

**Part 2A of Form ADV: *Firm Brochure***

**Item 1 – Cover Page**

**Avendus Wealth Management Private Limited**

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Date of Brochure: December 1, 2012

This brochure provides information about the qualifications and business practices of Avendus Wealth Management Private Limited. If you have any questions about the contents of this brochure, please contact us at 91-22-6648-1401 or [kartik.kini@avendus.com](mailto:kartik.kini@avendus.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Avendus Wealth Management Private Limited also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 156771.

## **Item 2     Material Changes**

This disclosure brochure dated December 2012 is the first disclosure brochure prepared for Avendus Wealth Management Private Limited. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on March 31, so you will receive the summary of material changes no later than July 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4     Advisory Business**

Aventus Wealth Management Private Limited (also referred to as the firm, we, us and Aventus Wealth Management throughout this disclosure brochure) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and headquartered in Mumbai, India. The firm caters to Investment Advisory and Portfolio Management needs of Family office and Ultra High Net Worth Individuals / families, spanning all asset classes.

- Aventus Wealth Management is a subsidiary of Aventus Capital Private Limited. Although there are several individuals with direct ownership in Aventus Capital Private Limited, a private equity fund, Eastgate Global Emerging Markets Direct Equity L.P. (through Eastgate GEMs SPV4-S) managed by Eastgate Capital Group Limited is the only single owner with more than 25% control of Aventus Capital Private Limited. Eastgate Capital Group Limited is in turn majority owned indirectly by The National Commerce Bank, Saudi Arabia.
- Listed below are the three individuals with ownership in Aventus Capital Private Limited. The following individuals’ ownership collectively equals 42% and they are ultimately responsible for the day-to-day operations of Aventus Capital Private Limited and its subsidiaries.
  - Ranu Vohra – Managing Director and CEO
  - Guarva Deepak – Managing Director
  - Kaushal Aggarwal – Managing Director
- Aventus Wealth Management filed its initial application to register as an investment adviser in December 2012. Aventus Wealth Management acquired the investment adviser registration of its parent company, Aventus Capital Private Limited through a proper succession filing. Aventus Capital Private Limited deemed it appropriate to transfer its wealth management business into a separate subsidiary – Aventus Wealth Management effective December 1, 2012.

### **DESCRIPTION OF ADVISORY SERVICES**

The following are descriptions of the primary advisory services of Aventus Wealth Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Aventus Wealth Management before we can provide you the services described below.

#### **Individual Portfolio Management**

Aventus Wealth Management offers investment supervisory services, which involves Aventus Wealth Management providing you with continuous and ongoing supervision over your specified accounts.

You may appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”) to execute trades in the Account. The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. The following accounts are opened by you :

- Portfolio Management Account with Aventus Wealth Management Private Limited

- Bank Account with HDFC Bank Limited
- Custody Account with IL&FS Securities Services Limited(ISSL)
- Equity Broking Account with Avendus Securities Private Limited
- The client will give a limited Power of Attorney in favor of ISSL to operate the Bank and Custody Account and to make investments on behalf of the client based on the instructions of Avendus Wealth Management.

We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account. Through personal discussions in which goals and objectives based on your particular circumstances are established, we develop, create and manage a portfolio. During our data-gathering process, we determine your individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. The Account is then managed by us based on your financial situation, investment objectives and risk tolerance.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities, types of securities, or industry sectors.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., Conservative, Moderately Conservative, Balanced, Growth, and Aggressive).

### **Investment Advisory Services**

We may provide financial and investment consultations on accounts not managed or maintained by us. Accounts are reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations are provided to the client by Avendus Wealth Management. The service provides continuous and regular consultations provided on a quarterly or more frequent basis.

Through this service, we will not have any authority or responsibility to implement our recommendations. All final decisions to accept our advice and implement our advice are the responsibility of the client. If you have accounts reviewed by our firm and are unable to implement our investment recommendations, it is important to notify us so that we can properly adjust future recommendations.

