

# **KOTAK FUNDS**

**Société d'Investissement à Capital Variable (SICAV)**

**R.C.S. Luxembourg B 131.576**

## **SEMI-ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023**

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# KOTAK FUNDS

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# KOTAK FUNDS

## MANAGEMENT AND ADMINISTRATION

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### Directors

**Christopher Daniel**  
(Chairman), Senior Executive Vice President  
Kotak Mahindra (UK) Limited  
London EC3N 1LS  
United Kingdom

**S. Shyam Kumar**  
President and Head  
Kotak Mahindra (UK) Limited, Dubai Branch  
Al Fattan Currency House, Dubai International  
Financial Centre  
Dubai 121753  
United Arab Emirates

**Ruchit Puri**  
Chief Executive Officer  
Kotak Mahindra (UK) Limited, Singapore Branch  
Singapore 048581

**Shek Chee Seng**  
Independent Director  
143 Duchess Avenue  
Singapore 269167

**Jérôme Wigny**  
Partner  
Elvinger Hoss Prussen, société anonyme  
2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

### Registered Office

80, Route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

### Investment Manager

Kotak Mahindra Asset Management (Singapore) Pte.  
Ltd  
16 Raffles Quay,  
#35-02 Hong Leong Building,  
Singapore 048581

### Depository Bank

Brown Brothers Harriman (Luxembourg) S.C.A.  
80, Route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

### Management Company

FundRock Management Company S.A.  
33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### Global Distributor

Kotak Mahindra (UK) Limited  
55 Baker Street  
London, W1U 7EU  
United Kingdom

### Independent Auditor

Ernst & Young, S.A.  
35E avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Administrator, Depository, Registrar, Transfer Agent and Domiciliary Agent

Brown Brothers Harriman (Luxembourg) S.C.A.  
80, Route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

### For the Mauritius Subsidiaries

IQEQ (Mauritius)  
33, Edith Cavell Street,  
Port Louis,  
Mauritius

### Legal Advisers in Luxembourg

Elvinger Hoss Prussen, société anonyme  
2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

# KOTAK FUNDS

## MANAGEMENT AND ADMINISTRATION (CONTINUED)

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### Legal Advisers in India

Khaitan & Co  
One Indiabulls Centre  
13th Floor, Tower 1  
841 Senapati Bapat Marg  
Mumbai 400013  
India

# KOTAK FUNDS

## INVESTMENT OBJECTIVES

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### **Kotak Funds - India ESG Fund**

The objective of the Sub-Fund is to achieve long term capital appreciation by primarily investing at least two thirds of its total assets in equity and equity linked securities of companies registered in India or deriving a significant portion of their business from India. The Sub-Fund will invest at least 50% of its total assets in equity securities.

The Sub-Fund will invest directly and/or indirectly in equity and equity-linked securities of companies that in the opinion of the Investment Manager have one or more of the following characteristics:

- a) Companies which are expected to sustain high growth due to their ability to create new markets, develop nascent business segments, operate successfully in niche segments with scale-up potential.
- b) Companies expected to create and deliver long term value due to innovation and intellectual property rights development.
- c) Companies with the potential for value unlocking in the medium to long term due to strategic sale, change in management, deregulation, economic legislation and reform.
- d) Companies which are sectoral leaders and enjoy leadership in their respective segments.
- e) Companies which are strong asset plays.
- f) Companies which are expected to witness operational and financial improvement due to positive swing in their business cycles.

The Sub-Fund will seek to deliver returns in a socially responsive manner by combining a value and growth oriented investment philosophy with an Environmental Social and Governance (“ESG”) principle overlay. The Investment Manager integrates ESG factors in its investment management process and evaluates companies on the basis of these factors before an investment decision is made, thereby promoting, among other characteristics, environmental and social characteristics within the meaning of Article 8 of SFDR. While identifying investee companies, the Investment Manager will seek to incorporate ESG considerations within the fundamental analysis and seek to gain an understanding of the relevant ESG issues applicable to such companies.

The Investment Manager will seek to limit and/or exclude direct investment (as applicable) in corporate issuers which, in its opinion have exposure to, or ties with, certain sectors including but not limited to:

- a) the production of certain types of controversial weapons such as cluster munitions;
- b) the distribution or production of firearms or small arms ammunition intended for retail civilians;
- c) the extraction and distribution of certain types of fossil fuel (excluding distribution of gas) and/or the generation of power from them for onward sale;
- d) the production of tobacco products;
- e) production of alcohol products;
- f) the ownership or operation of gambling-related activities or facilities; and
- g) production of adult entertainment materials.

The assessment of the level of involvement in each activity may be based on percentage of revenue or any other parameter connected to a restricted activity.

In line with its ESG methodology, the Sub-Fund promotes, inter alia, the aforementioned environmental criteria but does not commit to invest in taxonomy-aligned environmentally sustainable activities which contribute to the environmental objectives set out under Article 9 of Regulation (EU) 2020/852.

# KOTAK FUNDS

## INVESTMENT OBJECTIVES (CONTINUED)

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### **Kotak Funds - India ESG Fund (continued)**

The Sub-Fund can invest up to one third of its total assets temporarily in liquid assets, including money- market instruments having a residual maturity not exceeding twelve months and demand or time deposits.

The Sub-Fund may also invest, for the exclusive purposes of hedging and efficient portfolio management, in financial derivative instruments such as futures, equity swaps, options and forward currency contracts and in other currency and equity derivatives including index based derivative instruments.

### **Kotak Funds - India Midcap Fund**

The objective of the Sub-Fund is to achieve long term capital appreciation by investing at least two thirds of its total assets (excluding cash) in equity and equity linked securities of mid-capitalisation companies (as defined by the Investment Manager from time to time) registered in India or deriving a significant portion of their business from India.

The Sub-Fund will have the flexibility to invest up to a third of its assets in equity and equity-linked instruments of large-capitalisation companies. Large-capitalisation companies are those that have a market capitalisation greater than or equal to that of the company which has the 50th largest market capitalisation amongst the companies listed in India at the time of making an investment in that company. The Sub-Fund will invest at least 50% of its total assets in equity securities.

The Investment Manager integrates Environmental Social and Governance (“ESG”) factors in its investment management process and evaluates companies on the basis of these factors before an investment decision is made, thereby promoting, among other characteristics, environmental and social characteristics within the meaning of Article 8 of SFDR. In addition, the Investment Manager is systematically engaging with companies in which the Sub-Fund invests to promote ESG awareness. However, given the lack of long term disclosures levels and lower level of coverage by external agencies on mid and small cap stocks, the ESG analysis may be limited to some extent/ or may not be available for the entire portfolio. Therefore, ESG factors are not binding upon the Investment Manager in the allocation of the Sub-Fund’s portfolio.

The Investment Manager will seek to limit and/or exclude direct investment (as applicable) in corporate issuers which, in its opinion have exposure to, or ties with, certain sectors including but not limited to:

- a) the production of certain types of controversial weapons such as cluster munitions;
- b) the distribution or production of firearms or small arms ammunition intended for retail civilians;
- c) the extraction and distribution of certain types of fossil fuel (excluding distribution of gas) and/or the generation of power from them for onward sale;
- d) the production of tobacco products;
- e) the ownership or operation of gambling-related activities or facilities; and
- f) production of adult entertainment materials.

The assessment of the level of involvement in each activity may be based on percentage of revenue or any other parameter connected to a restricted activity.

In line with its ESG methodology, the Sub-Fund promotes environmental characteristics but does not commit to invest in taxonomy-aligned environmentally sustainable activities which contribute to the environmental objectives set out under Article 9 of Regulation (EU) 2020/852.

# KOTAK FUNDS

## INVESTMENT OBJECTIVES (CONTINUED)

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### **Kotak Funds - India Midcap Fund (continued)**

The Sub-Fund can invest up to one third of its total assets temporarily in liquid assets, including money-market instruments having a residual maturity not exceeding twelve months and demand or time deposits.

The Sub-Fund may also invest, for the exclusive purposes of hedging and efficient portfolio management, in financial derivative instruments such as futures, equity swaps, options and forward currency contracts and in other currency and equity derivatives including index based derivative instruments.

### **Kotak Funds - India Fixed Income Fund**

The objective of the Sub-Fund is to generate total returns by primarily investing in debt securities issued by the central or state governments of India or issued by companies of Indian origin or deriving a significant portion of their business in India.

The Sub-Fund will principally gain exposure to the following instruments:

- a) Debt securities issued by the Central and State Governments in India (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- b) Debt securities issued by Indian governmental agencies and statutory bodies, which may or may not carry a Central/ State Government guarantee in India.
- c) Corporate debt securities denominated in INR and issued by companies of Indian origin or deriving a significant portion of their business from India (including but not limited to Commercial Paper, Non-Convertible Debentures and bonds including zero coupon bonds).
- d) Corporate debt securities denominated in currencies other than INR and issued by companies of Indian origin or deriving a significant portion of their business from India.
- e) Mutual funds domiciled in India and regulated by Securities and Exchange Board of India.

The Sub-Fund will principally invest, directly or indirectly, in debt securities issued by the Central Government of India, State Governments of India, Indian governmental agencies, or by companies of Indian origin or deriving a significant portion of their business in India. The Sub-Fund will gain exposure to INR denominated debt securities and/or denominated in currencies other than in INR.

The Sub-Fund may invest more than 35% of its net asset value in debt securities issued and/or guaranteed by the Indian government in accordance with section III c) of the Investment Restrictions as laid down in Prospectus of the Fund. If such limit of 35% is exceeded, section III f) of the Investment Restrictions as laid down in Prospectus of the Fund will apply.

The Sub-Fund may on an ancillary basis, invest directly or indirectly in sovereign debt securities issued by developed world countries (including US treasury bills and bonds) denominated in any currency.

The Investment Manager may convert all or part of non INR exposure of the portfolio of the Sub-Fund to INR through the use of financial derivative instruments. The Sub-Fund may also use financial derivative instruments for the purposes of hedging risks (such as currency and/or interest rates) as well as for efficient portfolio management purposes.

# KOTAK FUNDS

## INVESTMENT OBJECTIVES (CONTINUED)

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### **Kotak Funds - India Fixed Income Fund (continued)**

Where the Sub-Fund invests in INR denominated debt securities of issuers of Indian origin, at least 85% of such investments will, under normal circumstances, be in instruments having a domestic rating of at least AA or A1+ or equivalent by any one of the domestic rating agencies such as CRISIL / Fitch / CARE / ICRA.

