

# Aikya Investment Management Limited

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United Kingdom

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This brochure provides information about the qualifications and business practices of Aikya Investment Management Limited, (“Aikya” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at +44 20 3965 4392 or email at [michael.summers@aikya.co.uk](mailto:michael.summers@aikya.co.uk). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration of an investment adviser does not imply that Aikya Investment Management Limited or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Aikya Investment Management Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to provide a description of the material changes.

Since the last other than annual updating amendment dated December 18<sup>th</sup>, 2020, there have been no material changes to the disclosure brochure.

**Item 3: Table of Contents**

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Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Profit Allocation Percentage / Performance-Based Fees .....	6
Item 7: Types of Clients / Eligible Investors.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9: Disciplinary Information .....	11
Item 10: Other Financial Industry Activities and Affiliations.....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
Item 12: Brokerage Practices .....	15
Item 13: Review of Accounts .....	16
Item 14: Client Referrals and Other Compensation .....	17
Item 15: Custody.....	18
Item 16: Investment Discretion .....	19
Item 17: Voting Client Securities.....	20
Item 18: Financial Information.....	21

**Item 4: Advisory Business**

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**Advisory Business and Ownership**

Aikya Investment Management Limited (“**Aikya**”, “**we**” or the “**Firm**”) is a United Kingdom Private Limited Company incorporated in the United Kingdom on November 22<sup>nd</sup>, 2019, and acts as the investment manager to a number of private investment vehicles (collectively the “**Funds**”). The Firm is jointly owned by Pinnacle Investment Management Limited, USHA Equity Holdings Limited, I618 LTD, and Tunstead Investments Limited. The Firm is currently controlled by Pinnacle Investment Management Limited and Ashish Swarup.

**Services Offered**

The principal activity of Aikya is to provide discretionary investment management services including investment advisory services, specializing in emerging market equities investments.

The Firm provides investment advisory services based on specific investment objectives and strategies. The Fund’s offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may invest.

Aikya may provide investment management services to separately managed accounts (“**SMAs**”) in the future.

**Ability to Tailor Services and Impose Restrictions**

The investment objectives and strategy for the Funds are described in the relevant offering documents. Aikya provides investment advisory services based on the specific investment objectives and strategies and not individually to investors (the “**Investors**”). Since the Firm does not provide tailored advice to Investors, such Investors should consider whether the investment strategies are in line with their risk tolerance. The Funds may from time to time enter into side letter agreements or other similar agreements (“**Side Letters**”) providing investors with additional and/or different rights and benefits. Directors may also reduce the minimum subscription amounts in consultations with the Firm, subject to requirements by applicable laws.

**Client Assets**

As of September 1<sup>st</sup>, 2021, Aikya had approximately USD \$255,400,000 of regulatory assets under management on a discretionary basis.

The performance of the Funds will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted, in US dollars (US\$).

Base currency of any potential SMA portfolios can be in currencies other than US dollars.

**Item 5: Fees and Compensation**

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**Management Fee**

Aikya charges the Funds a fee for its investment management services based on assets under management (the “**Management Fee**”), which are set forth in the Fund’s offering documents. With respect to all share classes, the Firm receives an annual management fee ranging up to 1.28% per annum in respect of the net asset value (“**NAV**”) per series of the relevant class of issue. The Management Fee is payable monthly in arrears as soon as practicable after the end of each calendar month. The Funds may from time to time enter into Side Letters providing for changes in management fees and performance allocation.

**Performance Based Compensation**

In addition to Management Fees, Aikya may receive performance-based compensation in the form of a performance fee (the “Performance Fee”) equal to a percentage of the appreciation in the value of the shares above an agreed performance hurdle.

Aikya, in its sole discretion, may reduce, waive, rebate, or modify the Performance Fee with respect to certain shareholders. This may be effected through the creation of additional classes, subclasses, or series of shares, which will not require shareholder approval.

**Brokerage Fees**

The Funds are responsible for paying any and all brokerage fees including, without limitation, commissions, annual fees, brokerage charges, bank charges, registration fees, clearing and settlement charges, taxes and/or duties.

