

**NOTICE TO ALL UNITHOLDERS**

**Proposed indirect change in the controlling interest of India Infoline Asset Management Company Limited, the asset management company of IIFL Mutual Fund, pursuant to the open offer by Fairfax entities for acquiring 26% of the emerging voting capital of IIFL Holdings Limited.**

**Background and Proposed Transaction:**

1. India Infoline Asset Management Company Limited ("**IIFL AMC**") is a wholly owned subsidiary of IIFL Wealth Management Limited ("**Sponsor to IIFL Mutual Fund**");.
2. IIFL Holdings Limited (a public limited listed company) ("**IIFLH**") holds 76.77% of equity share capital of IIFL Wealth Management Limited ("**IIFLW**").
3. FIH Mauritius Investments Ltd ("**Acquirer**") with HWIC Asia Fund (Class A Shares), I Investments Ltd and FIH Private Investments Ltd ("**Persons Acting in Concert**" ("**PAC**"), on July 14, 2015 has issued a public announcement to the equity shareholders of IIFLH, making an open offer for acquisition of fully paid up equity shares of IIFLH, constituting 26% of the emerging voting capital of IIFLH. HWIC Asia Fund (Class A Shares) and FIH Private Investments Limited will not acquire any equity shares being tendered in the open offer. The Acquirer and PAC are part of Fairfax Group of entities (Fairfax entities). Currently, HWIC Asia Fund (Class A Shares) holds 8.97% of the equity share capital of IIFLH.
4. Assuming full acceptances in the aforesaid open offer, the total share holding of Fairfax entities in IIFLH would increase from 8.97% of the equity share capital to approximately 34.73% of the emerging voting capital of IIFLH.
5. IIFLH being the ultimate holding company of IIFL AMC, there could be an indirect change in controlling interest of the IIFL AMC ("**Transaction**").
6. Please note that even after completion of the Transaction, IIFLW will continue to act as the sponsor of the IIFL Mutual Fund. Further, there are no changes proposed to the scheme(s) of IIFL Mutual Fund ("**Schemes**"). Accordingly, consequent to the above changes, there shall be no impact on the existing investments of any of the unit holders of the Schemes.
7. The Securities and Exchange Board of India ("**SEBI**") has, pursuant to its letter no. OW/32093/2015 dated November 17, 2015, granted its no objection to the aforesaid Transaction.

**Details in relation to FIH Mauritius Investments Ltd. and I Investments Limited:**

The Acquirer, FIH Mauritius Investments Ltd., is a private company limited by shares, incorporated on November 12, 2014 under the laws of Republic of Mauritius, pursuant to the (Mauritius) Companies Act, 2001 and the subsequent amendments and re-enactment thereto. The Acquirer holds a Category 1 Global Business License issued by the Financial Services Commission, Mauritius ("**FSC**").

The Acquirer belongs to the Fairfax group and is a wholly-owned subsidiary of Fairfax India Holdings Corporation ("**FIHC**"). FIHC is listed on the Toronto Stock Exchange under the symbol "FIH.U". FIHC was incorporated under the Canada Business Corporations Act on November 25, 2014 with its registered office located in Canada. FIHC was established with a view to achieve long-term capital appreciation by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. Fairfax Financial Holdings Limited ("**FFHL**") holds multiple voting shares of FIHC which collectively represents 95.6% (Ninety Five point Six percent) of the voting rights of FIHC and 30.7% (Thirty point Seven percent) of the equity interest of FIHC. FFHL is listed on the Toronto Stock Exchange under the symbol "FFH" FFHL is promoted by Mr. V. Prem Watsa.

I Investments Limited ("**I Investments**") is a private company limited by shares, incorporated on March 19, 2015 under the laws of Republic of Mauritius, pursuant to the (Mauritius) Companies Act, 2001 and the subsequent amendments and re-enactment thereto. I Investments holds a Category 1 Global Business License issued by the Financial Services Commission, Mauritius. I Investments Limited is a wholly owned subsidiary of HWIC Asia Fund which is ultimately promoted by FFHL.

