



CARRHAE CAPITAL

Part 2 of Form ADV Brochure Document

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This brochure provides information about the qualifications and business practices of Carrhae Capital, LLP ("Carrhae" or "the Company"). If you have any questions about the contents of this brochure, please contact us at: +44 (0)203 205 4850. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Information about Carrhae is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

There have been no material changes to this Brochure since the last filing in March 2023.

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Advisory Business

Carrhae Capital, LLP was incorporated under the laws of England and Wales on June 1, 2011 and is primarily owned by Carrhae Capital Management (UK) Ltd and Mr. Ali Akay and has its principal place of business in London, United Kingdom.

The Company provides discretionary investment management services to Carrhae Capital Master Fund Ltd, a Cayman exempted limited company formed in June 2011, Carrhae Capital Long Master Fund Ltd, a Cayman exempted limited company formed in February 2014 (the “Master Fund” and “Long Master Fund” (collectively “Master Funds”) and together with their associated feeder funds, collectively, the “Funds”) and institutional clients via segregated accounts and subadvisory services for third party private funds (collectively the Funds and segregated accounts are referred to as “Clients”).

With respect to the Funds, Carrhae will manage assets in accordance with the investment objectives and restrictions set forth in the governing documents applicable to each Fund. The individual needs of the investors in the Funds are not the basis of investment decisions. Investment advice is provided directly to the Funds and not individually to the Funds’ investors.

With respect to the segregated accounts, Carrhae will manage assets in accordance with the investment objectives and restrictions set forth in the investment advisory agreements applicable to each Client.

As of December 31, 2023, Carrhae has regulatory assets under management of approximately \$1,759,545,391.

Please see “Methods of Analysis, Investment Strategies and Risk of Loss” for a description of investment strategies and their related risks.

Fees and Compensation

The Funds charge an Asset-Based Charge and Payment based on a percentage of assets under management, as well as an annual Performance Allocation, which is a fee based on a share of capital gains on or capital appreciation of the assets under management. Asset-based charges and fees are typically 1% per annum (Long Master Fund) and 2% per annum (Master Fund) of the net asset value of each series of shares, payable monthly in arrears as of the last day of each month. A portion of the Asset-Based Charge and Payment will be paid to the Initial Investor (as defined in the Fund offering memorandum). Although the Funds pay the management fee directly to Carrhae and the Incentive Allocation to an affiliate of Carrhae, these fees are ultimately borne by Investors.

An affiliate of Carrhae and the Initial Investor (“Class X Shareholders”) do not participate in the returns of the Fund but will receive a Performance Allocation (as defined in the Fund offering memorandum) allocated on an annual basis following the end of each fiscal year, ranging from

10% to 20% of the Net Appreciation of each series of Long Master Fund and Master Fund Shares respectively corresponding to a series of Shares of the Fund after deducting the Asset-Based Charge and Payment charged to such series of Master Fund Shares for such fiscal year and after taking into account expenses incurred at the Fund level; *provided, however*, that a Performance Allocation will be made only with respect to the Net Appreciation of a series of Master Fund Shares in excess of its Prior High NAV (as defined and described further in the Fund offering memorandum) and for the Long Master Fund with respect to the Net Appreciation of a series of Long Master Fund Shares in excess of the return of the MSCI Emerging Markets Index (Bloomberg ticker “NDUEEGF Index”) and in excess of its Prior High NAV.

The Performance Allocation will be calculated by reference to the Net Asset Value before taking into account any deductions for the Performance Allocation. If Shares are redeemed other than at the end of a fiscal year (including in connection with a compulsory redemption), a Performance Allocation will be determined for the corresponding Master Fund Shares as of the Redemption Date.

The Performance Allocation may be waived, reduced or calculated differently with respect to certain Master Funds’ Shares, including, without limitation, Master Funds’ Shares that correspond to Shares held by Shareholders that are members, shareholders, partners, affiliates or employees of Carrhae, members of the immediate families of such persons and trusts or other entities for their benefit.

