 31 December 2018 | 31 December 2017 |
|---|---|---|
| | USD | USD |
| India Quality Advantage Fund | 351,204 | 387,516 |
| India Frontline Equity Fund | 4,040,390 | 6,034,132 |

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Market Risk (continued)

**ii) Currency Risk**

At 31 December 2018, if the official stock markets and other markets had decreased by 5% with foreign currency and interest rates held constant, there would have been an equal and opposite decrease in net assets attributable to participating shareholders.

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The income and capital value of the Company's investments can be significantly affected by currency translation movements. The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset.

The functional currency of the Company is USD. The sub-funds concentrate solely on Indian equities. As a result each sub-fund is exposed to currency fluctuations between USD and INR.

The sub-funds' investments in Indian equities are subject to currency risk movements between USD and INR. The Investment Manager monitors this risk on an ongoing basis and maintains undeployed cash in USD in the sub-funds bank accounts to provide a level of protection against foreign currency fluctuations. As at 31 December 2018, the sub-funds did not engage in a formal currency hedging program.

As at 31 December 2018 the currency exposure is as follows:

**India Quality Advantage Fund**

**31 December 2018**

| | Total Investments USD | Net Monetary Assets/Liabilities USD | Other Net Assets/Liabilities USD | Net Foreign Currency Derivatives USD | Net Exposure USD |
|---|---|---|---|---|---|
| EUR | - | 864 | (1) | - | 863 |
| INR | 7,024,084 | 140,188 | - | - | 7,164,272 |

**India Frontline Equity Fund**

**31 December 2018**

| | Total Investments USD | Net Monetary Assets/Liabilities USD | Other Net Assets/Liabilities USD | Net Foreign Currency Derivatives USD | Net Exposure USD |
|---|---|---|---|---|---|
| EUR | - | 387 | (8) | - | 379 |
| INR | 80,807,806 | 2,557,382 | (1,832,183) | - | 81,533,005 |

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Market Risk (continued)

### ii) Currency Risk (continued)

As at 31 December 2017 the currency exposure is as follows:

**India Quality Advantage Fund**

**31 December 2017**

| | Total Investments USD | Net Monetary Assets/Liabilities USD | Other Net Assets/Liabilities USD | Net Foreign Currency Derivatives USD | Net Exposure USD |
|---|---|---|---|---|---|
| EUR | - | 1,572 | (5) | - | 1,567 |
| INR | 7,750,311 | 106,316 | - | - | 7,856,627 |

**India Frontline Equity Fund**

**31 December 2017**

| | Total Investments USD | Net Monetary Assets/Liabilities USD | Other Net Assets/Liabilities USD | Net Foreign Currency Derivatives USD | Net Exposure USD |
|---|---|---|---|---|---|
| EUR | - | 10,458 | (13) | - | 10,445 |
| INR | 120,682,648 | 1,015,024 | - | - | 121,697,672 |

*Foreign Currency Sensitivity Analysis*
The following table indicates the currencies to which the sub-funds had significant exposure at 31 December 2018. The analysis calculates the effect of a 5% depreciation against the USD on net assets attributable to holders of redeemable participating shares and the change in net assets attributable to holders of redeemable participating shares per the Statement of Comprehensive Income with all other variables held constant.

| Sub-Fund Name | Currency | 5% Movement 31 December 2018 USD |
|---|---|---|
| India Quality Advantage Fund | EUR | 43 |
| India Quality Advantage Fund | INR | 358,214 |
| India Frontline Equity Fund | EUR | 19 |
| India Frontline Equity Fund | INR | 4,076,650 |

The following table indicates the currencies to which the sub-funds had significant exposure at 31 December 2017.

| Sub-Fund Name | Currency | 5% Movement 31 December 2017 USD |
|---|---|---|
| India Quality Advantage Fund | EUR | 78 |
| India Quality Advantage Fund | INR | 392,831 |
| India Frontline Equity Fund | EUR | 522 |
| India Frontline Equity Fund | INR | 6,084,884 |

A 5% appreciation against the USD on net assets attributable to holders of redeemable participating shares and the change in net assets attributable to holders of redeemable participating shares per the Statement of Comprehensive Income would have resulted in an equal and opposite movement in net assets attributable to participating shareholders.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Market Risk (continued)

### iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest bearing financial assets and financial liabilities held by the Company may in particular be exposed to interest rate risk.

As at 31 December 2018 and 31 December 2017, all investments held are equities and as such were not exposed to interest rate risk.

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in realising assets or in meeting obligations associated with financial liabilities as they fall due.

In respect of investments in Indian equity and equity-related instruments, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity-related securities. Within the regulatory limits, the Investment Manager may choose to invest up to 10% of the Net Asset Value of the sub-funds in unlisted securities that offer attractive yields / returns.

The below table analyses the sub-funds' financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the maturity date as at 31 December 2018.

| **India Quality Advantage Fund** | **Less than 1 month USD** | **1 to 3 months USD** | **3 to 6 months USD** | **6 to 12 months USD** | **1 to 5 years USD** | **Total USD** |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Investment management fees payable | - | 102,508 | - | - | - | 102,508 |
| Administration fees payable | - | 6,617 | - | - | - | 6,617 |
| Transfer agency fees payable | - | 2,281 | - | - | - | 2,281 |
| Depositary fees payable | - | 3,467 | - | - | - | 3,467 |
| Audit fees payable | - | 1,482 | - | - | - | 1,482 |
| Payable to Investment Manager | - | 82,746 | - | - | - | 82,746 |
| Other accrued expenses and liabilities | - | 10,818 | - | - | - | 10,818 |
| Total net assets attributable to holders of redeemable participating shares | 6,976,675 | - | - | - | - | 6,976,675 |
| **Total liabilities** | **6,976,675** | **209,919** | **-** | **-** | **-** | **7,186,594** |

| **India Frontline Equity Fund** | **Less than 1 month USD** | **1 to 3 months USD** | **3 to 6 months USD** | **6 to 12 months USD** | **1 to 5 years USD** | **Total USD** |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Investment management fees payable | - | 297,174 | - | - | - | 297,174 |
| Administration fees payable | - | 6,621 | - | - | - | 6,621 |
| Amount payable on purchase of securities | - | 1,832,183 | - | - | - | 1,832,183 |
| Subscription received in advance | - | 16,500,000 | - | - | - | 16,500,000 |
| Transfer agency fees payable | - | 2,281 | - | - | - | 2,281 |
| Depositary fees payable | - | 14,887 | - | - | - | 14,887 |
| Audit fees payable | - | 9,065 | - | - | - | 9,065 |
| Other accrued expenses and liabilities | - | 340,765 | - | - | - | 340,765 |
| Total net assets attributable to holders of redeemable participating shares | **82,545,438** | **-** | **-** | **-** | **-** | **82,545,438** |
| **Total liabilities** | **82,545,438** | **19,002,976** | **-** | **-** | **-** | **101,548,414** |