**Key highlights pursuant to the Transaction:**

Upon the necessary regulatory approvals in India being received, full acceptance of the open offer and the proposed Transaction being completed, the following will ensue:

- Fairfax entities will approximately own 34.73% of the emerging voting capital of IIFLH.
- The shareholding pattern of IIFL AMC will continue to remain the same.
- There will be no change in the directors of the board of IIFL AMC.
- No alterations or amendments are currently proposed to be made to the names of the Schemes.
- No changes are required to be incorporated in the Statement of Additional Information, Scheme Information Documents, Key Information Memoranda and other relevant documents of the IIFL Mutual Fund on account of the Transaction. Please note that the Schemes will continue to be governed by the Statement of Additional Information of the Mutual Fund and their respective Scheme Information Documents and there would be no change in any of the fundamental attributes or other terms and conditions governing the Schemes as a result of the Transaction.
- The expenses related to the Transaction will not be charged to the unit holders of the Schemes.

**Notice to Unit Holders in relation to the indirect Change of Controlling Interest of the IIFL AMC pursuant to the Transaction:**

The unitholders of Schemes are hereby informed that there would be an indirect change in controlling interest of the IIFL AMC pursuant to the acquisition of shares of IIFLH (ultimate holding company of IIFL AMC) by the Acquirer (and if required, by I Investments). In accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("**SEBI MF Regulations**"), investors in Schemes are given an option to redeem their investments at the prevailing Net Asset Value ("**NAV**") without any exit load, in case they do not consent to the proposed indirect change in the controlling interest of IIFL AMC.

All unitholders are provided with an option to exit their investment(s) in Schemes at the prevailing NAV without any exit load. The option to exit without exit load can be exercised from November 27, 2015 and is valid upto 3.00PM on December 28, 2015 (both days inclusive), by submitting the normal redemption request at any of the Investor Service Centers. The unit holders who hold their units in dematerialised form, need to submit the redemption request with their Depository Participant during exit option period. Unit holders who do not exercise the exit option upto 3.00 p.m. on December 28, 2015 shall be deemed to have consented to the proposed change. Hence, no action needs to be taken, if you have no objection to the proposed change.

The redemption payment will be made within 10 Business Days of receipt of valid redemption request to those unit holders who choose to exercise their exit option. In case of any pledge / lien / other encumbrance marked on any units, the unitholders will not have the option to exit unless they submit a release of their pledges/encumbrances prior to submitting their redemption/switch requests during the exit offer.

Unit holders should ensure that any change in address or pay-out bank details required by them, are updated in the IIFL Mutual Fund's records before exercising the exit option. All transaction requests received after 3pm on December 28, 2015 will be subject to load (if any), as may be prevailing at that time in the respective Schemes.

As regards investors who redeem their investments during the exit option, the tax consequences as set forth in the Statement of Additional Information / Scheme Information Document of the relevant Scheme(s) would apply. Whilst we have been advised that there should be no tax impact for investors who do not redeem their investment in the Schemes, you should consult your financial and tax advisors in this regard.

The redemption/switch of units from Equity Scheme(s) would be liable for deduction of Securities Transaction Tax. However, such STT shall be borne by AMC and will not be borne by unitholders.

Please note that unit holders who do not exercise the exit option on or before 3.00 pm on December 28, 2015, would be deemed to have consented to the proposed changes.

The offer to exit is merely an option and not compulsory. We would like the Unit Holders to remain invested in the Schemes.

An individual communication regarding the acquisition is also being dispatched to all unit holders.

As a unit holder, you are urged to go through this communication and letter dispatched to you carefully. Please consult your financial/tax advisors in the event that you have any queries.

Place: Mumbai  
 Date: November 23, 2015

**For India Infoline Asset Management Company Limited**  
 Sd/-  
**Prashasta Seth**  
 Chief Executive Officer