



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)

Apr 2024

Firm Assets A\$**125m**

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

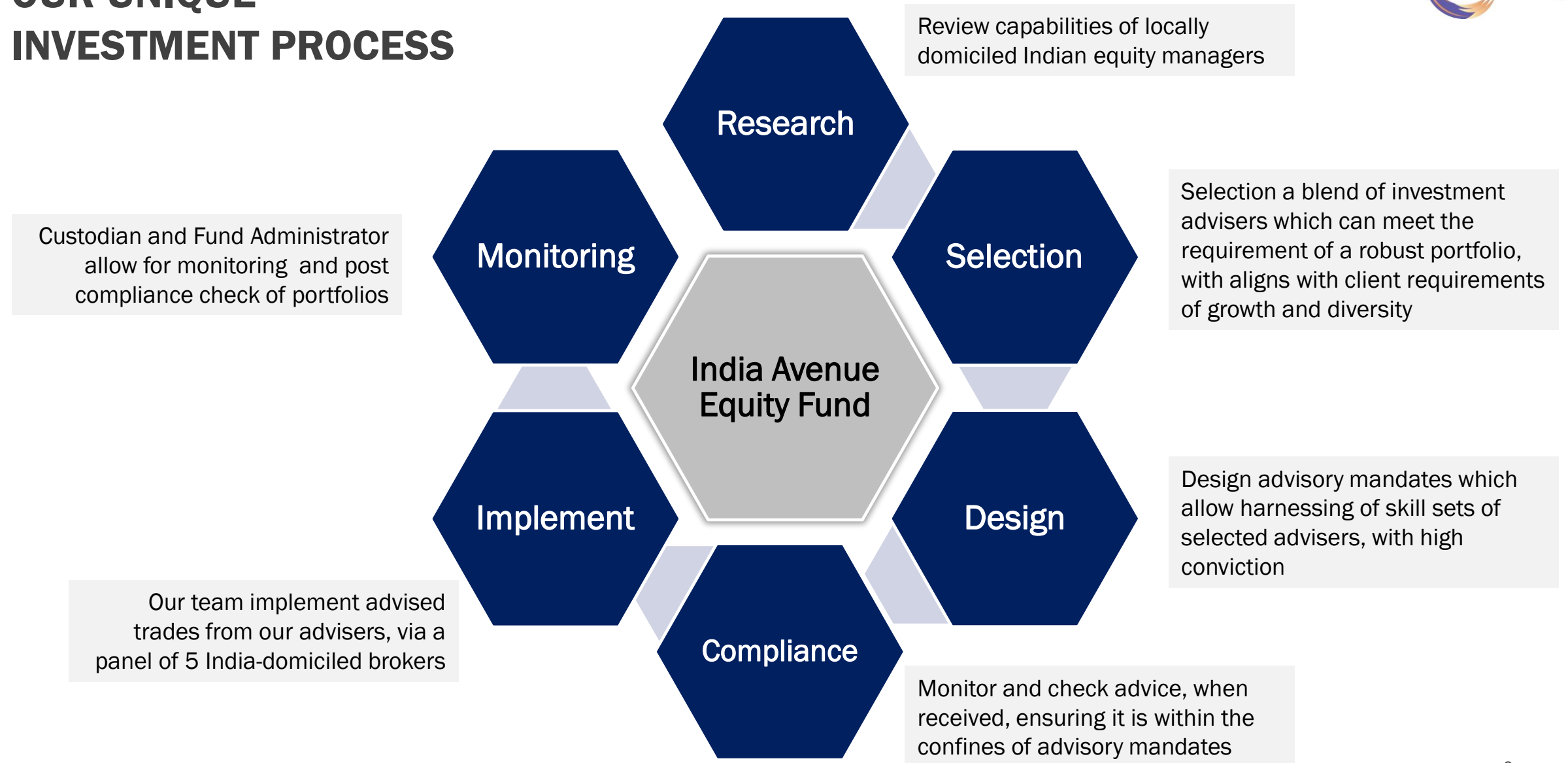




INDIA AVENUE EQUITY FUND

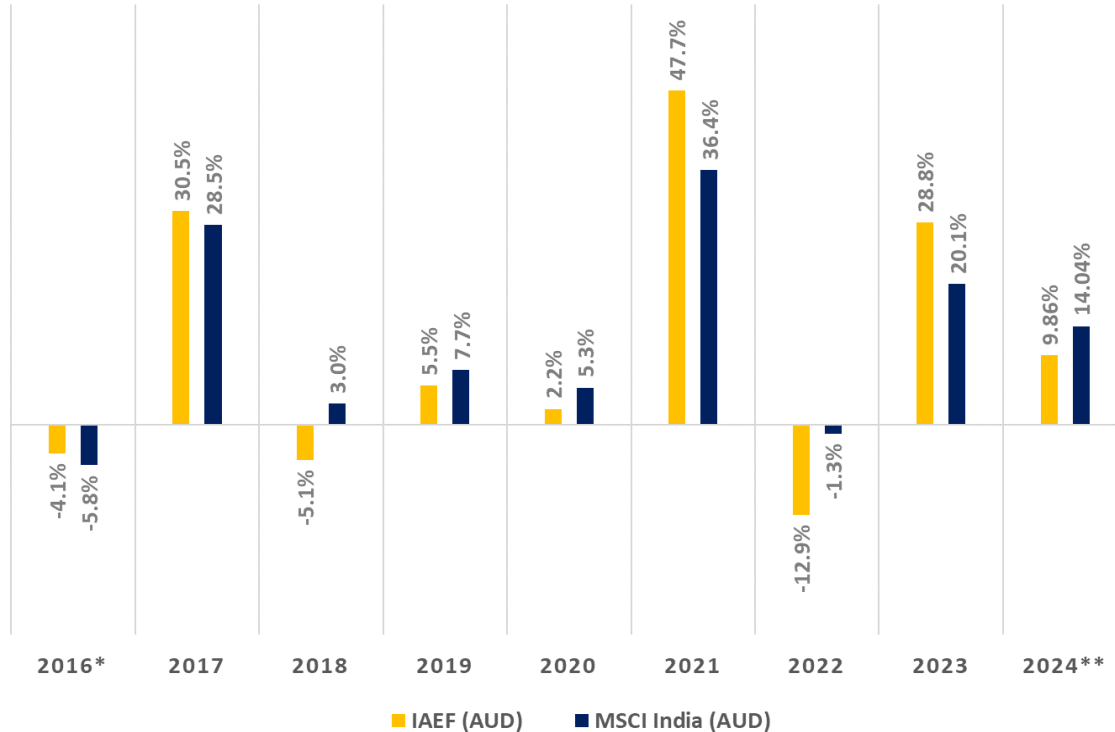
ACCESSING THE INDIA GROWTH STORY

OUR UNIQUE INVESTMENT PROCESS



FUND PERFORMANCE AS OF 30 APRIL 2024

**INDIA AVENUE EQUITY FUND (NET OF FEES)
AS AT 30 APRIL 2024**



30/04/2024	3m	1 year	3 years p.a.	5 years p.a.	7 years p.a.
IAEF M Class**	3.92%	37.86%	19.38%	12.84%	11.16%