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 9. Risk Associated with Financial Instruments (continued)

### Liquidity Risk (continued)

The below table analyses the sub-funds' financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the maturity date as at 31 December 2017.

| India Quality Advantage Fund | Less than 1 month USD | 1 to 3 months USD | 3 to 6 months USD | 6 to 12 months USD | 1 to 5 years USD | Total USD |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Investment management fees payable | - | 14,540 | - | - | - | 14,540 |
| Administration fees payable | - | 6,609 | - | - | - | 6,609 |
| Transfer agency fees payable | - | 2,286 | - | - | - | 2,286 |
| Depositary fees payable | - | 3,382 | - | - | - | 3,382 |
| Audit fees payable | - | 1,572 | - | - | - | 1,572 |
| Consulting fees payable | - | 52 | - | - | - | 52 |
| Directors' fees payable | - | 80 | - | - | - | 80 |
| Liquidation fees payable | - | 2 | - | - | - | 2 |
| Payable to Investment Manager | - | 118,033 | - | - | - | 118,033 |
| Other accrued expenses and liabilities | - | 11,868 | - | - | - | 11,868 |
| Total net assets attributable to holders of redeemable participating shares | 7,793,255 | - | - | - | - | 7,793,255 |
| **Total liabilities** | **7,793,255** | **158,424** | **-** | **-** | **-** | **7,951,679** |

| India Frontline Equity Fund | Less than 1 month USD | 1 to 3 months USD | 3 to 6 months USD | 6 to 12 months USD | 1 to 5 years USD | Total USD |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Investment management fees payable | - | 38,417 | - | - | - | 38,417 |
| Administration fees payable | - | 8,142 | - | - | - | 8,142 |
| Transfer agency fees payable | - | 2,286 | - | - | - | 2,286 |
| Depositary fees payable | - | 15,837 | - | - | - | 15,837 |
| Audit fees payable | - | 20,821 | - | - | - | 20,821 |
| Consulting fees payable | - | 923 | - | - | - | 923 |
| Directors' fees payable | - | 1,381 | - | - | - | 1,381 |
| Liquidation fees payable | - | 1,173 | - | - | - | 1,173 |
| Other accrued expenses and liabilities | - | 180,764 | - | - | - | 180,764 |
| Total net assets attributable to holders of redeemable participating shares | 121,764,213 | - | - | - | - | 121,764,213 |
| **Total liabilities** | **121,764,213** | **269,744** | **-** | **-** | **-** | **122,033,957** |

## 9. Risk Associated with Financial Instruments (continued)

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. It is the Company's policy to enter into financial transactions with a range of reputable counterparties thus diversifying the risk. Therefore, the Company does not expect to incur material credit losses on its financial instruments.

The Company's primary credit risk is with RBC Investor Services Bank S.A., Dublin Branch, the Company's Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to securities held by RBC Investor Services Bank S.A., Dublin Branch to be delayed or limited. The Company monitors this risk by monitoring the credit quality and financial position of RBC Investor Services Bank S.A., Dublin Branch.

As at 31 December 2018 RBC Investor Services Bank S.A., Dublin Branch had a credit rating of AA- with S&P's (31 December 2017: AA- with S&P's). As at 31 December 2018 HSBC Bank had a credit rating of AA- with S&P's (31 December 2017: AA- with S&P's).

The Company may also be exposed to credit risk of sub-custodians appointed by RBC Investor Services Bank S.A., Dublin Branch.

### Cash Account Risk

Subscription monies will become the property of a sub-fund upon receipt and accordingly investors will be treated as a general creditor of a sub-fund during the period between receipt of subscription monies and the issue of shares.

Any failure to supply the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of redemption proceeds or dividend payments. In such circumstances, the Administrator will process any redemption request received by a shareholder and by doing so that investor will no longer considered a shareholder notwithstanding that they have not received the redemption proceeds.

In the event of the insolvency of the Company or the relevant sub-fund, the shareholder will rank as an unsecured creditor of the sub-fund until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released or the dividend paid to the relevant shareholder. Accordingly, shareholders are advised to promptly provide the Administrator with all documentation requested to reduce the risk in this scenario.

The Administrator also operates the Cash Account with respect to receipt of subscription monies. In this scenario, the investor is subject to the risk of becoming an unsecured creditor in the event of the insolvency of the Company or the relevant sub-fund during the period between receipt of subscription monies and the dealing day on which the shares are issued.

### Efficient Portfolio Management

The sub-funds do not currently engage in financial derivative transactions or stocklending for investment purposes or for efficient portfolio management. However, it is intended that the sub-funds may begin to utilise swaps, options, warrants, futures and stocklending for investment purposes and/ or for efficient portfolio management in the future. The sub-funds use the commitment approach to measure its exposure.

There were no netting agreements in place for financial year ended 31 December 2018 (31 December 2017: None). As result revised requirements of IFRS 7 to disclose offsetting requirements for financial assets and liabilities have no impact on current disclosures in the Company's financials.

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 10. Investment in Subsidiaries at Fair Value

Prior to 1 April 2017 the Company had invested in listed equities via its Mauritius domiciled subsidiaries India Quality Advantage Fund and India Frontline Equity Fund, (together the Unconsolidated Investment Entities). From 1 April 2017 onwards the Unconsolidated Investment Entities ceased trading and all the assets were transferred to the Company. The information below is provided for comparative purposes.

### Support

There were no loans from the Company to the Unconsolidated Investment Entity Subsidiaries, however the Company paid normal operating expenses on behalf of the Subsidiaries. The Company had no additional contractual commitments or current intentions to provide any financial or other support to its Unconsolidated Investment Entity Subsidiaries.