In addition to the Asset-Based Charge and Payment and the Performance Allocation, the Funds also incur operating expenses and its *pro rata* share of the Master Funds’ expenses. Detailed information regarding the expenses charged to the Funds is provided in the Fund offering documents. Operating expenses include, but are not limited to, investment expenses (*e.g.*, expenses that, in the Manager's or the Company's discretion, are related to the investment of the Fund's and the Master Fund's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the Fund's investments incurred by the Manager or the Company); professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software tools, programs or other technology utilised in managing the Fund and the Master Funds (including third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data (including any computer hardware and connectivity hardware (*e.g.*, telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including fees and expenses of the Administrator); legal expenses; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; fees of the Directors; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including filing fees); organisational expenses; expenses incurred in connection with the offering and sale of the Shares and other similar expenses related to the Fund; indemnification expenses; and extraordinary expenses.

Where the expenses, described above are incurred jointly for the Fund and another Client, such expenses will be allocated among the Funds and such Clients in proportion to the size of the investment made by each to which such expense relates, or in such other manner as the Funds' Board of Directors considers fair and equitable.

Fees for segregated account Clients are negotiated on a case-by-case basis and generally range from 1.0% per annum of the Net Asset Value of the Account to 1.2%, depending on asset level and are calculated pursuant to the terms of the relevant investment management agreement and payable monthly in arrears and pro-rated for partial months. Segregated accounts will also pay a negotiated performance fee of 15% to 18% of the amount, if any, by which the increase in Net asset value of the account during the performance period, after the deduction or accrual of management fees exceeds the balance in the Loss Recovery Account or Carryforward Loss for the applicable Client account during the performance period, as defined and calculated under the terms of the relevant investment advisory agreement.

Performance-Based Fees

The Performance Allocation, discussed above, may create an incentive for Carrhae to make investments that are riskier or more speculative than would be the case in the absence of a Performance Allocation. Since the Performance Allocation charged to the Fund is based on both realized and unrealized gains, the Company may receive a Performance Allocation reflecting unrealized gains at the end of a period that are not subsequently recognized by the Fund or Investor. This risk is mitigated by basing the calculation of the Performance Allocation on an amount that must exceed the Prior High NAV (as defined in the offering memorandum).

Types of Clients

Carrhae provides investment advisory services to various pooled investment vehicles consisting of investors representing pension funds, sovereign wealth funds, fund of hedge funds, ultra high net worth individuals, family offices, and other institutional investors. In addition, Carrhae provides investment advisory and subadvisory services to institutional investors.

The minimum Fund investment will be \$5,000,000; however, the Fund Board or Directors retain sole discretion to waive the minimum investment requirement.

Methods of Analysis, Investment Strategies, and Risk of Loss

The descriptions set forth in this Brochure of specific advisory services that Carrhae offers to Funds similarly situated Clients and investment strategies pursued and investments made by Carrhae on behalf of the Funds and Clients should not be understood to limit in any way Carrhae's investment activities. Carrhae may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Carrhae considers appropriate, subject to each Fund's and Client's investment objectives and guidelines. The investment strategies of Carrhae are speculative and entail substantial risks.

Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund, Client Account or strategy will be achieved.

Methods of Analysis and Investment Strategies

The Company intends to pursue its investment strategy through the construction of a diversified portfolio of both long and short positions predominantly in publicly listed global equities. Carrhae seeks to achieve this objective throughout market cycles, with relatively low volatility, a low correlation to equity market indices and with little directional bias or correlation to emerging markets indices. The Company seeks investment opportunities in all global markets, although a particular focus is expected to include issuers operating in or substantially exposed to emerging markets in Asia, Latin America, Eastern Europe, the Middle East and Africa. Portfolios are expected to be diversified by geography as well as by industry and are generally expected to comprise between 80 and 100 individual security positions, both long and short, with a low aggregate net exposure. Although the portfolio's positions are expected to be comprised predominantly of publicly listed equities, positions will include other financial instruments, including, without limitation, swaps on individual securities and indices, options, futures, forward agreements for currencies and other derivatives. Unless otherwise restricted by Client Agreements, Carrhae will also invest in fixed income and convertible securities when the potential for attractive risk-adjusted returns is identified.

Carrhae believes that the siloed investment approach of the buy-side and the sell-side in analysing international businesses creates structural inefficiencies in the analysis and pricing of these businesses. Carrhae intends to utilise its network, experience and knowledge of the macro-conditions and micro-conditions in emerging markets to exploit these inefficiencies. To the extent emerging markets continue to increase their role in financial and economic activity and businesses continue to become more international in scope, the Company expects the opportunities to exploit these inefficiencies to grow.