Clients are always responsible for notifying Avendus Wealth Management of any changes to their financial situation or investment objectives. We will meet with the client as often as needed to determine the client's financial situation and investment objectives and to find out if the client would like to impose and/or modify any reasonable restrictions on their accounts.

It is important that you understand that Avendus Wealth Management provides investment advice to other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you. We are not obligated in any way to recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

There can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Limits Advice to Certain Types of Investments**

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following Indian securities.

- Mutual Funds. Equities (listed and unlisted)
- Futures and Options
- Bonds
- Structured Notes
- Securities as defined under Securities Contract (Regulation) Act, 1956.
- Note – we do not generally provide advice on U.S. registered securities and investments. Therefore, we recommend you consult with other financial professionals for advice on U.S. investments.

### **Tailor Advisory Services to Individual Needs of Clients**

Avendus Wealth Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide portfolio management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

## **Clients Assets Managed by Avendus Wealth Management**

As of 12/1/2012, we were actively managing total client assets of \$87,710,670. At that time, \$32,048,114 are managed on a discretionary basis and \$55,662,556 are managed on a non-discretionary basis.

## **Item 5 Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Avendus Wealth Management.

### **Fees for Individual Portfolio Management and for Investment Advisory Services**

Our annual fees for Portfolio Management and Investment Advisory Services are based upon a percentage of assets under management and generally range from 0.5 p.a. % to 1.5% p.a. Our fees are divided and billed, Quarterly in arrears, at the end of each quarter based upon the average value (market value or fair market value in the absence of market value), of the client's account. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

A minimum of \$1,000,000 of assets under management is required to work with our firm. This account size may be negotiable under certain circumstances. Avendus Wealth Management Private Limited may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

***Compensation in Addition to Management/Advisory Fee.*** In addition to or in lieu of (for Advisory consulting services) our standard annual fee, we also receive commissions on the execution of securities held in Portfolio Management accounts and Advisory accounts. Such commissions are paid directly by the product sponsor or mutual-fund company to Avendus Wealth Management.

The fact that we receive compensation in addition to our advisory fees creates a conflict of interest and gives us an incentive to recommend investment products based on the compensation our firm receives rather than what is in the client's best interest. We control for this conflict of interest by fully disclosing the additional compensation arrangement to clients in this brochure and our standard fee schedules.

Another way we control for this arrangement is that we offset our standard management/advisory fee by the amount of commissions earned. For example, for Advisory services, we may generally waive our management fee completely or lower the management fee so that the total compensation earned by our firm does not exceed the maximum fee we generally permit of 1.5% annually on a year-to-year carryover basis. This means that any excess product commissions received over and above the management fee chargeable will be adjusted against future fees chargeable by us in the following year(s).

You are never obligated to work with our firm and are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with Avendus Wealth Management.

***Performance Based Fees.*** In select situations, we may assess a performance based fee arrangement in addition to the annual portfolio management fee. Note, we do not assess performance based fees to all clients. Our performance-based fee schedule is based on a percentage of assets under management plus

a percentage of the difference between a client's account and that of an appropriate index/pre-defined return. The index/pre-defined return will be chosen by Avendus Wealth Management Private Limited and the client based on the nature of the investment strategy to be used.

The fees charged for this service will be determined by the client's individual circumstances and will never exceed 25% of the account's performance above an appropriate index/pre-defined return. The actual fees are disclosed to the client before entering into this type of arrangement and are detailed in the client's Investment Management Agreement. Performance Based Fees are billed on an Annual basis.

The client must understand the proposed method of compensation and its risks prior to entering into the contract. Accordingly, clients paying performance-based fees are directed to the "Performance-Based Fees" section (Item 6) below for more comprehensive disclosures, including potential conflicts of interest resulting from this type of compensation.

To qualify for this type of fee schedule, a client must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was previously assessed by our firm or the first transaction date whichever is later.

