



# INDIA AVENUE INVESTMENT MANAGEMENT

*A UNIQUE WAY TO BENEFIT FROM THE WORLD'S LEADING GROWTH STORY*

## OUR BUSINESS



*India Avenue is a boutique investment firm, jointly domiciled in Sydney, Australia and Mumbai, India, with a focus on **knowledge, insights and expertise** as a core of its investment solutions for Australian and New Zealand based clients who are seeking to benefit from India's **multi-decade growth story**.*

# OUR FOUNDERS



**Mugunthan Siva**

Managing Director, 30 years of experience in financial services and investment/wealth management in both Australia and India

ING IM 2003-2015.



**Rajeev Thakkar**

CFO/COO, 28 years of experience in financial services, financial markets operations and finance across Asia with an emphasis on India's capital markets

ING IM 2005-2010.



**Aran Nagendra**

Board and IC Member, 16 years of experience in financial services and investment/wealth management in Australia and India

ING IM 2007-2013.



**Sajjan Raut Desai**

IC Member, 30 years of experience in financial services and investment/wealth management in India

ING IM 2005-2008.

## OUR PHILOSOPHY



India's capital markets will benefit higher nominal GDP growth underpinned by its demographics



Capital markets in India are relatively inefficient, allowing scope for active management to thrive



Locally based investment managers are likely to deliver better long-term returns in comparison to foreign investors

Our philosophy is derived from our founder's experience of investing in India's capital markets, over the last two decades



# OUR JOURNEY SO FAR



---

## 2005-2008

ING commences division in India

---

## 2012-2014

India Avenue idea conceived by founders

---

## 2015-2016

Registration, AFSL License, Working Capital

---

## Sept 2016

India Avenue Equity Fund launched

---

## Sept 2017

IAEF - Lonsec Recommended

---

## January 2022

India 2030 Fund launched (sophisticated investors only)

---

## Dec 2023

Firm Assets A\$105m

# WHY INDIA AVENUE

## Knowledge

We **reduce the risk of investing** in India's capital markets by passing on **knowledge** to our client network through:

- ✓ Fact Sheet
- ✓ Webinars
- ✓ Research Notes
- ✓ Media
- ✓ Grassroots Tours
- ✓ Access to Local Network

## Portfolio Insights

Through our **connectivity and network** in India, **proximity to our investors** and our founder's **wealth management experience**, we can provide insights on the following questions:

- Why and how much India** in client portfolios?
- What **role** does an allocation to India play **in portfolios**?
- How to **implement** a long-term positive view on India?
- When is the **right time** to invest?

## Partnerships

1. We recognise that **local stock picking skillsets are essential** when investing in India's equity markets.
2. We build strong **advisory** partnerships through careful selection of **locally based** fund managers in India.
3. Through our "**mandated**" **advice agreements** with our selected partners we build a robust portfolio

# OUR CLIENTS

---

High Net Worth investors

---

Small endowments / charitable funds

---

Family Offices

---

Advised Clients (FP model portfolio's)

---

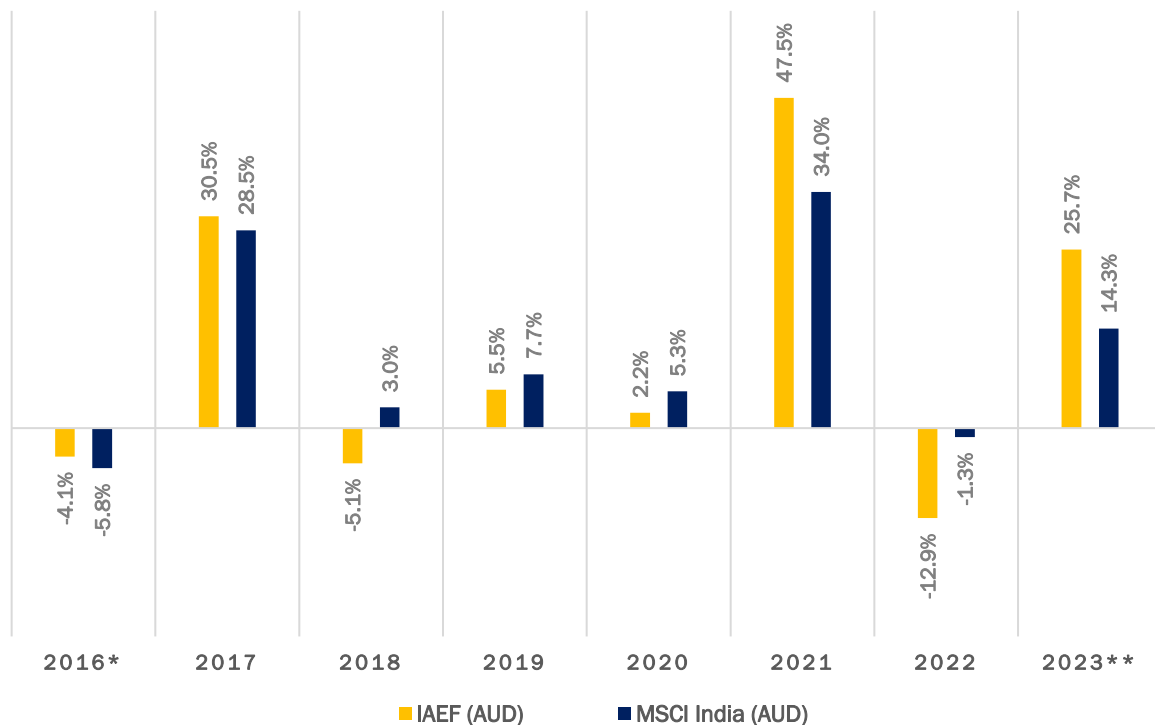
SMA / MDA's

---

Direct Clients



INDIA AVENUE EQUITY FUND (NET OF FEES)  
AS AT 30 NOVEMBER 2023



Returns based on NAV at exit prices

## IAEF TRACK RECORD (30.11.23)

	3m	1 year	3 years p.a.	5 years p.a.	7 years p.a.	Since Inc. p.a.
IAEF M Class*	4.80%	20.53%	20.46%	13.49%	12.43%	11.19%
MSCI India	2.80%	6.69%	19.03%	12.16%	12.72%	11.06%
Alpha	2.00%	13.84%	16.72%	1.33%	-0.29%	0.13%
IAEF M Class**	4.23%	18.46%	19.05%	12.64%	11.79%	10.58%
MSCI EM	-1.26%	5.26%	-0.60%	4.34%	6.07%	
MSCI Aust	-1.12%	2.74%	8.23%	8.92%	8.18%	
MSCI World	-0.74%	14.12%	10.87%	12.12%	12.07%	

\* Returns post fees but before Indian CGT and withholding taxes. Australian clients receive a partial credit of these taxes in their tax refund.