MSCI India	7.88%	36.78%	20.28%	13.75%	12.98%
Alpha	-3.96%	1.08%	-0.90%	-0.91%	-1.82%
MSCI EM	9.77%	11.83%	-0.07%	3.54%	5.57%
ASX 200 Accum	0.68%	8.69%	7.18%	7.92%	7.92%
MSCI World	5.46%	20.48%	11.92%	12.25%	12.51%

** Returns based on NAV at exit prices

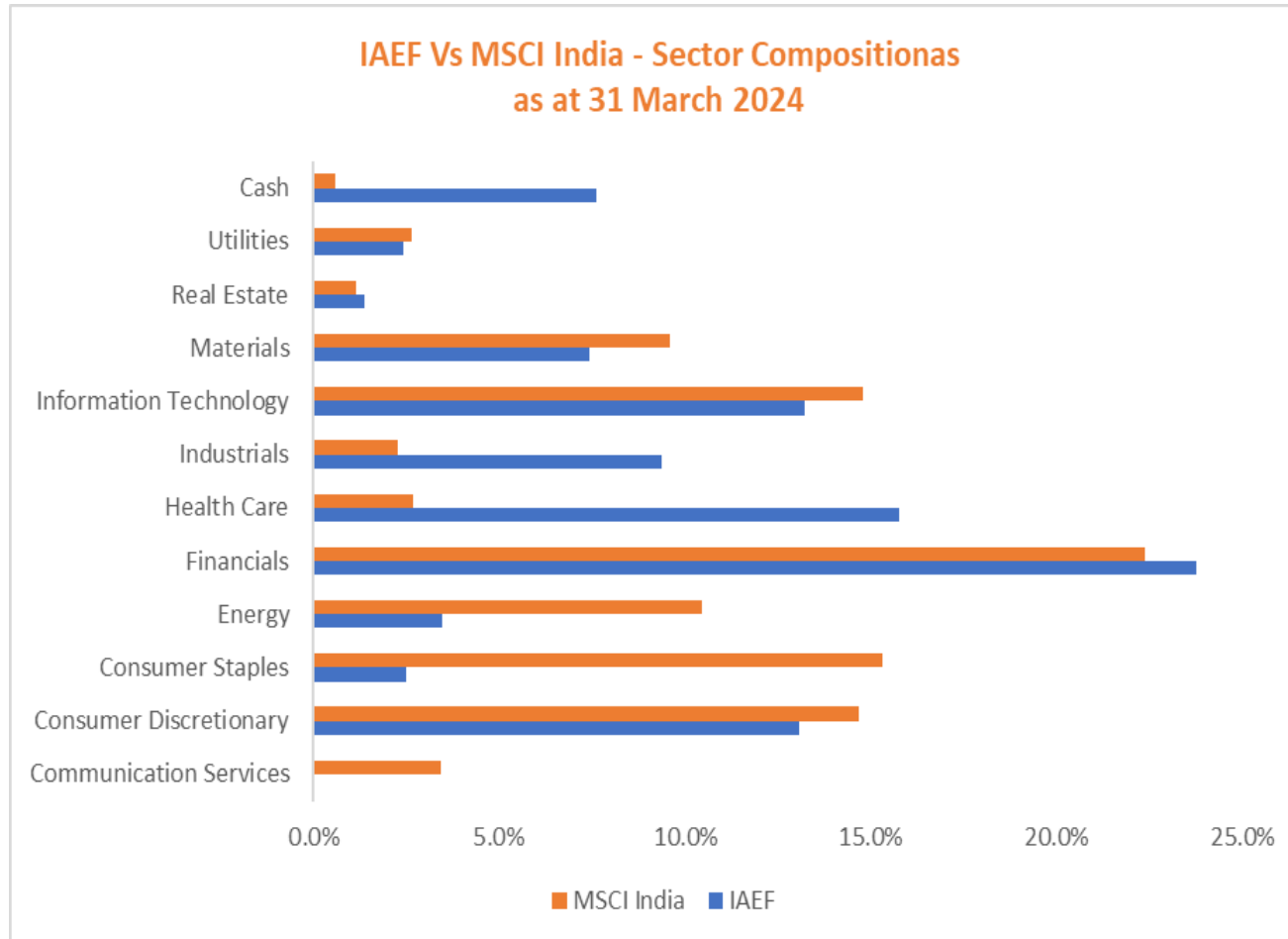
However, Returns post fees but before Indian CGT and withholding taxes. Australian clients receive a partial credit of these taxes in their tax refund.

Source: MSCI

Returns in AUD based on NAV at exit prices as of 28/03/2024

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.

