

India Avenue Equity Fund

January 2025

Investment 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 economy. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5-year periods.

IAEF M Class Units	1 month	3 months	1 year	3 years p.a.	5 years p.a.	Since Inception p.a.
IAEF Pre Tax Net Returns*	-5.32%	-3.59%	13.73%	11.58%	14.84%	12.32%
MSCI India (net) in AUD#	-4.27%	-2.10%	11.00%	10.95%	13.48%	12.20%
Alpha	-1.05%	-1.49%	2.74%	0.63%	1.36%	0.12%
IAEF Net Returns**	-5.35%	-4.11%	11.75%	9.83%	13.59%	11.55%
iShares MSCI India ETF in AUD#	-3.85%	-1.61%	9.11%	8.21%	11.37%	10.36%
Alpha	-1.50%	-2.50%	2.64%	1.62%	2.22%	1.19%

Source: MSCI

*Performance is calculated on a post fee, but pre-CGI and withholding taxes paid in India. Australian domiciled investors receive a partial credit for these taxes in their annual tax refund. Over the last 5 years the impact on performance from payment of Indian CGT is approximately 1.0% per annum. We estimate that 50-100% of Indian CGT paid is recoverable in Australian investor tax returns as a tax credit. The MSCI India benchmark returns are calculated pre taxes paid.

The MSCI India benchmark does not pay Indian CGT

** India Avenue Equity Fund M Class returns based on NAV (exit price to exit price)

iShares ETF is a benchmark which includes Indian CGT and transaction costs, which provide an "invested" benchmark experience

Past performance is not an indicator of future performance. Above returns are calculated based on the exit price of 31 January 2025, net of fees and assuming reinvestment of dividends. Returns of longer duration than 1 year are annualised

Portfolio and Market returns

The India Avenue Equity Fund M Class Units returned -5.32% over the month of January 2025, underperforming its benchmark by -1.05%. However, it outperformed the MSCI India (Net) in AUD by 2.74% over the last 12 months. The last 4 months have seen a significant drawdown in Indian equity markets in local currency terms. The NSE 500, an index which measures the top 500 stocks in India by market capitalisation, has fallen 11% over the period from October 2024 – January 2025. Additionally, the first half of February has seen a further fall to extend the drawdown to 14%, from the market peak in late September 2024.

In our view the drawdown has been driven by the following factors:

- China stimulus and a continuing withdrawal from foreign investors on valuation and opportunities elsewhere (China / US).
- Concerns about President Trump's tariffs / policies and their potential impact on India.
- Worries surrounding the impact of India's Union Budget and potential further hikes in CGT (did not eventuate).
- Earnings growth slowing to a pace to match India's nominal GDP growth (low double digit), as has been the long-term trend, after a phase of economic and corporate recovery post pandemic, where earnings averaged 20% p.a.
- Higher CPI driven by food prices, leading to an increase from 3.6% to 6.2%. This has now receded to 4.2%, which is close to the RBI target of 4%. The RBI recently cut rates by 25bp (February 2025).
- Broadly markets were also considered overvalued and are now undergoing a correction to recalibrate to long-term normalised earnings growth. India's one year forward P/E has dropped from above 22x to sub 19x over this period.

The 2025 calendar year may see a "time correction" in India to allow this recalibration of earnings to occur towards what we view as still robust double-digit expectations. Recent result announcements for 3QFY25 (Dec Qtr), indicate a healthy 13.6% operating profit growth for our portfolio stocks (above the NSE 500 growth of 10.1%). We view the current sell-off as a healthy correction for long-term investors, allowing for more favourable entry or additional investments points to participate in India's structural growth story.