\*\* Returns based on NAV at exit prices

Source: MSCI

Past performance is not necessarily indicative of future results and no person guarantees the performance of any IAEM financial product or service or the amount or timing of any return from it. There can be no assurance that an IAEM financial product or service will achieve any targeted returns, that asset allocations will be met or that an IAEM financial product or service will be able to implement its investment strategy and investment approach or achieve its investment objective.



# PERFORMANCE RELATIVE TO OUR PEERS (30.11.2023)

*Past performance is not necessarily indicative of future results and no person guarantees the performance of any IAIM financial product or service or the amount or timing of any return from it. There can be no assurance that an IAIM financial product or service will achieve any targeted returns, that asset allocations will be met or that an IAIM financial product or service will be able to implement its investment strategy and investment approach or achieve its investment objective.*

## Indian Peers Comparison - Returns (30/11/2023)

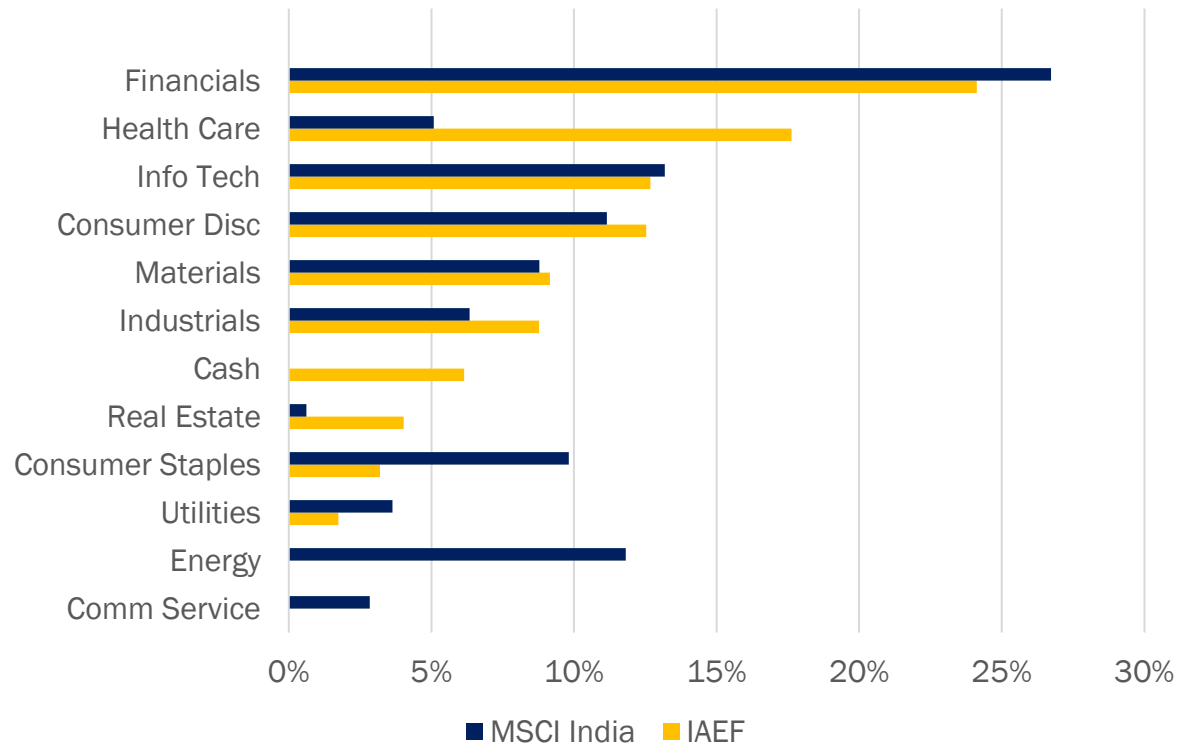


Source Morningstar, Foresight Analytics

Returns based on NAV at exit prices

# FUND POSITIONING – INDIA AVENUE EQUITY FUND

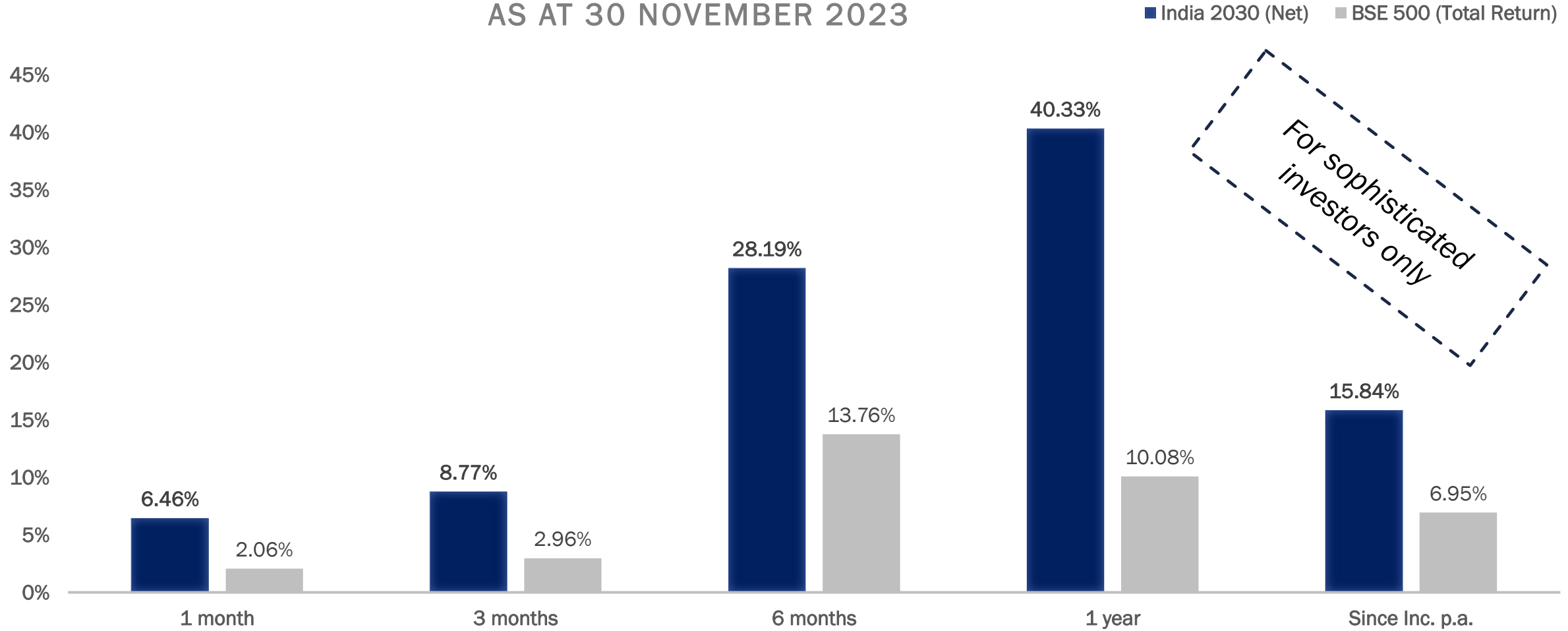
India Avenue Equity Fund vs MSCI India  
by sector - 30 November 2023