FUND POSITIONING – INDIA AVENUE EQUITY FUND

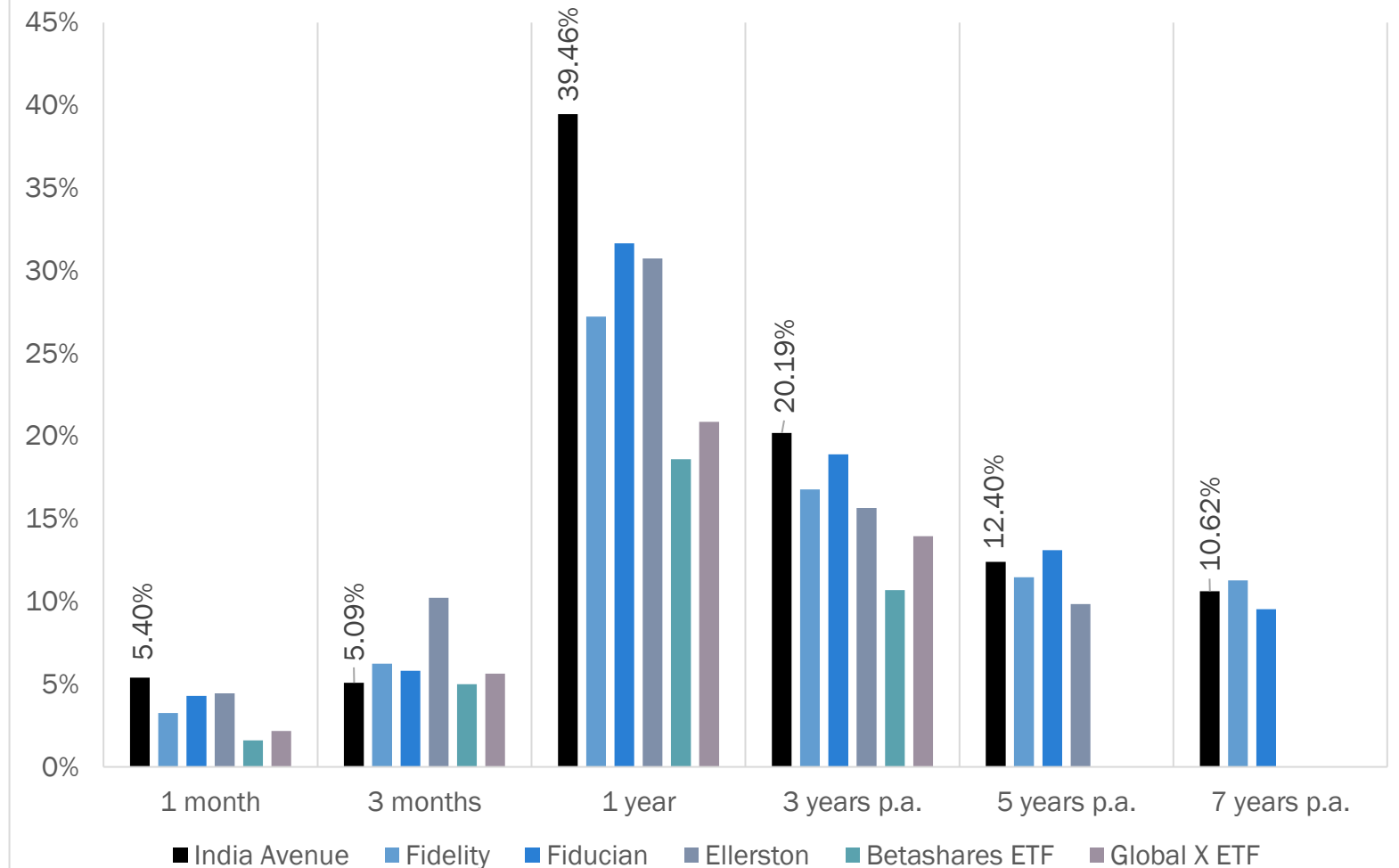


Characteristics	IAEF	MSCI India
Dividend Yield	1.00%	0.97%
P/E Trailing 12-Month	24.79	29.28
P/E Forward 12-Month	18.89	23.60
PEG Ratio Trailing 12-Month	1.26	1.54
Price-to-Book Ratio	3.66	4.45
Dividend Growth Hist 5 YR	19.49	20.87
EPS Actual 12m Forward	22.73%	22.76%
EPS Actual 5 YR Hist Growth	12.82	16.41
Revenue 12m Fwd Revenue Growth	13.71%	13.79%
Revenue 5 YR Hist Growth	14.10	14.71
Net Profit Margin	16.83	18.56
Operating Profit Margin	20.03	20.98
ROE Common Equity	16.22	18.07

PERFORMANCE RELATIVE TO OUR PEERS (26.04.2024)

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India-only Options available in Australia



