

## Disclosure & Disclaimers

### Purpose

This document has been prepared inter-alia in pursuant to regulation 15 and 18 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, as amended from time to time (the Regulations) and the Circulars, Guidelines and instructions issued by SEBI thereunder from time to time. This document is intended only for the personal use of the prospective clients and clients to whom it is addressed or delivered and must not be reproduced or redistributed in any form to any other person without prior written consent of Alpha Alternatives Fund Advisors LLP. This document does not purport to be all-inclusive / comprehensive, nor does it contain all the information which a prospective client may desire for making decisions for engaging the Investment Adviser.

### History, Present Business and Background

Alpha Alternatives Investment Advisers is a division of Alpha Alternatives Fund Advisors LLP providing Investment Advisory Services. Alpha Alternatives Fund Advisors LLP is a Portfolio Manager with SEBI vide registration number INP000006518 and Investment Manager to Alpha Alternatives Investment Fund, a Category 3 Alternative Investment Fund registered with SEBI vide registration number IN/AIF3/18-19/0544, Alpha Alternatives MSAR LLP, a Category 3 Alternative Investment Fund registered with SEBI vide registration number IN/AIF3/21-22/0901, Alpha Alternatives Special Situations Fund, a Category 2 Alternative Investment Fund registered with SEBI vide registration number IN/AIF2/22-23/1160

### Partners:

| Name of the Partners | Qualification   | Brief Experience  |
|----------------------|---|---|
| Mr. Ashim Sahni      | He has completed his engineering from IIT Delhi and MBA from ESCP Europe, Paris (2011). | Ashim is a Platform Partner at Alpha and heads the Quant business. He has experience of 10 years across private equity and institutional asset management in India and overseas. He has been part of the core team at Alpha Alternatives and managed a \$1bn Canadian corporate pension fund portfolio. He has previously worked at multiple European private equity firms. |
| Mr. Naresh Kothari   | He has an MBA from IIM Ahmedabad (1995)   | Naresh is the Managing Partner of Alpha. He has a stellar track record of over 27 years across investment banking, capital markets, asset management & proprietary investing. He was President at Edelweiss before he founded Alpha. Over the years he has developed strong relationships with corporates, public and private investment firms, and family offices.         |

### Other Disclosures

- We are not affiliated with any other intermediaries, nor do receive any brokerage or commission from any third party.
- No penalties/directions have been issued by the SEBI under the SEBI Act or any other regulatory body. There are no pending material litigations or legal proceedings, findings of inspections or



investigations for which action has been taken or initiated by any regulatory authority.

- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- If client wants opinion in the specific positions made by him only, we will be able to suggest appropriate view on the securities. Such suggestion/view under any circumstances shall be considered as an opinion (not advice) from our side and we advise the client to consider our opinion and not consultancy to make his/her final decision. We are not liable for any losses whatsoever our client may incur in accepting this opinion.
- Alpha Alternatives Fund Advisors LLP, its partners, associates, and employees might have positions or might have recommended to clients which might be in-line with the recommendations made from time to time. Alpha Alternatives Fund Advisors LLP or partners or employees or their family members may or may not trade or may have investments in the same recommendations. We may or may not have a similar position as fund/scheme/approach/advise in its other products/services/funds/vehicle where it acts as investment manager/portfolio manager/investment adviser.
- The names of the products/nature of investments do not in any manner indicate their prospects or returns. The performance of equity products may be adversely affected by the performance of individual companies, changes in the marketplace and industry specific and macro-economic factors.
- The performance of the model advisory portfolio will depend upon the business performance of the portfolio entities and companies and its prospects. We focus on studying business and sustainability in mitigating these sector or company risks.
- We will assess the portfolio entities from varied valuation parameters in order to establish whether the valuations are reasonable while creating the model portfolio and reassess the same from time to time.
- While recommending investing in equities and portfolio entities, liquidity constraints are potential near-term risk while investing and disinvesting the portfolio entities.
- We are reliant upon the performance of third-party service providers for our functions. Weak control over technology used in the third-party arrangement may result in threats to security and the integrity of systems and resources, which can have materially detrimental impact upon our operations. These issues could result in unauthorized transactions or the inability to transact business as expected. We do not have any association in any manner with any issuer of products/securities. This also ensures that objectivity or independence in the carrying on of investment advisory services is not compromised.
- Investment in the market is subject to market risk. Read all the related documents carefully before investing. Though the best attempts are made to predict markets, no surety of return or accuracy of any kind is guaranteed.
- The information on the website is updated from time to time. Alpha Alternatives Fund Advisors LLP, however, excludes any warranties (whether expressed or implied), as to the quality, consistency, efficacy, completeness, performance, fitness, or any of the contents of the website.
- Considering Alpha Alternatives Fund Advisors LLP is acting as Portfolio Manager, Investment Manager and also providing advisory services, a potential conflict of interest could be perceived between the investments and disinvestments undertaken by the Investment Manager for the scheme/fund of Alternative Investment Fund (AIF) and various investment approach(es) under the Portfolio Management Services (PMS) and investments and disinvestments advise (RIA) provided to investment advisory clients.
- We maintain and operate effective organizational and administrative arrangements with the view of