Characteristics (30 Nov 2023)	IAEF	MSCI India
Dividend Yield	1.0%	1.1%
P/E Trailing 12-Month	25.1	26.7
P/E Forward 12-Month	18.5	22.6
PEG Ratio Trailing 12-Month	1.3	1.6
Price-to-Book Ratio	3.6	3.9
Dividend Growth Hist 5 YR	21.1%	21.2%
EPS Actual 12m Forward	24.2%	19.7%
EPS Actual 5 YR Hist Growth	14.8%	17.6%
Revenue 12m Forward Revenue Growth	13.4%	12.8%
Revenue 5 YR Hist Growth	13.5%	14.7%
Net Profit Margin	16.3%	17.6%
Operating Profit Margin	15.3%	20.4%
ROE Common Equity	16.1%	18.1%

# INDIA 2030 TRACK RECORD

AS AT 30 NOVEMBER 2023



*Past performance is not necessarily indicative of future results and no person guarantees the performance of any IAIM financial product or service or the amount or timing of any return from it. There can be no assurance that an IAIM financial product or service will achieve any targeted returns, that asset allocations will be met or that an IAIM financial product or service will be able to implement its investment strategy and investment approach or achieve its investment objective.*





# WHY INDIA

*GIVEN INDIA IS 3.5% OF THE GLOBAL ECONOMY AND WORLD MARKET CAP, MOST INVESTORS ARE UNDERREPRESENTED*





## 10 REASONS WHY

- Demographics
- GDP growth above peers
- Low correlation to other markets
- Reforms driving productivity
- Urbanisation, Financialisation, Formalisation and Digitisation
- Infrastructure
- Strong Macro
- PLI Scheme
- Corporate Balance Sheets
- Earnings Growth



	Population (billions)	Median Age	Global Share of Population	Life Expectancy	Infant Mortality	Urban Population
India	1.43	28	17.7%	72	2.5%	36%
China	1.43	39	17.7%	79	0.6%	65%
USA	0.34	38	4.2%	80	0.5%	83%
Australia	0.03	38	0.3%	84	0.3%	86%
Brazil	0.22	34	2.7%	76	1.0%	88%
Japan	0.12	49	1.5%	85	0.2%	94%
UK	0.07	40	0.8%	82	0.3%	86%
Indonesia	0.28	30	3.5%	71	1.8%	59%
<b>World</b>	<b>8.05</b>	<b>31</b>	<b>100%</b>	<b>73</b>	<b>2.7%</b>	<b>57%</b>

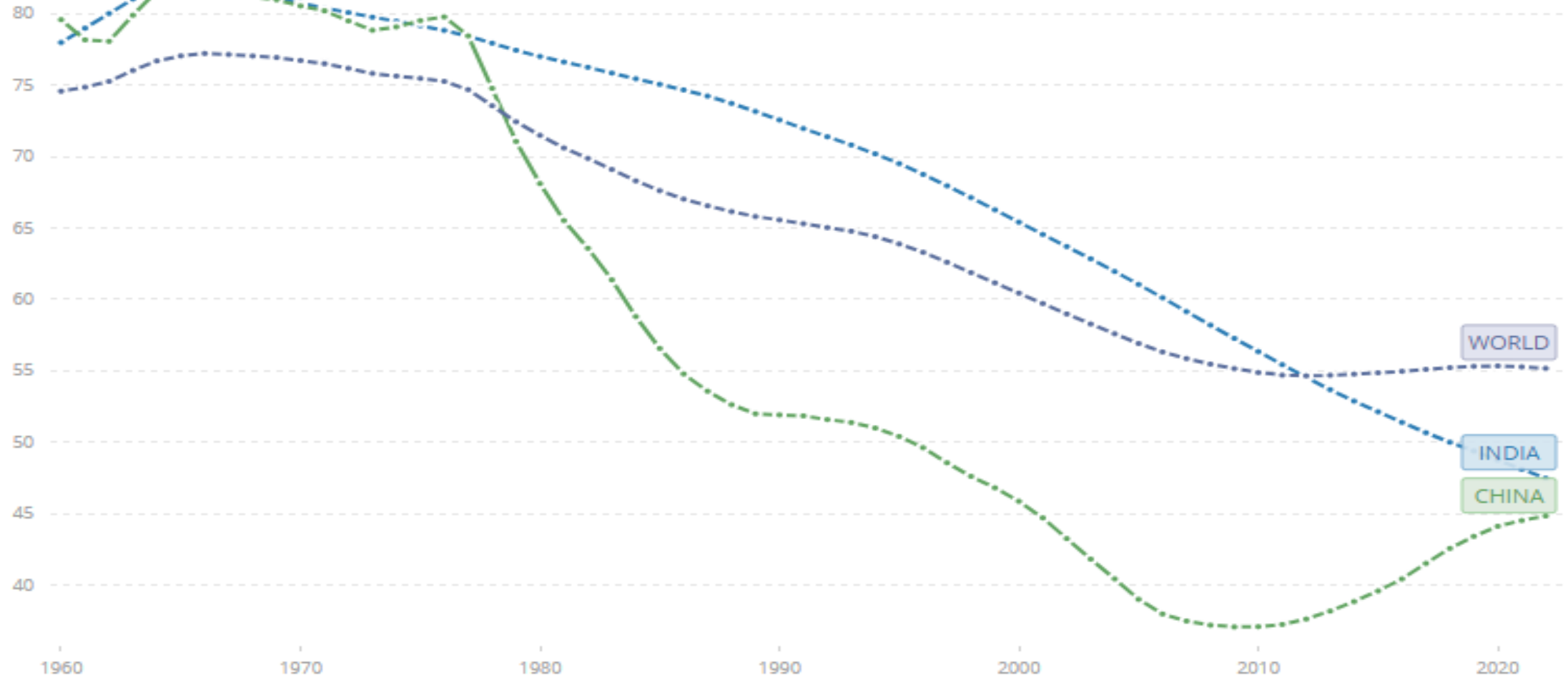
Source: worldometer.com

## DEMOGRAPHICS

India's significant population, median age, improving mortality and potential urbanisation over the next decade, set it up for productivity gains from its demographics (rising GDP-per-capita), relative to the rest of the world

