India Avenue Investment Management

AVENUES

INDIA AVENUE EQUITY FUND

FUND OBJECTIVE

The India Avenue Equity Fund is a registered, unlisted unit trust, which invests in listed companies trading on Indian stock exchanges or on other exchanges, with significant exposure to India's growing economy. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5 year periods.

FUND RATING

- **Lonsec Rating: Recommended***

FUND FACTS

Fund Manager	India Avenue Investment Management
Portfolio Manager	Mugunthan Siva
Structure	Registered managed investment trust
Inception Date	6th September 2016
Fund Size	$15.20 Million
Unit Price	Wholesale: 1.2007 Retail: 1.1998
Base Currency	Australian Dollars
Responsible Entity	Equity Trustees Limited
Custodian	Fund BPO / BNP Paribas
Auditor	KPMG
Benchmark	MSCI India in AU$
Distribution Freq.	Yearly at 30 June
Management Fee	Wholesale: 1.10% p.a. Retail: 1.50% p.a.
Buy-Sell Spread	0.50% / 0.50%
Performance Fee**	10% of the excess return above the benchmark
Dividend History	Wholesale: 1.16% Retail: 1.15%

***Subject to a high watermark.*

MARKET COMMENTARY: OCTOBER 2017

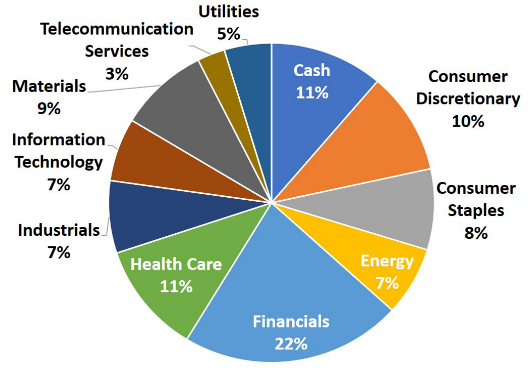
The India Avenue Equity Fund rose **8.41%** over the last 3 months and **23.41%** over the year to October 2017. Since inception the fund is up **18.85% p.a**. and has outperformed the index **after all fees** by **2.89% p.a**. The recent government initiative to recapitalise the public-sector banks, with over US$32bn in funding, in our view is a very positive long-term move. This will help sustain corporate capex by kick starting a new credit growth cycle. To date, weak balance sheets (particularly the public-sector banks) has meant interest rates have remained high and banks have been cautious to lend. Our fund is unhedged and hence provides our investors exposure not only to India's equity market but the Indian Rupee (INR). The INR has remained strong, despite recent USD strength and hence performed well against the AUD, appreciating over 4% during the month of October. Our fund has been running for over a year now and we have seen healthy contributions from all three return drivers, namely equity, currency and alpha.

FUND PERFORMANCE *(Performance in AUD, net of management fees and fund expenses)*

	3 Months	6 Months	1 Year^	Since Inception#
India Avenue Equity Fund Wholesale	8.41%	9.74%	23.41%	18.85%
MSCI India	6.87%	8.85%	22.27%	15.95%
Out/Under Performance	1.54%	0.89%	1.14%	2.89%
iShares India ETF	6.83%	7.67%	21.31%	16.22%
ASX 200	4.73%	2.01%	16.13%	14.39%
MSCI EM	8.77%	7.16%	22.55%	20.11%
India Avenue Equity Fund Retail	8.33%	9.64%	-	11.41%
MSCI India	6.87%	8.85%	-	10.30%
Out/Under Performance	1.46%	0.79%	-	1.11%

Past performance is not an indicator of future performance
Above returns are calculated based on the exit price of 31st October 2017 assuming the reinvestment of all distributions.
#Inception Date: Wholesale - 6th Sept 2016, Retail - 6th April 2017
^Returns above 1 year are annualised returns

SECTOR ALLOCATIONS



Source: IAIM Research and Bloomberg

TOP 5 INDUSTRIES

Industries	Weight
Banks	19.5%
Pharmaceuticals	9.6%
Materials	9.0%
Automobiles	8.2%
Capital Goods	7.3%

Source: IAIM Research and Bloomberg

AVENUES

ABOUT INDIA AVENUE

India Avenue Investment Management (IAIM) is a boutique investment company focused on providing investment solutions for clients in Australia and New Zealand who seek exposure to India's growth potential through its capital markets.