On an ancillary basis, the Sub-Fund may hold cash and cash equivalents. In exceptional circumstances and on a temporary basis only, the Sub-Fund may hold up to 100% of its assets in cash or cash equivalents, money market instruments or UCIs investing in such assets if the Investment Manager believes that this is in the best interest of Shareholders.

All three Sub-Funds will not invest more than 10% of their assets in other Undertaking for Collective Investments (UCIs).



# KOTAK FUNDS

## **DIRECTORS' REPORT**

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Despite a lacklustre performance during the first quarter of 2023 due to the rippling effect of global financial market instability with the failure of a few regional US banks and Credit Suisse merger with UBS, the Indian stock market presented a blockbuster rally during the second quarter. Since April 2023, markets have rallied more than 8% year-to-date driven by upbeat US economic data, receding inflationary pressures and subdued crude oil prices.

During the first half of year 2023, the Indian equity market (Nifty-50 Index) returned 6.83% (price change in USD terms). The period saw net FII inflows to the tune of around USD6.7 billion to the Indian equity market and inflows of around USD0.5 billion from DIIs.

The global inflation outlook has improved in recent months, as a result of monetary tightening across major Developed Markets (DMs), although core inflation has stayed high. In contrast, inflation seems to be falling faster in Emerging Markets (EMs) than in DMs. Hence, monetary policy front between EMs and DMs is expected to widen.

Looking back at India, the FY2024 Union Budget has done a fine balancing act between (1) fiscal consolidation, (2) increasing attractiveness of the new personal income tax regime and (3) continued higher capital expenditure. The government has rationalized the high subsidies on food and fertilizer and the elevated rural spending seen during the pandemic. Gross borrowing has been maintained at a comfortable level, which should keep interest rates in check.

On the macro side, Moody's raised India's growth projection for 2023 to 5.5% from 4.8% pegged earlier, due to higher capital expenditure proposed in the Budget and a resilient economic momentum. Fitch raised India's current fiscal year 2023-2024 GDP forecast to 6.3% (from 6% earlier) on the back of robust growth in the January to March 2023 quarter and strong near-term growth momentum. The World Economic Outlook also projected that India will be the fastest growing economy in the world. The Reserve Bank of India (RBI) MPC hiked the repo rate by 25bps to 6.5% in February and maintained status quo on the repo rate and stance ever since while continuing to remain focused on the withdrawal of accommodation.

Looking ahead, India's macro fundamentals look resilient, for now, with (1) a steady growth profile, (2) inflation in check and (3) a comfortable external sector balance. Risks over the next 3-6 months will be from (1) a probable erratic monsoon, (2) a broad-based consumer demand slowdown and (3) an (yet elusive) US recession.

### **Kotak Funds - India ESG Fund**

For the year half year ended June 2023, Kotak Funds: India ESG Fund returned 6.00%^ (Net of fees and gross of Tax) and the MSCI India Index returned 6.78 % for the same period. The fund witnessed net outflow of USD 0.94 million during the period Jan 2023 to June 2023 and ended with an asset under management of USD 88.57 million.

### **Kotak Funds - India Midcap Fund**

For the half year ended June 2023, Kotak Funds: India Midcap Fund yielded a return of 11.96 %^ (Net of fees and gross of Tax) with the Nifty Midcap 100 Index returning 14.33% for the same period. The fund witnessed net inflow of USD 561.36 million during the period Jan 2023 to June 2023 and ended with an asset under management of USD 2,406.22 million.

# KOTAK FUNDS

## **DIRECTORS' REPORT (CONTINUED)**

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### **Kotak Funds - India Fixed Income Fund**

For the half year ended June 2023, Kotak Funds: India Fixed Income Fund yielded a return of 4.54 %\*. The fund witnessed net outflow of USD 2.04 million during the period Jan 2023 to June 2023 and ended with an asset under management of USD 5.96 million.

*^ The performance mentioned for the sub-funds are for Class A USD Accumulation Shares.*

*\* The performance mentioned for the sub-funds are for Class I USD Accumulation Shares.*

*All percentage (%) returns mentioned above are in USD.*

### **Corporate Governance Statement**

The Board of Directors confirms its adoption of the principles of the ALFI (Association Luxembourgeoise des Fonds d'Investissement) Code of Conduct for Luxembourg Investment Funds and its compliance with such principles for the half year ended June 2023.

Date: 14th August 2023

# KOTAK FUNDS

## STATEMENT OF NET ASSETS AS AT 30 JUNE 2023

|                                                               | NOTES  | COMBINED<br>USD      | INDIA<br>ESG FUND<br>USD | INDIA<br>MIDCAP<br>FUND<br>USD | INDIA<br>FIXED<br>INCOME<br>FUND<br>USD |
|---------------------------------------------------------------|--------|----------------------|--------------------------|--------------------------------|-----------------------------------------|
| <b>Investments</b>                                            |        |                      |                          |                                |                                         |
| Investments in securities at cost                             |        | 1,601,263,253        | 59,465,661               | 1,535,436,297                  | 6,361,295                               |
| Unrealised appreciation/(depreciation)                        |        | 696,548,230          | 29,707,417               | 667,443,285                    | (602,472)                               |
| Investments in securities at market value                     | 2.d    | 2,297,811,483        | 89,173,078               | 2,202,879,582                  | 5,758,823                               |
| <b>Other Assets</b>                                           |        |                      |                          |                                |                                         |
| Cash at bank                                                  |        | 175,529,426          | 2,000,689                | 173,438,590                    | 90,147                                  |
| Cash held with brokers and counterparties                     |        | 13,575,243           | –                        | 13,575,243                     | –                                       |
| Receivable resulting from sales of securities                 |        | 2,417,865            | 294,519                  | 2,123,346                      | –                                       |
| Unrealised appreciation on forward foreign exchange contracts | 2.f,9  | 5,598                | –                        | –                              | 5,598                                   |
| Unrealised appreciation on futures contracts                  | 2.g,10 | 2,621,791            | –                        | 2,621,791                      | –                                       |
| Due from shareholders on subscriptions                        |        | 114,930,076          | 103,416                  | 114,823,504                    | 3,156                                   |
| Dividends receivable                                          |        | 1,119,753            | 173,510                  | 946,243                        | –                                       |
| Interest receivable                                           |        | 112,825              | –                        | –                              | 112,825                                 |
| Receivable for expense reimbursement                          |        | 7,023                | –                        | –                              | 7,023                                   |
| Sundry debtors and prepayments                                |        | 895                  | 895                      | –                              | –                                       |
|                                                               |        | 310,320,495          | 2,573,029                | 307,528,717                    | 218,749                                 |
| <b>Total Assets</b>                                           |        | <b>2,608,131,978</b> | <b>91,746,107</b>        | <b>2,510,408,299</b>           | <b>5,977,572</b>                        |
| <b>Liabilities</b>                                            |        |                      |                          |                                |                                         |
| Unrealised depreciation on forward foreign exchange contracts | 2.f,9  | 1,236                | –                        | –                              | 1,236                                   |
| Payable resulting from purchases of securities                |        | 52,063,333           | 373,896                  | 51,689,437                     | –                                       |
| Due to shareholders on redemptions                            |        | 923,634              | 191,466                  | 732,163                        | 5                                       |
| Capital gain tax payable                                      | 6      | 84,765,868           | 2,539,310                | 82,226,558                     | –                                       |
| Sundry creditors and accruals                                 |        | 2,364,708            | 207,849                  | 2,138,807                      | 18,052                                  |
| <b>Total Liabilities</b>                                      |        | <b>140,118,779</b>   | <b>3,312,521</b>         | <b>136,786,965</b>             | <b>19,293</b>                           |
| <b>Net Assets</b>                                             |        | <b>2,468,013,199</b> | <b>88,433,586</b>        | <b>2,373,621,334</b>           | <b>5,958,279</b>                        |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## STATEMENT OF OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2023

|                                                          |       | COMBINED<br>USD | INDIA<br>ESG FUND<br>USD | INDIA<br>MIDCAP<br>FUND<br>USD | INDIA<br>FIXED<br>INCOME<br>FUND<br>USD |
|----------------------------------------------------------|-------|-----------------|--------------------------|--------------------------------|-----------------------------------------|
| Income                                                   | NOTES |                 |                          |                                |                                         |
| Dividend income                                          | 2.e   | 3,186,752       | 291,023                  | 2,895,729                      | –                                       |
| Interest income from fixed income securities             | 2.e   | 182,523         | –                        | –                              | 182,523                                 |
| Interest income from bank deposits                       |       | 1,742,059       | 22,949                   | 1,716,332                      | 2,778                                   |
| Other income                                             |       | 88,721          | –                        | 88,711                         | 10                                      |
| <b>Total income</b>                                      |       | 5,200,055       | 313,972                  | 4,700,772                      | 185,311                                 |
| <b>Expenses</b>                                          |       |                 |                          |                                |                                         |
| Investment management fees                               | 3     | 8,640,803       | 601,571                  | 8,009,895                      | 29,337                                  |
| Administration and depositary fees                       | 4     | 375,773         | 46,139                   | 320,465                        | 9,169                                   |
| Audit and professional fees                              |       | 353,849         | 35,555                   | 310,422                        | 7,872                                   |
| Management company fees                                  | 8     | 325,007         | 20,949                   | 302,279                        | 1,779                                   |
| Subscription tax                                         | 5     | 426,017         | 14,464                   | 410,858                        | 695                                     |
| Transaction costs                                        |       | 24,286          | 9,672                    | 9,850                          | 4,764                                   |
| Directors' fees and expenses                             | 7     | 17,201          | 2,416                    | 14,696                         | 89                                      |
| Other expenses                                           |       | 64,105          | 12,335                   | 45,929                         | 5,841                                   |
| <b>Total expenses</b>                                    |       | 10,227,041      | 743,101                  | 9,424,394                      | 59,546                                  |
| Expense reimbursement                                    | 3     | 14,465          | –                        | –                              | 14,465                                  |
| <b>Net (Loss)/Profit from Investments</b>                |       | (5,012,521)     | (429,129)                | (4,723,622)                    | 140,230                                 |
| Net (loss)/profit realised on:                           |       |                 |                          |                                |                                         |
| - investments portfolio                                  | 2.d   | 28,241,001      | 980,872                  | 27,342,420                     | (82,291)                                |
| - forward foreign exchange contracts                     | 2.f   | 76,343          | –                        | –                              | 76,343                                  |
| - futures contracts                                      | 2.g   | 1,342,463       | –                        | 1,342,463                      | –                                       |
| - foreign exchange transactions                          | 2.c   | (10,847,454)    | (588,542)                | (10,180,481)                   | (78,431)                                |
| - capital gain tax                                       | 6     | (24,967,002)    | (351,005)                | (24,615,997)                   | –                                       |
| <b>Net Realised (Loss)/Profit</b>                        |       | (6,154,649)     | 41,325                   | (6,111,595)                    | (84,379)                                |
| Net change in unrealised appreciation/(depreciation) on: |       |                 |                          |                                |                                         |
| - investment portfolio                                   | 2.d   | 221,583,527     | 4,704,440                | 216,626,857                    | 252,230                                 |
| - forward foreign exchange contracts                     | 2.f   | 11,016          | –                        | –                              | 11,016                                  |
| - futures contracts                                      | 2.g   | 2,621,791       | –                        | 2,621,791                      | –                                       |
| - foreign exchange transactions                          | 2.c   | (1,179,229)     | 40,153                   | (1,220,704)                    | 1,322                                   |
| <b>Net Change in Unrealised Appreciation</b>             |       | 223,037,105     | 4,744,593                | 218,027,944                    | 264,568                                 |
| <b>Results from Operations</b>                           |       | 211,869,935     | 4,356,789                | 207,192,727                    | 320,419                                 |

The accompanying notes form an integral part of these financial statements.