### Material risks

The Company managed the material risks of the Subsidiaries in line with the Risk Management Objectives and Processes as outlined in note 9: Risk Associated with Financial Instruments.

The Company had disclosed all matters of a material nature. There were no other matters of a material nature, relating to the Subsidiaries, which have not been disclosed by the Company.

| **Statement of Comprehensive Income** | **India Quality Advantage Fund 31 December 2017** | **India Frontline Equity Fund 31 December 2017** | **Total 31 December 2017** |
|---|---|---|---|
| | **USD** | **USD** | **USD** |
| **Income** | | | |
| Dividend income | 9,975 | 180,947 | 190,922 |
| Net realised and unrealised gains on financial assets and liabilities at fair value through profit or loss | 1,113,020 | 9,704,241 | 10,817,261 |
| Net gain on foreign currency transaction | 12,970 | 57,949 | 70,919 |
| **Total income** | **1,135,965** | **9,943,137** | **11,079,102** |
| **Expenses** | | | |
| Professional fees | 10,736 | 17,734 | 28,470 |
| Transaction fees | 7,389 | 139,549 | 146,938 |
| Net loss on foreign currency transactions | - | - | - |
| Audit fees | - | - | - |
| Director's fees | 2,125 | 2,125 | 4,250 |
| Licence fees | 1,425 | 1,425 | 2,850 |
| Bank charges | 100 | 40 | 140 |
| Expenses borne by ultimate holding company | (14,836) | (25,640) | (40,476) |
| **Total expenses** | **6,939** | **135,233** | **142,172** |
| Profit for the year before tax | **1,129,026** | **9,807,904** | **10,936,930** |
| Income tax expense | (716) | (6,027) | (6,743) |
| **Increase in net assets attributable to holders of participating shares from operations** | **1,128,310** | **9,801,877** | **10,930,187** |

## 11. Share Capital and Redeemable Participating Shares

The maximum authorised share capital of the Company is 1,000,000,000,000 Participating Shares of no par value and 500,000 Subscriber Shares of USD 1 each. As at financial year end, 2 Subscriber Shares have been issued to affiliates of the Investment Manager for the purposes of complying with the Regulations. As only the Participating Shares can represent an interest in the Company, the Subscriber Shares have no entitlement or interest in the Company. As the Subscriber Shares do not form part of the Net Asset Value of the Company they are thus disclosed in the financial statements by way of this note only. The rights attaching to Participating Shares are outlined below.

Participating Shares entitle the holders thereof to participate in the dividends of any sub-fund. Where any sub-fund (or Class of Shares in a sub-fund) is distributing in nature, each of the Participating Shares in a sub-fund (or any Class thereof) entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Company, save in the case of dividends declared prior to becoming a Shareholder.

Any resolution to alter the rights of the Shares requires the approval of three quarters of the holders of the Shares (or where relevant, the particular Class thereof) in writing or else represented or present and voting at a general meeting duly convened in accordance with the Articles.

The Company may by ordinary resolution of all Shareholders increase its authorised share capital, consolidate and divide all or any of its share capital into shares of larger amount or sub-divide its shares or any of them into shares of smaller amount. The Company may, by special resolution of all Shareholders, reduce its issued share capital.

### Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the sub-funds. The Company is not subject to externally imposed capital requirements. The redeemable shares issued by the Company provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the sub-funds net assets at each redemption date and are classified as liabilities.

The Company's objectives in managing the redeemable shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions. The Company's management of the liquidity risk arising from redeemable shares is discussed in note 9.

## 12. Soft Commission Arrangements

There were no soft commission or direct brokerage arrangements in place during the financial year (31 December 2017: None).

## 13. Net Asset Value

The Net Asset Value of the sub-funds for subscriptions and redemptions is based on investments valued at closing prices. The Net Asset Value reported in these financial statements equals the Net Asset Value calculated for reporting purposes.

| | India Quality Advantage Fund | | |
|---|---|---|---|
| | **31 December 2018 USD** | **31 December 2017 USD** | **31 December 2016 USD** |
| Net Assets | 6,976,675 | 7,793,255 | 5,070,783 |
| Net Asset Value per Share: | | | |
| Net Asset Value Per Share A Class | $90.13 | $107.89 | - |
| Net Asset Value Per Share D Class | $127.86 | $151.58 | $101.42 |

**Notes to the financial statements for the financial year ended 31 December 2018 (continued)**

## 13. Net Asset Value (continued)

| India Frontline Equity Fund | 31 December 2018 USD | 31 December 2017 USD | 31 December 2016 USD |
|---|---|---|---|
| Net Assets | 82,545,438 | 121,764,213 | 53,242,436 |
| Net Asset Value per Share: | | | |
| Net Asset Value Per Share A Class | $96.54 | $107.97 | - |
| Net Asset Value Per Share D Class | $120.19 | $136.56 | $93.52 |
| Net Asset Value Per Share E Class | $132.09 | $144.09 | $101.84 |

## 14. Net Assets Value Reconciliation

| India Quality Advantage Fund | 31 December 2018 USD | 31 December 2017 USD |
|---|---|---|
| Total Net Assets for financial statement purposes | 6,976,675 | 7,793,255 |
| Adjustment for unamortised organisation costs | 11,262 | 13,797 |
| Total Net Assets for shareholder dealing/prospectus | 6,987,937 | 7,807,052 |

| India Frontline Equity Fund | 31 December 2018 USD | 31 December 2017 USD |
|---|---|---|
| Total Net Assets for financial statement purposes | 82, 545,438 | 121,764,213 |
| Adjustment for unamortised organisation costs | (11,013) | 16,601 |
| Adjustment for capital gains tax prepaid | (427,448) | - |
| Total Net Assets for shareholder dealing/prospectus | 82,106,977 | 121,780,814 |

## 15. Significant Events During the Financial Year

Jon Ross resigned as a Director of ABSL Umbrella UCITS Fund Plc on 24 April 2018.

Neville Dean Kent appointed as a Director of ABSL Umbrella UCITS Fund Plc on 24 April 2018.

There were no other significant events occurred during the financial year.

## 16. Contingent Liabilities

There were no contingent liabilities at the financial year end.

## 17. Financing activities

Subscriptions and redemptions are the only financing activities in the Statement of Cash Flows.

## 18. Events After the Financial Year End

There are no other significant events that require recognition or disclosure in the financial statements after the financial year end.