The India Avenue Equity Fund is managed by the team at IAIM and has a bias towards companies which are experiencing strong growth through rising local demand. The Indian economy's robust ecosystem provides a tailwind for several well managed and carefully selected listed companies.

FUND IDENTIFIERS

Identifiers	Wholesale	Retail
ARSN	611 374 586	
ISIN	AU60ETL04826	AU60ETL04784
Citi Code	NFCK	NF2H
Morningstar	41512	41828
APIR Code	ETL0482AU	ETL0478AU

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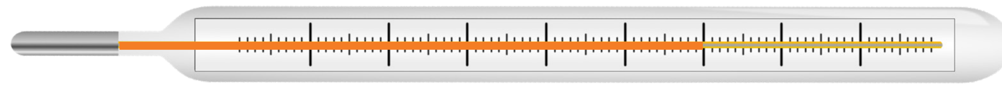
COMPANY REVENUE GENERATED LOCALLY %



Source: Bloomberg

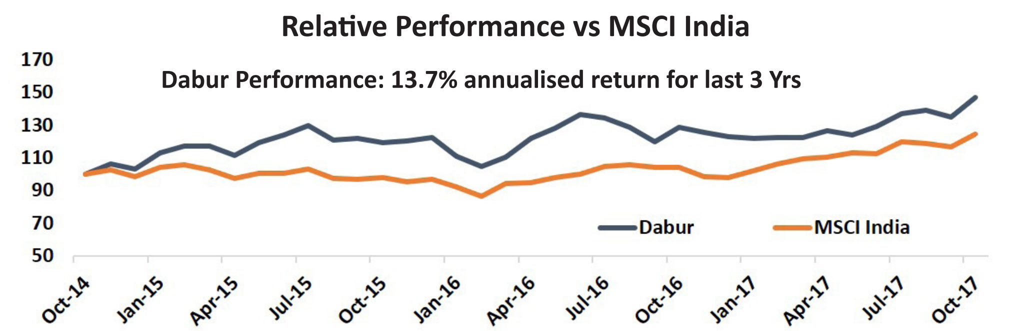
The focus of the portfolio is to generally invest in companies which have a high component of their revenue generated locally in India. This provides significant leverage to the local economy's strong growth potential.

TOP 10 STOCKS

Name	Description	Weight
ICICI Bank	Banks	4.4%
State Bank of India	Banks	4.4%
Sun Pharmaceuticals	Health Care	4.1%
NTPC	Utilities	4.1%
Kotak Mahindra Bank	Banks	3.3%
Engineers India	Capital Goods	3.1%
ITC	Consumer Staples	2.8%
Reliance Industries	Energy	2.8%
Hindustan Unilever	Household & Personal Products	2.8%
Bharti Airtel	Telecom	2.7%

Source: IAIM Research and Bloomberg

STOCK STORY: DABUR



Source: MSCI, ACE software, India Avenue Research

Past performance is not an indicator of future performance

- Dabur is India's largest Ayurvedic medicine and natural consumer products manufacturer and the world's largest Ayurvedic company. The company was founded in 1884 by SK Burman, a physician, to produce Ayurvedic medicines (among the world's oldest medical disciplines)
- Dabur today operates in key consumer product categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. Over 50% of its product segment comes from consumer care products, a fast growing and large portion of the market. The company has a wide distribution network, covering over 6 million retail outlets with a high penetration in both urban and rural markets
- Their products have a large presence overseas and are available in over 120 countries. Its brands are highly popular in the Middle East, Sri Lanka, Africa, US, Europe and Russia. Dabur's overseas revenue today accounts for over 30% of the total turnover
- Dabur's corporate social responsibility is also substantial. In FY17 they achieved significant milestones. To name a few, they helped 393 women gain literacy at their Adult Literacy centres, Empowered 510 girls through Vocational Training programmes. Over 2,350 students benefited from School Support programmes and they constructed 1,253 household toilets in rural India