The Company expects to rigorously analyse and monitor at every stage of investment. Ideas are developed using the "Carrhae Idea Format", which seeks to ensure that all critical aspects of a position or investment thesis are thoroughly considered by the portfolio manager, analysts and traders. The Chief Investment Officer uses the inputs from the Carrhae Idea Format to size approved investment ideas based on liquidity, risk of loss, conviction level and expected return. In this regard, the Company holds regular meetings with the investment team to review the positions in the portfolio and the Investment Committee also meets on a weekly basis to discuss new ideas and identify macro-themes.

The Carrhae Idea Format template is used to tabulate the various elements of a trade idea and calibrate the Company's conviction level as well as its variant view to the market. It also assists the Company in determining the various risk factors it might wish to implement a relevant hedge or hedges against. Employing the Carrhae Idea Format assists the Company in providing the Investment Committee with appropriate due diligence and documentation on potential trades and to translate qualitative information into quantitative inputs for portfolio instruction.

The Company's approach employs a six-step process: idea generation, idea analysis, idea refinement, execution, management and exit. Idea generation typically occurs from several sources, including: monitoring of key macro variables across the market, leveraging the Company's global network of contacts, exploiting industry knowledge and familiarity with its stock universe, and interaction with company management and their competitors. Idea analysis and refinement includes covering the 'building blocks' of each trade and identifying where the Company might be to develop an 'edge' by exploiting a variant view to the market consensus. Part of the idea analysis involves determining the target size using the Company's proprietary sizing process which takes into account liquidity, risk tolerance, our conviction level and expected return. Trade execution will generally be carried out by the Senior Traders after consultation with the Chief Investment Officer on entry point and pace of capital deployment. The Company expects relevant hedges to be executed simultaneously. Position management will generally be done before and after key milestones and the Company expects that trades will be systematically sized down if the portfolio exhibits erratic behaviour on the downside. After a trade is exited, a postmortem analysis is generally conducted, and key lessons are documented. Building on its best performing trades, the Company will seek to identify similar opportunities in different geographies and/or sectors.

The Company uses the "Carrhae Dashboard" to monitor the portfolio on a holistic basis. Relevant trade inputs are displayed in an easy-to-use format and allow the investment team to track performance since trade inception, evolution of hedges, sizing, and overall performance. It also acts as a quick reference guide where the salient points from the Carrhae Idea Format are displayed alongside each trade idea.

Risks of Loss

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Client Accounts or Funds advised by Carrhae. These risk factors include only those risks that Carrhae believes to be material, significant, or unusual and relate to particular significant investment strategies or methods of analysis employed by Carrhae.

Investing in securities involves the risk of loss, sometimes of an entire investment, that Clients and investors should be prepared to bear. No guarantee or representation is made that the investment strategies offered by Carrhae will be successful. An investment in a Fund or Client Account should not in itself be considered a balanced investment program and should only be made after consultation with independent qualified sources of investment and tax advice. Investors in a Fund or Client Account should be able to withstand the loss of their entire investment. No guarantee or representation is made that an investment program will be successful, and performance could be negatively impacted by a number of risks, including, but not limited to:

1. **Lack of Operating History** – Carrhae has no operating history upon which prospective investors or Clients can evaluate the anticipated performance of any investment strategy. The past performance of the Company or its affiliates may not be indicative of future performance.
2. **Dependence on Key Individuals** – The success of the strategies depends upon the ability of key members of the Company’s investment team to develop and implement strategies that achieve the investment objectives. If the Company were to lose the services of these members the consequence to the Clients and investors could be material and adverse and could lead to premature termination of a Fund or investment.
3. **Master-Feeder Structure** – Funds managed by Carrhae may be invested through a “master-feeder” structure. Master-feeder fund structures present certain unique risks to investors. Since a fund’s assets are generally expected to be substantially invested in the Master Fund, certain conflicts of interest in determining whether to hold or dispose of an asset may exist due to different tax considerations applicable to the Fund, the US Partnership and any other feeder funds.
4. **Competition: Availability of Investment Strategies** – The success of the investment activities will depend on the Company’s ability to identify investment opportunities as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of investment strategies pursued by Carrhae involve a high degree of uncertainty. No assurance can be given that the Company will be able to locate suitable investment opportunities in which to deploy assets or to exploit discrepancies in the securities and derivatives markets.
5. **General Economic and Market Conditions** – The success of the Company’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments’ prices and their liquidity and could impair profitability or result in losses. Carrhae may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets- the larger the positions, the greater the potential for loss.