## KOTAK FUNDS

### STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2023

|                                                                                  | NOTES | COMBINED<br>USD | INDIA<br>ESG FUND<br>USD | INDIA<br>MIDCAP<br>FUND<br>USD | INDIA<br>FIXED<br>INCOME<br>FUND<br>USD |
|----------------------------------------------------------------------------------|-------|-----------------|--------------------------|--------------------------------|-----------------------------------------|
| <b>Net Assets at beginning of the period</b>                                     |       | 1,745,341,861   | 85,276,877               | 1,652,382,481                  | 7,682,503                               |
| <b>Increase in Net Assets as a Result of Operations</b>                          |       | 211,869,935     | 4,356,789                | 207,192,727                    | 320,419                                 |
| <b>Capital Transactions</b>                                                      |       |                 |                          |                                |                                         |
| Subscriptions received                                                           |       | 780,170,620     | 7,665,521                | 772,059,695                    | 445,404                                 |
| Redemptions paid                                                                 |       | (254,483,828)   | (8,855,071)              | (243,138,710)                  | (2,490,047)                             |
| <b>Dividends and distributions</b>                                               |       |                 |                          |                                |                                         |
| Dividends paid                                                                   | 2.i   | (14,885,389)    | (10,530)                 | (14,874,859)                   | –                                       |
| <b>Net Increase/(Decrease) in Net Assets as a Result of Capital Transactions</b> |       | 510,801,403     | (1,200,080)              | 514,046,126                    | (2,044,643)                             |
| <b>Total Increase/(Decrease) in Net Assets in the period</b>                     |       | 722,671,338     | 3,156,709                | 721,238,853                    | (1,724,224)                             |
| <b>Net Assets at end of the period</b>                                           |       | 2,468,013,199   | 88,433,586               | 2,373,621,334                  | 5,958,279                               |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## STATISTICAL INFORMATION

|                                 | INDIA<br>ESG<br>FUND<br>USD | INDIA<br>MIDCAP<br>FUND<br>USD | INDIA<br>FIXED INCOME<br>FUND<br>USD |
|---------------------------------|-----------------------------|--------------------------------|--------------------------------------|
| <b>Net asset value</b>          |                             |                                |                                      |
| <b>30 June 2023</b>             | USD 88,433,586              | USD 2,373,621,334              | USD 5,958,279                        |
| <b>31 December 2022</b>         | USD 85,276,877              | USD 1,652,382,481              | USD 7,682,503                        |
| <b>31 December 2021</b>         | USD 90,689,469              | USD 1,769,872,684              | USD 9,823,470                        |
| <b>Number of shares</b>         |                             |                                |                                      |
| <b>30 June 2023</b>             |                             |                                |                                      |
| Class A Distribution Shares GBP | 13,981                      | 34,540                         | -                                    |
| Class A Distribution Shares USD | -                           | 39,662                         | -                                    |
| Class A Shares EUR              | 20,355                      | 2,164                          | -                                    |
| Class A Shares GBP              | 45,346                      | 134,384                        | -                                    |
| Class A Shares USD              | 2,206,403                   | 3,375,519                      | 104,174                              |
| Class B Shares EUR              | 19,081                      | -                              | -                                    |
| Class B Shares GBP              | -                           | 468                            | -                                    |
| Class B Shares USD              | 89,228                      | 90,315                         | -                                    |
| Class C Distribution Shares GBP | -                           | 56,001                         | 10,707                               |
| Class C Shares GBP              | 65,139                      | 393,825                        | 17,593                               |
| Class C Shares USD              | 93,494                      | 1,844,260                      | 10,613                               |
| Class I Distribution Shares EUR | -                           | -                              | 155,623                              |
| Class I Shares USD              | 285,237                     | 3,433                          | 169,255                              |
| Class J Shares EUR              | -                           | 1,101,464                      | -                                    |
| Class J Shares USD              | -                           | 14,607,131                     | -                                    |
| Class P Shares USD              | 2,755,840                   | -                              | -                                    |
| Class S Shares USD*             | -                           | 9,817,119                      | -                                    |
| Class X Distribution Shares JPY | -                           | 4,515,122                      | -                                    |
| <b>31 December 2022</b>         |                             |                                |                                      |
| Class A Distribution Shares GBP | 13,895                      | 31,509                         | -                                    |
| Class A Distribution Shares USD | -                           | 39,662                         | -                                    |
| Class A Shares EUR              | 20,355                      | 1,237                          | -                                    |
| Class A Shares GBP              | 50,457                      | 136,196                        | -                                    |
| Class A Shares USD              | 2,368,897                   | 3,296,341                      | 106,310                              |
| Class B Shares EUR              | 19,081                      | -                              | -                                    |
| Class B Shares GBP              | -                           | 468                            | -                                    |
| Class B Shares USD              | 120,725                     | 91,797                         | -                                    |
| Class C Distribution Shares GBP | -                           | 49,517                         | 11,466                               |
| Class C Shares GBP              | 61,977                      | 375,231                        | 25,405                               |
| Class C Shares USD              | 77,998                      | 1,570,623                      | 12,033                               |
| Class I Distribution Shares EUR | -                           | -                              | 165,546                              |
| Class I Shares USD              | 271,983                     | 103,055                        | 294,917                              |
| Class J Shares EUR              | -                           | 1,065,501                      | -                                    |
| Class J Shares USD              | -                           | 23,564,358                     | -                                    |
| Class P Shares USD              | 2,553,936                   | -                              | -                                    |
| Class X Distribution Shares JPY | -                           | 2,744,423                      | -                                    |
| <b>31 December 2021</b>         |                             |                                |                                      |
| Class A Distribution Shares GBP | 11,639                      | 27,037                         | -                                    |
| Class A Distribution Shares USD | -                           | 20,856                         | -                                    |
| Class A Shares EUR              | 20,355                      | 377                            | -                                    |
| Class A Shares GBP              | 45,739                      | 153,716                        | -                                    |
| Class A Shares USD              | 2,551,385                   | 3,463,663                      | 117,480                              |
| Class B Shares EUR              | 18,011                      | -                              | -                                    |
| Class B Shares GBP              | -                           | 468                            | -                                    |
| Class B Shares USD              | 126,183                     | 122,029                        | -                                    |
| Class C Distribution Shares GBP | -                           | 49,824                         | 12,532                               |
| Class C Shares GBP              | 54,713                      | 421,564                        | 24,594                               |
| Class C Shares USD              | 27,785                      | 1,520,607                      | 56,439                               |
| Class I Distribution Shares EUR | -                           | -                              | 165,557                              |
| Class I Shares GBP**            | -                           | -                              | 20,000                               |
| Class I Shares USD              | 686,384                     | 625,997                        | 317,437                              |
| Class J Shares EUR              | -                           | 948,342                        | -                                    |
| Class J Shares USD              | -                           | 22,417,964                     | -                                    |
| Class P Shares USD              | 662,196                     | -                              | -                                    |
| Class X Distribution Shares JPY | -                           | 2,428,274                      | -                                    |

\* Share Class S USD of India Midcap Fund launched during 2023 reporting year.

\*\* Share Class I GBP of India Fixed Income Fund liquidated during 2022 reporting year.

