

KOTAK FUNDS

Société d'Investissement à Capital Variable (SICAV)

R.C.S. Luxembourg B 131.576

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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KOTAK FUNDS

MANAGEMENT AND ADMINISTRATION

Directors

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

S. Shyam Kumar
(from 28 April 2021)
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

(from 25 May 2021)
80, Route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

(until 24 May 2021)
16, boulevard d'Avranches
L-1160 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.
(from 25 May 2021)
80, Route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

HSBC Continental Europe, Luxembourg Branch
(until 24 May 2021)
16, boulevard d'Avranches
L-1160 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

Auditors

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

KOTAK FUNDS

MANAGEMENT AND ADMINISTRATION (CONTINUED)

Administrator, Depositary, Registrar, Transfer Agent and Domiciliary Agent

Brown Brothers Harriman (Luxembourg) S.C.A.
(from 25 May 2021)
80, Route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

HSBC Continental Europe, Luxembourg Branch
(until 24 May 2021)
16, boulevard d'Avranches
L-1160 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

Legal Advisers in India

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

KOTAK FUNDS

INVESTMENT OBJECTIVES

Kotak Funds - India Growth 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 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 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

INVESTMENT OBJECTIVES (CONTINUED)

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.

KOTAK FUNDS

INVESTMENT OBJECTIVES (CONTINUED)

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

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.

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.

KOTAK FUNDS

DIRECTORS' REPORT

The year 2021 saw sharp increase in market returns as the economic recovery gained momentum, despite periodic disruptions from the second wave of Covid-19; large fiscal and monetary support provided both globally and locally, helped businesses to recover at varying degrees and end the year with strong returns.

During the year 2021 the Indian equity market (Nifty-50 Index) was among the better performers with a return of 22% in USD terms. Debt markets, however, were under pressure as (1) global inflation remained elevated throughout Calendar Year ("CY") 2021, (2) global central banks started normalizing various monetary policy instruments and (3) elevated borrowing requirements by the Government. The period saw net FPI inflows to the tune of around USD 3.8 billion to the Indian equity market and outflows of around USD 3.2 billion from debt markets. On the currency side, the INR depreciated by about 1.98% through the year.

On the global front, the past year was dominated by (1) aggressive vaccination to counter the Covid-19 pandemic, (2) recovery in global GDP (3) normalization of global interest rates, and (4) large fiscal support provided by various governments. On the domestic front, trend was largely similar with (1) sharp recovery in GDP growth, (2) corporate deleveraging, (3) easy monetary policy and surplus liquidity being pursued by RBI, (4) sharp increase in household investments especially in physical assets and (5) various supply-side reforms being carried out such as incentivizing domestic manufacturing through Production Linked Incentives ("PLI"), adequate support to small and medium scale industries, providing adequate subsidy to the weaker sections of the population, etc.

India witnessed sharp recovery in business conditions in CY2021; as government response became sharper to counter the Covid-19 pandemic. Steady ramp-up in vaccinations along with limited and contained lockdown measures enabled business activities to recover. Meanwhile, steady improvement in household savings flew into both financial and physical assets. As such, growth also recovered steadily with quarterly real Gross Domestic Product (GDP) growth averaging 7.7% between December 2020 and September 2021 compared to a negative 6.4% between December 2019 and September 2020. Despite supply side disruptions, low food inflation helped keep inflation to remain under control at 5.1% for CY2021 versus 6.6% in CY2020. RBI prioritized providing monetary support to support growth and kept headline rates unchanged.

Meanwhile, 10-year G-Sec yields witnessed steady increase to 6.45% in December 2021 from 5.87% in December 2020 as global commodity prices remained elevated.

Kotak Funds - India Growth Fund

For the year ended December 2021, Kotak Funds: India Growth Fund returned 23.56%^ and the MSCI India Index returned 24.99%. The fund witnessed net outflow of USD 9.09 million during year and ended with an asset under management of USD 90.69 million.

Kotak Funds - India Midcap Fund

For the year ended December 2021, Kotak Funds: India Midcap Fund yielded a return of 37.67%^ with the Nifty Midcap 100 Index returning 43.44% for the same period. The fund witnessed net outflow of USD 506.78 million during year and ended with an asset under management of USD 1,769.87 million.

Kotak Funds - India Fixed Income Fund

For the year ended December 2021, Kotak Funds: India Fixed Income Fund yielded a return of 1.23%*. The fund witnessed net outflow of USD 6.08 million during year and ended with an asset under management of USD 9.82 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.

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DIRECTORS' REPORT (CONTINUED)

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 year ended December 2021.

Date: 2 March 2022

Independent auditor's report

To the Shareholders of
Kotak Funds
80, Route d'Esch
L - 1470 Luxembourg

Opinion

We have audited the financial statements of Kotak Funds (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the schedule of investments as at 31 December 2021, and the statement of operations and the statement of changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of each of its sub-funds as at 31 December 2021, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.