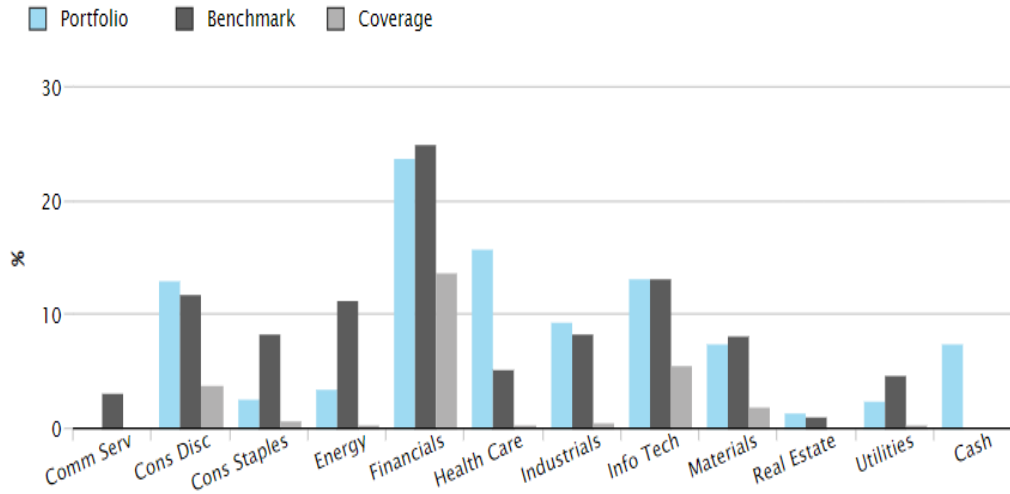
Source Morningstar, Foresight Analytics

Returns based on NAV at exit prices

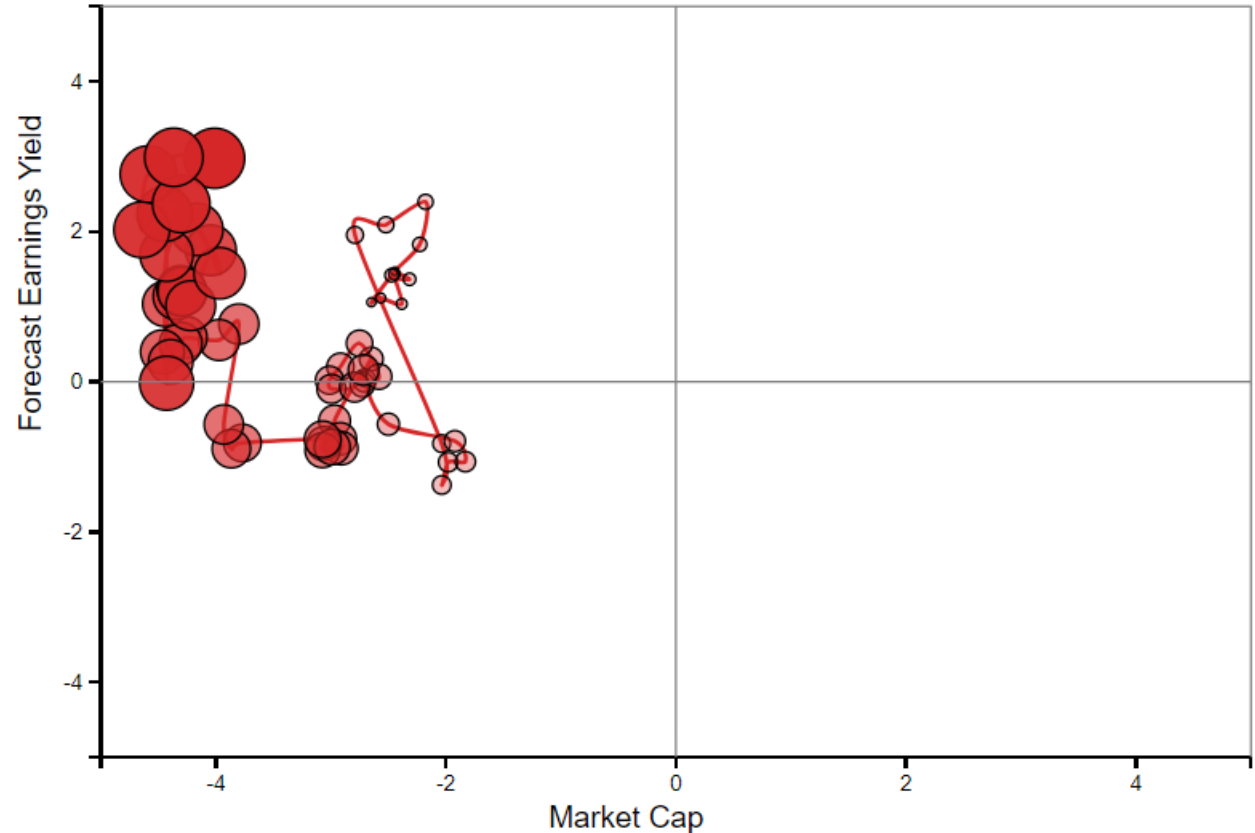
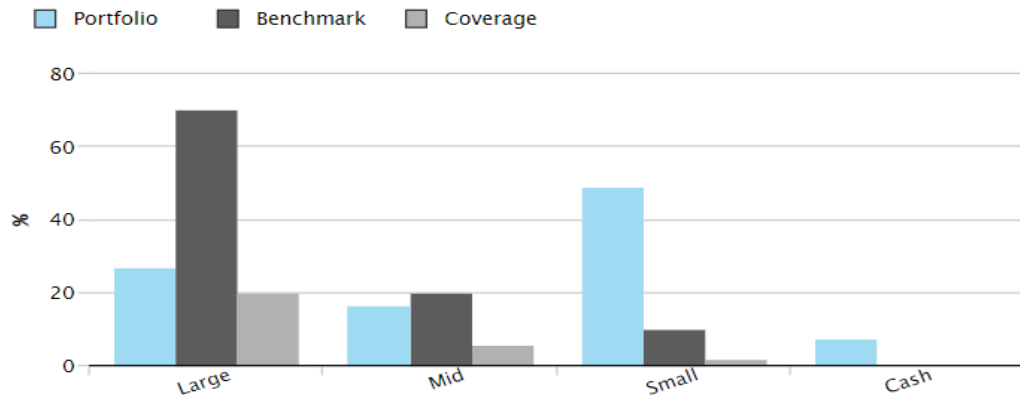
FUND POSITIONING – INDIA AVENUE EQUITY FUND



SECTOR DISTRIBUTION



SIZE DISTRIBUTION CASA



- **Portfolio P/E 12m Fwd is 18.9x vs MSCI India at 23.6x**
- **Portfolio EPS Growth 12m Fwd is 22.7% vs MSCI India at 22.7%**
- **Focused on Valuation, Revenue Growth and Asset Generation**