The performance-based fee may create an incentive for Avendus Wealth Management Private Limited to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

## **General Information**

***Limited Negotiability of Fees:*** Although Avendus Wealth Management Private Limited has established the aforementioned fee schedule(s) we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. However, it is not the policy of our firm to normally accept any prepaid fees.

***Mutual Fund Fees:*** All fees paid to Avendus Wealth Management Private Limited for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and



objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. As stated above, we will receive a portion of the loads and/or fees charged by mutual funds in the form of commissions.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement.

***Additional Fees, Expenses and Taxes:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians, bankers, fund accountants and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. Advisory fees charged by our firm are subject to local and national taxes assessed in India. Taxes are calculated and listed on our billing invoice which is provided to you at the time fees are deducted from your account.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Avendus Wealth Management Private Limited's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

As we disclosed in Item 5 of this Brochure, our firm accepts a performance-based fee from the client.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser; accordingly, we take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
2. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to that client's needs and circumstances;
3. We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts;
4. We periodically compare holdings and performance of all accounts to identify significant performance disparities indicative of possible favorable treatment;
5. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

**The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with us.**

**PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.**

## **Item 7 Types of Clients**

Aventus Wealth Management Private Limited provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Companies
- Charitable organizations/Family Trust
- Hindu Undivided Family
- Partnership/Limited Liability Partnership Firms

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

We may use one or more of the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis:*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Quantitative Analysis:*** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

***Qualitative Analysis:*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

***Industry Analysis:*** We study the state of the industries and look for good companies in that domain.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

Depending on the clients profile, we use one of the following investment strategies when managing client assets and/or providing investment advice:

- **Conservative:** Primary investment objective of a conservative portfolio is to seek preservation of capital and generate current income.
- **Moderately Conservative:** Primary investment objective of a moderately conservative portfolio is to preserve a large portion of the capital and to absorb a higher amount of risk to get some inflation protection.
- **Balanced :** Primary investment objective of a Balanced Portfolio is to seek long-term capital appreciation and generate current income
- **Growth:** Primary investment objective of a Growth Portfolio is to seek long-term capital appreciation.
- **Aggressive:** Primary investment objective of an Aggressive portfolio is to seek a high level of long-term capital appreciation

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its

industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Other Financial Industry Activities**

In addition to the Individual Portfolio Management and Investment Advisory Services detailed in Items 4 and 5 of this brochure, we also offer Real Estate Advisory Services to our clients. Through this service, we assist you in identifying physical real estate properties to purchase, monitor them for you and help you exit. Such services are considered non-investment advisory because we provide advice on physical real estate properties rather than pooled investments holding real estate properties. We are compensated for this service by commissions and fees received when clients purchase/sell properties. Compensation earned from our Real Estate Advisory Services are separate from the fees and compensation we earn for our Individual Portfolio Management and Investment Advisory Services.

You are never obligated or required to utilize our Real Estate Advisory Services. Likewise, Real Estate Advisory clients are not obligated or required to sign up for Individual Portfolio Management and Investment Advisory Services offered by Avendus Wealth Management.

### **Affiliated Companies**

Avendus Wealth Management conducts activities and/or has material arrangements with some affiliates who are "related persons" as defined on the U.S. Securities and Exchange Commission's Form ADV instructions. These activities may be material to our investment advisory business or our advisory clients. These affiliates include companies under common control of Avendus Capital Private Limited by virtue of their status as subsidiaries of Avendus Capital Private Limited. Avendus Wealth Management, Avendus Securities Private Limited, Avendus PE Investment Advisors Private Limited, Avendus Capital (UK) Private Limited, and Avendus Capital, Inc. are subsidiaries of Avendus Capital Private Limited.

**Avendus Capital Private Limited**

Our parent company is an investment banking firm providing services in the areas of Mergers & Acquisitions, Equity Capital Markets, Private Equity Syndication, Structured Finance and Financial Sponsors. Our services are considered separate and independent from the investment banking services offered by our parent company. We have established procedures designed to insulate our investment management and investment recommendation services from the services of Avendus Capital Private Limited in an effort to reduce conflicts of interest that may arise between our separate lines of business.