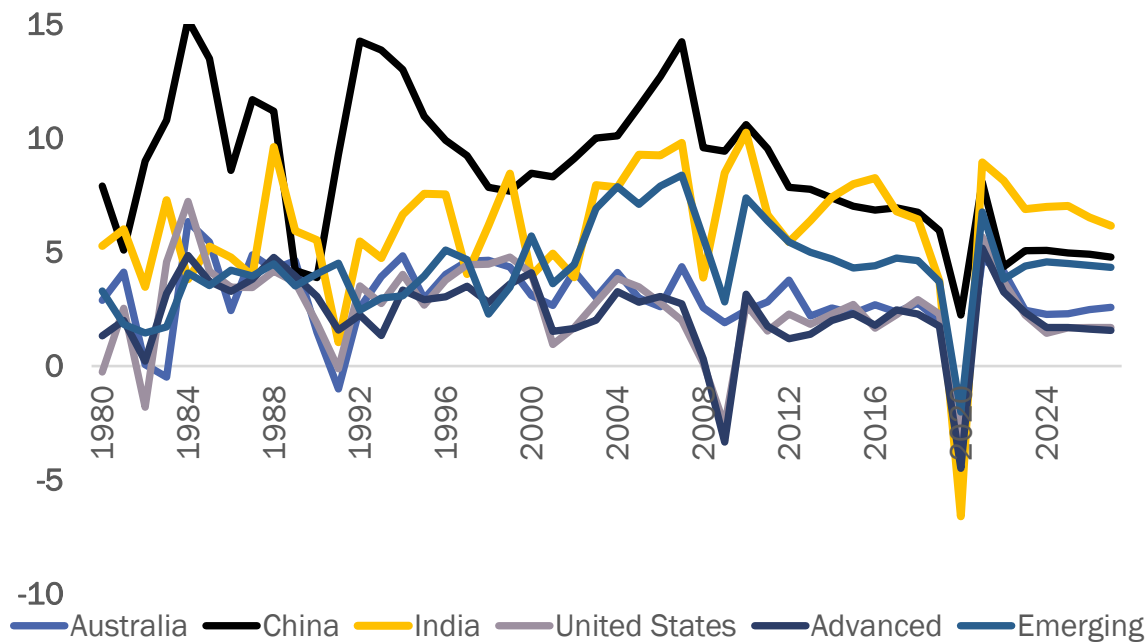
# DEPENDENCY RATIO

Source: World Bank

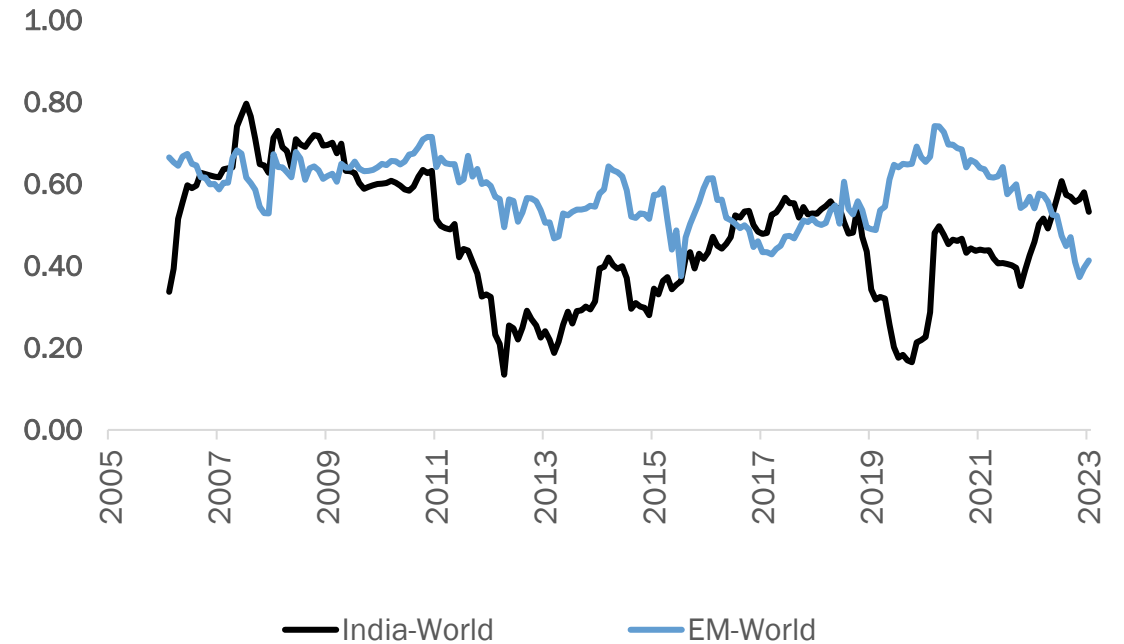


# GROWTH & DIVERSITY

Leading growth story in 2020's



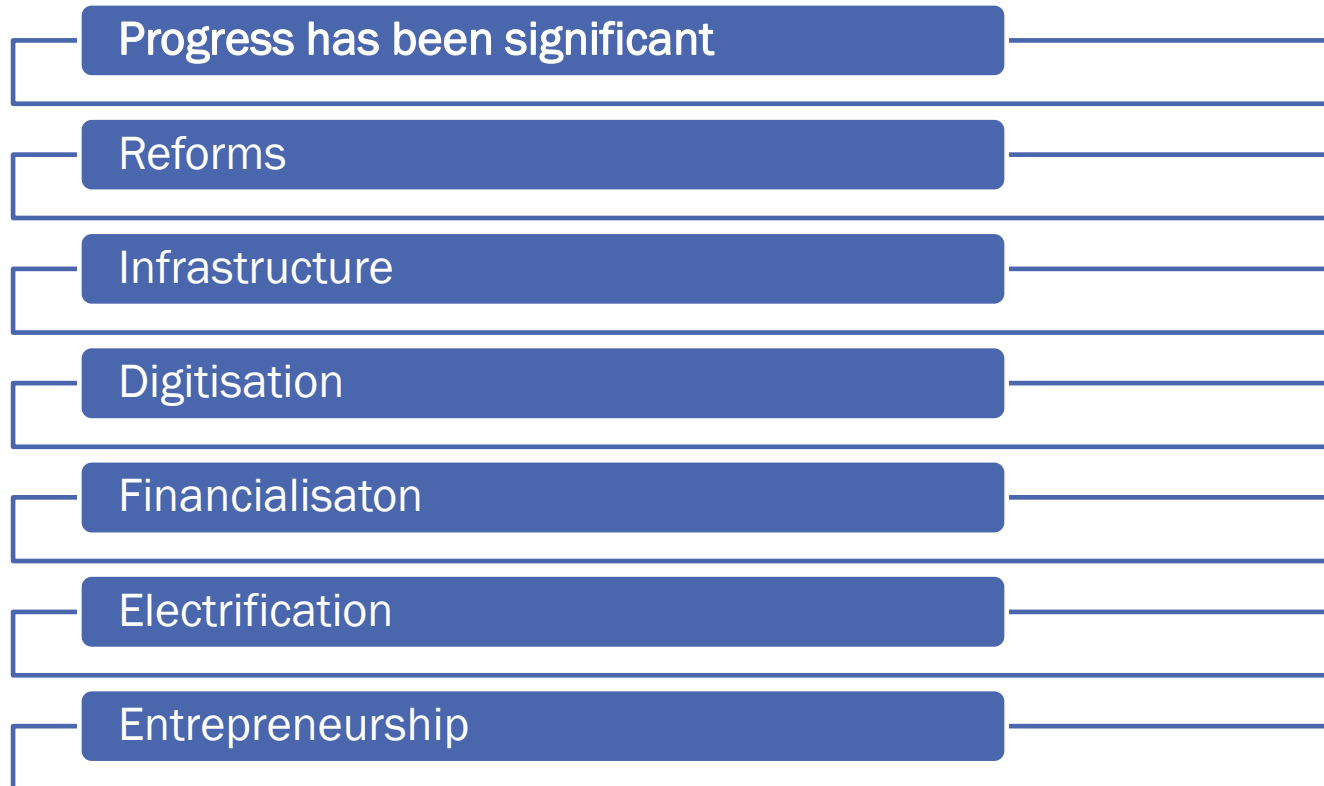
Correlation of India and EM to MSCI World



Source MSCI

- ✓ India offers investors higher real GDP growth due to underlying fundamentals and demographics
- ✓ Australian and New Zealand clients benefit from India's economic and equity market diversity, as it is an anti-commodity play