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- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund or any of its sub-funds' to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'Madjid Boukhelifa', is written over a faint, circular blue stamp.

Madjid Boukhelifa

Luxembourg, 26 April 2022

KOTAK FUNDS

STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2021

	NOTES	COMBINED USD	INDIA GROWTH FUND USD	INDIA MIDCAP FUND USD	INDIA FIXED INCOME FUND USD
Investments					
Investments in securities at cost		1,126,008,549	49,072,469	1,067,340,786	9,595,294
Unrealised appreciation/(depreciation)		771,838,860	39,393,447	732,566,762	(121,349)
Investments in securities at market value	2.d	1,897,847,409	88,465,916	1,799,907,548	9,473,945
Other Assets					
Cash at bank		54,859,034	5,706,892	48,962,721	189,421
Receivable resulting from sales of securities		647,893	115,269	532,624	–
Unrealised appreciation on forward foreign exchange contracts	2.f,10	50,698	–	–	50,698
Due from shareholders on subscriptions		2,465,876	247,808	2,215,640	2,428
Interest receivable		138,074	–	–	138,074
Sundry debtors and prepayments		15,470	895	–	14,575
		58,177,045	6,070,864	51,710,985	395,196
Total Assets		1,956,024,454	94,536,780	1,851,618,533	9,869,141
Liabilities					
Payable resulting from purchases of securities		111,684	111,684	–	–
Due to shareholders on redemptions		592,874	259,185	333,172	517
Capital gain tax payable	6	82,505,258	3,223,451	79,281,807	–
Sundry creditors and accruals		2,429,015	252,991	2,130,870	45,154
Total Liabilities		85,638,831	3,847,311	81,745,849	45,671
Net Assets		1,870,385,623	90,689,469	1,769,872,684	9,823,470

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

KOTAK FUNDS

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	COMBINED USD	INDIA GROWTH FUND USD	INDIA MIDCAP FUND USD	INDIA FIXED INCOME FUND USD
Income					
Dividend income	2.e	10,206,942	456,206	9,750,736	–
Interest income from fixed income securities	2.e	644,281	–	–	644,281
Other income		282,356	154,539	118,374	9,443
Total income		11,133,579	610,745	9,869,110	653,724
Expenses					
Investment management fees	3	17,613,277	1,490,287	16,033,708	89,282
Administration and depositary fees	4	1,025,957	96,018	908,169	21,770
Audit and professional fees		126,534	9,305	116,276	953
Management company fees	8	644,372	42,969	595,835	5,568
Subscription tax	5	676,115	34,990	638,905	2,220
Transaction costs	9	33,226	12,268	18,255	2,703
Directors' fees and expenses	7	73,229	5,444	67,248	537
Other expenses		177,435	1,037	166,881	9,517
Total expenses		20,370,145	1,692,318	18,545,277	132,550
Net (Loss)/Profit from Investments		(9,236,566)	(1,081,573)	(8,676,167)	521,174
Net (loss)/profit realised on:					
- investments portfolio	2.d	420,046,580	14,691,262	405,263,063	92,255
- forward foreign exchange contracts	2.f	66,864	–	–	66,864
- foreign exchange transactions	2.c	(62,971,160)	(1,495,753)	(61,484,805)	9,398
- capital gain tax	6	(65,069,279)	(1,659,759)	(63,393,125)	(16,395)
Net Realised Profit		292,073,005	11,535,750	280,385,133	152,122
Net change in unrealised appreciation/(depreciation) on:					
- investment portfolio	2.d	297,581,800	7,676,328	290,548,832	(643,360)
- forward foreign exchange contracts	2.f	9,497	–	–	9,497
- foreign exchange transactions	2.c	217,077	51,001	164,580	1,496
Net Change in Unrealised Appreciation/(Depreciation)		297,808,374	7,727,329	290,713,412	(632,367)
Results from Operations		580,644,813	18,181,506	562,422,378	40,929

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

KOTAK FUNDS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	COMBINED USD	INDIA GROWTH FUND USD	INDIA MIDCAP FUND USD	INDIA FIXED INCOME FUND USD
Net Assets at beginning of the year		1,840,181,977	81,622,529	1,742,582,114	15,977,334
Increase in Net Assets as a Result of Operations		580,644,813	18,181,506	562,422,378	40,929
Capital Transactions					
Subscriptions received		214,275,986	16,004,930	197,412,209	858,847
Redemptions paid		(736,231,329)	(25,094,806)	(704,196,533)	(6,939,990)
Dividends and distributions					
Dividends paid	2.i	(28,485,824)	(24,690)	(28,347,484)	(113,650)
Net Decrease in Net Assets as a Result of Capital Transactions		(550,441,167)	(9,114,566)	(535,131,808)	(6,194,793)
Total (Decrease)/Increase in Net Assets in the year		30,203,646	9,066,940	27,290,570	(6,153,864)
Net Assets at end of the year		1,870,385,623	90,689,469	1,769,872,684	9,823,470