## 19. Changes to the Prospectus

There were no material changes to the Prospectus during the financial year.

## 20. Approval of Financial Statements

The Board of Directors approved the financial statements on 26 April 2019.

**INDIA QUALITY ADVANTAGE FUND**
**SCHEDULE OF INVESTMENT AS AT 31 December 2018**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT AND LOSS** | | | |
| **A) TRANSFERABLE SECURITIES** | | | |
| **EQUITIES** | | | |
| **AUTOMOBILE INDUSTRY (2017: 17.49%)** | | | |
| Eicher Motors Ltd | 573 | 190,182 | 2.73 |
| TVS Motor Co Ltd | 23,405 | 191,620 | 2.75 |
| | **23,978** | **381,802** | **5.48** |
| **BANKS AND FINANCIAL INSTITUTIONS (2017: 9.90%)** | | | |
| Bajaj Finance Ltd | 7,048 | 267,192 | 3.83 |
| HDFC Bank Ltd | 7,676 | 233,413 | 3.35 |
| Housing Development Finance Corp Ltd | 8,925 | 251,778 | 3.61 |
| | **23,649** | **752,383** | **10.79** |
| **BUSINESS HOUSES (2017: 6.75%)** | | | |
| Titan Co Ltd | 20,753 | 276,909 | 3.97 |
| | **20,753** | **276,909** | **3.97** |
| **CHEMICALS (2017: 3.33%)** | | | |
| Pidilite Industries Ltd | 19,280 | 306,122 | 4.39 |
| | **19,280** | **306,122** | **4.39** |
| **ELECTRONICS AND ELECTRICAL EQUIPMENT (2017: 6.90%)** | | | |
| Havells India Ltd | 25,296 | 250,698 | 3.60 |
| | **25,296** | **250,698** | **3.60** |
| **FOOD AND DISTILLERIES (2017: 6.46%)** | | | |
| Godrej Consumer Products Ltd | 23,997 | 278,803 | 4.00 |
| Jubilant Foodworks Ltd | 12,732 | 228,459 | 3.27 |
| Marico Ltd | 55,102 | 294,881 | 4.23 |
| Nestle India Ltd | 1,603 | 254,666 | 3.65 |
| | **93,434** | **1,056,809** | **15.15** |
| **HOLDING AND FINANCE COMPANIES (2017: 12.94%)** | | | |
| Cholamandalam Investment and Finance Co Ltd | 14,381 | 259,635 | 3.72 |
| GRUH Finance Ltd | 62,683 | 283,931 | 4.07 |
| | **77,064** | **543,566** | **7.79** |
| **INSURANCE (2017: Nil)** | | | |
| HDFC Life Insurance Co Ltd | 41,289 | 229,098 | 3.28 |
| ICICI Lombard General Insurance Co Ltd | 19,170 | 237,503 | 3.40 |
| | **60,459** | **466,601** | **6.68** |
| **INTERNET SOFTWARE (2017: 3.18%)** | | | |
| HCL Technologies Ltd | 15,365 | 212,361 | 3.04 |
| Infosys Ltd | 23,300 | 220,047 | 3.15 |
| Tech Mahindra Ltd | 22,959 | 237,951 | 3.41 |
| | **61,624** | **670,359** | **9.60** |

**INDIA QUALITY ADVANTAGE FUND**
**SCHEDULE OF INVESTMENTS AS AT 31 December 2018**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **A) TRANSFERABLE SECURITIES (continued)** | | | |
| **EQUITIES (continued)** | | | |
| **MECHANICS MACHINERY (2017: 3.54%)** | | | |
| Whirlpool of India Ltd | 10,518 | 209,617 | 3.00 |
| | **10,518** | **209,617** | **3.00** |
| **NEWS TRANSMISSION (2017: 3.54%)** | | | |
| Sun TV Network Ltd | 18,674 | 162,656 | 2.33 |
| | **18,674** | **162,656** | **2.33** |
| **OTHER SERVICES (2017: Nil)** | | | |
| Mindtree Ltd | 16,175 | 200,408 | 2.87 |
| | **16,175** | **200,408** | **2.87** |
| **PETROL (2017: 9.35%)** | | | |
| Indraprastha Gas Ltd | 51,430 | 196,989 | 2.82 |
| Petronet LNG Ltd | 71,795 | 230,643 | 3.31 |
| | **123,225** | **427,632** | **6.13** |
| **PHARMACEUTICALS AND COSMETICS (2017: 6.19%)** | | | |
| Hindustan Unilever Ltd | 10,354 | 270,024 | 3.87 |
| Sun Pharmaceutical Industries Ltd | 22,080 | 136,232 | 1.95 |
| | **32,434** | **406,256** | **5.82** |
| **RETAIL (2017: Nil)** | | | |
| Avenue Supermarts Ltd | 11,516 | 265,173 | 3.80 |
| | **11,516** | **265,173** | **3.80** |
| **TEXTILE (2017: 3.49%)** | | | |
| Page Industries Ltd | 538 | 194,607 | 2.79 |
| | **538** | **194,607** | **2.79** |
| **TOBACCO AND SPIRITS (2017: Nil)** | | | |
| ITC Ltd | 51,679 | 208,608 | 2.99 |
| | **51,679** | **208,608** | **2.99** |
| **TOTAL EQUITIES** | | **6,780,206** | **97.48** |
| **TOTAL TRANSFERABLE SECURITIES** | | **6,780,206** | **97.48** |

**INDIA QUALITY ADVANTAGE FUND**
**SCHEDULE OF INVESTMENS AS AT 31 December 2018 (continued)**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **B) OTHER TRANSFERABLE SECURITIES** | | | |
| **EQUITIES** | | | |
| **FOOD AND DISTILLERIES (2017: Nil)** | | | |
| Britannia Industries Ltd | 5,462 | 243,878 | 3.50 |
| | 5,462 | **243,878** | **3.50** |
| **TOTAL EQUITIES** | | **243,878** | **3.50** |
| **TOTAL OTHER TRANSFERABLE SECURITIES** | | **243,878** | **3.50** |
| **FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS** | | **7,024,084** | **100.68** |
| **CASH AND OTHER NET LIABILITIES** | | **(47,409)** | **(0.68)** |
| **TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES** | | **6,976,675** | **100.00** |