## REFORMS DRIVING PRODUCTIVITY



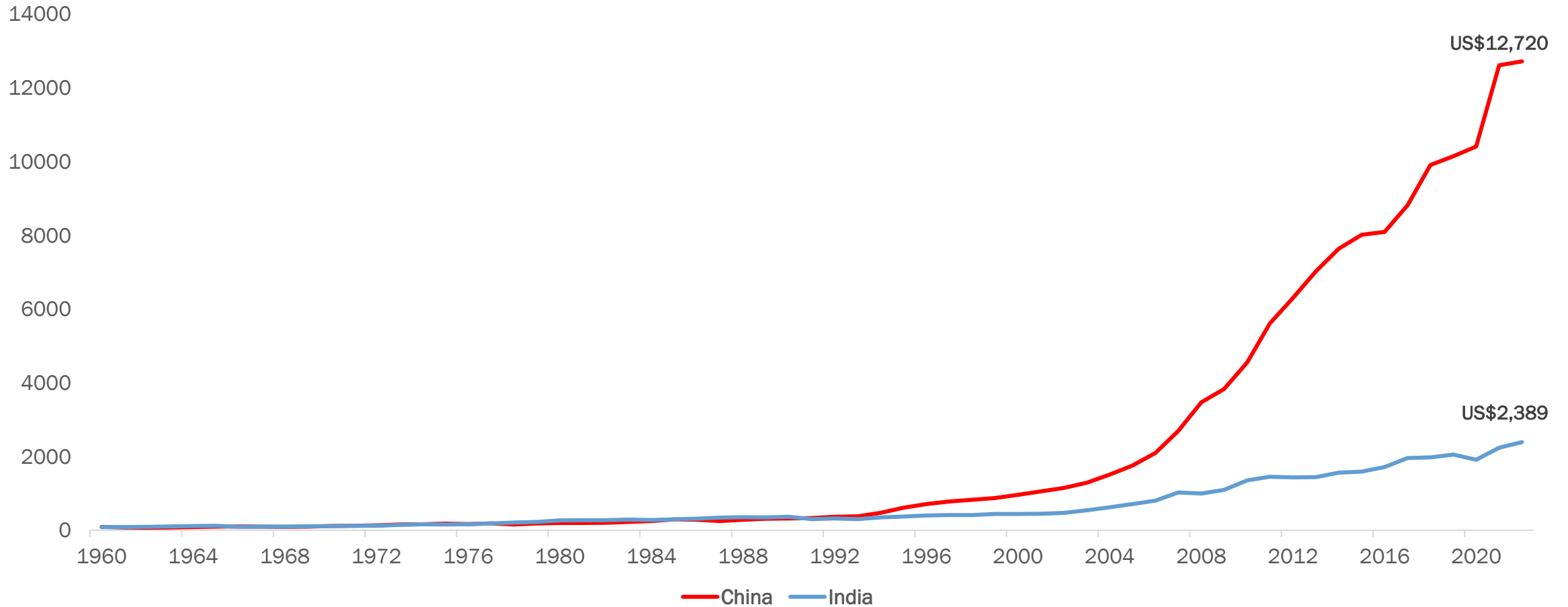
From being one of the “Fragile Five” economies in the world to the world’s fastest growing major economy, India has come a long way under the governance of the BJP Government, led by PM Narendra Modi. This has been driven by economic and market reforms, Government initiatives and improving management of the economy and financial system by the Government and Central Bank respectively.