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

KOTAK FUNDS

STATISTICAL INFORMATION

	INDIA GROWTH FUND USD	INDIA MIDCAP FUND USD	INDIA FIXED INCOME FUND USD
Net asset value			
31 December 2021	USD 90,689,469	USD 1,769,872,684	USD 9,823,470
31 December 2020	USD 81,622,529	USD 1,742,582,114	USD 15,977,334
31 December 2019	USD 113,426,585	USD 1,970,414,782	USD 33,105,260
Number of shares			
31 December 2021			
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	-
31 December 2020			
Class A Distribution Shares GBP	9,944	37,285	-
Class A Distribution Shares USD	-	3,609	-
Class A Shares EUR	20,354	2,919	-
Class A Shares GBP	46,006	234,549	-
Class A Shares USD	3,373,006	3,798,122	139,319
Class B Shares EUR	-	359	-
Class B Shares GBP	-	1,063	-
Class B Shares USD	174,896	136,761	-
Class C Distribution Shares GBP	-	42,147	13,515
Class C Shares GBP	39,280	686,993	31,938
Class C Shares USD	726	1,025,395	59,768
Class I Distribution Shares EUR	-	-	170,538
Class I Shares EUR	-	-	246,144
Class I Shares GBP	-	-	20,000
Class I Shares USD	646,916	625,997	363,573
Class J Shares EUR	-	735,864	-
Class J Shares USD	-	26,323,252	-
Class X Distribution Shares JPY	-	3,664,165	-
31 December 2019			
Class A Distribution Shares GBP	10,990	69,917	-
Class A Distribution Shares USD	-	64,105	-
Class A Shares EUR	20,354	3,101	-
Class A Shares GBP	57,144	307,091	-
Class A Shares USD	5,011,642	5,492,325	210,744
Class B Shares EUR	-	2,317	-
Class B Shares GBP	-	1,592	-
Class B Shares USD	206,597	156,803	-
Class C Distribution Shares GBP	-	58,023	16,142
Class C Shares GBP	34,019	364,248	37,060
Class C Shares USD	-	1,221,372	48,864
Class I Distribution Shares EUR	-	-	166,003
Class I Shares EUR	-	-	434,513
Class I Shares GBP	-	-	117,000
Class I Shares USD	1,125,202	646,646	1,263,546
Class J Shares EUR	-	888,352	-
Class J Shares USD	-	28,597,109	-
Class X Distribution Shares JPY	-	4,888,256	-

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STATISTICAL INFORMATION (CONTINUED)

Net asset value per share	INDIA GROWTH FUND USD	INDIA MIDCAP FUND USD	INDIA FIXED INCOME FUND USD
31 December 2021			
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	-
31 December 2020			
Class A Distribution Shares GBP	GBP 22.72	GBP 26.21	-
Class A Distribution Shares USD	-	USD 11.34	-
Class A Shares EUR	EUR 11.93	EUR 9.38	-
Class A Shares GBP	GBP 20.68	GBP 22.61	-
Class A Shares USD	USD 18.36	USD 22.94	USD 12.01
Class B Shares EUR	-	EUR 28.19	-
Class B Shares GBP	-	GBP 26.35	-
Class B Shares USD	USD 11.27	USD 26.11	-
Class C Distribution Shares GBP	-	GBP 16.02	GBP 12.38
Class C Shares GBP	GBP 16.99	GBP 15.97	GBP 14.86
Class C Shares USD	USD 11.88	USD 14.48	USD 12.38
Class I Distribution Shares EUR	-	-	EUR 10.26
Class I Shares EUR	-	-	EUR 16.37
Class I Shares GBP	-	-	GBP 10.54
Class I Shares USD	USD 23.01	USD 21.52	USD 14.58
Class J Shares EUR	-	EUR 10.87	-
Class J Shares USD	-	USD 18.60	-
Class X Distribution Shares JPY	-	JPY 30,926.07	-
31 December 2019			
Class A Distribution Shares GBP	GBP 21.88	GBP 25.03	-
Class A Distribution Shares USD	-	USD 10.99	-
Class A Shares EUR	EUR 12.02	EUR 9.28	-
Class A Shares GBP	GBP 19.69	GBP 21.16	-
Class A Shares USD	USD 16.93	USD 20.78	USD 11.34
Class B Shares EUR	-	EUR 25.26	-
Class B Shares GBP	-	GBP 24.63	-
Class B Shares USD	USD 10.38	USD 23.63	-
Class C Distribution Shares GBP	-	GBP 15.16	GBP 12.41
Class C Shares GBP	GBP 16.02	GBP 14.79	GBP 14.43
Class C Shares USD	-	USD 12.99	USD 11.64
Class I Distribution Shares EUR	-	-	EUR 10.88
Class I Shares EUR	-	-	EUR 16.83
Class I Shares GBP	-	-	GBP 10.25
Class I Shares USD	USD 21.00	USD 19.49	USD 13.73
Class J Shares EUR	-	EUR 10.65	-
Class J Shares USD	-	USD 16.68	-
Class X Distribution Shares JPY	-	JPY 29,227.05	-