The economies of countries in which the Fund may invest may differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

6. **Legal, Tax and Regulatory Environment** – The legal, tax and regulatory environment worldwide for private investment funds and their managers is evolving, and changes in such regulations may have material adverse effects on the ability of the Company to pursue its investment strategy and the value of investments held.
7. **Limited Liquidity** – An investment in the Funds provides limited liquidity since the Shares are not freely transferable and, generally, a Shareholder has the right to redeem any or all of its Shares only according to the terms of the Articles (as described in "Redemptions" section of the Offering Memoranda).

Carrhae may invest in financial instruments that are not publicly traded. Clients and the Funds may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Accordingly, Carrhae may be forced to sell more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and/or assets.

The Fund may also suspend the redemption rights of the Shareholders. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

8. **Leverage** – The Company may use leverage as part of an investment strategy. Leverage may take the form of, among other things, derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The use of leverage will allow Carrhae to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital, however, leverage will also magnify the volatility of changes in the value of a portfolio. The effect of the use of leverage in a market that moves adversely to the investments could result in substantial losses which would be greater than if leverage had not been employed.
9. **Volatility** – The investment programs managed by Carrhae may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by Clients.
10. **Derivatives** – Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, and the risk on non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk. In addition, the Company may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time.

- 11. Swap Agreements and Synthetic Assets** – Carrhae may acquire exposure to the risk of structured finance securities, debt securities and loans synthetically through products such as credit default swaps, total return swaps, credit linked notes structured notes, and other derivative instruments (“Synthetic Assets”).

A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security and loan or a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, debt securities, bonds or other financial instruments (each, a "Reference Obligation"). Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced. The Clients and Funds will have a contractual relationship only with the synthetic asset counterparty, and not with the issuer(s) (the "Reference Entity") of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and the synthetic asset counterparty delivers the Reference Obligation to the Client or Fund. Other than in the event of such delivery, the Client or Fund generally will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Client or Fund will not have any rights of set-off against the Reference Entity. In addition, the Client or Fund generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Client or Fund also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. The Client or Fund will be subject to the credit risk of the synthetic asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the synthetic asset counterparty, the Client or Fund will be treated as a general creditor of such counterparty and will not have any claim of title with respect to the Reference Obligation. Consequently, the Client or Fund will be subject to the credit risk of the synthetic asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one synthetic asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such synthetic asset counterparty as well as by the respective Reference Entities.

While Carrhae expects that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the synthetic asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

- 12. Currencies and Currency-Related Instruments** – A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by Carrhae are affected generally by relative interest rates, which in turn

are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received. The Client or Fund could be required, with respect to any option it has written, to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to the Client or Fund's position, the Client or Fund could forfeit the entire amount of the premium plus related transaction costs.

13. **Short Sales** – Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Client of buying those securities to cover the short position.
14. **Equity Price Risk** – The investment portfolios may include long and short positions in equity securities of public companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Client or Fund.
15. **Hedging Transactions** - Carrhae may utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the portfolio's unrealized appreciation in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or appreciation on any investment in the portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the investments; (vii) protect against any increase in the price of any investments that Carrhae anticipates purchasing at a later date; or (viii) act for any other reason that the Company deems appropriate. Carrhae is not required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While Carrhae may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client or Fund than if it

had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

The risks described above are not a complete list of all risks associated with the described investment strategies. Investors should refer to Fund offering documents for a complete description of the risks involved in a Fund investment.

Disciplinary Information

Carrhae and its management personnel have not been involved in any legal or disciplinary events that would be material to a Client or Investor's evaluation of the Company or its management personnel.