# KOTAK FUNDS

## STATISTICAL INFORMATION (CONTINUED)

|                                  | INDIA<br>ESG<br>FUND<br>USD | INDIA<br>MIDCAP<br>FUND<br>USD | INDIA<br>FIXED INCOME<br>FUND<br>USD |
|----------------------------------|-----------------------------|--------------------------------|--------------------------------------|
| <b>Net asset value per share</b> |                             |                                |                                      |
| <b>30 June 2023</b>              |                             |                                |                                      |
| Class A Distribution Shares GBP  | GBP 23.79                   | GBP 31.33                      | –                                    |
| Class A Distribution Shares USD  | –                           | USD 9.73                       | –                                    |
| Class A Shares EUR               | EUR 15.58                   | EUR 14.03                      | –                                    |
| Class A Shares GBP               | GBP 25.79                   | GBP 32.29                      | –                                    |
| Class A Shares USD               | USD 21.29                   | USD 30.45                      | USD 11.37                            |
| Class B Shares EUR               | EUR 9.75                    | –                              | –                                    |
| Class B Shares GBP               | –                           | GBP 37.63                      | –                                    |
| Class B Shares USD               | USD 13.07                   | USD 34.66                      | –                                    |
| Class C Distribution Shares GBP  | –                           | GBP 19.58                      | GBP 12.12                            |
| Class C Shares GBP               | GBP 21.73                   | GBP 23.38                      | GBP 15.28                            |
| Class C Shares USD               | USD 14.12                   | USD 19.70                      | USD 11.83                            |
| Class I Distribution Shares EUR  | –                           | –                              | EUR 10.51                            |
| Class I Shares USD               | USD 27.38                   | USD 28.59                      | USD 13.95                            |
| Class J Shares EUR               | –                           | EUR 16.69                      | –                                    |
| Class J Shares USD               | –                           | USD 25.34                      | –                                    |
| Class P Shares USD               | USD 9.77                    | –                              | –                                    |
| Class S Shares USD*              | –                           | USD 10.98                      | –                                    |
| Class X Distribution Shares JPY  | –                           | JPY 54,813.22                  | –                                    |
| <b>31 December 2022</b>          |                             |                                |                                      |
| Class A Distribution Shares GBP  | GBP 24.47                   | GBP 30.77                      | –                                    |
| Class A Distribution Shares USD  | –                           | USD 8.84                       | –                                    |
| Class A Shares EUR               | EUR 15.14                   | EUR 13.02                      | –                                    |
| Class A Shares GBP               | GBP 25.83                   | GBP 30.87                      | –                                    |
| Class A Shares USD               | USD 20.26                   | USD 27.67                      | USD 10.89                            |
| Class B Shares EUR               | EUR 9.48                    | –                              | –                                    |
| Class B Shares GBP               | –                           | GBP 35.98                      | –                                    |
| Class B Shares USD               | USD 12.44                   | USD 31.49                      | –                                    |
| Class C Distribution Shares GBP  | –                           | GBP 19.14                      | GBP 12.20                            |
| Class C Shares GBP               | GBP 21.65                   | GBP 22.24                      | GBP 15.38                            |
| Class C Shares USD               | USD 13.37                   | USD 17.82                      | USD 11.32                            |
| Class I Distribution Shares EUR  | –                           | –                              | EUR 10.27                            |
| Class I Shares USD               | USD 25.93                   | USD 25.97                      | USD 13.34                            |
| Class J Shares EUR               | –                           | EUR 15.40                      | –                                    |
| Class J Shares USD               | –                           | USD 22.90                      | –                                    |
| Class P Shares USD               | USD 9.23                    | –                              | –                                    |
| Class X Distribution Shares JPY  | –                           | JPY 45,771.96                  | –                                    |
| <b>31 December 2021</b>          |                             |                                |                                      |
| Class A Distribution Shares GBP  | GBP 26.51                   | GBP 34.02                      | –                                    |
| Class A Distribution Shares USD  | –                           | USD 10.54                      | –                                    |
| Class A Shares EUR               | EUR 15.95                   | EUR 13.97                      | –                                    |
| Class A Shares GBP               | GBP 25.82                   | GBP 31.47                      | –                                    |
| Class A Shares USD               | USD 22.69                   | USD 31.58                      | USD 12.11                            |
| Class B Shares EUR               | EUR 9.99                    | –                              | –                                    |
| Class B Shares GBP               | –                           | GBP 36.67                      | –                                    |
| Class B Shares USD               | USD 13.93                   | USD 35.95                      | –                                    |
| Class C Distribution Shares GBP  | –                           | GBP 21.00                      | GBP 12.05                            |
| Class C Shares GBP               | GBP 21.43                   | GBP 22.44                      | GBP 15.20                            |
| Class C Shares USD               | USD 14.82                   | USD 20.13                      | USD 12.53                            |
| Class I Distribution Shares EUR  | –                           | –                              | EUR 10.69                            |
| Class I Shares GBP**             | –                           | –                              | GBP 10.79                            |
| Class I Shares USD               | USD 28.73                   | USD 29.64                      | USD 14.76                            |
| Class J Shares EUR               | –                           | EUR 16.37                      | –                                    |
| Class J Shares USD               | –                           | USD 25.87                      | –                                    |
| Class P Shares USD               | USD 10.18                   | –                              | –                                    |
| Class X Distribution Shares JPY  | –                           | JPY 46,788.56                  | –                                    |

\* Share Class S USD of India Midcap Fund launched during 2023 reporting year.

\*\* Share Class I GBP of India Fixed Income Fund liquidated during 2022 reporting year with the last net asset value per share of GBP 10.53.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS

### INDIA ESG FUND

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                              | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                       |                  |                                                  |
| <b>Equities</b>                                                                                                                                  |                                       |                  |                                                  |
| <b>India</b>                                                                                                                                     |                                       |                  |                                                  |
| 40,757                                                                                                                                           | Aavas Financiers                      | 763,363          | 0.86                                             |
| 207,674                                                                                                                                          | Aegis Logistics                       | 812,374          | 0.92                                             |
| 24,691                                                                                                                                           | Alkem Laboratories                    | 1,056,981        | 1.20                                             |
| 165,000                                                                                                                                          | Ambuja Cements                        | 856,368          | 0.97                                             |
| 76,067                                                                                                                                           | Apollo Pipes                          | 651,057          | 0.74                                             |
| 126,290                                                                                                                                          | AU Small Finance Bank                 | 1,159,866        | 1.31                                             |
| 335,648                                                                                                                                          | Axis Bank                             | 4,038,947        | 4.57                                             |
| 29,937                                                                                                                                           | Bajaj Finance                         | 2,612,322        | 2.95                                             |
| 247,805                                                                                                                                          | Bharti Airtel                         | 2,582,084        | 2.92                                             |
| 192,730                                                                                                                                          | Bikaji Foods International            | 981,266          | 1.11                                             |
| 164,294                                                                                                                                          | Brigade Enterprises                   | 1,151,621        | 1.30                                             |
| 68,864                                                                                                                                           | Cartrade Tech                         | 404,910          | 0.46                                             |
| 69,707                                                                                                                                           | Cipla                                 | 862,164          | 0.97                                             |
| 325,642                                                                                                                                          | Crompton Greaves Consumer Electricals | 1,149,034        | 1.30                                             |
| 14,967                                                                                                                                           | Dr Lal PathLabs                       | 412,095          | 0.47                                             |
| 9,895                                                                                                                                            | Dr Reddy's Laboratories               | 622,158          | 0.70                                             |
| 177,168                                                                                                                                          | Emami                                 | 916,931          | 1.04                                             |
| 323,412                                                                                                                                          | Fortis Healthcare                     | 1,241,666        | 1.40                                             |
| 334,732                                                                                                                                          | HDFC Bank                             | 6,940,211        | 7.85                                             |
| 180,572                                                                                                                                          | HDFC Life Insurance                   | 1,432,959        | 1.62                                             |
| 17,278                                                                                                                                           | Hero MotoCorp                         | 612,732          | 0.69                                             |
| 77,030                                                                                                                                           | Hindustan Unilever                    | 2,513,992        | 2.84                                             |
| 1,741                                                                                                                                            | Honeywell Automation India            | 884,271          | 1.00                                             |
| 391,727                                                                                                                                          | ICICI Bank                            | 4,461,473        | 5.04                                             |

The accompanying notes form an integral part of these financial statements.



# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA ESG FUND (CONTINUED)

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                               | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                        |                  |                                                  |
| <b>Equities (continued)</b>                                                                                                                      |                                        |                  |                                                  |
| <b>India (continued)</b>                                                                                                                         |                                        |                  |                                                  |
| 156,500                                                                                                                                          | ICICI Bank ADR                         | 3,615,933        | 4.09                                             |
| 98,586                                                                                                                                           | IndusInd Bank                          | 1,651,492        | 1.87                                             |
| 307,204                                                                                                                                          | Infosys                                | 4,999,652        | 5.65                                             |
| 73,958                                                                                                                                           | Infosys ADR                            | 1,176,302        | 1.33                                             |
| 18,949                                                                                                                                           | InterGlobe Aviation                    | 606,595          | 0.69                                             |
| 283,872                                                                                                                                          | Jindal Steel & Power                   | 2,010,042        | 2.27                                             |
| 62,022                                                                                                                                           | Jubilant Foodworks                     | 378,852          | 0.43                                             |
| 65,683                                                                                                                                           | Kajaria Ceramics                       | 1,006,618        | 1.14                                             |
| 115,034                                                                                                                                          | Kalpataru Projects International       | 752,152          | 0.85                                             |
| 126,703                                                                                                                                          | Kansai Nerolac Paints                  | 695,509          | 0.79                                             |
| 38,481                                                                                                                                           | Kotak Mahindra Bank                    | 865,917          | 0.98                                             |
| 105,931                                                                                                                                          | Larsen & Toubro                        | 3,195,684        | 3.61                                             |
| 224,092                                                                                                                                          | Mahindra & Mahindra Financial Services | 918,789          | 1.04                                             |
| 13,470                                                                                                                                           | Maruti Suzuki India                    | 1,606,857        | 1.82                                             |
| 221,367                                                                                                                                          | Max Healthcare Institute               | 1,617,092        | 1.83                                             |
| 889                                                                                                                                              | MRF                                    | 1,097,011        | 1.24                                             |
| 86,972                                                                                                                                           | Oberoi Realty                          | 1,043,750        | 1.18                                             |
| 120,346                                                                                                                                          | PB Fintech                             | 1,021,901        | 1.16                                             |
| 30,011                                                                                                                                           | Persistent Systems                     | 1,832,644        | 2.07                                             |
| 15,927                                                                                                                                           | PI Industries                          | 761,172          | 0.86                                             |
| 183,292                                                                                                                                          | Reliance Industries                    | 5,696,332        | 6.44                                             |
| 76,318                                                                                                                                           | Sansera Engineering                    | 809,543          | 0.92                                             |
| 58,509                                                                                                                                           | SBI Cards & Payment Services           | 604,057          | 0.68                                             |
| 4,145                                                                                                                                            | Shree Cement                           | 1,206,550        | 1.36                                             |
| 60,560                                                                                                                                           | SRF                                    | 1,689,608        | 1.91                                             |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA ESG FUND (CONTINUED)

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                                         | Security                                      | Market Value USD  | Market Value as a<br>percentage<br>of Net Assets |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b>           |                                               |                   |                                                  |
| <b>Equities (continued)</b>                                                                                                                                |                                               |                   |                                                  |
| <b>India (continued)</b>                                                                                                                                   |                                               |                   |                                                  |
| 110,060                                                                                                                                                    | State Bank of India                           | 768,315           | 0.87                                             |
| 52,586                                                                                                                                                     | Tata Consultancy Services                     | 2,116,163         | 2.39                                             |
| 117,250                                                                                                                                                    | Tech Mahindra                                 | 1,615,797         | 1.83                                             |
| 39,749                                                                                                                                                     | Titan                                         | 1,476,251         | 1.67                                             |
| 19,604                                                                                                                                                     | Vedant Fashions                               | 295,995           | 0.33                                             |
| 56,342                                                                                                                                                     | Vijaya Diagnostic Centre Pvt                  | 324,554           | 0.37                                             |
| 1,053,557                                                                                                                                                  | Zomato                                        | 963,558           | 1.09                                             |
| <b>Total Equities</b>                                                                                                                                      |                                               | <b>87,541,532</b> | <b>98.99</b>                                     |
| <b>Total Transferable securities and money market<br/>instruments admitted to an official exchange listing<br/>or dealt in on another regulated market</b> |                                               | <b>87,541,532</b> | <b>98.99</b>                                     |
| <b>Other transferable securities</b>                                                                                                                       |                                               |                   |                                                  |
| <b>Investment funds</b>                                                                                                                                    |                                               |                   |                                                  |
| <b>Ireland</b>                                                                                                                                             |                                               |                   |                                                  |
| 147                                                                                                                                                        | Goldman Sachs PLC - US\$ Liquid Reserves Fund | 1,631,546         | 1.84                                             |
| <b>Total Investment funds</b>                                                                                                                              |                                               | <b>1,631,546</b>  | <b>1.84</b>                                      |
| <b>Total Other transferable securities</b>                                                                                                                 |                                               | <b>1,631,546</b>  | <b>1.84</b>                                      |
| <b>Total Investments</b>                                                                                                                                   |                                               | <b>89,173,078</b> | <b>100.83</b>                                    |
| <b>Other Net Assets and Liabilities</b>                                                                                                                    |                                               | <b>(739,492)</b>  | <b>(0.83)</b>                                    |
| <b>Net Asset Value</b>                                                                                                                                     |                                               | <b>88,433,586</b> | <b>100.00</b>                                    |

No schedule of investment changes has been included into the report. Such information is available upon request from Brown Brothers Harriman (Luxembourg) S.C.A., the Fund's Administrator.