taking all reasonable steps to identify, continuously monitor and manage conflicts of interest. Some of the potential conflicts of interest situations are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which we adopt in connection with the management of conflicts of interest but is instead intended to be a statement of principles with which we seek to manage foreseeable conflicts of interest. We may identify additional conflicts of interest situations from time to time, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which we may develop over the period of time. The following are the potential conflicts of interest situations that may arise:

- The relevant parties providing services to the client will have, in addition to their responsibilities for the client, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst our various activities and such other projects and clients.
- We, while managing the funds of client/providing advice, may from time-to-time effect transactions in securities in which we may have a financial or other business interest.
- We and/or our advisory clients or managed clients under AIF/PMS may have existing similar or contra positions in the stocks/ recommended in the client's account and may execute their trades at different timeline based on their execution strategy which may not match with trade execution in the AIF/PMS/RIA.
- Our directors or employees may also serve as employees or partner(s) /director(s) of the other company. In such situations, the employee or partner is considered to be in a “dual hat” situation, which may result in conflicts of interest due to duties to differing entities.
- The attorneys, accountants, and other professionals, who perform services for us may, and in some cases do, also perform services for the relevant parties.
- Client is always advised to read, understand, and agree on terms & conditions & disclaimer of service.
- We do not guarantee any profit/return.
- The performance of the investments/products may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- We do not provide any profit/loss sharing services, guaranteed profit services and Demat services.
  
- We, Alpha Alternatives, would provide advice on quantitative multi-strategy approach combining different styles and asset classes, trading in highly liquid Indian equity and commodity derivative instruments and active allocation of capital and risk across a combination of strategies, including:
  - Relative Value strategies – spread trades between similar or related assets;
  - Volatility strategies – active trading strategies in liquid index and stock options;
  - Directional strategies – long or short directional trades across indices, stocks or commodities.
- The above strategy is unconventional in nature and Client is always advised to read, understand, and agree on terms & conditions & disclaimer of service.

### **Risk Factors**

The value of the investments and the expected returns may be affected generally by factors affecting financial and securities markets, such as price and volume, volatility in interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate

authority (including tax laws) or other political, economic, and other developments as detailed below:

- **Portfolio Entities/ Companies Risk:** The performance of the model advisory portfolio will depend upon the business performance of the Portfolio Entities and Companies and its prospects. Investment Adviser focuses on studying the business and the sustainability with focus on studying the balance sheet will help the Investment Adviser in mitigating these sector or company risks.
- **Valuation Risk:** Investment Adviser will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while creating the model portfolio and reassess the same from time to time.
- **Market Risk:** Investment Adviser endeavors to create a portfolio of Entities /Companies using bottom-up fundamental research rather than trying to time the markets. However, in order to mitigate Market Risk, the Investment Adviser will monitor and analyse the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity Risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Investment Adviser endeavors to mitigate the risks by investing creating a portfolio with a medium to long term time horizon.
- **Service Provider Risk:** Investment Adviser is reliant upon the performance of third-party service providers for their functions. Weak control over technology used in the third-party arrangement may result in threats to security and the integrity of systems and resources, which can have materially detrimental impact upon the operations of the Alpha. These issues could result in unauthorized transactions or the inability to transact business as expected. The Investment Adviser endeavors to mitigate these risks by entering into the arrangement with regulated entities and/or incorporating indemnity clause in agreement entered with service providers.
- **Other Risks:** The Investment Advisory does not offer any assured / guaranteed returns.
- **Risks Related to investment in derivative instruments**
  - a. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Investment Adviser to identify such opportunities. The identification and execution of such strategies to be persuaded by the Investment Adviser involves uncertainty and decision of the Investment Adviser may not always be profitable. No assurance can be given that the Investment Adviser shall be able to identify or execute such strategies.
  - b. The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in securities and other traditional investments.
  - c. As and when the Investment Adviser on behalf of Client would trade in the derivatives market, there