Source MSCI, Foresight Analytics

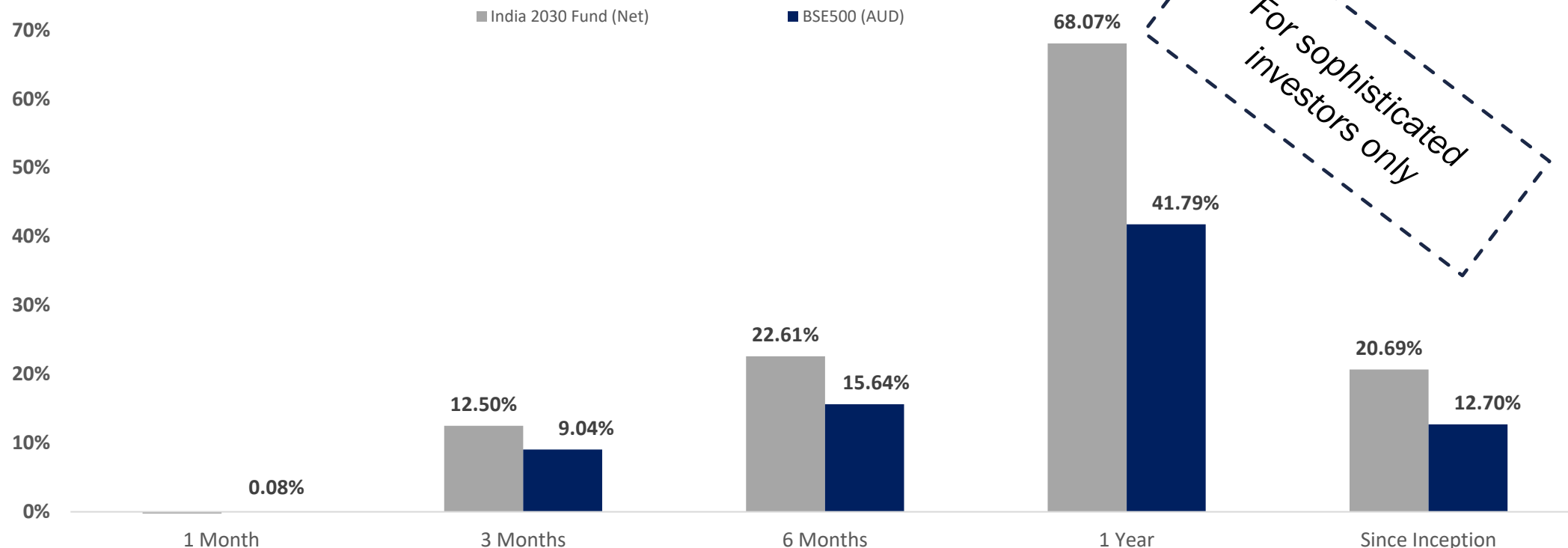


INDIA

THE INDIA 2030 FUND IS A HIGH CONVICTION FUND WITH A MAXIMUM OF 20 STOCKS AND 3-5 THEMES

INDIA 2030 TRACK RECORD

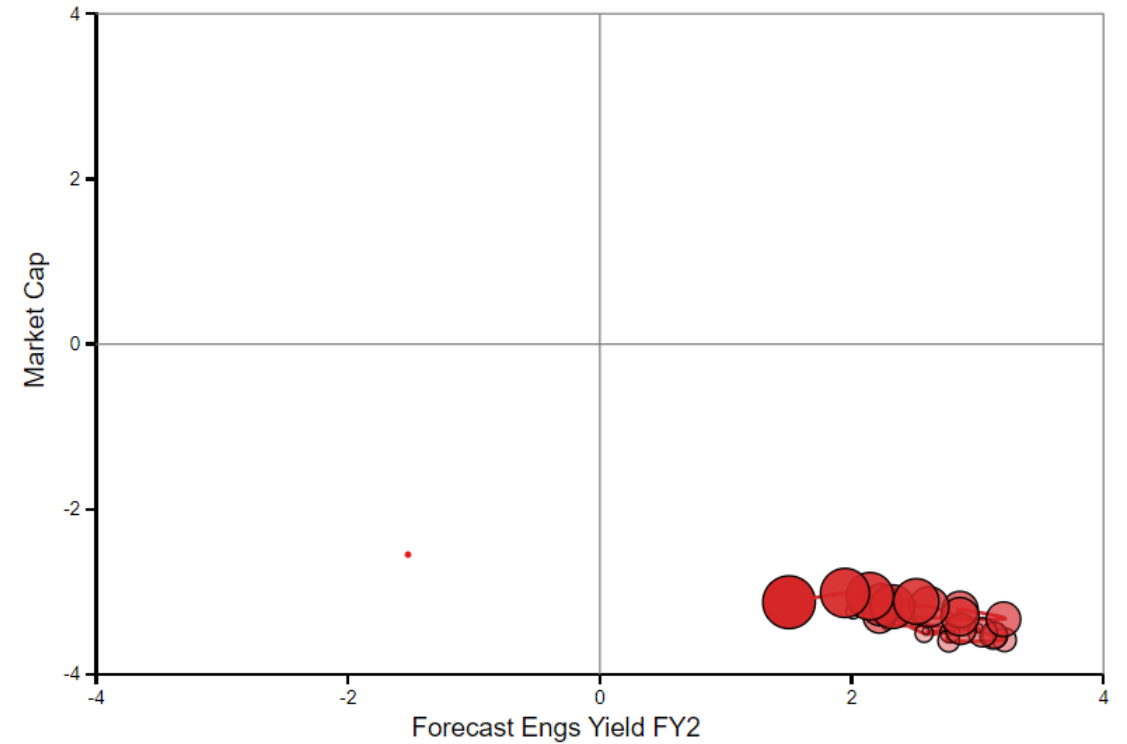
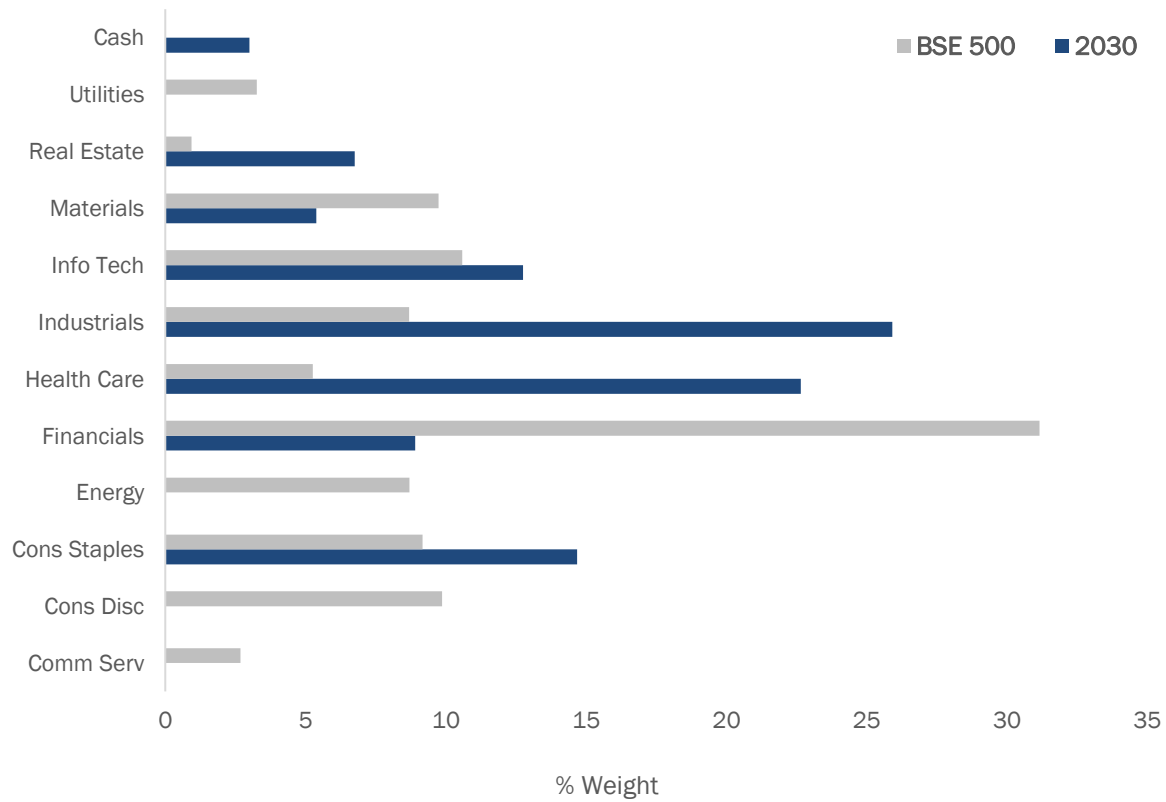
India 2030 Fund V BSE 500 Benchmark (AUD)
AS AT 31 MARCH 2024