Portfolio Characteristics	IAEF	MSCI India
Return on Invested Capital	14.8%	13.6%
Gross Profit Margin	48.3%	38.7%
Asset Growth 3 years	14.3%	14.2%
Forecast LT Sales Growth	13.1%	12.7%
Forecast LT Earnings Growth	20.9%	17.9%
Return on Assets	10.9%	9.8%
Price-to-Book	4.0	4.0
P/E Forward (Mar-26)	20.6	22.0
Free Cash Flow Yield	3.9%	3.3%
Beta	1.1	1.0
Market Capitalisation	\$46bn	\$97bn
Dividend Yield	1.2%	1.1%

Source: Foresight Analytics

Risk Characteristics	IAEF	MSCI India
Volatility	18.0%	18.3%
Tracking Error	5.0%	
Information Ratio	0.25	
Sharpe Ratio	0.63	0.55

As of 31st January, 2025

1) Volatility: Standard deviation annualised since inception

2) Standard deviation of active return (before fees)

3) Sharpe ratio: Excess return (before fees) over the Ausbond Bank Bill Index, divided by standard deviation

4) Information ratio: Active return (before fees) divided by tracking error

India Avenue Equity Fund

January 2025

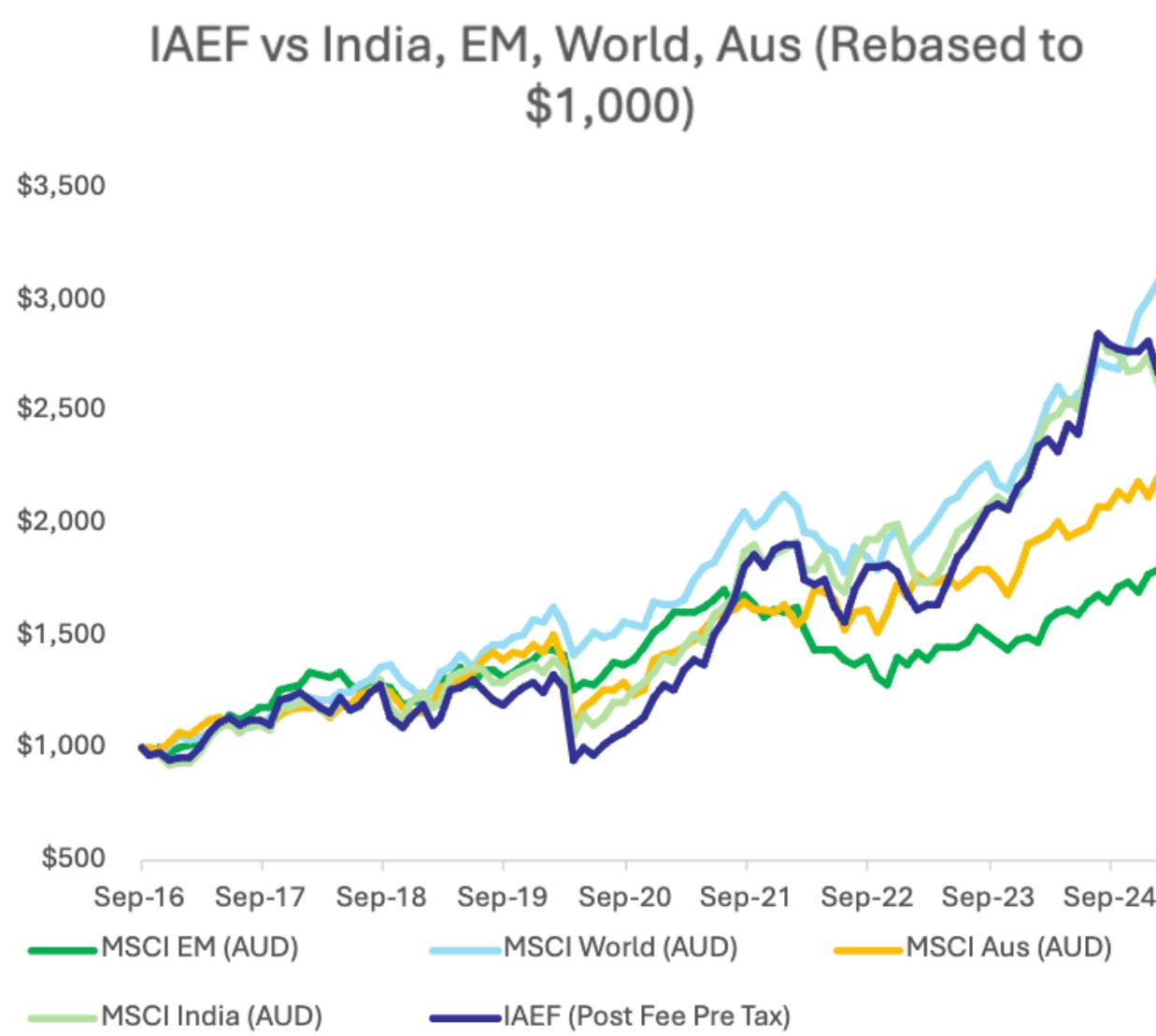
Performance by Unit Class^	1 month	3 months	1 year	3 years p.a.	5 years p.a.	Since Inception p.a.
M Class	-5.35%	-4.11%	11.75%	9.83%	13.59%	11.55%
H Class	-5.38%	-4.23%	10.86%	9.24%	12.98%	10.63%
L Class	-5.20%	-3.86%	11.31%	9.85%	-	18.40%
MSCI India	-4.27%	-2.10%	11.00%	10.95%	13.48%	12.20%