Other Financial Industry Activities and Affiliations

Pooled Investment Vehicles

Certain of the Funds (or their sub-funds or feeders) will be U.S. limited partnerships that will be controlled by affiliated General Partner entities (the "GP Entities"). Carrhae or the GP Entities will be responsible for decisions regarding such Funds and shall have full discretion over the management of such Funds' investment activities. With the exception of any independent directors, any persons acting on behalf of the GP Entities are subject to the supervision and control of Carrhae.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics and Personal Securities Transactions

To avoid any potential conflicts of interest involving personal trades, Carrhae has adopted a Code of Ethics in compliance with Section 204A of the Investment Advisers Act of 1940 ("Advisers Act"), Rule 204A-1 under the Advisers Act, as amended. The Code of Ethics addresses, among other things, insider trading, information barriers, and personal securities transactions and requires employees to adhere to the following principles:

1. The interests of Clients must take precedence over those of employees;
2. All personal securities transactions must be conducted in a manner consistent with applicable laws and must avoid any actual or potential conflicts of interest or any abuse of a position of trust and responsibility;
3. Employees may not take inappropriate advantage of their position at Carrhae; and

4. Information about Clients, portfolio holdings, and investment recommendations must be kept confidential.

In all cases, Clients' interests are paramount and take priority over employees' interests.

The Code of Ethics governs personal trading activities by employees and their immediate family members. Specifically, the Code of Ethics prohibits trading in securities held by Carrhae Clients or securities being considered for investment by Carrhae's Clients. The Code of Ethics also requires employees and members to pre-clear all personal securities transactions, with limited exceptions as specified in the Code of Ethics and to provide a copy of the confirmation for approved transactions to the Chief Compliance Officer. The Code of Ethics also requires employees to report all personal trades on at least a quarterly basis and provide initial and annual holdings reports to the Chief Compliance Officer.

The Compliance Department monitors employees' and members personal trading activity to ensure that transactions have been executed in accordance with the Code of Ethics and relevant rules and regulations. A copy of the Company's Code of Ethics is available to Clients, Investors, and prospective Clients and Investors upon request.

Participation or Interest in Client Transactions

Carrhae does not enter into or engage in principal trades. However, Carrhae, its employees and other related entities may have an ownership interest in certain Funds in which other Funds may invest (e.g., feeder funds invest in a master fund for which an affiliate of Carrhae serves as General Partner).

Brokerage Practices

Best Execution

Carrhae's delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. Carrhae is required to take all sufficient steps to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (referred to as the 'execution factors').

When determining the relative importance of the execution factors outlined above, the Firm must do so by taking into account:

- the client it is acting for (including its categorisation);
- the characteristics of the order;
- the financial instruments involved; and
- the execution venues to which that order could be directed.

The relative importance of the execution factors are judged on an order-by-order basis in line with the Firm's industry experience and prevailing market conditions however common key factors for relevant asset classes have been identified as follows:

Equities

For small direct orders over a short period of time, the key factors will generally be price, quantity based on market availability, and likelihood of execution. For larger orders executed across a period of time, the Firm will additionally take into account confidentially, minimising the impact on the market, and slippage historically achieved on each venue.

Where transactions are executed indirectly, relevant factors are overall costs including broker fee schedules, impact and observed slippage.

The impact of implicit costs must be taken into account when considering the execution strategy of orders to ensure that they are managed and do not result in an undue impact to total costs.

Derivatives

Where derivatives are executed directly, key factors typically considered are price, observed volume on exchange, and overall transaction costs. Prices are compared via a request for quote ("RFQ"), taking into account additional transaction costs that may be applicable. When transactions are time-sensitive, response time to RFQ can be a defining factor. On occasion, preference may be given to counterparties that are operationally easier to work with where time factors are at play.

Where orders are executed indirectly, relevant factors are costs and the existing broker relationship.

For more illiquid derivatives, where execution options are available, historical price and liquidity are the key factors for execution.

Only brokers which have been approved by the Brokerage Committee may be used to execute transactions.

Payment for Research

Carrhae is prohibited from accepting non-monetary benefits from a third-party that relate to the provision of portfolio management to a client unless they are acceptable minor non-monetary benefits or certain third-party research. Research bundled into transaction costs has been identified as amounting to a material inducement by European regulators and is prohibited.

Third-party research (other than research that has been identified as an acceptable minor non-monetary benefit) is not considered to be an inducement where it is paid from a separate research payment account ("RPA") controlled by the Firm on behalf of its clients.