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA MIDCAP FUND

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                              | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                       |                  |                                                  |
| <b>Equities</b>                                                                                                                                  |                                       |                  |                                                  |
| <b>India</b>                                                                                                                                     |                                       |                  |                                                  |
| 873,952                                                                                                                                          | Aavas Financiers                      | 16,368,781       | 0.69                                             |
| 949,515                                                                                                                                          | Alkem Laboratories                    | 40,647,183       | 1.71                                             |
| 318,461                                                                                                                                          | Amber Enterprises India               | 8,755,942        | 0.37                                             |
| 261,732                                                                                                                                          | Apollo Hospitals Enterprise           | 16,260,830       | 0.68                                             |
| 8,550,096                                                                                                                                        | Apollo Tyres                          | 42,375,436       | 1.79                                             |
| 411,413                                                                                                                                          | Archean Chemical Industries           | 2,688,527        | 0.11                                             |
| 14,614,899                                                                                                                                       | Ashok Leyland                         | 29,814,003       | 1.26                                             |
| 267,441                                                                                                                                          | Atul                                  | 22,798,183       | 0.96                                             |
| 4,848,345                                                                                                                                        | AU Small Finance Bank                 | 44,527,902       | 1.88                                             |
| 3,971,450                                                                                                                                        | Axis Bank                             | 47,789,582       | 2.01                                             |
| 1,174,654                                                                                                                                        | Balkrishna Industries                 | 33,931,309       | 1.43                                             |
| 8,407,150                                                                                                                                        | Bandhan Bank                          | 24,798,357       | 1.04                                             |
| 1,423,997                                                                                                                                        | Bata India                            | 29,075,187       | 1.22                                             |
| 3,747,826                                                                                                                                        | Bharat Petroleum                      | 16,656,517       | 0.70                                             |
| 2,839,556                                                                                                                                        | Birlasoft                             | 12,419,180       | 0.52                                             |
| 4,649,273                                                                                                                                        | Brigade Enterprises                   | 32,589,143       | 1.37                                             |
| 2,657,898                                                                                                                                        | Carborundum Universal                 | 38,799,657       | 1.63                                             |
| 4,889,227                                                                                                                                        | Cholamandalam Investment & Finance    | 68,041,726       | 2.87                                             |
| 7,609,260                                                                                                                                        | City Union Bank                       | 11,804,289       | 0.50                                             |
| 2,261,536                                                                                                                                        | Container Corp. Of India              | 18,238,927       | 0.77                                             |
| 1,545,328                                                                                                                                        | Coromandel International              | 17,859,991       | 0.75                                             |
| 9,698,117                                                                                                                                        | Crompton Greaves Consumer Electricals | 34,220,000       | 1.44                                             |
| 2,645,367                                                                                                                                        | Cummins India                         | 62,639,762       | 2.64                                             |
| 290,650                                                                                                                                          | Dixon Technologies India              | 15,544,091       | 0.65                                             |
| 508,887                                                                                                                                          | Elin Electronics                      | 1,059,201        | 0.04                                             |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA MIDCAP FUND (CONTINUED)

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                               | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                        |                  |                                                  |
| <b>Equities (continued)</b>                                                                                                                      |                                        |                  |                                                  |
| <b>India (continued)</b>                                                                                                                         |                                        |                  |                                                  |
| 4,184,454                                                                                                                                        | Emami                                  | 21,656,590       | 0.91                                             |
| 31,396,199                                                                                                                                       | Federal Bank                           | 48,265,115       | 2.03                                             |
| 8,063,396                                                                                                                                        | Fortis Healthcare                      | 30,957,543       | 1.30                                             |
| 1,842,696                                                                                                                                        | Gujarat Gas                            | 10,442,930       | 0.44                                             |
| 2,943,272                                                                                                                                        | Gujarat State Petronet                 | 10,202,471       | 0.43                                             |
| 3,734,586                                                                                                                                        | ICICI Bank                             | 42,534,101       | 1.79                                             |
| 350,340                                                                                                                                          | Indraprastha Gas                       | 2,020,883        | 0.09                                             |
| 3,271,546                                                                                                                                        | Ipca Laboratories                      | 29,615,780       | 1.25                                             |
| 5,077,610                                                                                                                                        | Jindal Steel & Power                   | 35,953,557       | 1.51                                             |
| 965,442                                                                                                                                          | JK Cement                              | 39,788,353       | 1.68                                             |
| 2,346,119                                                                                                                                        | Kajaria Ceramics                       | 35,955,189       | 1.51                                             |
| 252,271                                                                                                                                          | LTIMindtree                            | 15,977,388       | 0.67                                             |
| 16,115,130                                                                                                                                       | Mahindra & Mahindra Financial Services | 66,072,899       | 2.78                                             |
| 2,170,020                                                                                                                                        | Mahindra Lifespace Developers          | 12,312,485       | 0.52                                             |
| 2,345,486                                                                                                                                        | Mahindra Logistics                     | 10,941,423       | 0.46                                             |
| 3,284,587                                                                                                                                        | Max Financial Services                 | 32,455,650       | 1.37                                             |
| 3,000,556                                                                                                                                        | Max Healthcare Institute               | 21,919,150       | 0.92                                             |
| 572,429                                                                                                                                          | Metro Brands                           | 6,532,786        | 0.28                                             |
| 19,106,413                                                                                                                                       | Motherson Sumi Wiring India            | 13,434,577       | 0.57                                             |
| 283,121                                                                                                                                          | Mphasis                                | 6,538,254        | 0.28                                             |
| 11,317                                                                                                                                           | MRF                                    | 13,964,983       | 0.59                                             |
| 151,054                                                                                                                                          | Navin Fluorine International           | 8,287,179        | 0.35                                             |
| 2,924,689                                                                                                                                        | Oberoi Realty                          | 35,099,162       | 1.48                                             |
| 4,281,010                                                                                                                                        | PB Fintech                             | 36,351,589       | 1.53                                             |
| 973,037                                                                                                                                          | Persistent Systems                     | 59,419,242       | 2.50                                             |

The accompanying notes form an integral part of these financial statements.

## KOTAK FUNDS

### SCHEDULE OF INVESTMENTS (CONTINUED)

#### INDIA MIDCAP FUND (CONTINUED)

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                            | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                     |                  |                                                  |
| <b>Equities (continued)</b>                                                                                                                      |                                     |                  |                                                  |
| <b>India (continued)</b>                                                                                                                         |                                     |                  |                                                  |
| 813,302                                                                                                                                          | PI Industries                       | 38,868,767       | 1.64                                             |
| 4,935,143                                                                                                                                        | PNC Infratech                       | 19,708,120       | 0.83                                             |
| 6,945,179                                                                                                                                        | Power Finance                       | 18,272,800       | 0.77                                             |
| 829,385                                                                                                                                          | Rolex Rings                         | 22,489,237       | 0.95                                             |
| 17,402,757                                                                                                                                       | Samvardhana Motherson International | 18,174,727       | 0.77                                             |
| 2,652,944                                                                                                                                        | Sansera Engineering                 | 28,141,091       | 1.19                                             |
| 1,250,904                                                                                                                                        | Sapphire Foods India                | 20,947,256       | 0.88                                             |
| 987,349                                                                                                                                          | Schaeffler India                    | 37,269,883       | 1.57                                             |
| 1,915,425                                                                                                                                        | Shriram Finance                     | 40,502,675       | 1.71                                             |
| 658,918                                                                                                                                          | SKF India                           | 39,962,711       | 1.68                                             |
| 1,854,882                                                                                                                                        | SRF                                 | 51,750,728       | 2.18                                             |
| 425,582                                                                                                                                          | Sundaram Finance                    | 13,536,076       | 0.57                                             |
| 1,007,225                                                                                                                                        | Sundram Fasteners                   | 14,937,167       | 0.63                                             |
| 1,321,570                                                                                                                                        | Supreme Industries                  | 51,498,776       | 2.17                                             |
| 4,013,948                                                                                                                                        | Syngene International               | 37,422,309       | 1.58                                             |
| 1,062,810                                                                                                                                        | Tata Chemicals                      | 12,969,769       | 0.55                                             |
| 255,710                                                                                                                                          | TeamLease Services                  | 7,769,000        | 0.33                                             |
| 2,033,100                                                                                                                                        | Tech Mahindra                       | 28,017,718       | 1.18                                             |
| 2,553,387                                                                                                                                        | The Ramco Cements                   | 28,759,089       | 1.21                                             |
| 1,422,970                                                                                                                                        | Thermax                             | 39,566,972       | 1.67                                             |
| 1,088,100                                                                                                                                        | Torrent Pharmaceuticals             | 25,259,306       | 1.06                                             |
| 1,808,146                                                                                                                                        | TVS Motor                           | 29,209,989       | 1.23                                             |
| 269,300                                                                                                                                          | UltraTech Cement                    | 27,221,288       | 1.15                                             |
| 758,294                                                                                                                                          | United Breweries                    | 13,971,533       | 0.59                                             |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA MIDCAP FUND (CONTINUED)