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INDIA 2030 FUND – BY SECTOR & FUND CHARACTERISTICS

India 2030 Fund Sector Weights vs Benchmark



The fund has a strong bias towards SMID caps and P/E, without sacrificing Growth, but rather sacrificing some liquidity to find growth at a much more palatable price. For long horizon sophisticated investors



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

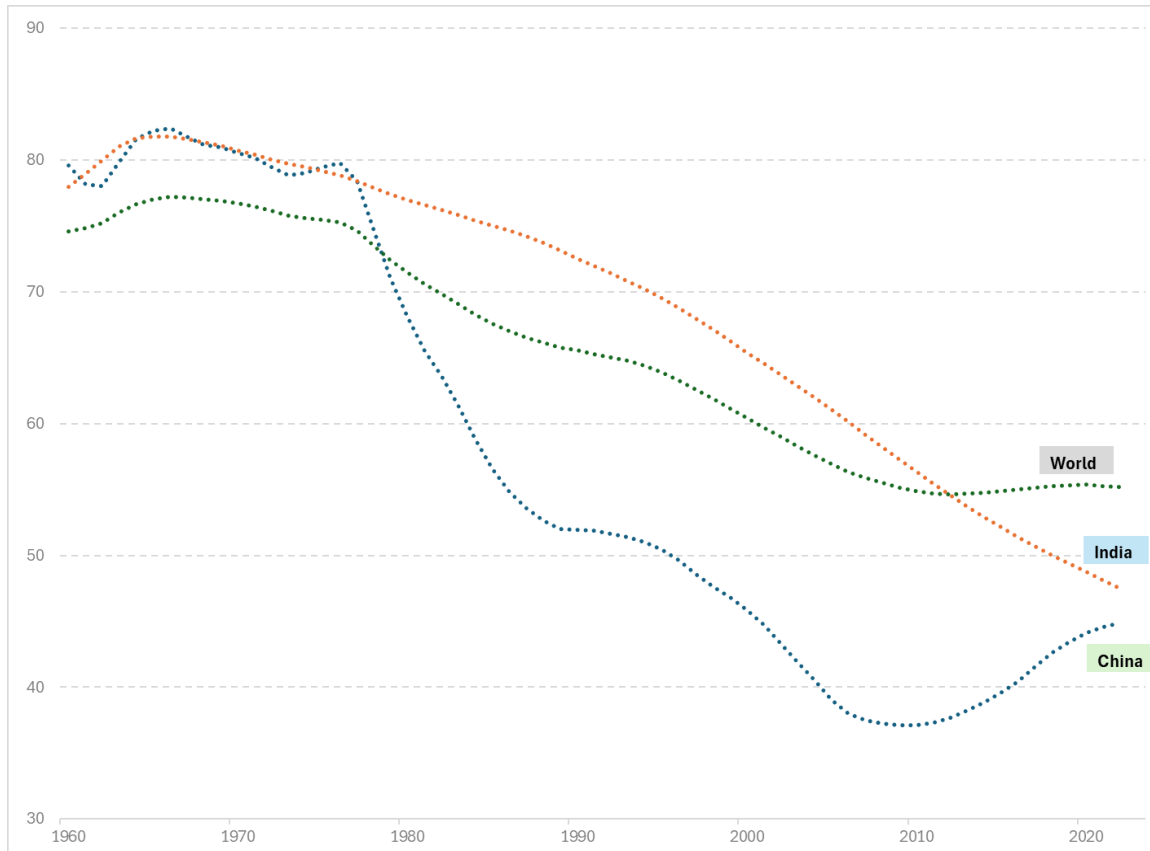
	Population (billions)	Median Age	Global Share of Population	Life Expectancy	Infant Mortality	Urban Population
India	1.43	28	17.7%	72	2.5%	36%
China	1.43	39	17.7%	79	0.6%	65%
USA	0.34	38	4.2%	80	0.5%	83%
Australia	0.03	38	0.3%	84	0.3%	86%
Brazil	0.22	34	2.7%	76	1.0%	88%
Japan	0.12	49	1.5%	85	0.2%	94%
UK	0.07	40	0.8%	82	0.3%	85%
Indonesia	0.28	30	3.5%	71	1.8%	59%
World	8.04	31	100%	73	2.7%	57%