KOTAK FUNDS

SCHEDULE OF INVESTMENTS

INDIA GROWTH FUND

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities			
India			
43,253	Aavas Financiers	1,521,658	1.68
259,465	Aegis Logistics	771,999	0.85
17,341	Alkem Laboratories	845,129	0.93
276,406	Ambuja Cements	1,403,199	1.55
74,174	AU Small Finance Bank	1,033,893	1.14
40,960	Aurobindo Pharma	404,499	0.45
287,992	Axis Bank	2,627,950	2.90
20,305	Bajaj Finance	1,905,220	2.10
220,038	Bharti Airtel	1,956,831	2.16
185,623	Brigade Enterprises	1,223,907	1.35
122,316	Cartrade Tech	1,395,364	1.54
53,968	Cipla	685,187	0.76
245,887	Crompton Greaves Consumer Electricals	1,446,501	1.59
11,400	Dr Lal PathLabs	585,975	0.65
179,389	Emami	1,252,039	1.38
336,821	Fortis Healthcare	1,346,632	1.48
41,948	FSN E-Commerce Ventures	1,185,512	1.31
98,000	HCL Technologies	1,738,436	1.92
291,231	HDFC Bank	5,793,993	6.39
88,227	HDFC Life Insurance	770,671	0.85
71,605	Hindustan Unilever	2,272,677	2.51
57,193	Housing Development Finance	1,989,307	2.19
467,260	ICICI Bank	4,650,859	5.13
141,500	ICICI Bank ADR	2,781,182	3.07
7,000	IndiaMart InterMesh	609,658	0.67

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA GROWTH FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities (continued)			
India (continued)			
298,128	Infosys	7,568,364	8.35
25,250	Infosys ADR	641,729	0.71
390,612	Jindal Steel & Power	1,981,662	2.18
10,000	Jubilant Foodworks	482,928	0.53
88,489	Kajaria Ceramics	1,535,030	1.69
126,913	Kalpataru Power Transmission	639,250	0.70
72,739	Kansai Nerolac Paints	578,304	0.64
36,055	Kotak Mahindra Bank	870,865	0.96
94,728	Larsen & Toubro	2,415,175	2.66
11,013	Maruti Suzuki India	1,099,871	1.21
85,000	Max Financial Services	1,120,611	1.24
1,050	MRF	1,035,555	1.14
80,729	Oberoi Realty	935,601	1.03
159,182	Orient Electric	804,355	0.89
25,058	Persistent Systems	1,652,657	1.82
15,000	PI Industries	612,055	0.67
198,021	Reliance Industries	6,306,309	6.95
89,381	SBI Cards & Payment Services	1,115,625	1.23
3,192	Shree Cement	1,158,456	1.28
58,251	SRF	1,895,795	2.09
293,898	State Bank of India	1,819,843	2.01
71,760	Tata Consultancy Services	3,607,590	3.98
107,529	Tech Mahindra	2,589,207	2.85
100,000	The Ramco Cements	1,350,305	1.49
40,000	Titan	1,356,840	1.50

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA GROWTH FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities (continued)			
India (continued)			
226,720	V-Guard Industries	675,791	0.74
53,344	Vijaya Diagnostic Centre	417,865	0.46
Total Equities		88,465,916	97.55
Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market		88,465,916	97.55
Total Investments		88,465,916	97.55
Other Net Assets and Liabilities		2,223,553	2.45
Net Asset Value		90,689,469	100.00

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

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities			
India			
928,553	Aarti Industries	12,544,537	0.71
1,419,874	Aavas Financiers	49,951,741	2.82
521,055	Alembic Pharmaceuticals	5,618,994	0.32
443,768	Alkem Laboratories	21,627,431	1.22
348,733	Amber Enterprises India	15,552,082	0.88
178,859	Apollo Hospitals Enterprise	12,058,629	0.68
6,203,841	Apollo Tyres	18,283,398	1.03
10,889,914	Ashok Leyland	17,932,384	1.01
270,782	Atul	32,915,447	1.86
2,607,881	AU Small Finance Bank	36,350,623	2.05
2,231,576	Axis Bank	20,363,307	1.15
1,162,777	Balkrishna Industries	36,330,820	2.05
2,700,119	Balrampur Chini Mills	13,344,276	0.75
1,021,265	Bata India	25,705,015	1.45
2,020,196	Bharat Petroleum	10,471,679	0.59
4,455,031	Brigade Enterprises	29,374,292	1.66
2,333,432	Carborundum Universal	30,803,963	1.74
1,106,058	Cholamandalam Financial Holdings	9,700,189	0.55
5,482,580	Cholamandalam Investment & Finance	38,368,696	2.17
10,585,279	City Union Bank	19,167,411	1.08
1,466,104	Container Corp. Of India	12,116,489	0.68
2,306,065	Coromandel International	23,446,436	1.32
7,011,334	Crompton Greaves Consumer Electricals	41,246,192	2.33
1,624,949	Cummins India	20,580,371	1.16