Source: MSCI

[^]Performance in the table above is calculated on exit price NAVs after fees and all includes all Indian CGT taxes

Past performance is not an indicator of future performance. Above returns are calculated based on the exit price of 31st January 2025, net of fees and assuming reinvestment of dividends. Returns of longer duration than 1 year are annualised. The only difference between the M, H and L class are the management and performance fees charged. The underlying investments of each class are identical.

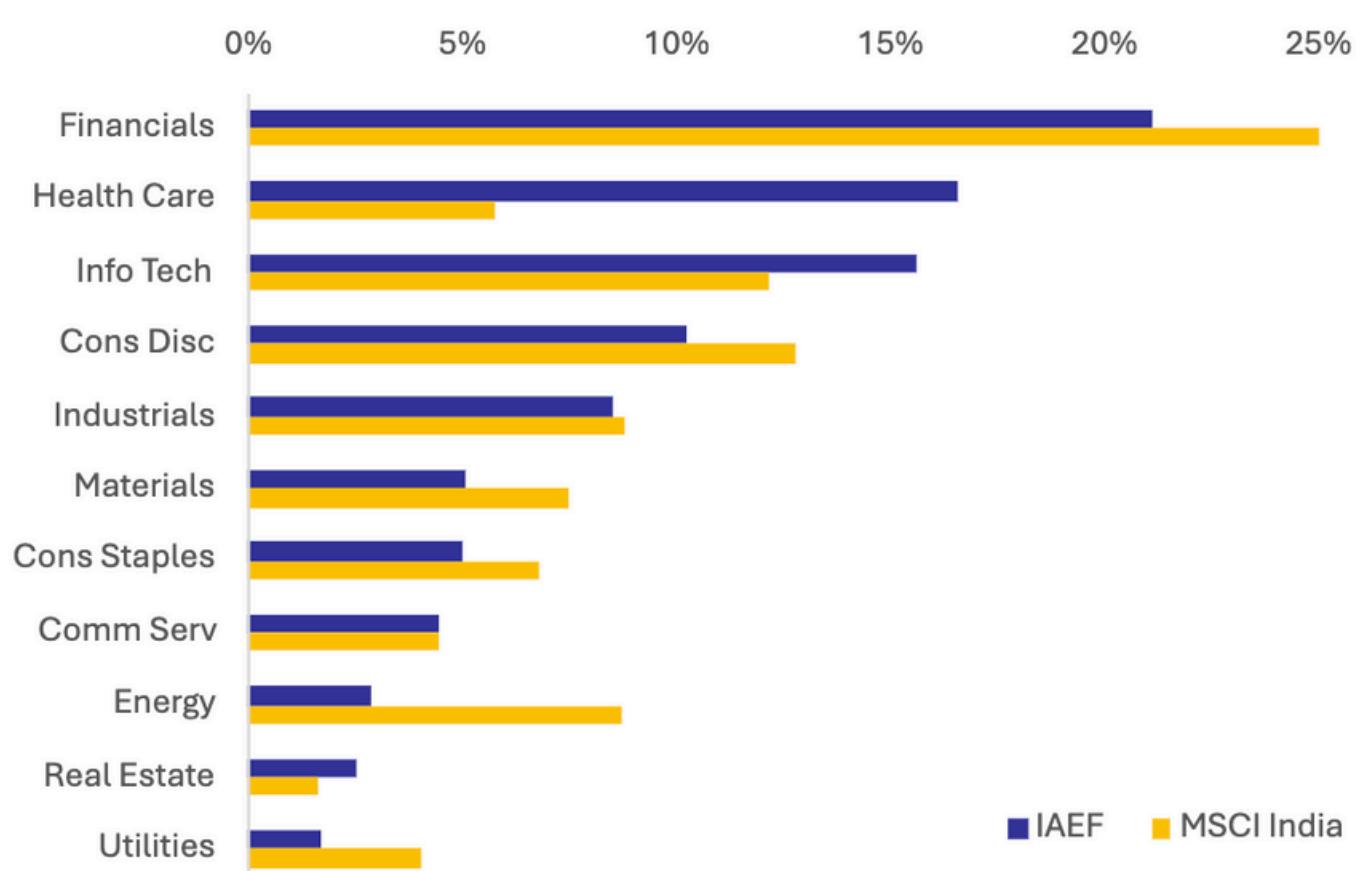
Comparative Returns (as of 31.01.25)