Source: worldometer.com, April 2024

DEMOGRAPHICS

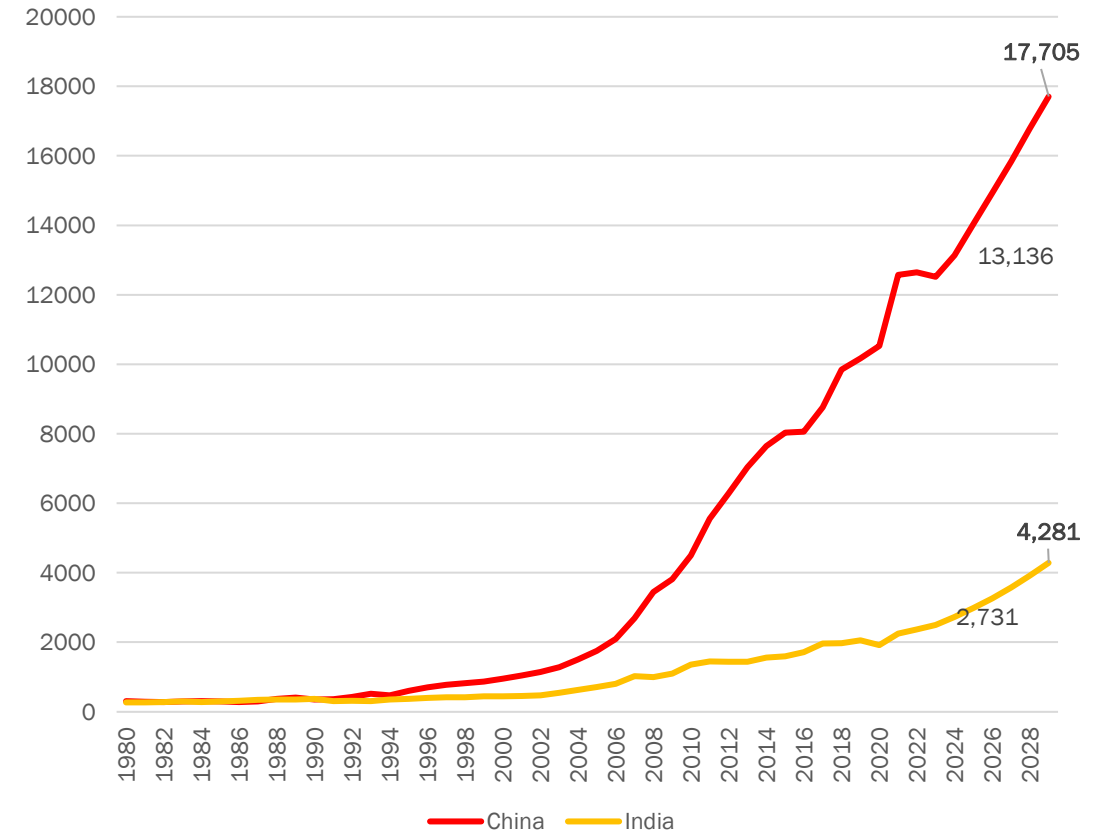
India's significant population, median age, improving mortality and potential urbanisation over the next decade, set it up for productivity gains from its demographics (rising GDP-per-capita), relative to the rest of the world

DEPENDENCY RATIO



GDP-PER-CAPITA

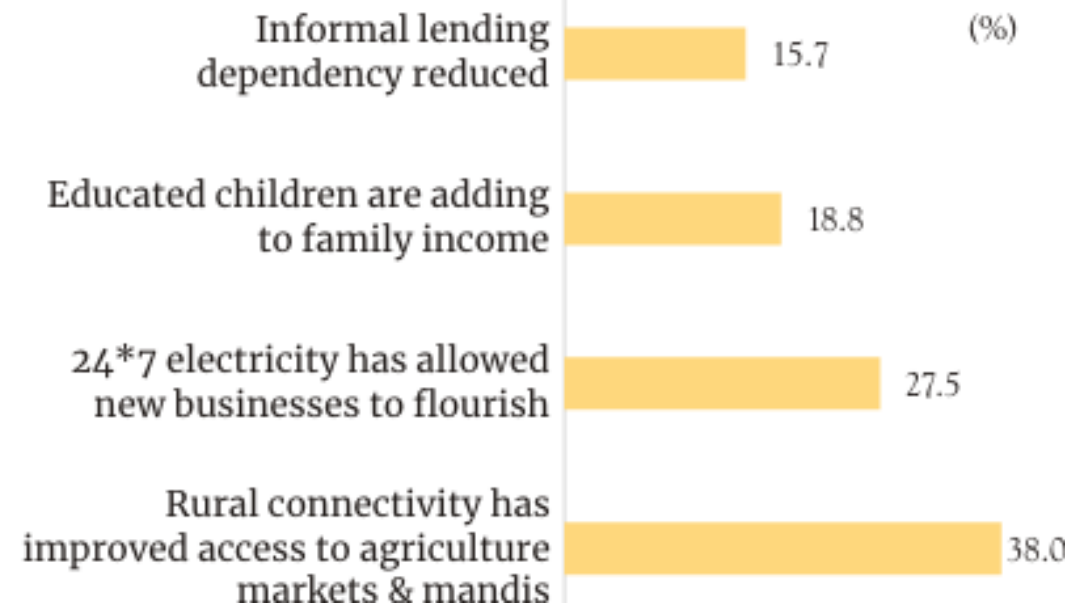
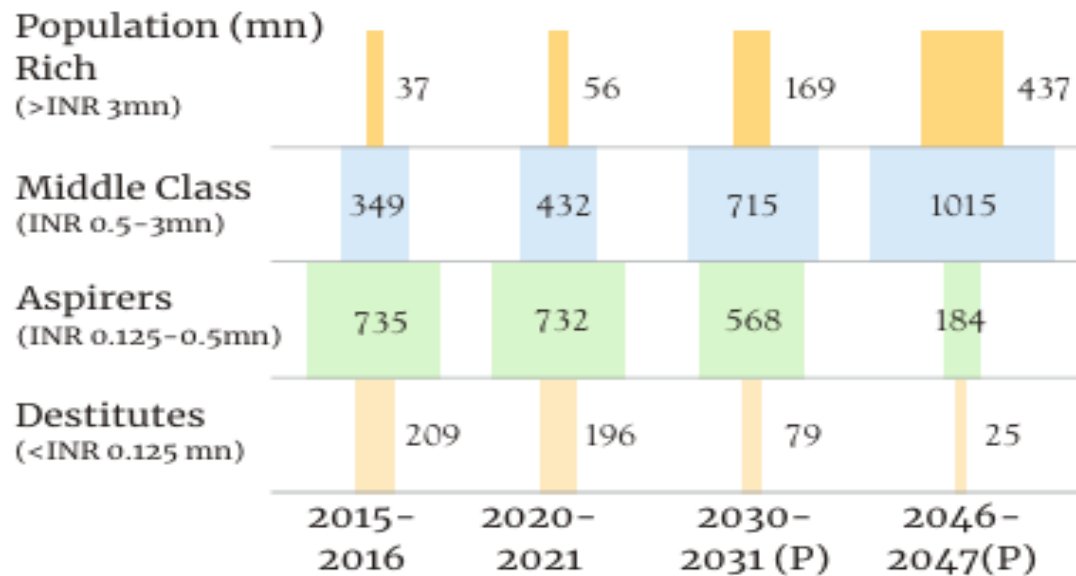
China vs India - GDP-per-capita (USD)