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA MIDCAP FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities (continued)			
India (continued)			
345,019	Divi's Laboratories	21,705,839	1.23
4,032,025	Emami	28,141,378	1.59
30,548,360	Federal Bank	34,097,361	1.93
5,259,864	Fortis Healthcare	21,029,270	1.19
1,389,382	Gujarat Gas	11,861,717	0.67
2,943,431	Gujarat State Petronet	11,682,921	0.66
3,638,586	ICICI Bank	36,216,557	2.05
100,933	IndiaMart InterMesh	8,790,663	0.50
2,091,297	Indraprastha Gas	13,229,329	0.75
971,119	Ipca Laboratories	28,297,369	1.60
6,610,416	Jindal Steel & Power	33,536,120	1.90
654,527	JK Cement	29,916,745	1.69
2,163,036	Kajaria Ceramics	37,522,469	2.12
219,569	Krsnaa Diagnostics	2,177,501	0.12
396,994	Latent View Analytics	2,997,969	0.17
6,335,915	Mahindra & Mahindra Financial Services	12,691,257	0.72
2,380,605	Mahindra Logistics	21,795,241	1.23
3,060,795	Max Financial Services	40,352,475	2.28
3,737,900	Max Healthcare Institute	22,263,228	1.26
620,929	Metro Brands	3,826,060	0.22
341,827	Mindtree	21,972,984	1.24
6,846,333	Motherson Sumi Systems	20,558,978	1.16
1,353,089	Mphasis	61,807,095	3.49
12,817	MRF	12,640,674	0.71
2,480,463	Oberoi Realty	28,747,099	1.62

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA MIDCAP FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities (continued)			
India (continued)			
32,575	Page Industries	17,707,293	1.00
1,331,425	Persistent Systems	87,811,813	4.96
884,846	PI Industries	36,104,944	2.04
5,742,041	PNC Infratech	20,335,478	1.15
160,672	Rolex Rings	2,511,060	0.14
485,115	Sansera Engineering	5,066,043	0.29
318,226	Sapphire Foods India	5,217,321	0.30
177,347	Schaeffler India	20,950,323	1.18
871,716	Shriram Transport Finance	14,266,596	0.81
565,546	Shyam Metalics & Energy	2,607,515	0.15
740,935	SKF India	37,278,414	2.11
2,520,910	SRF	82,043,737	4.64
212,422	Sundaram Finance	6,534,545	0.37
1,162,992	Supreme Industries	34,858,793	1.97
2,637,836	Syngene International	21,989,948	1.24
1,403,039	Tata Chemicals	16,871,713	0.95
374,290	TeamLease Services	20,960,663	1.18
317,349	Tega Industries	2,531,802	0.14
2,481,123	The Ramco Cements	33,502,718	1.89
1,332,762	Thermax	32,026,364	1.81
539,909	Torrent Pharmaceuticals	23,803,669	1.35
1,018,550	TVS Motor	8,588,250	0.49
185,502	UltraTech Cement	18,936,740	1.07
1,962,669	United Spirits	23,708,226	1.34
2,435,122	Varroc Engineering	10,883,565	0.62

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA MIDCAP FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Equities (continued)			
India (continued)			
6,955,513	V-Guard Industries	20,732,500	1.17
2,571,658	Voltas	42,162,382	2.38
6,537,285	Zee Entertainment Enterprises	28,202,432	1.59
Total Equities		1,799,907,548	101.69
Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
		1,799,907,548	101.69
Total Investments		1,799,907,548	101.69
Other Net Assets and Liabilities		(30,034,864)	(1.69)
Net Asset Value		1,769,872,684	100.00

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

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Debt Instruments			
India			
50,000,000	Axis Bank 8.60% 28/12/2028	735,273	7.48
400,000	Bank of Baroda 3.88% 04/04/2024	416,120	4.24
300,000	Canara Bank 3.88% 28/03/2024	310,623	3.16
50,000,000	India Government Bond 4.62% 22/09/2033	676,699	6.89
70,000,000	India Government Bond 5.79% 11/05/2030	904,264	9.21
70,000,000	India Government Bond 6.19% 16/09/2034	889,862	9.06
50,000,000	India Government Bond 6.22% 16/03/2035	635,750	6.47
40,000,000	India Government Bond 6.79% 15/05/2027	554,054	5.64
60,000,000	India Government Bond 7.26% 14/01/2029	844,959	8.60
450,000	Muthoot Finance 4.40% 02/09/2023	460,125	4.68
50,000,000	National Cooperative Development 6.75% 11/03/2024	679,982	6.92
300,000	NTPC 3.75% 03/04/2024	312,096	3.18
500,000	Oil India 5.13% 04/02/2029	560,416	5.70
250,000	ONGC Videsh 4.63% 15/07/2024	266,970	2.72
13,000,000	Power Finance 9.46% 01/08/2026	195,302	1.99
500,000	REC 4.63% 22/03/2028	541,802	5.52
2,000,000	REC 8.06% 31/05/2023	27,782	0.28
2,000,000	REC 9.02% 19/11/2022	27,866	0.28