**ANALYSIS OF TOTAL ASSETS**

| Description | Value USD | % total assets |
|---|---|---|
| **TOTAL TRANSFERABLE SECURITIES** | 6,780,206 | 94.35 |
| **TOTAL OTHER TRANSFERABLE SECURITIES** | 243,878 | 3.39 |
| **CASH AND CASH EQUIVALENTS** | 154,576 | 2.15 |
| **OTHER ASSETS** | 7,934 | 0.11 |
| **TOTAL** | **7,186,594** | **100.00** |

## INDIA QUALITY ADVANTAGE FUND

### SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES for the financial year ended 31 December 2018 (unaudited)

| Purchases<br>Security Name | Quantity | USD<br>Amount | % of total<br>Purchase |
|---|---|---|---|
| Pidilite Industries Ltd | 19,280 | 252,728 | 7.13 |
| Mindtree Ltd | 16,175 | 215,577 | 6.09 |
| Hindustan Unilever Ltd | 10,354 | 212,505 | 6.00 |
| Tech Mahindra Ltd | 22,959 | 212,275 | 5.99 |
| Housing Development Finance Corp Ltd | 8,925 | 210,292 | 5.94 |
| HDFC Life Insurance Co Ltd | 41,289 | 210,108 | 5.93 |
| Infosys Ltd | 23,300 | 210,014 | 5.93 |
| Havells India Ltd | 25,296 | 209,981 | 5.93 |
| Nestle India Ltd | 1,603 | 209,715 | 5.92 |
| Whirlpool of India Ltd | 10,518 | 208,571 | 5.89 |
| Britannia Industries Ltd | 2,731 | 205,669 | 5.81 |
| Avenue Supermarts Ltd | 11,516 | 204,455 | 5.77 |
| ICICI Lombard General Insurance Co Ltd | 19,170 | 203,619 | 5.75 |
| Jubilant Foodworks Ltd | 12,732 | 202,638 | 5.72 |
| ITC Ltd | 51,679 | 190,283 | 5.37 |
| Petronet LNG Ltd | 13,595 | 41,094 | 1.16 |
| Cholamandalam Investment and Finance Co Ltd | 681 | 15,273 | 0.43 |
| Bajaj Finance Ltd | 412 | 15,117 | 0.43 |
| Yes Bank Ltd | 2,692 | 15,085 | 0.43 |
| HDFC Bank Ltd | 465 | 15,027 | 0.42 |

| Sales<br>Security Name | Quantity | USD<br>Amount | % of total<br>Sales |
|---|---|---|---|
| Exide Industries Ltd | 77,345 | 262,928 | 8.60 |
| Berger Paints India Ltd | 63,500 | 233,576 | 7.64 |
| Aurobindo Pharma Ltd | 22,674 | 232,682 | 7.61 |
| Bosch Ltd | 853 | 217,664 | 7.12 |
| Maruti Suzuki India Ltd | 2,204 | 202,315 | 6.62 |
| Crompton Greaves Consumer Electricals Ltd | 70,380 | 187,536 | 6.13 |
| Supreme Industries Ltd | 14,270 | 186,925 | 6.11 |
| Adani Ports & Special Economic Zone Ltd | 42,537 | 182,937 | 5.98 |
| Hero MotoCorp Ltd | 4,627 | 177,975 | 5.82 |
| Zee Entertainment Enterprises Ltd | 27,789 | 177,004 | 5.79 |
| Yes Bank Ltd | 56,797 | 173,126 | 5.66 |
| LIC Housing Finance Ltd | 27,713 | 151,301 | 4.95 |
| Motherson Sumi Systems Ltd | 46,049 | 149,130 | 4.88 |
| Bharat Petroleum Corp Ltd | 30,862 | 142,349 | 4.66 |
| Bharat Electronics Ltd | 91,510 | 98,655 | 3.23 |
| Page Industries Ltd | 175 | 68,139 | 2.23 |
| Sun Pharmaceutical Industries Ltd | 7,310 | 60,377 | 1.97 |
| HDFC Bank Ltd | 2,189 | 59,452 | 1.94 |
| Bajaj Finance Ltd | 1,660 | 49,351 | 1.61 |
| HCL Technologies Ltd | 3,320 | 44,447 | 1.45 |

**INDIA FRONTLINE EQUITY FUND**
**SCHEDULE OF INVESTMENTS AS AT 31 December 2018**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS** | | | |
| **A) TRANSFERABLE SECURITIES** | | | |
| **EQUITIES** | | | |
| **AUTOMOBILE INDUSTRY (2017: 9.68%)** | | | |
| Mahindra & Mahindra Ltd | 154,930 | 1,784,914 | 2.16 |
| Maruti Suzuki India Ltd | 18,421 | 1,970,965 | 2.39 |
| | **173,351** | **3,755,879** | **4.55** |
| **BANKS AND FINANCIAL INSTITUTIONS (2017: 24.91%)** | | | |
| Axis Bank Ltd | 212,477 | 1,887,732 | 2.29 |
| Bajaj Finance Ltd | 51,286 | 1,944,267 | 2.36 |
| Bandhan Bank Ltd | 184,979 | 1,458,513 | 1.77 |
| HDFC Bank Ltd | 129,655 | 3,942,576 | 4.78 |
| Housing Development Finance Corp Ltd | 145,372 | 4,101,001 | 4.97 |
| ICICI Bank Ltd | 749,441 | 3,868,367 | 4.69 |
| IndusInd Bank Ltd | 103,071 | 2,362,508 | 2.86 |
| RBL Bank Ltd | 110,204 | 909,128 | 1.10 |
| State Bank of India | 452,710 | 1,919,870 | 2.32 |
| | **2,139,195** | **22,393,962** | **27.14** |
| **BUSINESS HOUSES (2017: 4.49%)** | | | |
| Emami Ltd | 138,846 | 835,974 | 1.01 |
| KEC International Ltd | 246,466 | 1,064,827 | 1.29 |
| Voltas Ltd | 109,071 | 865,234 | 1.05 |
| | **494,383** | **2,766,035** | **3.35** |
| **CHEMICALS (2017: 10.36%)** | | | |
| Bayer CropScience Ltd | 16,588 | 1,003,093 | 1.22 |
| Reliance Industries Ltd | 312,863 | 5,027,632 | 6.09 |
| | **329,451** | **6,030,725** | **7.31** |
| **CONSTRUCTION BUILDING MATERIAL (2017: 3.41%)** | | | |
| ACC Ltd | 33,910 | 732,934 | 0.88 |
| Ambuja Cements Ltd | 296,070 | 955,161 | 1.16 |
| Larsen & Toubro Ltd | 68,824 | 1,417,979 | 1.72 |
| NCC Ltd | 641,416 | 810,343 | 0.98 |
| Ramco Cements Ltd | 99,289 | 910,584 | 1.10 |
| Sunteck Realty Ltd | 206,167 | 1,021,913 | 1.24 |
| | **1,345,676** | **5,848,914** | **7.08** |
| **ELECTRONICS AND ELECTRICAL EQUIPMENT (2017: 4.24%)** | | | |
| Bharat Electronics Ltd | 679,528 | 856,545 | 1.04 |
| Blue Star Ltd | 102,549 | 915,496 | 1.11 |
| Crompton Greaves Consumer Electricals Ltd | 329,667 | 1,077,488 | 1.30 |
| NTPC Ltd | 404,528 | 864,146 | 1.05 |
| | **1,516,272** | **3,713,675** | **4.50** |