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                                         | Security                                      | Market Value USD     | Market Value as a<br>percentage<br>of Net Assets |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b>           |                                               |                      |                                                  |
| <b>Equities (continued)</b>                                                                                                                                |                                               |                      |                                                  |
| <b>India (continued)</b>                                                                                                                                   |                                               |                      |                                                  |
| 3,152,741                                                                                                                                                  | United Spirits                                | 35,046,720           | 1.48                                             |
| 2,515,341                                                                                                                                                  | Varroc Engineering                            | 10,329,892           | 0.44                                             |
| 1,665,300                                                                                                                                                  | Vedant Fashions                               | 25,143,909           | 1.06                                             |
| 6,684,789                                                                                                                                                  | V-Guard Industries                            | 23,013,103           | 0.97                                             |
| 1,685,572                                                                                                                                                  | Voltas                                        | 15,605,836           | 0.66                                             |
| 50,194                                                                                                                                                     | Whirlpool of India                            | 901,701              | 0.04                                             |
| 8,147,037                                                                                                                                                  | Zee Entertainment Enterprises                 | 17,607,589           | 0.74                                             |
| <b>Total Equities</b>                                                                                                                                      |                                               | <b>2,130,278,722</b> | <b>89.75</b>                                     |
| <b>Total Transferable securities and money market<br/>instruments admitted to an official exchange listing<br/>or dealt in on another regulated market</b> |                                               | <b>2,130,278,722</b> | <b>89.75</b>                                     |
| <b>Other transferable securities</b>                                                                                                                       |                                               |                      |                                                  |
| <b>Investment funds</b>                                                                                                                                    |                                               |                      |                                                  |
| <b>Ireland</b>                                                                                                                                             |                                               |                      |                                                  |
| 6,546                                                                                                                                                      | Goldman Sachs PLC - US\$ Liquid Reserves Fund | 72,600,860           | 3.06                                             |
| <b>Total Investment funds</b>                                                                                                                              |                                               | <b>72,600,860</b>    | <b>3.06</b>                                      |
| <b>Total Other transferable securities</b>                                                                                                                 |                                               | <b>72,600,860</b>    | <b>3.06</b>                                      |
| <b>Total Investments</b>                                                                                                                                   |                                               | <b>2,202,879,582</b> | <b>92.81</b>                                     |
| <b>Other Net Assets and Liabilities</b>                                                                                                                    |                                               | <b>170,741,752</b>   | <b>7.19</b>                                      |
| <b>Net Asset Value</b>                                                                                                                                     |                                               | <b>2,373,621,334</b> | <b>100.00</b>                                    |

No schedule of investment changes has been included into the report. Such information is available upon request from Brown Brothers Harriman (Luxembourg) S.C.A., the Fund's Administrator.

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA FIXED INCOME FUND

30 June 2023

| Number of shares/<br>Nominal Value                                                                                                               | Security                                                       | Market Value USD | Market Value as a<br>percentage<br>of Net Assets |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------|--------------------------------------------------|
| <b>Transferable securities and money market instruments admitted to an<br/>official exchange listing or dealt in on another regulated market</b> |                                                                |                  |                                                  |
| <b>Debt Instruments</b>                                                                                                                          |                                                                |                  |                                                  |
| <b>India</b>                                                                                                                                     |                                                                |                  |                                                  |
| 300,000                                                                                                                                          | Adani Ports & Special Economic Zone 3.38%<br>24/07/2024        | 286,125          | 4.80                                             |
| 300,000                                                                                                                                          | Canara Bank 3.88% 28/03/2024                                   | 294,979          | 4.95                                             |
| 300,000                                                                                                                                          | HDFC Bank 5.69% 02/03/2026                                     | 299,906          | 5.03                                             |
| 30,000,000                                                                                                                                       | India Government Bond 5.79% 11/05/2030                         | 340,483          | 5.72                                             |
| 20,000,000                                                                                                                                       | India Government Bond 6.19% 16/09/2034                         | 225,640          | 3.79                                             |
| 50,000,000                                                                                                                                       | India Government Bond 6.22% 16/03/2035                         | 564,911          | 9.48                                             |
| 40,000,000                                                                                                                                       | India Government Bond 6.79% 15/05/2027                         | 482,833          | 8.10                                             |
| 60,000,000                                                                                                                                       | India Government Bond 7.26% 14/01/2029                         | 738,546          | 12.40                                            |
| 50,000,000                                                                                                                                       | India Government Bond 8.51% 22/09/2033                         | 612,080          | 10.27                                            |
| 300,000                                                                                                                                          | NTPC 4.38% 26/11/2024                                          | 293,150          | 4.92                                             |
| 250,000                                                                                                                                          | Oil India 5.13% 04/02/2029                                     | 245,022          | 4.11                                             |
| 250,000                                                                                                                                          | ONGC Videsh 4.63% 15/07/2024                                   | 246,651          | 4.14                                             |
| 13,000,000                                                                                                                                       | Power Finance 9.46% 01/08/2026                                 | 166,183          | 2.79                                             |
| 500,000                                                                                                                                          | REC 4.63% 22/03/2028                                           | 474,600          | 7.97                                             |
| <b>Netherlands</b>                                                                                                                               |                                                                |                  |                                                  |
| 250,000                                                                                                                                          | Bharti Airtel International Netherlands BV 5.35%<br>20/05/2024 | 249,375          | 4.18                                             |
| <b>Singapore</b>                                                                                                                                 |                                                                |                  |                                                  |
| 250,000                                                                                                                                          | BPRL International Singapore Pte 4.38% 18/01/2027              | 238,339          | 4.00                                             |
| <b>Total Debt Instruments</b>                                                                                                                    |                                                                | <b>5,758,823</b> | <b>96.65</b>                                     |

The accompanying notes form an integral part of these financial statements.

# KOTAK FUNDS

## SCHEDULE OF INVESTMENTS (CONTINUED)

### INDIA FIXED INCOME FUND (CONTINUED)

30 June 2023

| <b>Number of shares/<br/>Nominal Value</b> | <b>Security</b>                                                                                                                                            | <b>Market Value USD</b> | <b>Market Value as a<br/>percentage<br/>of Net Assets</b> |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------|
|                                            | <b>Total Transferable securities and money market<br/>instruments admitted to an official exchange listing<br/>or dealt in on another regulated market</b> | <b>5,758,823</b>        | <b>96.65</b>                                              |
|                                            | <b>Total Investments</b>                                                                                                                                   | <b>5,758,823</b>        | <b>96.65</b>                                              |
|                                            | <b>Other Net Assets and Liabilities</b>                                                                                                                    | <b>199,456</b>          | <b>3.35</b>                                               |
|                                            | <b>Net Asset Value</b>                                                                                                                                     | <b>5,958,279</b>        | <b>100.00</b>                                             |

No schedule of investment changes has been included into the report. Such information is available upon request from Brown Brothers Harriman (Luxembourg) S.C.A., the Fund's Administrator.

The accompanying notes form an integral part of these financial statements.



# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 1. General information

Kotak Funds (the “Fund”) is an investment company organised under the laws of the Grand Duchy of Luxembourg and is qualified as a Société d’Investissement à Capital Variable (“SICAV”). The Fund, incorporated on 12 September 2007, is registered under Part I of the Luxembourg Law of 17 December 2010 regarding undertakings for collective investment, as amended.

The Fund offers investors the choice between several classes of shares (each a “class”) in a number of Sub-Funds. As at 30 June 2023, the Fund was composed of the following Sub-Funds:

- Kotak Funds - India ESG Fund;
- Kotak Funds - India Midcap Fund; and
- Kotak Funds - India Fixed Income Fund.

The following share classes were in issue as at 30 June 2023:

- (i) Class A shares which are available to all investors.
- (ii) Class I, Class J and Class S shares which are reserved to institutional investors in the meaning of article 174 of the Luxembourg Law of 17 December 2010, as amended. The Class J shares is only available in India Midcap Fund.
- (iii) Class B shares which are available to investors who at the time the relevant subscription order is received are customers of certain distributors appointed by the Global Distributor specifically for the purpose of distributing the Class B shares. The class is only available in India ESG Fund and India Midcap Fund.
- (iv) Class X shares which are only available in certain jurisdictions and shall be offered at the discretion of the Global Distributor.
- (v) Class C Shares may be offered in certain limited circumstances for distribution in certain countries and through certain distributors or sub-distributors who at the discretion of the Global Distributor, are considered wholesale investors providing services to other investors.
- (vi) Class P shares are reserved to certain institutional investors, in certain circumstance, at the recommendation of the Global Distributor.

The main objective of the Sub-Funds is to invest in sufficiently liquid transferable securities and other eligible assets in order to provide returns for investors.

The Fund has incorporated India Bluechip (Mauritius) Ltd (the “Bluechip Subsidiary”) on 14 December 2009 and India Midcap (Mauritius) Ltd (the “Midcap Subsidiary”) on 19 April 2010.

### 2. Summary of significant accounting policies

#### a) Basis of preparation

The financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements applicable to investment funds.

#### b) Financial statements

Financial statements for India ESG Fund and India Midcap Fund are presented on a consolidated basis. The statements of net assets, operations and changes in net assets are presented in USD for each Sub-Fund.

The combined statement of net assets, the combined statement of operations and the combined statement of changes in net assets are the sum of the statements of each Sub-Fund. As wholly-owned subsidiaries of the Fund all assets and liabilities, income and expenses of the subsidiaries are consolidated in the statements of net assets and

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 2. Summary of significant accounting policies (continued)

#### b) Financial statements (continued)

operations of the respective Sub-Funds. Investments held by the subsidiaries are disclosed in the schedule of investments of the respective Sub-Funds.

#### c) Foreign currency translation

Assets and liabilities in currencies other than the Sub-Funds' base currency have been translated into that currency at exchange rates ruling at the date of these financial statements. Transactions occurring during the period in currencies other than the base currency are translated at rates of exchange ruling at the transaction dates. The exchange rates applicable as at 30 June 2023 are:

|         |          |
|---------|----------|
| USD/GBP | 0.7883   |
| USD/EUR | 0.9177   |
| USD/INR | 82.0599  |
| USD/JPY | 144.4750 |
| USD/CHF | 0.8979   |

#### d) Investments

Securities listed on Regulated Markets, which are recognized, operate regularly and are open to the public, are valued at the last available price of the main market for the relevant security.