Source: MSCI

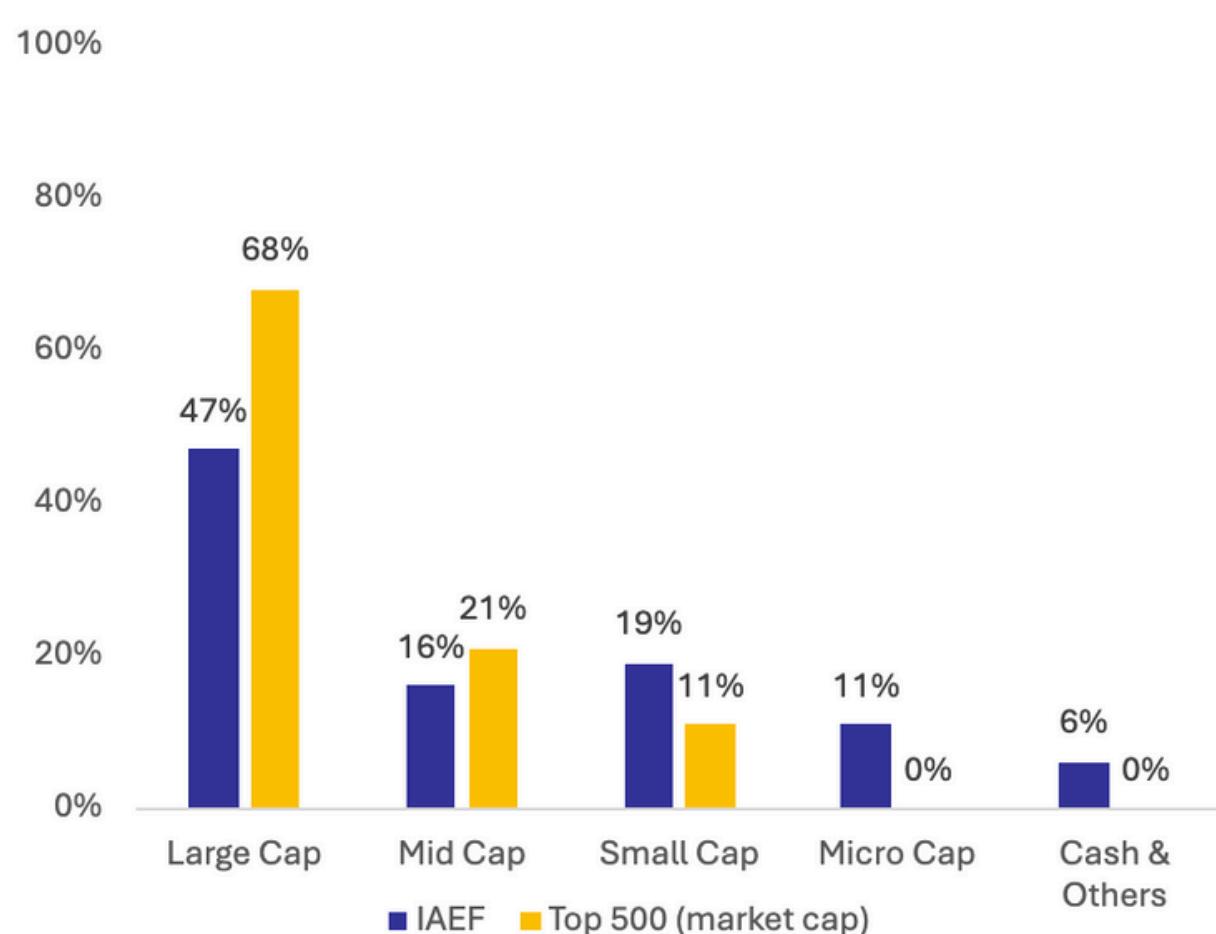
Sector Positioning (as of 31.01.25)