**INDIA FRONTLINE EQUITY FUND**
**SCHEDULE OF INVESTMENTS AS AT 31 December 2018 (continued)**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **A) TRANSFERABLE SECURITIES (continued)** | | | |
| **EQUITIES (continued)** | | | |
| **FOOD AND DISTILLERIES (2017: Nil%)** | | | |
| Marico Ltd | 154,068 | 824,506 | 1.00 |
| | **154,068** | **824,506** | **1.00** |
| **HOLDING AND FINANCE COMPANIES (2017: 6.33%)** | | | |
| AU Small Finance Bank Ltd | 105,089 | 936,967 | 1.14 |
| Century Textiles & Industries Ltd | 70,020 | 926,205 | 1.12 |
| Cholamandalam Investment and Finance Co Ltd | 38,000 | 686,053 | 0.83 |
| L&T Finance Holdings Ltd | 478,499 | 1,046,508 | 1.27 |
| Mahindra & Mahindra Financial Services Ltd | 103,614 | 703,368 | 0.85 |
| PNB Housing Finance Ltd | 67,257 | 890,139 | 1.08 |
| | **862,479** | **5,189,240** | **6.29** |
| **INTERNET SOFTWARE (2017: 8.54%)** | | | |
| HCL Technologies Ltd | 120,006 | 1,658,611 | 2.01 |
| Infosys Ltd | 418,652 | 3,953,779 | 4.79 |
| Persistent Systems Ltd | 77,484 | 691,453 | 0.84 |
| Tata Consultancy Services Ltd | 56,863 | 1,542,761 | 1.86 |
| Tech Mahindra Ltd | 145,796 | 1,511,057 | 1.83 |
| | **818,801** | **9,357,661** | **11.33** |
| **MECHANICS  MACHINERY (2017: Nil%)** | | | |
| Bharat Forge Ltd | 110,162 | 803,157 | 0.97 |
| Supreme Industries Ltd | 62,270 | 1,048,410 | 1.27 |
| | **172,432** | **1,851,567** | **2.24** |
| **MINES HEAVY INDUSTRIES (2017: 4.74%)** | | | |
| NMDC Ltd | 499,578 | 693,441 | 0.84 |
| Tata Steel Ltd | 128,878 | 962,421 | 1.16 |
| Vedanta Ltd | 460,325 | 1,333,990 | 1.62 |
| | **1,088,781** | **2,989,852** | **3.62** |
| **NEWS TRANSMISSION (2017: 2.49%)** | | | |
| Bharti Airtel Ltd | 269,417 | 1,206,651 | 1.46 |
| | **269,417** | **1,206,651** | **1.46** |
| **OTHER SERVICES (2017: Nil)** | | | |
| Mindtree Ltd | 50,016 | 619,699 | 0.75 |
| | **50,016** | **619,699** | **0.75** |
| **PETROL (2017: 3.93%)** | | | |
| Hindustan Petroleum Corp Ltd | 276,790 | 1,004,631 | 1.22 |
| Indian Oil Corp Ltd | 228,300 | 448,427 | 0.54 |
| Indraprastha Gas Ltd | 249,615 | 956,082 | 1.16 |
| Petronet LNG Ltd | 385,245 | 1,237,606 | 1.50 |
| | **1,139,950** | **3,646,746** | **4.42** |

**INDIA FRONTLINE EQUITY FUND**
**SCHEDULE OF INVESTMENTS AS AT 31 December 2018 (continued)**

| | Shares | Fair Value USD | % net assets |
|---|---|---|---|
| **A) TRANSFERABLE SECURITIES (continued)** | | | |
| **EQUITIES (continued)** | | | |
| **PHARMACEUTICALS AND COSMETICS (7.67%)** | | | |
| Aurobindo Pharma Ltd | 86,530 | 908,966 | 1.10 |
| Dabur India Ltd | 201,667 | 1,244,704 | 1.51 |
| Dr Reddy's Laboratories Ltd | 24,595 | 922,305 | 1.12 |
| Hindustan Unilever Ltd | 74,236 | 1,936,016 | 2.34 |
| | **387,028** | **5,011,991** | **6.07** |
| **PHOTOGRAPHY AND OPTICS (2017: Nil)** | | | |
| Zee Entertainment Enterprises Ltd | 150,000 | 1,024,272 | 1.24 |
| | **150,000** | **1,024,272** | **1.24** |
| **TOBACCO AND SPIRITS (2017: 1.48%)** | | | |
| ITC Ltd | 425,137 | 1,716,111 | 2.08 |
| | **425,137** | **1,716,111** | **2.08** |
| **TOTAL EQUITIES** | | **77,947,486** | **94.43** |
| **TOTAL TRANSFERABLE SECURITIES** | | **77,947,486** | **94.43** |
| **B) OTHER TRANSFERABLE SECURITIES** | | | |
| **EQUITIES** | | | |
| **FOOD AND DISTILLERIES (2017: Nil)** | | | |
| Britannia Industries Ltd | 30,442 | 1,359,233 | 1.64 |
| | **30,442** | **1,359,233** | **1.64** |
| **PUBLIC SERVICES (2017: Nil)** | | | |
| Odisha Cement Dm2 Unlisted | 84,986 | 1,501,087 | 1.82 |
| | **84,986** | **1,501,087** | **1.82** |
| **TOTAL EQUITIES** | | **2,860,320** | **3.46** |
| **TOTAL OTHER TRANSFERABLE SECURITIES** | | **2,860,320** | **3.46** |
| **FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS** | | **80,807,806** | **97.89** |
| **CASH AND OTHER NET ASSETS** | | **1,737,632** | **2.11** |
| **TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES** | | **82,545,438** | **100.00** |