Securities listed on the Indian stock exchanges are valued at the closing price on the National Stock Exchange failing which the closing price on the Stock Exchange, Mumbai (BSE) failing which the closing price on any other exchange whereat the security is traded shall be considered.

Securities not listed on Regulated Markets, which are recognized, operate regularly and are open to the public, are valued on the basis of their last available price.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Directors may, at their discretion, prudently and in good faith follow other methods of valuation to be used if they consider such method of valuation better reflects the value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the Fund.

Gains or losses arising on the disposal of investments are calculated by reference to the net sales proceeds and the average cost attributable to those investments.

#### e) Income and expenses

Dividends arising on the Fund's equity investments are credited to the statement of operations when the security is quoted ex-dividend, net of withholding taxes where applicable. Interest income is recognised as the interest accrues (taking into account the coupon rate on the asset) unless recoverability is in doubt. Where the Fund incurs an expense which relates to any particular Sub-Fund or to any action taken in connection with a particular Sub-Fund, such liability shall be allocated to the relevant Sub-Fund. In the case where any expense of the Fund cannot be

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 2. Summary of significant accounting policies (continued)

#### e) Income and expenses (continued)

considered as being attributable to a particular Sub-Fund, such expense shall be allocated to all the Sub-Funds pro rata to their NAV's or in such other ways that the Directors deem equitable.

Notwithstanding the provisions of the preceding paragraph, all liabilities of the Fund, whatever Sub-Fund they are attributable to, shall, unless otherwise agreed upon with the creditors, be binding upon the Fund as a whole.

#### f) Forward foreign exchange contracts

The Fund may enter into forward foreign exchange contracts to hedge against exposures to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realised if the position were closed out on the valuation date, and is recorded as an unrealised gain or loss. Upon the closing of the contract, the gain or loss is recorded in the net realised gain or loss on forward foreign exchange contracts.

#### g) Future contracts

Financial future contracts are valued at the exchange quoted settlement price. Initial margin deposits are made upon entering into the contracts and can be either in cash or securities. During the period the contracts are open, changes in the value of the contracts are recognised as unrealised gains and losses by "marking-to-market" on a daily basis to reflect the market value of the contracts at the end of each business day's trading. Variation margin payments are made or received, depending upon whether losses or gains are incurred. When a contract is closed, the Sub-Fund records a realised gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the initial cost of the contract.

#### h) Option contracts

Premiums received on issued options are recorded as liabilities and premiums paid on the purchase of options are recorded as assets in the statement of net assets. Option contracts outstanding as at period end are valued at the last known price on the stock exchanges or regulated markets. Realised and change in unrealised gains and losses are recorded in the statement of operations. There were no open contracts as at 30 June 2023.

#### i) Dividends payable

Within each Sub-Fund, there may be created different Classes which are entitled to regular dividend payments ("Distribution Shares") or with earnings reinvested ("Accumulation Shares"). If a dividend is declared by the Fund, it will be paid to each Shareholder concerned in the currency of the relevant Sub-Fund or Class.

During the period ended 30 June 2023, the Fund distributed the following dividends:

| India ESG Fund                  | Ex Date          | Pay date         | Dividend per share | Total dividend paid<br>(USD) |
|---------------------------------|------------------|------------------|--------------------|------------------------------|
| Class A Distribution Shares GBP | 13 February 2023 | 21 February 2023 | USD 0.3747         | 5,147                        |
| Class A Distribution Shares GBP | 11 May 2023      | 19 May 2023      | USD 0.3902         | 5,383                        |
|                                 |                  |                  |                    | <hr/> <b>10,530</b> <hr/>    |

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

### 2. Summary of significant accounting policies (continued)

#### i) Dividends payable (continued)

| India Midcap Fund               | Ex Date          | Pay date         | Dividend per share | Total dividend paid<br>(USD) |
|---------------------------------|------------------|------------------|--------------------|------------------------------|
| Class A Distribution Shares GBP | 13 February 2023 | 21 February 2023 | USD 0.4835         | 15,767                       |
| Class C Distribution Shares GBP | 13 February 2023 | 21 February 2023 | USD 0.3022         | 14,873                       |
| Class X Distribution Shares JPY | 13 February 2023 | 21 February 2023 | USD 2.2600         | 6,633,797                    |
|                                 |                  |                  |                    | <b>6,664,437</b>             |
| Class A Distribution Shares GBP | 11 May 2023      | 19 May 2023      | USD 0.5034         | 16,674                       |
| Class C Distribution Shares GBP | 11 May 2023      | 19 May 2023      | USD 0.3146         | 16,610                       |
| Class X Distribution Shares JPY | 11 May 2023      | 19 May 2023      | USD 2.2421         | 8,177,138                    |
|                                 |                  |                  |                    | <b>8,210,422</b>             |
|                                 |                  |                  |                    | <b>14,874,859</b>            |

#### j) Swing Pricing

Under certain circumstances (for example, large volumes of deals) investment and/or disinvestment costs may have an adverse effect on the Shareholders' interests in a Sub-Fund. In order to prevent this effect, called "dilution", the Directors have the authority to allow for the Net Asset Value per Share to be adjusted, taking into account the bid/ask spread on securities and forex as well as transaction costs and taxes which would be payable on the effective acquisition or disposal of assets in the relevant Sub-Fund if the net capital activity exceeds, as a consequence of the sum of all subscriptions, redemptions or conversions in such a Sub-Fund, such threshold percentage (the "Threshold") as may be determined from time to time by the Directors, of the Sub-Fund's total net assets on a given Valuation Day. Such adjustment may vary from Sub-Fund to Sub-Fund and will not exceed 0.5% of the original Net Asset Value per Share.

The adjustment is applied on the capital activity at the level of the Sub-Funds and does not address the specific circumstances of each individual investor transaction.

The Fund currently applies the adjustment to all of its Sub-Funds.

Description of the swing pricing procedure:

If the net capital activity on a given Valuation Day leads to a net inflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted upwards by the swing factor that shall be determined from time to time by the Directors.

If the net capital activity on a given Valuation Day leads to a net outflow of assets in excess of the Threshold in the relevant Sub-Fund, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Sub-Fund is adjusted downwards by the swing factor that shall be determined from time to time by the Directors.

As at 30 June 2023, no Sub-Funds have applied swing price adjustments.

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 2. Summary of significant accounting policies (continued)

#### j) Swing Pricing (continued)

The following table summarises the maximum swing factor used by the Sub-Funds during the period ended 30 June 2023:

| Sub-Fund                | Maximum swing factor |
|-------------------------|----------------------|
| India Fixed Income Fund | 0.1150%              |

### 3. Investment management fees

Kotak Mahindra Asset Management (Singapore) Pte. Ltd as Investment Manager is entitled to receive fees from the Fund in respect of their respective investment management services. The investment management fees are calculated based on a certain percentage per annum of the net asset values of the various Sub-Funds.

The maximum percentages of investment management fees at 30 June 2023 are as follows:

#### Kotak Funds - India ESG Fund

Class A: 2.00% Class I: 1.00% Class B: 2.00% Class X: 1.00% Class C: 1.00% Class S: 0.85% Class P: 1.50%\*

#### Kotak Funds - India Midcap Fund

Class A: 2.00% Class I: 2.00% Class B: 2.00% Class X: 1.00%\*\* Class J: 1.00% Class C: 1.00% Class S: 0.85% Class P: 1.50%\*

#### Kotak Funds - India Fixed Income Fund

Class A: 1.20%\*\*\* Class I: 0.75%\*\*\* Class C: 0.75%\*\*\* Class P: 1.00%\*

\*The Investment Manager has agreed with the Fund to contractually waive 1.00% of the investment management fees on behalf of Class P of the India ESG Sub-Fund and India Midcap Sub-Fund and 0.50% on behalf of Class P of the India Fixed Income Sub-Fund, since the launch of the Class.

\*\*The Investment Manager has agreed with the Fund to contractually waive 0.25% of the investment management fees on behalf of Class X of the India Midcap Sub-Fund since the launch of the Class.

\*\*\*With respect to the fund's Class A, Class C and Class I shares, to the extent the total annual fund operating expenses of the Fund attributable to a particular Class (exclusive of brokerage expenses, interest expenses, taxes and extraordinary expenses), exceed 1.60% for Class A shares and 1.20% for Class C and Class I shares, the Investment Manager has agreed to waive the management fee payable to it by the Fund to the extent that such excess exceeds the amount of the management fee attributable to the particular Class and the Investment Manager has agreed to reimburse the Fund with respect to such Class in the amount that such excess exceeds the amount of the management fee attributable to the Class. This is included in the Statement of Net Assets under receivable for expenses cap reimbursement and Statement of Operations under expense reimbursement of expense cap.

Investment management fees for the period ended 30 June 2023 amounted to USD 601,571 for the India ESG Fund, USD 8,009,895 for the India Midcap Fund and USD 29,337 for the India Fixed Income Fund.

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 4. Administration and depositary fees

Brown Brothers Harriman (Luxembourg) S.C.A., as administrator and depositary bank, is entitled to receive from the Fund fees based on the aggregate Net Asset Value of the Fund. These fees are as follows:

|                                     | <b>Administration<br/>fee rate</b> | <b>Depositary<br/>fee rate</b> | <b>Custody<br/>fee rate (India<br/>and US<br/>Markets)</b> |
|-------------------------------------|------------------------------------|--------------------------------|------------------------------------------------------------|
| USD 0 - USD 500,000,000             | 0.025%                             | 0.0045%                        | 0.010%                                                     |
| USD 500,000,000 - USD 1,000,000,000 | 0.020%                             | 0.0045%                        | 0.010%                                                     |
| Above USD 1,000,000,000             | 0.015%                             | 0.0045%                        | 0.010%                                                     |

Administration and depositary fees are subject to a minimum annual fee of USD 10,000 per Sub-Fund.

The fees for each Sub-Fund are disclosed separately in the statement of operations.

The Administrator of the subsidiaries, IQEQ (Mauritius), is entitled to the following fees per annum:

- (i) For administration, registrar and company secretary services: For the Midcap Subsidiary USD 10,000 p.a. for NAV up to USD 20 million, USD 20,000 p.a. for NAV up to USD 50 million and USD 30,000 p.a. for NAV above USD 50 million. For the Bluechip Subsidiary USD 25,000 p.a.
- (ii) For services relating to the preparation and filing of annual tax returns in Mauritius: USD 1,000.
- (iii) For services relating to the tax residency certificate: USD 500.
- (iv) For directorship: USD 2,000 per director.
- (v) For the service of the Money Laundering Reporting officer: USD 800.
- (vi) For the license fees, for the Midcap Subsidiary USD 6,960 and for the Bluechip Subsidiary USD 2,425.