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

KOTAK FUNDS

SCHEDULE OF INVESTMENTS (CONTINUED)

INDIA FIXED INCOME FUND (CONTINUED)

31 December 2021

Number of shares/ Nominal Value	Security	Market Value USD	Market Value as a percentage of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
Debt Instruments (continued)			
Singapore			
400,000	ABJA Investment 5.95% 31/07/2024	434,000	4.42
Total Debt Instruments		9,473,945	96.44
Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market			
		9,473,945	96.44
Total Investments		9,473,945	96.44
Other Net Assets and Liabilities		349,525	3.56
Net Asset Value		9,823,470	100.00

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 YEAR ENDED 31 DECEMBER 2021

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 31 December 2021, the Fund was composed of the following Sub-Funds:

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

The following share classes were in issue as at 31 December 2021:

- (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 Growth 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, India Midcap (Mauritius) Ltd (the “Midcap Subsidiary”) on 19 April 2010 and K Debt (Mauritius) Limited (the “Debt Subsidiary”) on 27 September 2013 as wholly-owned subsidiaries.

K Debt (Mauritius) is currently in process of being liquidated.

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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Summary of significant accounting policies (continued)

b) Financial statements

Financial statements for India Growth 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 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 year in currencies other than the base currency are translated at rates of exchange ruling at the transaction dates. The exchange rates applicable as at 31 December 2021 are:

USD/GBP	0.7406
USD/EUR	0.8813
USD/INR	74.3610
USD/JPY	115.1050
USD/CHF	0.9117

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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Summary of significant accounting policies (continued)

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 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 year 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. There were no open contracts as at 31 December 2021.

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 year 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 31 December 2021.

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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Summary of significant accounting policies (continued)

i) Dividends payable (continued)

During the year ended 31 December 2021, the Fund distributed the following dividends:

India Growth Fund	Ex Date	Pay date	Dividend per share	Total dividend paid (USD)
Class A Distribution Shares GBP	11 February 2021	22 February 2021	USD 0.6924	6,422
Class A Distribution Shares GBP	11 May 2021	21 May 2021	USD 0.5659	6,094
Class A Distribution Shares GBP	11 August 2021	23 August 2021	USD 0.5544	6,012
Class A Distribution Shares GBP	11 November 2021	22 November 2021	USD 0.5364	6,162
				24,690

India Midcap Fund	Ex Date	Pay date	Dividend per share	Total dividend paid (USD)
Class A Distribution Shares GBP	11 May 2021	21 May 2021	USD 0.9197	33,395
Class A Distribution Shares USD	11 May 2021	21 May 2021	USD 0.3000	3,046
Class C Distribution Shares GBP	11 May 2021	21 May 2021	USD 0.5660	21,173
Class X Distribution Shares JPY	11 May 2021	21 May 2021	USD 3.6800	1,0588,725
Class A Distribution Shares GBP	11 August 2021	23 August 2021	USD 0.6930	24,123
Class A Distribution Shares USD	11 August 2021	23 August 2021	USD 0.0800	160
Class C Distribution Shares GBP	11 August 2021	23 August 2021	USD 0.4851	22,892
Class X Distribution Shares JPY	11 August 2021	23 August 2021	USD 3.1681	7,950,035
Class A Distribution Shares GBP	11 November 2021	22 November 2021	USD 1.4750	47,167
Class A Distribution Shares USD	11 November 2021	22 November 2021	USD 0.4200	3,156
Class C Distribution Shares GBP	11 November 2021	22 November 2021	USD 0.8448	37,292
Class X Distribution Shares JPY	11 November 2021	22 November 2021	USD 3.9515	9,616,320
				28,347,484

India Fixed Income Fund	Ex Date	Pay date	Dividend per share	Total dividend paid (USD)
Class C Distribution Shares GBP	11 May 2021	21 May 2021	USD 0.1840	2,490
Class I Distribution Shares EUR	11 May 2021	21 May 2021	USD 0.1339	22,831
Class C Distribution Shares GBP	11 August 2021	23 August 2021	USD 0.1802	2,433
Class I Distribution Shares EUR	11 August 2021	23 August 2021	USD 0.1291	21,376
Class C Distribution Shares GBP	11 November 2021	22 November 2021	USD 0.4559	5,715
Class I Distribution Shares EUR	11 November 2021	22 November 2021	USD 0.3552	58,805
				113,650

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

Dilution adjustment for the year ended 31 December 2021 amounted to USD 1,781 for the India Fixed Income Fund.

As at 31 December 2021, no Sub-Funds have applied swing price adjustments.

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 31 December 2021 are as follows:

Kotak Funds - India Growth 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: 0.50%

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: 0.50%

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3. Investment management fees (continued)

Kotak Funds - India Fixed Income Fund

Class A: 1.20% ** Class I: 0.75% ** Class C: 0.75% ** Class P: 0.50%

*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.