**INDIA FRONTLINE EQUITY FUND**
**SCHEDULE OF INVESTMENTS AS AT 31 December 2018 (continued)**

**ANALYSIS OF TOTAL ASSETS**

| Description | Value USD | % total assets |
|---|---|---|
| **TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK** | 77,947,486 | 76.76 |
| **TOTAL OTHER TRANSFERABLE SECURITIES** | 2,860,320 | 2.82 |
| **CASH AND CASH EQUIVALENTS** | 19,572,725 | 19.27 |
| **OTHER ASSETS** | 1,167,883 | 1.15 |
| **TOTAL** | **101,548,414** | **100.00** |

## INDIA FRONTLINE EQUITY FUND

## SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES for the financial year ended 31 December 2018 (unaudited) (continued)

| Purchases<br>Security Name | Quantity | USD<br>Amount | % of total<br>Purchase |
|---|---|---|---|
| Reliance Industries Ltd | 280,625 | 4,223,188 | 4.92 |
| Mahindra & Mahindra Financial Services Ltd | 470,623 | 3,219,217 | 3.75 |
| ICICI Bank Ltd | 662,729 | 3,159,163 | 3.68 |
| HDFC Bank Ltd | 92,690 | 2,844,947 | 3.31 |
| Axis Bank Ltd | 317,977 | 2,754,309 | 3.21 |
| NTPC Ltd | 1,121,342 | 2,631,641 | 3.07 |
| State Bank of India | 596,910 | 2,548,526 | 2.97 |
| Hindustan Petroleum Corp Ltd | 584,235 | 2,404,083 | 2.80 |
| Tech Mahindra Ltd | 243,195 | 2,347,877 | 2.74 |
| IndusInd Bank Ltd | 92,749 | 2,205,097 | 2.57 |
| NMDC Ltd | 1,077,623 | 2,095,281 | 2.44 |
| Indraprastha Gas Ltd | 448,346 | 2,088,255 | 2.43 |
| Bandhan Bank Ltd | 282,575 | 2,083,943 | 2.43 |
| Infosys Ltd | 412,726 | 2,026,427 | 2.36 |
| Vedanta Ltd | 565,480 | 2,019,045 | 2.35 |
| Ashok Leyland Ltd | 944,630 | 1,871,520 | 2.18 |
| Shree Cement Ltd | 6,150 | 1,796,863 | 2.09 |
| Adani Ports & Special Economic Zone Ltd | 276,672 | 1,700,621 | 1.98 |
| Petronet LNG Ltd | 513,120 | 1,693,549 | 1.97 |
| Deepak Nitrite Ltd | 398,813 | 1,636,139 | 1.91 |
| Tata Steel Ltd | 189,962 | 1,588,476 | 1.85 |
| Bharat Forge Ltd | 179,212 | 1,569,754 | 1.83 |
| Titan Co Ltd | 114,750 | 1,439,446 | 1.68 |
| Sunteck Realty Ltd | 226,555 | 1,368,552 | 1.59 |
| Zee Entertainment Enterprises Ltd | 180,420 | 1,287,259 | 1.50 |
| Bharti Airtel Ltd | 269,417 | 1,214,031 | 1.41 |
| Eicher Motors Ltd | 2,750 | 1,171,673 | 1.36 |
| KEC International Ltd | 246,466 | 1,164,268 | 1.36 |
| Sun TV Network Ltd | 101,516 | 1,123,003 | 1.31 |
| Mindtree Ltd | 83,866 | 1,119,696 | 1.30 |
| Tata Consultancy Services Ltd | 86,379 | 1,082,904 | 1.26 |
| Supreme Industries Ltd | 62,270 | 1,076,561 | 1.25 |
| Housing Development Finance Corp Ltd | 36,990 | 1,036,854 | 1.21 |
| Jindal Steel & Power Ltd | 354,830 | 1,034,192 | 1.20 |
| L&T Finance Holdings Ltd | 467,564 | 1,021,609 | 1.19 |
| Dr Reddy's Laboratories Ltd | 30,765 | 999,653 | 1.16 |
| Mahindra & Mahindra Ltd | 90,835 | 997,152 | 1.16 |
| Ambuja Cements Ltd | 360,295 | 948,283 | 1.10 |
| Marico Ltd | 201,144 | 925,122 | 1.08 |
| Cipla Ltd/India | 113,000 | 922,657 | 1.07 |
| Bajaj Finance Ltd | 30,800 | 916,247 | 1.07 |
| HCL Technologies Ltd | 62,153 | 911,782 | 1.06 |
| Shriram Transport Finance Co Ltd | 40,000 | 893,620 | 1.04 |
| AU Small Finance Bank Ltd | 122,089 | 868,329 | 1.01 |
| Century Textiles & Industries Ltd | 81,645 | 862,349 | 1.00 |

## INDIA FRONTLINE EQUITY FUND (continued)

## SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES for the financial year ended 31 December 2018 (unaudited) (continued)