Achievements	Before 2014	Last 9 years
GDP	US\$1.8tn	US\$3.7tn
GDP per capita	78k	115k
Economic Size	10 <sup>th</sup>	5 <sup>th</sup>
Export	200bn	750bn
Metro Cities	5	20
Airports	74	152
Power in villages	50%	95%
National Highways	25,700km	55,700km
Railway Length	22,048km	55,198km
Road Quality	88	42
Renewable Energy	25.7 gW	95.7 gW
Unicorns	1	114
Cost of 1 GB data	A\$3.90	A\$0.30
Internet Connectivity	58.9	771.3
Internet Penetration	25%	93%
Digital Transactions	4.4%	76.1%

# GDP-PER-CAPITA

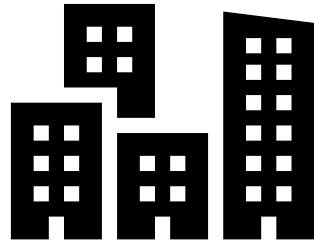
Source: Macrotrends

### China vs India: GDP-per-Capita





# URBANISATION, FINANCIALISATION, FORMALISATION, DIGITISATION

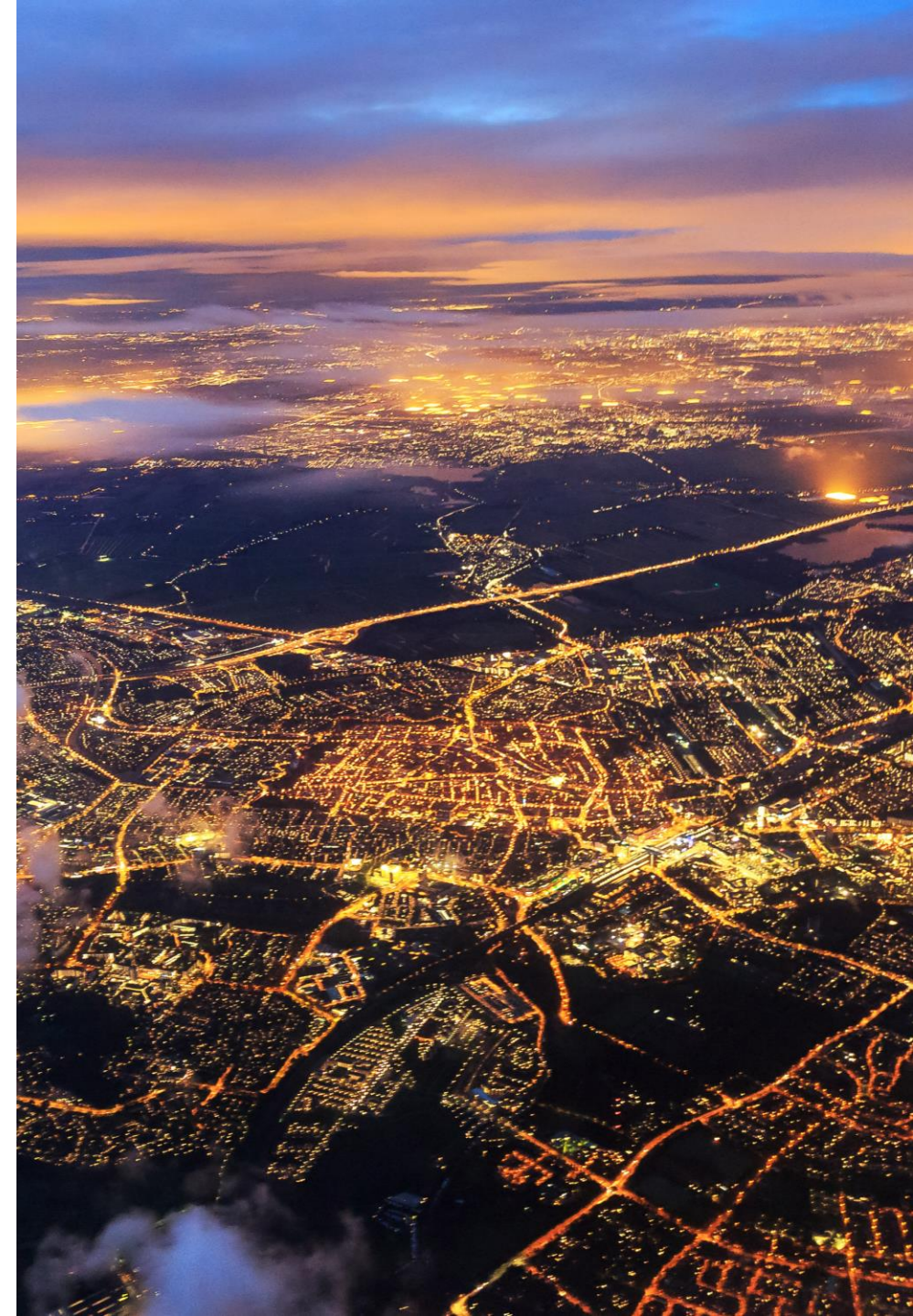


- India is one of the least urbanized countries with only 36%. Over the next two decades it is expected that 500m will move to urban centers.
- Over 80% of India now has a bank account and over 100m now own broking accounts.
- A massive shift has occurred away from fragmented industries with several small players towards rising market share among the top 2-5 players with greater scale economies
- India now has over 1bn smart phones, over 700m internet users (50% penetration). Digital transactions for 2022 was 89.5 million, accounting for 46% of global real-time payments. It exceeds the combined digital transactions for the next highest 4 countries.

# INFRASTRUCTURE

*Includes power, bridges, dams, roads, railways and urban infrastructure development.*

- Government of India focused on building infrastructure for the future. US\$1.3tn National Infrastructure Plan will increase efficiency and productivity.
- Infrastructure will support India's need to be a leading manufacturer by increasing efficiency and reducing freight costs. Infrastructure provides a boost for 'Make in India' and the 'Production Linked Incentive Scheme'.
- 'Smart Cities' mission to build 100 smart cities and 'Housing for All' initiative to provide low-cost housing
- Budget FY24 forecasted capital investment outlay for infrastructure being increased by 33% to US\$122 bn, which would be 3.3% of GDP.