are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the Client as a result of the failure of another party (usually referred as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates, and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- d. The options buyer’s risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.
- e. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- f. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is same as in the underlying stocks.

• **Risks related to investment in commodities**

- a. Commodity markets are volatile and may decline significantly in response to adverse geopolitical, regulatory, market or economic developments. Different parts of the market and different types of commodity linked securities may react differently to these developments. For example, oil may react differently than metals. Geopolitical, or economic developments may affect a single commodity, commodities within a sector or the market as a whole. Commodities listed on Indian commodity exchanges may have low liquidity and trading volumes. There can be no assurance that sales on the Indian commodity exchanges will provide a viable exit mechanism.
- b. Volatility in thinly traded commodities is usually greater than in actively traded commodities/contracts. Accordingly, orders on the commodity exchanges may not be executed or partially executed, or losses may be incurred as a result of the substantial difference between the price at which the order is executed and the last traded price.
- c. In case of certain situations, there may be an order passed by a local, state, central government or any judicial or regulatory authority imposing restrictions on holdings of commodities upto a particular threshold. Any holdings in excess of the threshold may be seized by the said authorities or may have to be disposed immediately. The same could lead to losses on the portfolio advised by the Investment Adviser.

- d. In an event of war or any other unforeseen event, the exchange may cease to exist / be rendered dysfunctional leading to losses on the portfolio advised by the Investment Adviser.
- e. There have been instances in the past where a commodity witnessing steep price movements was delisted for a brief period by a regulator / exchange. There can be no assurances that delisting of certain commodities by a regulator / exchange amidst very high volatility may not occur again. Accordingly, the portfolio may suffer losses or may remain unhedged till the time the relevant commodity is listed or the underlying commodity is disposed by the Client.
- f. Most of the exchanges have a facility for investors to place “limit orders”, “stop loss orders” etc. Placing of such orders (e.g., “stop loss” orders or “limit” orders) which are intended to limit losses to certain amounts may not be effective many a times because rapid changes in market conditions may make it impossible to execute such orders.
- g. News announcements may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/ commodity derivatives contract.
- h. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.
- i. Exchange may take steps, such as, changes in the margin rate, increase in the cash margin rate etc., from time to time. These new measures may be applied to the existing open interests. In such conditions, the participants will be required to put up additional margins or reduce their positions. These could lead to losses on the investments.

• **Risks Related to Exchange/System/Network Congestion**

- a. Trading on exchange is in electronic mode, based on satellite/leased line-based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby the Client may not be able to establish access to the trading system/ network, which may be beyond the control of the Client and may result in delay in processing or not processing buy or sell orders whether in part or in full. Similarly, there could be issues in payment and settlement systems as well which are beyond the control of the Client which would result in Client incurring losses.
- b. Indian stock exchanges utilize ‘circuit breaker’ systems under which trading in particular stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact the ability of the Client to sell its investments. Factors like these could adversely affect performance.

• **Operational risks**

- a. The Investment Adviser shall have considerable latitude in its choice of portfolio entities which it is advising to the Client. The team members of the Investment Adviser may change from time to time. The Investment Adviser relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.
- b. Ongoing risk profiling risk: The Client would be subject to ongoing risk profiling in accordance with the Applicable Laws. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Investment Adviser will have to take appropriate actions against the Client.
- c. Non-diversification risks: This risk arises when the Client does not sufficiently diversify by investing in a wide variety of instruments.