Investment management fees for the year ended 31 December 2021 amounted to USD 1,490,287 for the India Growth Fund, USD 16,033,708 for the India Midcap Fund and USD 89,282 for the India Fixed Income Fund.

4. Administration and depositary fees

Until 24 May 2021 HSBC Continental Europe, Luxembourg Branch, as administrator and depositary bank, and was entitled to receive from the Fund fees payable monthly based on the average Net Asset Value of each Sub-Fund. These fees were as follows:

	Administration fee rate	Depositary fee rate	Custody fee rate (India Market only)
USD 0 - USD 250,000,000	0.030%	0.010%	0.015%
USD 250,000,000 - USD 500,000,000	0.025%	0.010%	0.015%
Above USD 500,000,000	0.020%	0.010%	0.015%

During this period administration and depositary fees were subject to a minimum annual fee of EUR 17,500 (USD 20,792).

From 25 May 2021 Brown Brothers Harriman (Luxembourg) S.C.A., as administrator and depositary bank, and is entitled to receive from the Fund fees based on the aggregate Net Asset Value of the Fund. These fees are as follows:

	Administration fee rate	Depositary fee rate	Custody fee rate (India and US Markets)
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%

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4. Administration and depositary fees (continued)

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 (the Bluechip Subsidiary): USD 800.
- (vi) For the license fees (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.

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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6. Taxation (continued)

Tax implications for investments through Subsidiaries (continued)

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.

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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6. Taxation (continued)

Tax implications for investments through Subsidiaries (continued)

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 incurred during the year amount to USD 73,229.

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.

HSBC Continental Europe, Luxembourg Branch (until 24 May 2021) and Brown Brothers Harriman (Luxembourg) S.C.A. (from 25 May 2021) have been appointed to perform central administration duties for the Fund pursuant to a delegation of such duties to them by the Management Company.

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 5,941) 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 1,485) 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.

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9. Transaction costs

Transaction costs comprise broker costs and other transaction related costs.

Broker costs include commissions and stock exchange taxes and arise on purchases and sales of investments during the year under review. Those costs are included with the cost of investments purchased and deducted from the proceeds received on sales of investments.

The transaction related costs include transaction costs on securities and on futures.

Total transaction costs paid by the Sub-funds during the year are as follows:

Sub-Fund	Currency	Broker costs	Transaction related costs (Bank commission)	Total
		USD	USD	USD
India Growth Fund	USD	51,159	12,268	63,427
India Midcap Fund	USD	874,899	18,255	893,154
India Fixed Income Fund	USD	–	2,703	2,703

10. Forward foreign exchange contracts

As at 31 December 2021, Kotak 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
HSBC Bank Plc, London	6 April 2022	INR	41,752,700	USD	(550,000)	5,589
HSBC Bank Plc, London	12 April 2022	INR	42,215,800	USD	(550,000)	11,264
HSBC Bank Plc, London	25 April 2022	INR	22,974,300	USD	(300,000)	4,872
HSBC Bank Plc, London	29 April 2022	INR	34,580,700	USD	(450,000)	8,626
HSBC Bank Plc, London	23 May 2022	INR	60,882,400	USD	(800,000)	4,662
HSBC Bank Plc, London	21 June 2022	INR	46,778,400	USD	(600,000)	15,685
						50,698

KOTAK FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11. Events during the year

The effects of the Covid-19 pandemic are disclosed in the Directors' Report.

The Fund has appointed Brown Brothers Harriman (Luxembourg) S.C.A. as the Fund's administrator, depositary, registrar, transfer agent and domiciliary agent effective 25 May 2021. The new registered address of the Fund effective 25 May 2021 is 80, Route d'Esch, L-1470 Luxembourg.

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

12. 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.

13. 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.

14. Subsequent events

Effective from 15 February 2022, the Sub-Fund India Growth Fund will change its name to India ESG Fund.

The events connected to the ongoing Ukrainian conflict had no impact to the Fund.

KOTAK FUNDS

UNAUDITED ADDITIONAL DISCLOSURES

Total Expense Ratio (TER)

The TER has been computed by the Administrator as required per the Swiss Funds & Asset Management Association (SFAMA) guidelines on the calculation and disclosure of the TER.