### 5. Subscription tax

Under current law and practice, the Fund is not liable to Luxembourg taxes on income or capital gains. The Fund is subject to the “taxe d’abonnement” (subscription tax) at the rate of 0.05% per annum, except for the share classes dedicated to institutional investors which benefit from a reduced tax rate of 0.01%.

### 6. Taxation

#### *Tax implications for direct investments*

The Fund may invest directly in India or through the Subsidiaries. In case of direct investments in India, the Fund may be subject to taxes on revenue and/or capital gains as well as potentially other taxes or levies due in accordance with applicable Indian legislation. Some or all of such amounts due may not be recoverable and/or not covered by double tax treaty between the Grand Duchy of Luxembourg and India.

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 6. Taxation (continued)

#### *Tax implications for investments through Subsidiaries*

The taxation of the return on investments of the Mauritius Subsidiaries is governed by the provisions of the Income Tax Act, 1961 as amended by Finance Act, 2015 (“ITA”), read with the provisions of the India/Mauritius Tax Treaty as amended by the Protocol dated 10 May 2016 (“India/Mauritius Tax Treaty”). As per Section 90(2) of the ITA, the provisions of the ITA would apply only to the extent they are more beneficial than the provisions of the India/Mauritius Tax Treaty.

However, there can be no assurance that the India/Mauritius Tax Treaty will continue to be in full force and effect during the existence of the Mauritius Subsidiaries or that the Mauritius Subsidiaries are entitled to or will continue to enjoy the benefit of the India/Mauritius Tax Treaty.

In order to claim the beneficial provisions of the India/Mauritius Tax Treaty, the Mauritius Subsidiaries must be tax residents of Mauritius. All the Mauritius Subsidiaries currently hold a Mauritius tax residency certificate from the Mauritius tax authorities and are required to renew such tax residency certificate on annual basis.

General Anti-Avoidance Rules (“GAAR”) related provisions of the ITA came into effect on 1 April 2017. GAAR should not apply to any income accruing or arising to or deemed to accrue or arise to or received or deemed to be received by any person, from transfer of investments made before 1 April 2017. However, GAAR applies to any arrangement, irrespective of the date on which it has been entered into, in respect of tax benefits obtained from the arrangement on or after 1 April 2017. GAAR may be applied by tax authorities to a transaction in order to override the benefits available under any tax treaty including the India-Mauritius Tax Treaty. GAAR provisions should not apply to a person, being a non-resident, in relation to investment made by him by way of offshore derivative instruments or otherwise, directly or indirectly, in a Foreign Portfolio Investor (FPI). Further GAAR provisions should not apply to an FPI, where the FPI have not claimed tax treaty benefits and invest in Indian securities with prior permission of the competent authority under SEBI (FPI) regulations.

The Mauritius Subsidiaries may have income in the form of capital gains, income from dividends and income from interest. The tax consequences for the Mauritius Subsidiaries on account of the application of the India/Mauritius Tax Treaty, read with the provisions of the ITA are as follows:

(i) For investments made up to 31 March 2017

Capital gains of the Mauritius Subsidiaries resulting from the transfer/sale of Indian securities issued by Indian companies will not be subject to tax in India.

(ii) For investment made on or after 1 April 2017 and transferred/sold up to 31 March 2019

Capital gains of the Mauritius Subsidiaries resulting from the transfer/sale of shares of an Indian company will be subject to tax in India at the tax rate which may be limited to 50% of the domestic capital gains tax rate in India, subject to the Limitations of Benefits clause being met.

(iii) For investment made on or after 1 April 2017 and transferred/sold on or after 1 April 2019

Capital gains of the Mauritius Subsidiaries resulting from the transfer/sale of shares of an Indian company will be subject to tax in India at the applicable rate of domestic capital gains tax in India.

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 6. Taxation (continued)

#### *Tax implications for investments through Subsidiaries (continued)*

Capital gains of the Mauritius Subsidiaries resulting from the transfer/sale of any other Indian securities (including FCCBs or GDRs or ADRs) issued by Indian companies (except shares of Indian companies), albeit the date of investment, will not be subject to tax in India.

Exemption of long-term capital gains (“LTCG”) on transfer of listed equity shares in an Indian company or a unit of equity-oriented mutual fund or a unit of a business trust (“specified securities”) was withdrawn from financial year beginning 1 April 2018. Such LTCG exceeding Rs 100,000, from notified purchases, is taxable at 10% (plus surcharge and cess). The cost of acquisition of specified security which is acquired before 1 February 2018, is the higher of (1) actual cost of acquisition and (2) lower of (a) the fair market value as at 31 January 2018 and (b) full value of the consideration received on the transfer of the security.

Dividends on shares received from an Indian company on which dividend distribution tax has been paid are exempt from tax in the hands of the Shareholders. Dividend declared or distributed on or after 1 April 2021 would not be subject to DDT in the hands of the distributing Indian company and would be taxed in the hands of non-resident Shareholders at 20% plus surcharge and cess subject to benefits under the tax treaty, if any.

Interest income earned by the Luxembourg Sub-Funds and Mauritius Subsidiaries from rupee denominated bonds of an Indian company or a Government security would be taxed at the rate of 5% (plus applicable surcharge and cess) subject to conditions. The concessional rate of tax on interest payable is available until 30 June 2023.

### 7. Directors’ fees and expenses

In addition to Directors’ fees, Directors are entitled to be reimbursed for reasonable traveling, hotel and other incidental expenses in respect of attending meetings of the Directors or General Meetings of the Fund. Total Directors’ fees and expenses paid for the period ended 30 June 2023 amounted to EUR 15,785.

### 8. Management company fees

On 12 September 2007, the Management Company, FundRock Management Company S.A. was appointed in order to meet the requirements of the UCITS III (Undertakings for Collective Investment in Transferable Securities) Directive 85/611/EEC of 20 December 1985.

The Management Company is responsible on a day-to-day basis, under the supervision of the Directors of the Fund, for providing administration, marketing and investment management services in respect of all Sub-Funds of the Fund.

The Management Company delegated its investment management duties to Kotak Mahindra Asset Management (Singapore) Pte. Ltd, the Investment Manager of the assets of the Fund.

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed to perform central administration duties for the Fund pursuant to a delegation of such duties to them by the Management Company.



# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

### 8. Management company fees (continued)

FundRock Management Company S.A. is entitled to receive a fee for the provision of the Management Company services rendered to the Fund as follows:

Fund assets up to EUR 100 million: 0.05% per annum

Fund assets over EUR 100 million up to EUR 500 million: 0.04% per annum

Fund assets over EUR 500 million: 0.03% per annum

A minimum monthly fee of EUR 5,000 (USD 5,448) will apply at Fund level if the total basis point fee for the Fund does not reach the minimum fee applicable. An additional minimum monthly fee of EUR 1,250 (USD 1,362) at Fund level will be applied for every new sub-fund, if the total basis point fee for the Fund does not reach the minimum fee applicable.

### 9. Forward foreign exchange contracts

As at 30 June 2023, Kotak Funds - India Fixed Income Fund was engaged into the following forward exchange contracts with HSBC Bank Plc, London:

| Counterparty          | Maturity Date   | Currency Bought | Bought Amount | Currency Sold | Sold Amount | Unrealised appreciation (depreciation) |                |
|-----------------------|-----------------|-----------------|---------------|---------------|-------------|----------------------------------------|----------------|
|                       |                 |                 |               |               |             | USD                                    | USD            |
| HSBC Bank Plc, London | 27 July 2023    | INR             | 41,139,300    | USD           | (500,000)   | 922                                    | -              |
| HSBC Bank Plc, London | 31 July 2023    | INR             | 32,953,800    | USD           | (400,000)   | 1,192                                  | -              |
| HSBC Bank Plc, London | 14 August 2023  | INR             | 28,957,775    | USD           | (350,000)   | 2,371                                  | -              |
| HSBC Bank Plc, London | 21 August 2023  | INR             | 61,547,775    | USD           | (750,000)   | -                                      | (1,236)        |
| HSBC Bank Plc, London | 8 November 2023 | INR             | 45,438,690    | USD           | (550,000)   | 1,113                                  | -              |
|                       |                 |                 |               |               |             | <b>5,598</b>                           | <b>(1,236)</b> |

### 10. Futures contracts

As at 30 June 2023, Kotak Funds - India Midcap Fund was engaged into the following futures contracts:

| Currency | Number of Contracts Bought/(Sold) | Underlying         | Expiration Date | Notional Commitment     |                           |     |
|----------|-----------------------------------|--------------------|-----------------|-------------------------|---------------------------|-----|
|          |                                   |                    |                 | Unrealised appreciation | Unrealised (depreciation) | USD |
| USD      | 4,255                             | SGX Nifty 50 Index | 27 July 2023    | 161,442,499             | 2,621,791                 | -   |

# KOTAK FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (CONTINUED)

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### 11. Risk transparency disclosures

The Board of Directors has decided to implement the following methodology to calculate the global exposure for each of the below mentioned Sub-Funds.

| Sub-Fund                | Methodology applied for measuring the Global Exposure |
|-------------------------|-------------------------------------------------------|
| India ESG Fund          | Commitment approach                                   |
| India Midcap Fund       | Commitment approach                                   |
| India Fixed Income Fund | Commitment approach                                   |

### 12. Events during the period

There have not been any significant events during the reporting period affecting the Fund.

### 13. Remuneration policy

The European Union Directive 2014/91/EU (known as the “UCITS V Directive”) came into effect on 18 March 2016. The Management Company is required to operate a remuneration policy in accordance with applicable requirements of the UCITS V Directive. Details of the management company’s remuneration and associated financial disclosures will be made within the annual report for the period to 31 December 2023.

### 14. Information concerning the distribution of shares in or from Switzerland

Legal Representative of the Fund in Switzerland: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland. The Prospectus, Articles, semi-annual report and annual report of the Fund may be obtained free of charge upon request from the Legal Representative in Switzerland. A breakdown of all transactions carried out on behalf of each Sub-Fund for the period under review can be obtained, free of charge, from the Legal Representative in Switzerland.

### 15. Securities Financing Transactions

The Sub-Funds have not entered into securities financing transactions as defined in Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/012, namely total return swaps, repurchase and reverse repurchase agreements and securities lending transactions.

### 16. Subsequent events

There were no significant events after financial period end.