Alpha Alternatives Investment Adviser is not liable or responsible for any loss or shortfall resulting on account of Non-Discretionary Investment Advice. This document represents the views of Alpha Alternatives Investment Adviser and should not be taken as the basis for an investment decision.

**Other details:**

- Type of Registration - Non-Individual
- SEBI Registration no. INA000016171
- Validity of Registration: - Aug 30, 2021 - Perpetual
- BASL Membership ID: 1069
- LLP Identification Number (LLPIN): AAL-2353
- Registered Office Address: 34th Floor, Sunshine Tower Senapati Bapat Marg, Mumbai City, Dadar West, Maharashtra, India, 400013
- Contact: +91-22-6145-8900
- Logo/brand name/Separate Identifiable division of IA/Trade name: Alpha Alternatives Investment Advisers

**Details of Principal Officer:**

Ashim Sahni

Phone: +91-22-61458900

E-mail: [ashim@alt-alpha.com](mailto:ashim@alt-alpha.com)

**Details of Compliance Officer and Grievance Redressal Officer:**

Nischal Kapadia

Phone: 9321790070

E-mail: [nischal.kapadia@alt-alpha.com](mailto:nischal.kapadia@alt-alpha.com)

SEBI Head Office: SEBI Bhawan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Mumbai- 400 051

**Disclaimer:** Investment in securities market are subject to market risks. Read all related documents carefully





before investing. Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to clients.

### **Redressal of client grievances**

A complaint can be directly lodged with the Investment Adviser in writing, orally or telephonically at any of the following:

**Address:** 34th Floor, Sunshine Tower Senapati Bapat Marg, Mumbai City, Dadar West, Maharashtra, India, 400013

**Email-id:** [nischal.kapadia@alt-alpha.com](mailto:nischal.kapadia@alt-alpha.com)

**Tel. No.** +91-22-61458900

Alternatively, client may also use SCORES 2.0 (<https://scores.sebi.gov.in/>) to submit the complaint or grievance directly to the Investment Adviser for resolution.

The Investment Adviser shall endeavor to redress the client complaint(s) within 21 days without any intervention of SEBI, failing which the complaint shall be registered on SCORES 2.0. It is mandatory for the client having a grievance to take up the matter directly with the Investment Adviser.

If client(s) are not satisfied with the response from the Investment Adviser, they can lodge their grievances with SEBI at <https://scores.sebi.gov.in/> or to SEBI office. The complaint shall be lodged on SCORES 2.0 within one year from the date of cause of action, where:

- The complainant has approached the Investment Adviser, for redressal of the complaint and, Investment Adviser has rejected the complaint or,
- The complainant has not received any communication from Investment Adviser or,
- The complainant is not satisfied with the reply received or the redressal action taken by Investment Adviser.

If the client is not satisfied with the grievance redressal by the Investment Adviser, they can initiate dispute resolution through the Online Dispute Resolution Portal (ODR) at <https://smartodr.in/login>.

Alternatively, the client can directly initiate dispute resolution through the ODR Portal if the grievance lodged with the Investment Adviser is not satisfactorily resolved or at any stage of grievance redressal.

Any Dispute shall be redressed by the Investment Adviser within 21 (Twenty-one) calendar days from the date of receipt of the complaint.

The process on Online Dispute Resolution Mechanism is available at [https://www.alt-alpha.com/\\_files/ugd/457fd8\\_5bf6394d1839452fb5f956237bed1ed0.pdf](https://www.alt-alpha.com/_files/ugd/457fd8_5bf6394d1839452fb5f956237bed1ed0.pdf)

### **Annual Audit**

Alpha Alternatives Fund Advisors LLP (LLPIN: AAL-2353)

(SEBI Registration: INA000016171)

[www.alt-alpha.com](http://www.alt-alpha.com)

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| Sr. No. | Financial Year | Compliance Audit Status | Remarks, if any |
|---------|----------------|-------------------------|-----------------|
| 1       | FY 2021-22     | Conducted               | None            |
| 2       | FY 2022-23     | Conducted               | None            |
| 3       | FY 2023 - 24   | Conducted               | None            |

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