**Other Fees and Expenses**

The Funds may incur ongoing operational expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, research, and trading costs. Depending on the Fund these expenses are covered directly by the Investment Manager out of its management fee or are accrued in the share/unit price subject to a 0.20% cap. Any additional expenses will be covered by the Firm or distributor.

**Sales Compensation**

The Firm and its Supervised Persons do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for the Funds. Aikya and its Supervised Persons do not receive (directly or indirectly) sales commissions in connection with sales of interests in the Funds.

**Item 6: Profit Allocation Percentage / Performance-Based Fees**

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As discussed in **Item 5** above, The Firm may be entitled to receive performance-based compensation in connection with investment advisory services provided.

Aikya negotiates or arranges such performance fees with clients before entering any advisory relationships. The receipt of performance-based compensation may create an incentive for the Firm to make investments that are riskier or more speculative than those the Firm would otherwise make in the absence of such incentive compensation. Aikya addresses this conflict by focusing on long-term relationships with its clients and Fund investors, by managing the Funds in accordance with the applicable advisory agreement and/or governing documents. Aikya has adopted a policy to allocate transactions and investment opportunities across multiple clients on what the Firm believes to be a fair and equitable basis.

**Item 7: Types of Clients / Eligible Investors**

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Aikya provides investment management services to the Funds. Investors in the Funds and the SMAs primarily consist of institutional investors and family offices.

The minimum initial investment amount for the Funds is generally USD \$18,500 and the minimum subsequent investment amount is USD \$18,500. In certain circumstances, minimum investment amounts may be amended by the Directors in consultation with the Firm.

Clients with SMAs will be required to enter into a separate Investment Management Agreement (“**IMA**”) with the Firm. Aikya may require a minimum account size, which will be determined on a case by case basis.

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

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**Investment Strategy and Objective**

Aikya attempts to generate positive, risk-adjusted returns for investors. The Firm attempts to achieve long-term capital growth by investing in equities in emerging market economies, including those companies listed on developed market exchanges whose activities predominantly take place in emerging market countries. Aikya takes sustainability considerations into account when making investment decisions.

Aikya's investment universe will predominantly be focused on financial instruments such as listed equities, debt, and equity securities (which may be rated or unrated), futures, options, currencies, forward contracts, convertible securities, commodities, bank loans, high yield debt securities, mortgage-backed securities, swaps, privately placed securities, and other derivative instruments. The Funds may employ strategies involving leverage, short sales and options for hedging purposes. These instruments may be transacted in various jurisdictions including, without limitation, Brazil, Chile, China, India, Indonesia, Hong Kong, Mexico, Philippines, South Africa, Taiwan, and the United Kingdom.

Aikya's edge is a long-term approach. The Firm looks at the financials of a business and analyzes franchise strength in detail but is primarily focused on assessing the quality of the business owners and managers whom we choose to invest alongside. We look for long-term stewards who have grown cash flows, navigated a few economic cycles, and demonstrated fairness to all stakeholders. The stewards that are backed have the qualities to identify sustainable growth opportunities and on occasion turnaround underperforming assets. Such people create shareholder value and drive long-term investment returns.

Sustainability is at the heart of the investment approach. The name Aikya means oneness in Sanskrit which reflects our core belief that true stewards align their businesses with the interests of all stakeholders. Companies that take short cuts when it comes to customers, employees, suppliers, the environment, or broader society are unlikely to be rewarding long-term investments.

Aikya's long-term holding periods build a sense of partnership with investee companies, who, over time, become increasingly open to engagement. Our relationships allow us to discuss critical sustainability issues with top management and positive engagement on such issues becomes a powerful tool for enhancing the value of our client portfolios.

Environmental, Social and Governance (ESG) considerations are integral to every investment decision the Firm makes. The Firm believes that business groups who effectively address ESG issues will be long-term winners. Such groups take a proactive approach to identifying material externalities, even if it means some short-term financial pain. They understand that sustainability challenges should be seen not as a headwind but a tailwind to drive business performance and long-term financial returns.