IAEF vs MSCI India- Sector Comparison



Source: Foresight Analytics

Size Distribution (as of 31.01.25)



*The definition of Large Caps in India are the top 100 by market cap, Mid Caps are the next 150 and small caps the remaining 250 of the top 500

Top 10 Stocks (As of 31.01.25)

Holdings	Weight
Bajaj Finance	3.8%
Bharti Airtel	3.4%
Infosys	3.3%
ICIC Bank	3.1%
Aurobindo Pharma	2.9%
HCL Technologies	2.5%
HDFC Bank	2.5%
Redington	2.2%
Hero Motocorp	2.2%
Coforge	2.0%
Top 10 Weight	27.8%

India Avenue Equity Fund

January 2025

Fund Overview - 31.01.2025

	M Class	H Class	L Class	
NAV	1.8863	1.8614	1.5300	
Inception Date	9/6/2016	4/9/2017	4/21/2021	
APIR Code	ETL0482AU	ETL0478AU	ETL2814AU	
ARSN	611374586	611374586	611374586	
ISIN	AU60ETL04826	AU60ETL04784	AU60ETL28148	
Morningstar Code	ETL0482AU	ETL0478AU	ETL2814AU	
Management Fee	1.10%	1.50%	0.95%	
Performance Fee	10%	10%	15%	
Min. Investment Amount	A\$50,000	A\$10,000	A\$50,000	
FY24 Distribution	0.1106	0.0955	0.0902	
Distribution Frequency	Annually as of 30 June			
Assets under Management	\$123m			
Benchmark	MSCI India (net) AUD			
Investment Universe	Predominantly securities listed on Indian stock exchanges			
Investment Style	Multi-manager, Neutral			

Platform Availability

Hub24
Netwealth
Mason Stevens
Macquarie Wrap
Praemium
DASH
Acclaim Wealth

Contact Details

India Avenue Investment Management Pty Ltd
AFSL 478233 | ABN: 38 604 095 954
Level 2, 33 York Street, Sydney, NSW 2000, Australia
T: +612 8245 0507, E: IA@indiaavenue.com.au
W: www.indiaavenue.com.au

Rating



Lonsec Disclaimer: The Lonsec Rating (assigned March 2023) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product. Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold India Avenue Investment Management Limited's product, and you should seek independent financial advice before investing in this product. The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document following publication. Lonsec receives a fee from the Fund Manager for researching the product using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to Lonsec's website at: <http://www.lonsecresearch.com.au/research-solutions/our-ratings>

Disclaimer

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298) (AFSL 240975), is the issuer and Responsible Entity for the India Avenue Equity Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is India Avenue Investment Management Australia Pty. Ltd. ("IAIM") (ABN 38 604 095 954) (AFSL 478233). This publication has been prepared by IAIM to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, IAIM nor any of their related parties, their employees, or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance and no guarantee of performance, the return of capital or a particular rate of return is given. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product ([indiaavenue.com.au/our-fund/](http://www.indiaavenue.com.au/our-fund/)).

Any and all forward looking statements are expressions of our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these statements. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. You should consider its appropriateness regarding your particular objectives, financial situation and needs and consider obtaining independent advice before making any financial decisions.

India Avenue Equity Fund's Target Market Determination is available on our website: www.indiaavenue.com.au

A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.