**Avendus Securities Private Limited**

Avendus Securities is an introducing broker/dealer in India. Please refer to Item 12 of this brochure for details on our arrangements and use of Avendus Securities as a broker/dealer for our portfolio management services.

**Avendus PE Investment Advisors Private Limited**

Avendus PE Investment Advisors Private Limited is an India based investment adviser providing alternative asset management services to high net worth clients. Some of the strategies managed by Avendus PE Investment Advisors could be recommended to our clients. .

Due to our affiliation with Avendus PE Investment Advisors we have a material financial interest when recommending strategies offered through their firm. This is because Avendus PE Investment Advisors is compensated for managing and operating its investment management strategies.

We address for this conflict by comparing strategies offered by Avendus PE Investment Advisors against other similar investment options and strategies available and we will recommend other investment options when more appropriate for the client. However, the following conflict of interest disclosures are provided specific to Avendus PE Investment Advisors.

- Because of our affiliation with Avendus PE Investment Advisors, we may be more reluctant or slower to move your money out of their strategies than we will be for your investments in other securities not managed by our affiliate even to the extent the strategies have poor performance.
- Avendus PE Investment Advisors receives up to 2.00% annual fee based assets under management and up to 20% performance fee. We receive a referral fee for recommending our clients invest in the strategies offered through Avendus PE Investment Advisors.
- Unlike our Portfolio Management Services, their strategies are not managed based on your individual needs and unique investment circumstances. Instead, we will recommend the strategies if they would be suitable based on your investment circumstances.

**Avendus Capital Inc.**

Avendus Capital Inc. is a United States based broker/dealer registered with FINRA and an investment adviser with state securities Boards of New York, New Jersey, California and Texas . Avendus Capital Inc. was initially established to provide investment services in the US including Mergers & Acquisitions services and Private Equity Syndication. We have entered into an affiliated solicitor arrangement with

Avendus Capital so that they may refer potential investment advisory clients living in the US to our firm. Avendus Wealth Management will reimburse all costs with a suitable markup incurred by Avendus Capital Inc. for referring clients to Avendus Wealth Management.

### **Avendus Capital (UK) Private Limited**

Avendus Capital (UK) Private Limited is an investment banking firm established to carry out activities in the United Kingdom and registered with the Financial Services Authority. Similar to Avendus Capital Private Limited, the UK company provides services in the areas of Mergers & Acquisitions and Private Equity Syndication. Our services are considered separate and independent from the investment banking services offered by our parent company.

### **Other Financial Industry Affiliates**

As explained in Item 4 of this brochure, a private equity fund Eastgate Global Emerging Markets Direct Equity L.P. (through Eastgate GEMs SPV4-S) managed by Eastgate Capital Group Limited maintains ownership interest in Avendus Capital Private Limited. Eastgate Capital Limited is in turn majority owned indirectly by The National Commerce Bank, Saudi Arabia. Other than the indirect ownership and control interest in our firm, we (Avendus Wealth Management) does not have any other material service or other arrangements with The National Commerce Bank, , Eastgate Capital Group Limited, Eastgate Global Emerging Markets Direct Equity L.P. or their other affiliates outside of the Avendus companies.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics and Personal Securities Transactions**

Our firm has adopted policies and procedures which set forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Avendus Wealth Management Private Limited and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the policies and procedures but to the general principles that guide the Policies.

Our policies and procedures include collection of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our policies also require the prior approval for dealing in listed securities. Our code also provides for oversight, enforcement and recordkeeping provisions.

Avendus Wealth Management Private Limited's policies and procedures further include the firm's policy prohibiting the misuse of material non-public information. Avendus Wealth Management Private Limited may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met.