The firm's mission is to find companies that contribute positively to the development of emerging economies. The firm does not invest in businesses with limited or negative social utility such as those exposed to industries such as tobacco, gambling, fossil fuels, minerals extraction, liquor, and defense equipment. Also, the firm finds it very difficult to invest in businesses that demonstrate the following characteristics:

1. History of human rights abuse
2. Poor capital discipline: high leverage, history of aggressive M&A
3. Misaligned management teams
4. Poor governance, evidence of abuse of minority rights
5. Major shareholder with political connections or evidence of 'Original Sin'
6. Fashionable or faddish franchises
7. Opaque and aggressive accounts
8. Complex ownership structures
9. Legally fragile listing structures



Each portfolio company is subjected to a detailed ESG analysis, which results in an engagement agenda which Aikya pursues with company management. The Firm engages because we believe that the purchase of a share in a business comes with both rights and responsibilities. As part-owners of a business, Aikya has a responsibility to engage with company leadership and promote better behavior.

Aikya is a signatory of the Principles for Responsible Investment (UNPRI).

### **Risk Management**

Aikya employs an ongoing risk monitoring process in an attempt to preserve capital and minimize volatility. The Firm is responsible for the risk management of the Fund's Investments, and will regularly monitor, review and manage the investments with a focus on, among other things: gross and net market, sector, and overall portfolio exposures; the volatility of positions; position liquidity and the premium required for less liquid positions; a re-examination of position profits and losses; risk factor models and proprietary risk management tools; and the use of derivatives for hedging purposes.

Aikya has broad investment discretion in seeking to achieve the investment objectives. The Firm's purpose is to generate healthy long-term returns with strong downside risk protection.

### **Risk Factors**

An investment in the Funds involves a high degree of risk. There is no guarantee that implementation of the investment objective or strategy with respect to the assets will not result in losses to holders of participating shares.

Listed below are some of the key risks associated with an investment in the Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Funds investment strategies. For a complete explanation of the Funds investment strategies and their associated risks, Investors in the Funds and prospective clients are encouraged to read the applicable offering documents and consult their own advisers before deciding whether to invest. Investments should only be made if the nature of investments and risks of investment are understood.

No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

#### ***Market Risk:***

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities. Markets generally, or any particular market or segment of a market in which the Funds have invested, could move against the portfolio and the Funds could suffer losses. The performance of the portfolio depends to a great extent on the accuracy of the assessments of the future course of market price movements. There can be no assurance that Aikya will be able to accurately predict these price movements.

#### ***Liquidity Risk:***

Under certain conditions liquidity of a particular market or security may be restricted, thereby affecting the performance of the Funds. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realize securities at quoted prices.

#### ***Exchange Fluctuations:***

Participating shares of the Funds will be issued and redeemed in Australian Dollars ("AUD"). It may not be possible, or practicable to hedge successfully against currency risk exposure in

all circumstances. Further, exchange rate fluctuations and the costs of the currency hedging arrangements utilized may prejudicially affect the NAV per share of a class or series even where investment performance in respect of those classes or series is positive.

***Political Instability and Political Developments:***

The markets in the countries in which the Funds may invest in could experience substantial price volatility which could have an adverse impact on the value of the investments. Periods of economic and political uncertainty may result in further volatility in the value of investments.

***Less Information and Regulation:***

The Funds may invest in the instruments in various jurisdictions, including emerging market jurisdictions which may have corporate governance and financial reporting standards that are relatively less regulated, when compared to developed markets. Accordingly, the Funds may not be able to obtain as much as disclosure in terms of financial and corporate due diligence, as well as not being provided the same level of governance protections, as compared to the regimes of other developed markets.

**Item 9: Disciplinary Information**

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Aikya has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no Supervised Persons of Aikya has been subject to such action.