The RPA is funded by specific research charges to clients set by Carrhae in accordance with a pre-agreed research budget. The research budget is set by determining the forecast amount needed for third-party research to assist the Firm in making the best possible decisions for its clients. The budget must not be linked directly or indirectly to the volume and/or value of transactions executed on behalf of clients. The Firm's clients all have sufficiently similar mandates and investment objectives that investment decisions for each are informed by the same

research inputs, as such the research budget is set to include all clients. Costs will be allocated to clients on a pro-rata basis based on the value of each client's portfolio. Charges made to clients for the purposes of research may not be used to fund internally generated research or to cover any other purposes, such as charges for execution.

The Firm must regularly assess its research budget and the quality of the research purchased. The total amount of research charges collected from clients must not exceed the research budget. If there is a surplus in the RPA at the end of a period, it must be rebated to clients or offset against the budget and research charges for the following budget period.

Cross Transactions

In situations in which two or more clients are executing opposing trades in the same security, Carrhae may conduct a cross trade between client accounts, subject to best execution and where Carrhae determines that doing so is in the best interest of both clients involved in the trade. Where a cross trade has been determined to be appropriate, the Company will execute the cross trade through an independent broker/dealer at the current market price and any transaction fees will be attributed to each of the accounts involved on a pro rata basis.

Review of Accounts

Client and Funds accounts are reviewed on a continuous basis by investment personnel. These reviews are designed to monitor and analyze transactions and positions and ensure compliance with investment objectives and restrictions. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

Investors will receive a variety of reports on a regular basis, depending on the Fund and share series in which they are invested. Such reports include monthly net asset value reports, a quarterly letter and annual financial statements. Segregated accounts are managed *pari passu* with the Funds, subject to any Client restrictions, and receive account reviews and reports as negotiated and specified in the applicable investment management or subadvisory agreement.

Client Referrals and Other Compensation

No one other than the Funds and Clients managed by Carrhae provide an economic benefit to Carrhae for providing investment advice or other advisory services to the Funds and Clients. In addition, the Company does not compensate any person for investor referrals. However, prime brokers providing services to the Company and its affiliates may provide introductory services for potential investors.

Custody

All Client and Fund assets are held in custody by unaffiliated broker-dealers or banks. While Carrhae does not maintain physical custody of Fund assets, however, certain affiliates may be

considered to have custody, pursuant to Rule 206(4)-2 of the Advisers Act due to their ability to access the Funds' accounts through their position as the managing member or general partner of a Fund. Investors do not receive statements directly from Fund custodians. Instead, the Funds are subject to an annual audit and audited financial statements are distributed to each investor. Audited financial statements are prepared in accordance with Generally Accepted Accounting Principles and distributed within 120 days of each Fund's fiscal year end.

Investment Discretion

Carrhae manages Clients and the Funds on a discretionary basis subject to the guidelines and restrictions set forth in investment advisory agreement or applicable Fund offering documents. The Company will typically have the authority to determine the securities to be bought and sold without obtaining Client, Fund or Investor consent to specific transactions. Moreover, the Company typically has the authority to determine the amount of the securities to be bought and sold without obtaining Client, Fund or Investor consent to specific transactions.

Voting Client Securities

Carrhae has the authority to act on proxies (vote or abstain) on behalf of the Fund(s) and Clients, where specified. Carrhae will vote proxies in the manner it believes is most likely to enhance the economic value of the underlying securities held by the Client or Fund(s). Each proxy proposal will be considered on its own merits, and the Company will vote exclusively with the goal of best serving the financial interests of the Client or Fund(s).

Carrhae may have a conflict of interest in voting a particular proxy. A conflict of interest could arise, for example, as a result of a business relationship with a company, or a direct or indirect business interest in the matter being voted upon, or as a result of a personal relationship with corporate directors or candidates for directorships. If Carrhae determines that it or one of its employees faces a material conflict of interest in voting a proxy, Carrhae's procedures provide for the independent directors on each Fund Board, or the Client, to determine the appropriate vote.

Investors may obtain a copy of Carrhae's proxy voting policies and procedures, as well as information about how the Company voted with respect to the securities held by the Client or Fund, by contacting us at: +44 (0)203 205 4850.

Financial Information

Carrhae has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Client or Fund accounts. Carrhae is considered to have discretionary authority over the Client accounts and Funds it manages and as of the date of the completion of this form, there are no known financial conditions that are reasonably likely to impair its ability to meet contractual commitments to the Funds.