This section is intended to provide a summary description of the Code of Ethics of Avendus Wealth Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Agency Cross Transactions**

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker (e.g. Avendus Securities Private Limited) for both

the advisory clients and for another person on the other side of the transaction. Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Agency cross transactions are permitted for advisers only if certain conditions are met under Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

As a fiduciary, the interests of our clients must always be placed first. The trading policies and procedures of Avendus Wealth Management prohibit unfair trading practices and seek to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. We will attempt to resolve conflicts in the client's favor when reasonably possible.

We may engage in an agency cross transaction only when it is deemed to be in the best interests of both clients and neither client is disfavored. Such cross transactions will only be used when it can be determined that doing so would achieve "best execution" and benefit the clients involved by saving commissions, market impact costs, and other transaction charges. Agency cross transactions involving an advisory client will be transacted without any compensation, unless specifically approved by our Chief Compliance Officer in compliance with the above criteria and in accordance with either Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

Where compensation is approved for an agency cross transaction involving advisory clients, we will provide a written disclosure to the customers that we will act as broker for, receive compensation from, and have a potential conflicting division of loyalties regarding both parties to the transaction. We will also receive written, executed consent from the client prospectively authorizing us to effect agency cross transaction in client's accounts.

Where compensation is charged, we will send to each client at or before completion of the transaction, information which includes the date of the transaction, a statement of the nature of the transaction, an offer to furnish the time the transaction took place, and the total of all compensation received. We will provide each client, who was a party to an agency cross transaction for compensation, an annual written disclosure statement identifying the total number of agency cross transactions since the last statement, and the total compensation received.

## **Item 12 Brokerage Practices**

When purchasing equity securities on your behalf, you will need to open a broking account through Avendus Securities Private Limited (referred to as "Avendus Securities"), an introducing broker/dealer under common ownership with Avendus Wealth Management, and then settled through IL&FS Securities Services Ltd. (referred to as "ISSL") an India registered custodian that services as qualified custodian of all securities.

ISSL is not affiliated with Avendus Securities or Avendus Wealth Management. In addition to serving as the clearing broker/dealer, ISSL serves as the qualified custodian for portfolio management accounts. HDFC Bank serves as the qualified custodian to hold client funds and cash balances.

The decision to require the use of Avendus Securities is based on Avendus Wealth Management's decision that Avendus Wealth Management can provide efficient and cost-effective services through its affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between Avendus Wealth Management and its clients because allowing Avendus Wealth Management clients to use Avendus Securities as the broker/dealer allows Avendus Securities and/or

Avendus Wealth Management to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer.

The requirement to use ISSL (which is not affiliated with Avendus Securities/Avendus Wealth Management) is based on the fact that Avendus Securities has established a settlement arrangement with ISSL and qualified custodian for equity securities. Because Avendus Wealth Management and Avendus Securities are affiliated companies, the decision to use ISSL is mutually determined by both Avendus Securities and Avendus Wealth Management. The decision to use ISSL is based on past experiences, minimizing brokerage expenses and other costs as well as offerings or services ISSL provides that Avendus Securities, Avendus Wealth Management or clients may require or find valuable. There are some investment advisors that permit the use of multiple broker/dealers and permit clients to select the broker/dealer. Avendus Wealth Management has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. Considering all factors in relation to Avendus Wealth Management's structure and capacities, Avendus Wealth Management has concluded that one brokerage arrangement determined by Avendus Wealth Management (i.e. Avendus Securities/ISSL) is a better policy than utilizing multiple brokerage platform. However, the current policy may change in the future and if Avendus Wealth Management decides to change brokerage arrangements all clients will be made aware of the change in policy.