Data	Latest	Period
GDP Growth	7.6%	Sep 2023
CPI	5.55%	Nov 2023
Unemployment	7.1%	Sep 2023
Cash Rate	6.50%	Jun 2023
CA-to-GDP	-0.7%	Sep 2023
PMI (Manufacturing)	56.0	Nov 2023
PMI (Services)	56.9	Nov 2023
Industrial Production	11.7%	Oct 2023
Forex Reserves	US\$616bn	Dec 2023
Consumer Confidence	92.2	Sep 2023

Source: [tradingeconomics.com](https://tradingeconomics.com)

## STRONG MACRO



## PLI SCHEME

- The Government of India announced a significant spend in 2020 (US\$28bn) towards 13 sectors under the Production Linked Incentive (PLI) Scheme
- Incentives to generate production locally, boosting manufacturing, creating jobs (6 million), increasing production and limiting the need for imports.
- The Industries include Auto/Auto Ancillaries, Aviation, Chemicals, Electronics, Food Processing, Medical Devices, Metals, Pharmaceuticals, Renewable Energy, Telecom, Textiles and White Goods.
- New manufacturing facilities attract a concessional tax of 15%





# CORPORATE BALANCE SHEET

- Total Debt to Equity has fallen from 86% in FY20 to 63% in FY23 due to cost saving, cash generation and deleveraging



- Currently Corporate, Household (36% of GDP), Government (Deficit likely to fall below 6% of GDP) and Bank (NPL's less than 5% of assets) balance sheets all look healthy
- Set up for a capex cycle and strong earnings growth

Source: Spark Avendus Research





# NAVIGATING INDIAN EQUITY MARKETS

*INCREASING GROWTH, REDUCING VOLATILITY*



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
1450	150,000	99,216	95,000
	35,000	101,090	154,200
		101,684	110,000
		101,962	89,000
			50,000
			10,700

# EQUITY MARKET STRUCTURE

- India is the world's 5<sup>th</sup> largest stock market after US, China, Hong Kong and Japan at approximately US\$4.0tn
- The market is fairly 'top heavy', with the top 20 companies holding around 35-40% of market cap.
- India has over 6,000 listed companies on the NSE and BSE
- Over 40% of India's market cap is held by promoters/founders of the business. Foreign investors (Global, EM and Asia funds/ETF's) and local investors (HNW, FO's and Mutual Funds) each hold about 20% of India's market cap
- The top 1000 companies has an approximate cut-off at A\$150m by market cap.



# WHY ACTIVE MANAGEMENT IN INDIA



COVERAGE OF STOCKS IN INDIA DROPS AWAY AFTER THE TOP 150 COMPANIES BY MARKET CAP

OUR UNIVERSE EXTENDS TO THE TOP 1,100 COMPANIES



LOCAL MANAGERS HAVE GENERATED ALPHA VS MSCI INDIA OF 5.8% PER ANNUM OVER THE LAST 10 YEARS (MEDIAN MANAGER)

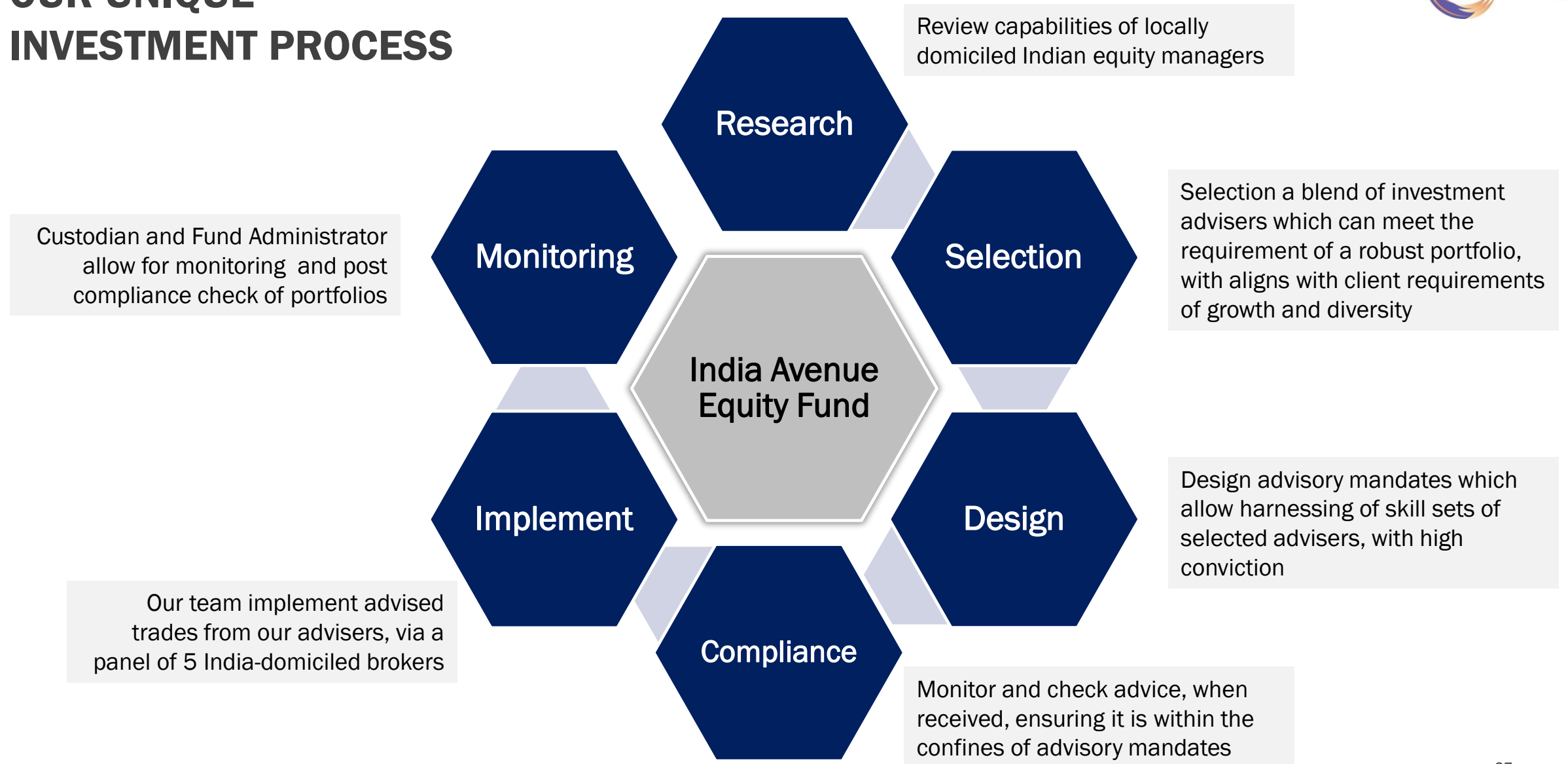
OUR ADVISERS HAVE SHOWN CHARACTERISTICS OF GENERATING ALPHA



GREAT INSIGHT INTO COMPANIES WITH GOVERNANCE CONCERNS, LACK OF TRANSPARENCY OR WITH NO FOCUS ON MINORITY SHAREHOLDERS

OUR PORTFOLIO AVOIDS GOVERNMENT OWNED BUSINESSES, AS POOR CAPITAL ALLOCATORS

# OUR UNIQUE INVESTMENT PROCESS





## MOST INDIA FUNDS

- An opportunistic product, given the thematic
- Focus on benchmark awareness and are a shelf product or illustrate passive intent
- Prioritise large and liquid companies over a focus on growth and valuation
- Mask lack of depth in local research with “concerns” over governance for mid and small cap companies