| Sales<br>Security Name | Quantity | USD<br>Amount | % of total<br>Sales |
|---|---|---|---|
| Reliance Industries Ltd | 253,646 | 3,648,569 | 3.22 |
| Yes Bank Ltd | 959,755 | 3,634,729 | 3.21 |
| ICICI Bank Ltd | 709,020 | 3,338,783 | 2.95 |
| Vedanta Ltd | 835,349 | 3,008,672 | 2.65 |
| Infosys Ltd | 258,513 | 2,973,676 | 2.62 |
| State Bank of India | 724,400 | 2,848,079 | 2.51 |
| Kotak Mahindra Bank Ltd | 159,246 | 2,823,317 | 2.49 |
| Hindustan Petroleum Corp Ltd | 602,584 | 2,719,201 | 2.40 |
| Tata Consultancy Services Ltd | 80,388 | 2,566,046 | 2.26 |
| Maruti Suzuki India Ltd | 24,544 | 2,557,180 | 2.26 |
| Pidilite Industries Ltd | 181,521 | 2,532,306 | 2.23 |
| Bajaj Finance Ltd | 78,154 | 2,489,110 | 2.20 |
| Eicher Motors Ltd | 5,630 | 2,453,626 | 2.17 |
| Mahindra & Mahindra Financial Services Ltd | 367,009 | 2,359,412 | 2.08 |
| Housing Development Finance Corp Ltd | 87,285 | 2,329,825 | 2.06 |
| IndusInd Bank Ltd | 94,215 | 2,284,911 | 2.02 |
| Asian Paints Ltd | 125,773 | 2,253,519 | 1.99 |
| Hindustan Unilever Ltd | 99,857 | 2,198,488 | 1.94 |
| Tata Motors Ltd | 364,090 | 2,095,294 | 1.85 |
| Tata Steel Ltd | 235,363 | 2,050,651 | 1.81 |
| Bharti Airtel Ltd | 366,350 | 1,982,254 | 1.75 |
| GAIL India Ltd | 246,600 | 1,901,291 | 1.68 |
| NTPC Ltd | 716,814 | 1,780,717 | 1.57 |
| Quess Corp Ltd | 103,171 | 1,695,530 | 1.50 |
| HCL Technologies Ltd | 119,498 | 1,669,484 | 1.47 |
| Page Industries Ltd | 4,288 | 1,662,646 | 1.47 |
| Adani Ports & Special Economic Zone Ltd | 276,672 | 1,660,150 | 1.46 |
| Titan Co Ltd | 114,750 | 1,577,938 | 1.39 |
| Petronet LNG Ltd | 436,035 | 1,551,967 | 1.37 |
| Capital First Ltd | 120,380 | 1,508,648 | 1.33 |
| Larsen & Toubro Ltd | 79,788 | 1,505,289 | 1.33 |
| Axis Bank Ltd | 197,100 | 1,494,041 | 1.32 |
| Indian Oil Corp Ltd | 265,939 | 1,492,554 | 1.32 |
| Deepak Nitrite Ltd | 398,813 | 1,478,449 | 1.30 |
| UPL Ltd | 114,550 | 1,457,694 | 1.29 |
| Motherson Sumi Systems Ltd | 316,391 | 1,435,870 | 1.27 |
| Ashok Leyland Ltd | 944,630 | 1,407,640 | 1.24 |
| PNB Housing Finance Ltd | 74,476 | 1,395,435 | 1.23 |
| Shree Cement Ltd | 6,150 | 1,347,964 | 1.19 |
| L&T Finance Holdings Ltd | 555,065 | 1,328,383 | 1.17 |
| Bank of Baroda | 525,846 | 1,297,435 | 1.14 |
| Dr Reddy's Laboratories Ltd | 38,850 | 1,277,892 | 1.13 |
| Hindustan Zinc Ltd | 270,282 | 1,250,857 | 1.10 |
| Aurobindo Pharma Ltd | 119,921 | 1,240,315 | 1.09 |
| Apollo Hospitals Enterprise Ltd | 70,585 | 1,240,000 | 1.09 |
| HDFC Bank Ltd | 40,750 | 1,171,692 | 1.03 |

## APPENDIX

### 1. UCITS V Remuneration Disclosure (Unaudited)

The European Union Directive 2014/91/EU (known as "UCITS V Directive") came into effect on 18 March 2016. The Company operates a remuneration policy in accordance with applicable UCITS requirements and which is summarised in the Company's Remuneration Policy.

Remuneration may comprise both a fixed and a performance based or variable component.

Fixed remuneration is determined on the basis of the role of the individual staff member, his or her professional experience, responsibility, job complexity, as well as according to relevant market conditions.

Performance-based remuneration reflects the risk underlying the achieved result and takes into account all types of current and future risks. It is based on a combination of an assessment of the individual's performance and the Company's overall results and takes into account the interests of depositors, investors and other stakeholders.

One of the key aims of the Remuneration Policy is the alignment of the risks taken by the Identified Staff of the Company and the Identified Staff of Aditya Birla Sun Life Asset Management Company Pte Limited (the "Investment Manager") with the interests of the Company and the Investment Manager. It also includes measures to avoid or appropriately manage conflicts of interest in order to prevent such conflicts from adversely affecting the interests of the Company and the Company's investors.

Identified Staff of the Company do not receive guaranteed performance based remuneration.

Where the Company has delegated certain portfolio and risk management activities to the Investment Manager, this Remuneration Policy will apply to certain Identified Staff of that delegate whose work impacts on the risk profile of the Company. Moreover, the Investment Manager may already be subject to regulatory requirements on remuneration that are equally as effective as those applicable under UCITS V, the Guidelines and UCITS Q&As. Where this is not the case, the Company will put in place appropriate contractual arrangements to ensure that there is no circumvention of the remuneration requirements set out in the Remuneration Policy, related policies and practices, or regulatory framework.

The Board will review the terms of this Remuneration Policy annually and assess whether its overall remuneration system operates as intended and is compliant with the obligations on remuneration policy as set out in the UCITS V Regulations. The Remuneration Policy will be updated by the Board as and when required.

Fixed Remuneration and Variable Remuneration

| **Part 1** | **Remuneration (USD)** |
|---|---:|
| Fixed Remuneration | 49,884.84 |
| Variable Remuneration | 22,014.31 |
| No. of Employees | 8 |

Senior Management and other Team members

| **Part 2** | **Remuneration (USD)** |
|---|---:|
| Senior Management | 43,314.80 |
| Other Functions | 28,584.35 |

The total amount of remuneration paid by the Company for the financial year relates to fixed remuneration only. No variable remuneration was paid during the period.

Fixed remuneration paid by the Company to identified staff comprises Directors' fees only, paid solely to Mr Noel Ford and Mr Vincent Dood in their capacity as non-executive Directors not affiliated with the Company's Investment Manager (Directors who are also employees within the Investment Manager or its affiliated entities, namely Ms Keerti Gupta, Mr Neville Dean Kent and Mr Jonathan Ross, do not receive any remuneration from the Company). Details of the Directors' fees paid is included in Note 3 of the annual financial statements.

The remuneration policy has been subject to internal review and no changes have been made to the policy.