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

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**Broker Dealer Registration Status**

Aikya nor any of its Supervised Persons are registered as broker-dealers or registered representatives of broker-dealers, and no applications are pending to register the Firm or any of its Supervised Persons with the SEC as a broker-dealer or registered representative of a broker-dealer.

**Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

Neither Aikya nor any of its Supervised Persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**Financial Conduct Authority**

Aikya is authorised and regulated by the Financial Conduct Authority in the UK as a Collective Portfolio Management Investment Firm ("CPMI") which is only permitted to carry on the activities specified in FUND 1.4.3R (1) to (6) or any successor provision.

Aikya's Firm Reference Number is **935193**. The authorisation that Aikya holds means it is neither permitted to deal with retail clients, nor permitted to hold client money.

The rules of the Financial Conduct Authority require all persons performing a management function to be registered as "**Approved Persons**".

Aikya maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the Supervised Persons listed above. This list is updated as necessary, and completeness is confirmed on an annual basis. None of the relationships notified by the individuals concerned create a material conflict of interest between Aikya and its clients or between clients.

As outlined in Item 4, Pinnacle is a minority shareholder in Aikya. Pinnacle is an Australian-based multi-affiliate investment management firm. Its mission is to establish, grow and support a diverse stable of world-class investment management firms. Pinnacle is authorised by the Australian Securities & Investments Commission, **AFSL 322140**, authorising it to carry on a financial services business. Pinnacle provides services to Aikya including but limited to; distribution/sales, finance, middle office support, Risk and Compliance and IT infrastructure.

**Other Material Relationships**

Aikya does not have other relationships or arrangements that are material to its advisory business or to its clients and neither the Firm nor any of its Supervised Persons have relationships with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

Aikya does not recommend or select other investment advisers for its clients in return for compensation directly or indirectly from those advisers.

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

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### **Code of Ethics**

In order to address conflicts of interest, the Firm has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”) which is applicable to all partners, officers, managers, members, and employees (collectively, “**Employees**”).

The Code of Ethics generally sets the standard of ethical and professional business conduct that Aikya requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code of Ethics sets forth the Firm’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that Aikya and each of its Employees owe to each client.

The Code of Ethics is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. The Firm will provide a copy of the Compliance Manual and Code of Ethics to any client or prospective client, free of charge, upon request.

### **Participation or Interest in Client Transactions**

The Firm serves as the investment adviser to the Funds. Employees, affiliates of the Employees, and relatives of the Employees may make investments in the Funds. The Firm may or may not receive any compensation from such investments from employees.

Aikya and its Employees have a financial interest in the Funds through an incentive allocation or a direct investment interest in the Funds. As such, Aikya could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

### **Personal Account Dealing**

All applicable employees of Aikya must provide duplicate copies of brokerage statements or quarterly attestations to Compliance. These records are used to monitor compliance with the Compliance Manual and Code of Ethics.

The personal account dealing policy requires that:

- trades are subject to a general 30-day minimum holding period;
- securities cannot be traded if they are on the Firm’s restricted list;
- a Covered Person may not purchase a security in an initial public offering available to the Funds;
- the CCO will consider the volume of both personal and the Firm’s trading when reviewing trade preclearance requests to determine whether trading may affect market prices.

The above policy extends to the trading of employees and certain other persons who have a relationship with the Firm or its personnel (“**Covered Persons**”). Covered Persons must obtain written authorization from the Chief Compliance Officer (“**CCO**”) prior to purchasing, selling, or transferring certain types of securities, or exercising any option which is traded on

exchanges in certain markets. Employees may not engage in any outside business activities or invest in private companies without obtaining prior authorisation from Compliance.

Any request for an exception under this policy must be submitted in writing to the CCO with sufficient information for consideration.

**Item 12: Brokerage Practices**

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**Best Execution**

In effecting securities transactions, Aikya will seek to obtain best execution of orders. In determining the broker or dealer to be used and the commission rates to be paid, the Firm will consider the utility and reliability of brokerage services, including execution capability and performance, financial responsibility, investment information, market insights, other research provided by such brokers, and access to analysts, management, and idea generation. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Firm determines in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such brokers.