---

## OUR POSITIONING VS PEERS

- ✓ A bias towards market leaders in secular and cyclical growth categories
- ✓ Discovering growth opportunities at good valuation
- ✓ Positioning = India Growth + Active Management
- ✓ Deep understanding of the local business ecosystem



# INDIA'S OUTLOOK FOR THE DECADE

1. To become the 3<sup>rd</sup> largest economy in the world behind USA and China
2. A manufacturing option for the world and an alternative to China. India is 3% of global manufacturing, compared to China's 30%. Manufacturing set to rise from 15% to 25% of GDP
3. By 2030, India's population will have one of the lowest dependency ratios in the world
4. Reforms will improve livelihoods and will lead to efficiency via productivity gains, with GDP per capita set to rise
5. Massive financialisation of savings will occur leading to gains for the equity markets (US\$10bn a year). India's financial savings is only 5% of Household Wealth (US around 40%).
6. Entrepreneurial and tech capabilities allow for unicorns to emerge with tailwinds of scale and cost (Internet penetration now 50% and Smart Phone Penetration around 75%)
7. Corporate profitability-to-GDP to rise from a low point + GDP rise over next 7 years to US\$7tn = significant equity market gains
8. Industries like Pharma, Data/Knowledge Storage, Auto/Ancillaries, Electronics, Chemicals to emerge as global leaders
9. India's market cap to hit US\$5-10trillion and be the 3<sup>rd</sup> largest in the world by country (after US and China)



# FUND DETAILS

Fund Details – India Avenue Equity Fund	
No. of Stocks	50-70 companies listed predominantly on Indian Stock Exchanges
Benchmark	MSCI India (Net) in AUD
Objective	To outperform the benchmark over rolling 5-year periods
Valuation & Liquidity	Daily
Planned Access Routes	PDS, Select Platforms, m-Fund
Responsible Entity	Equity Trustees
<b>Administrator</b>	Apex Group
Custodian	BNP Paribas (India) / Apex (Australia)
Fees	
M Class (\$50k minimum)	1.10% MER + 10% of outperformance relative to benchmark (with high watermark)
H Class (\$10k minimum)	1.50% MER + 10% of outperformance relative to benchmark (with high watermark)
L Class (\$50k minimum)	0.95% MER + 15% of outperformance relative to benchmark (with high watermark)
Fund Constraints	
Maximum Stock Weight	10% (ensure adequate diversification of companies)
Maximum Cash Weight	30% (to shield the portfolio against adverse market events)
Maximum Futures Exposure	20% (to either protect portfolio or equitise when managing cash exposure)

Fund Details – India 2030	
No. of Stocks	15-20 companies listed predominantly on Indian Stock Exchanges
Benchmark	BSE 500 (Net) in AUD
Objective	To outperform the benchmark over rolling 5-year periods
Valuation & Liquidity	Monthly
Planned Access Routes	Information Memorandum
Trustee	Equity Trustees
<b>Administrator</b>	Apex Group
Custodian	BNP Paribas (India) / Apex (Australia)
Fees	
Minimum \$100,000	1.25% MER + 15% of outperformance relative to benchmark (with high watermark)
Fund Constraints	
Maximum Stock Weight	15% (ensure adequate diversification of companies)
Maximum Cash Weight	30% (to shield the portfolio against adverse market events)
Maximum Futures Exposure	20% (to either protect portfolio or equitise when managing cash exposure)

# DISCLAIMER

- This presentation ('Presentation') has been produced by India Avenue Investment Management Limited ('IAIM') ABN 38 604 095 954, AFSL 478233 and has been prepared for informational and discussion purposes only. This does not constitute an offer to sell or a solicitation of an offer to purchase any security or financial product or service. Any such offer or solicitation shall be made only pursuant to a Product Disclosure Statement, Information Memorandum or other offer document (collectively 'Offer Document') relating to an IAIM financial product or service. A copy of the relevant Offer Document relating to an IAIM product or service may be obtained by writing to us on [info@indiaavenueinvest.com](mailto:info@indiaavenueinvest.com) or by visiting [www.indiaavenueinvest.com](http://www.indiaavenueinvest.com). This Presentation does not constitute a part of any Offer Document issued by IAIM. The information contained in this Presentation may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of IAIM.
- Past performance is not necessarily indicative of future results and no person guarantees the performance of any IAIM financial product or service or the amount or timing of any return from it. There can be no assurance that an IAIM financial product or service will achieve any targeted returns, that asset allocations will be met or that an IAIM financial product or service will be able to implement its investment strategy and investment approach or achieve its investment objective.
- Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of IAIM. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation may contain "forward-looking statements". Actual events or results or the actual performance of an IAIM financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners. Nothing contained herein should be construed as granting by implication, or otherwise, any license or right to use any trademark displayed without the written permission of the owner.
- Certain economic, market or company information contained herein has been obtained from published sources prepared by third parties. While such sources are believed to be reliable, neither IAIM or any of its respective officers or employees assumes any responsibility for the accuracy or completeness of such information. None of IAIM or any of its respective officers or employees has made any representation or warranty, express or implied, with respect to the correctness, accuracy, reasonableness or completeness of any of the information contained in this and they expressly disclaim any responsibility or liability therefore. No person, including IAIM has any responsibility to update any of the information provided in this Presentation.
- Neither this Presentation nor the provision of any Offer Document issued by IAIM is, and must not be regarded as, advice or a recommendation or opinion in relation to an IAIM financial product or service, or that an investment in an IAIM financial product or service is suitable for you or any other person. Neither this Presentation nor any Offer Document issued by IAIM takes into account your investment objectives, financial situation and particular needs. In addition to carefully reading the relevant Offer Document issued by IAIM you should, before deciding whether to invest in an IAIM financial product or service, consider the appropriateness of investing or continuing to invest, having regard to your own objectives, financial situation or needs. IAIM strongly recommends that you obtain independent financial, legal and taxation advice before deciding whether to invest in an IAIM financial product or service.



FOLLOW OUR RESEARCH ON



We would appreciate it if you could become a follower of India Avenue Investment Management on LinkedIn.

To do so visit [www.linkedin.com/company/india-avenue-investments](http://www.linkedin.com/company/india-avenue-investments) & then click follow.

**Thank You**

Visit: [www.indiaavenue.com.au](http://www.indiaavenue.com.au)