The total expense ratios for the year under review are as follows:

Kotak Funds - India Growth Fund (USD)	2021
Class A Distribution Shares GBP	2.22%
Class A Shares EUR	2.22%
Class A Shares GBP	2.22%
Class A Shares USD	2.22%
Class B Shares EUR (since 08 October 2021)	2.29%
Class B Shares USD	2.24%
Class C Shares GBP	1.22%
Class C Shares USD	1.24%
Class I Shares USD	1.18%
Class P Shares USD (since 10 December 2021)	1.26%
Kotak Funds - India Mid Cap Fund (USD)	
Class A Distribution Shares GBP	2.14%
Class A Distribution Shares USD	2.17%
Class A Shares EUR	2.22%
Class A Shares GBP	2.15%
Class A Shares USD	2.14%
Class B Shares GBP	2.16%
Class B Shares USD	2.14%
Class C Distribution Shares GBP	1.15%
Class C Shares GBP	1.17%
Class C Shares USD	1.15%
Class I Shares USD	2.10%
Class J Shares EUR	1.11%
Class J Shares USD	1.11%
Class X Distribution Shares JPY	0.90%
Kotak Funds - India Fixed Income Fund (USD)	
Class A Shares USD	1.42%
Class C Distribution Shares GBP	0.99%
Class C Shares GBP	0.98%
Class C Shares USD	0.99%
Class I Distribution Shares EUR	0.96%
Class I Shares GBP	0.96%
Class I Shares USD	0.96%

KOTAK FUNDS

UNAUDITED ADDITIONAL DISCLOSURES (CONTINUED)

Performance YTD

	2021	2020	2019
Kotak Funds - India Growth Fund (USD)			
Class A Distribution Shares GBP	24.19%	4.99%	5.24%
Class A Shares EUR	33.70%	(0.77%)	8.56%
Class A Shares GBP	24.85%	5.01%	3.19%
Class A Shares USD	23.56%	8.46%	6.64%
Class B Shares EUR (since 08 October 2021)	(0.10%)	-	-
Class B Shares USD	23.57%	8.56%	6.96%
Class C Shares GBP	26.13%	6.07%	4.22%
Class C Shares USD	24.75%	18.80%	-
Class I Shares USD	24.84%	9.59%	7.76%
Class P Shares USD (since 10 December 2021)	1.80%	-	-
Kotak Funds - India Mid Cap Fund (USD)			
Class A Distribution Shares GBP	38.38%	6.90%	(1.00%)
Class A Distribution Shares USD	(0.04%)	5.48%	11.40%
Class A Shares EUR	48.93%	1.00%	3.55%
Class A Shares GBP	39.19%	6.88%	(1.49%)
Class A Shares USD	37.65%	10.38%	1.81%
Class B Shares EUR	-	11.59%	3.66%
Class B Shares GBP	39.17%	6.99%	3.35%
Class B Shares USD	37.68%	10.51%	2.09%
Class C Distribution Shares GBP	39.70%	7.95%	0.01%
Class C Shares GBP	40.55%	7.96%	(0.51%)
Class C Shares USD	39.03%	11.50%	2.83%
Class I Shares USD	37.74%	10.43%	1.82%
Class J Shares EUR	50.60%	2.05%	4.78%
Class J Shares USD	39.09%	11.54%	2.88%
Class X Distribution Shares JPY	55.17%	6.16%	0.78%
Kotak Funds - India Fixed Income Fund (USD)			
Class A Shares USD	0.81%	5.92%	5.33%
Class C Distribution Shares GBP	2.15%	2.89%	4.09%
Class C Shares GBP	2.29%	2.95%	2.30%
Class C Shares USD	1.22%	6.33%	5.90%
Class I Distribution Shares EUR	9.40%	(2.67%)	8.07%
Class I Shares EUR	-	(2.73%)	7.95%
Class I Shares GBP	2.34%	2.90%	2.81%
Class I Shares USD	1.20%	6.26%	5.82%

Past performance is not necessarily a guide to future performance and does not take into account fees or commissions that may occur on subscription or redemption.

KOTAK FUNDS

UNAUDITED ADDITIONAL DISCLOSURES (CONTINUED)

Remuneration Policy

FundRock Management Company S.A. (“FundRock”) has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg. The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the Funds that it manages and of the investors in such Funds, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds that the Management Company manages.

FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock’s employees who are identified as risk-takers under UCITS V are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock’s registered office. FundRock’s remuneration policy can also be found at:

<https://www.fundrock.com/policies-and-compliance/remuneration-policy/>

The amount of remuneration for the financial year ending 31 December 2021 paid by FundRock to its staff: EUR 11,293,609

Fixed remuneration: EUR 10,565,583

Variable remuneration: EUR 728,026

Number of beneficiaries: 135

The aggregated amount of remuneration for the financial year ending 31 December 2021 paid by FundRock to Identified staff/risk takers is EUR 2,622,285

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

The Policy is subject to annual review by the Compliance Officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

KOTAK FUNDS

UNAUDITED ADDITIONAL DISCLOSURES (CONTINUED)

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 Growth Fund	Commitment approach
India Midcap Fund	Commitment approach
India Fixed Income Fund	Commitment approach

Sustainable Finance Disclosure Regulation ("SFDR")

As at 31 December 2021, the Fund and its Sub-Funds are not taking into account the EU criteria for environmentally sustainable economic activities in their investment strategy.

The investment strategy has changed from 15th February 2022 for India Growth Fund (renamed as India ESG Fund) and India Midcap Fund and these Sub-Funds are now Article 8 products of Regulation (EU) 2020/852. In line with its ESG methodology, these Sub-Funds promote 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.