Commission and fee structures of various broker/dealers, along with services, research and tools are periodically reviewed by Avendus Wealth Management in order to evaluate the overall execution services provided by Avendus Securities and, ISSL against the other broker/dealers. Accordingly, while Avendus Wealth Management will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for client account transactions. Therefore, the overall services provided by Avendus Securities and ISSL are evaluated to determine the level of best execution provided to clients. However, considering Avendus Wealth Management requires its clients to use the brokerage services of Avendus Securities and ISSL, Avendus Wealth Management may not be able to achieve the *most* favorable execution of client transactions and therefore Avendus Wealth Management's practice of requiring the use of Avendus Securities and ISSL may cost clients more money compared to advisory programs offered by other investment advisors.

While clients may be able to attain brokerage services with lower costs and expenses, clients should be aware of some of the qualitative factors Avendus Wealth Management considers for selecting Avendus Securities/ ISSL. These factors include, but are not necessarily limited to, being able to rely on the internal staff of Avendus Securities to provide operations, trading, and other services.

### **Item 13    Review of Accounts**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: The Avendus Wealth Management Private Limited team.



**REPORTS:** In addition to the statements and confirmations of transactions that clients receive from their broker-dealer as agreed, we provide quarterly reports summarizing account performance, balances and holdings.

## **Item 14 Client Referrals and Other Compensation**

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

## **Item 15 Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Avendus Wealth Management is deemed to have custody of client funds and securities whenever Avendus Wealth Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Avendus Wealth Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Avendus Wealth Management is deemed to have custody, we have established procedures to ensure:

- (1) All client funds and securities are held at a qualified custodian in a separate account for each client under that client's name.
- (2) Clients open the accounts directly with the custodian and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- (3) Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports and statements received from Avendus Wealth Management. When clients have questions

about their account statements, they should contact Avendus Wealth Management or the qualified custodian preparing the statement.

## **Item 16 Investment Discretion**

When providing portfolio management services, Avendus Wealth Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis.

When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell
- The price of the security

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Avendus Wealth Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## **Item 17 Voting Client Securities**

Avendus Wealth Management does not vote proxies on behalf of Clients. Therefore, it is your responsibility to vote all proxies for securities held in your accounts.

You will receive proxies directly from the qualified custodian or transfer agent. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Avendus Wealth Management Private Limited has not been the subject of a bankruptcy petition at any time since inception.

## Customer Privacy Policy Notice

**Regulation S-P**, Privacy of Consumer Financial Information requires financial institutions, including Avendus Wealth Management Private Limited, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of Avendus Wealth Management Private Limited upon entering into a contract with Avendus Wealth Management Private Limited and annually thereafter.

**Privacy Disclosure Statement**: A primary goal of Avendus Wealth Management Private Limited is to protect the privacy of its clients. Avendus Wealth Management Private Limited does not sell the personal information of clients to anyone.

To conduct regular business, Avendus Wealth Management Private Limited may collect non-public personal information from clients. This information is provided by clients to Avendus Wealth Management Private Limited on applications and other forms provided by clients to Avendus Wealth Management Private Limited as well as transactions with the firm, our affiliates, or others.

Avendus Wealth Management Private Limited may enter into contracts with outside third parties so that Avendus Wealth Management Private Limited can assist its clients in servicing their accounts. In order to do this, Avendus Wealth Management Private Limited will disclose personal information to companies that help Avendus Wealth Management Private Limited process transactions for client accounts (for example, executing client trades through a broker/dealer). However, Avendus Wealth Management Private Limited does not share or disclose any non-public customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, Avendus Wealth Management Private Limited may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes or for risk control.

**Information Safeguarding**: Avendus Wealth Management Private Limited has implemented policies and procedures aimed at protecting the sensitive nature of client information. Avendus Wealth Management Private Limited restricts access to client information to only those members of Avendus Wealth Management Private Limited that must provide products and services to clients in order to service client accounts. Avendus Wealth Management Private Limited has implemented physical, electronic, and procedural safeguards aimed at meeting Avendus Wealth Management Private Limited's duty to protect non-public client information.

If you have any questions concerning Avendus Wealth Management Private Limited's customer privacy policy or concerns about your personal information please feel free to contact Kartik Kini, Chief Compliance Officer on +91-22-66481401