**Trade Aggregation**

The aggregation of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Aikya's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

**Trade Allocation**

Aikya's policy prohibits any allocation of trades in a manner that that would allow proprietary accounts or clients to receive more favourable treatment than other clients.

**Principal Transactions / Cross Trades**

In a "principal transaction," an investment adviser, acting for its own account, buys a security from, or sells a security to, a client's account. Aikya does not engage in principal transactions. The Firm may engage in cross trades only if the transaction acts in the best interests of the client involved, and when the transaction is expressly permitted by the client. To the extent that cross trades may be viewed as principal transactions due to the ownership interest in the Funds or other client by the Firm and/or its Employees, the Firm will comply with the requirements of Section 206(3) of the Advisers Act.

**Soft Dollars**

At this time, Aikya has not entered into any formal soft dollar arrangements with brokerage firms. Prior to any soft dollar arrangements being entered into, the Firm will establish an appropriate soft dollar policy and will adhere to the procedures set out in the policy when engaging in soft dollar practices to ensure that such arrangements comply with the safe harbour requirements of Section 28(e) of the Exchange Act. The Firm's soft dollar policy will also be disclosed in the relevant offering documents.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Funds are reviewed and reconciled on a daily basis by the investment team to ensure that the structure and individual securities held are suitable and consistent with the objectives and strategies. In addition, the Firm's operations team also monitors the Funds to help ensure conformity with investment objectives and guidelines. The Firm engages in active management and frequent transactions and, accordingly, performs daily trade and cash reconciliation.

The Firm has also engaged an independent administrator to prepare monthly unaudited investor statements reviewing the Fund's performance for the month.

**Reporting to Clients**

The Funds will prepare the annual financial statements in accordance with UK GAAP. Copies of the audited financial statements will be issued to all US investors within 120 days of the Fund's fiscal year-end.

The Firm will prepare and issue an investor newsletter on a quarterly basis. The Fund Administrator will issue periodic account statements to Investors consistent with the offering documents



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

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Currently, the Firm does not receive any economic benefit from anyone, other than its Clients, for providing investment advice and other advisory services to Clients. The Firm does not compensate third parties who provide referrals for advisory clients.

Aikya currently has an agreement with its related party, Pinnacle whereby Pinnacle is compensated for providing marketing and distribution services. Pinnacle receives a fee based on a percentage of management fee revenues actually received by Aikya from clients/investors who allocate funds to the Firm to invest via a segregated mandate or an established private fund investment vehicle. Such fees are paid by the Firm and will not be charged to its Clients.

Due diligence has been carried out, and regular reviews continue to be undertaken, on Pinnacle to ensure that applicable regulatory registrations are in place and that Pinnacle has adequate controls and procedures to monitor compliance with selling procedures and suitability requirements.

**Item 15: Custody**

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Aikya does not maintain direct custody over client funds or securities. All assets are held at qualified custodians. The Funds have their own fund administrator, prime broker and custodian who are independent of the Firm. Investors in the Funds will receive monthly account statements from the administrator. The Firm urges investors in the Funds to carefully review such statements and compare such official records to the reports that Aikya may provide to such investors.

**Item 16: Investment Discretion**

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Aikya possesses discretionary portfolio management authority over the Funds with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

The Firm has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account.

**Item 17: Voting Client Securities**

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Where Aikya has the responsibility for voting proxies, the Firm will take measures reasonably designed to ensure that they are voted in the best interest of its clients, which generally means voting with a view to enhancing the value of client securities. Financial interest of clients is the primary consideration in determining how their proxies should be voted. The Firm may also refrain from voting in certain circumstances.

The Firm may generally also accept the authority to vote proxy or corporate actions on behalf of any potential SMAs.

**Item 18: Financial Information**

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Aikya is not aware of any financial condition that is likely to impair its ability to meet contractual and fiduciary commitments to clients.

The Firm has not been the subject of a bankruptcy proceeding.