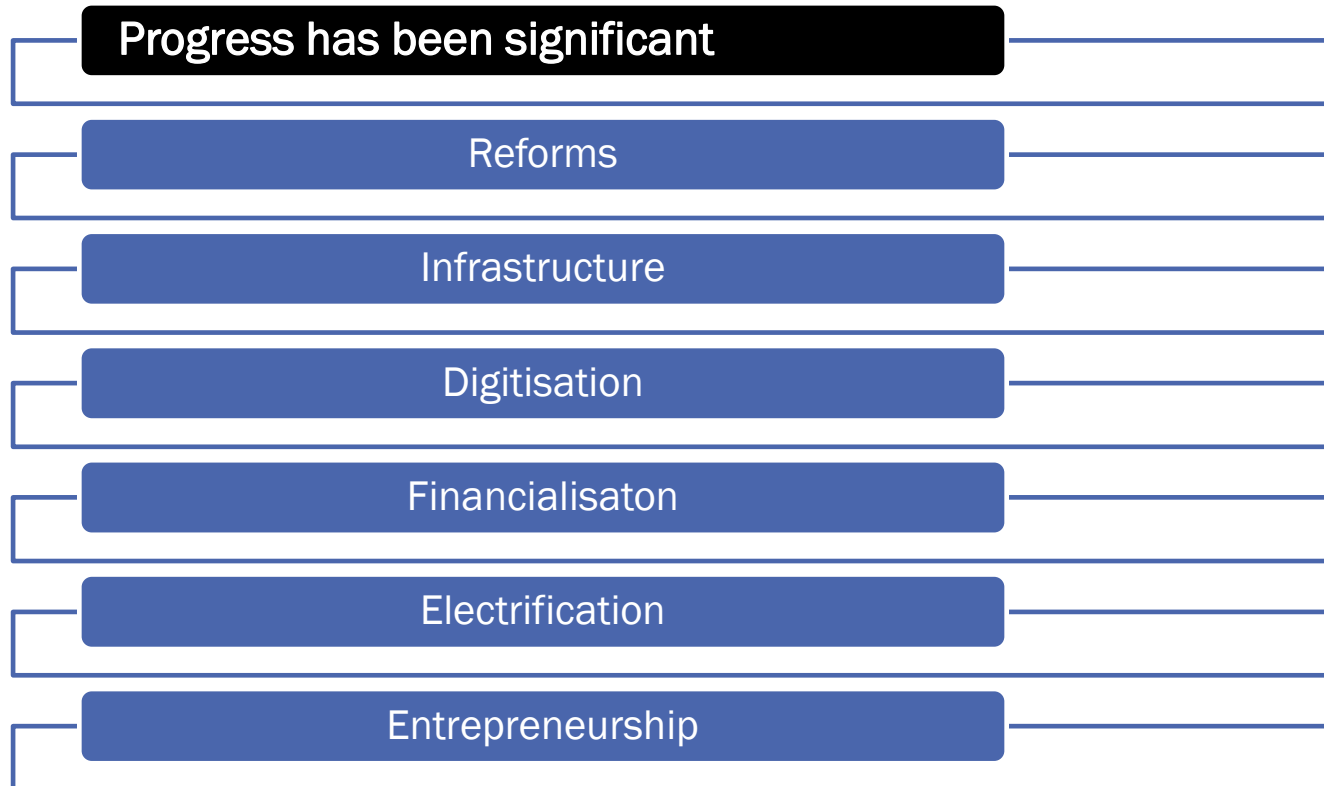
India will contribute more to the “working age” population in future and as a result GDP-per-capita will grow at a faster pace. GDP-per-capita in India has grown from 6.5% of the global level in 1993 to 22% in 2024.

SHIFTING DEMOGRAPHICS

Rising wealth.....now spreading to rural India and impacting the bottom of the pyramid

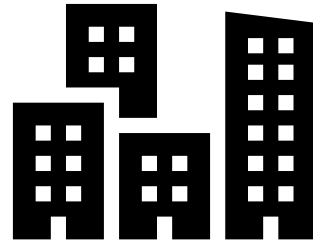


REFORMS DRIVING PRODUCTIVITY



Achievements	2014	2024
GDP	US\$1.8tn	US\$3.7tn
GDP per capita	US\$1,560	US\$2,730
Economic Size	10 th	5 th
Export	468bn	777bn
Metro Cities	5	20
Airports	74	Over 200
Power in villages	50%	96%
National Highways	91,287 km	161,350 km
Railway Length	65,8100 km	120,000km
Road Quality	88	42
Renewable Energy	71.9 gW	190 gW
Unicorns	1	114
Cost of 1 GB data	A\$3.90	A\$0.15
Internet Connectivity	59m	751m
Mobile Phone	250m	1.12bn
Digital Transactions	1 bn	129 bn

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\$1.8tn** National Infrastructure Plan (2019-2025) on over **10,000 projects** and across 56 sectors, seeks to **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, 3.3% of GDP and 3x what was outlaid in FY19.
- The outlay for Railways alone was US\$29bn in FY24 (9x that of FY14)

India Infrastructure Report 2023

Urban planning is an essential component of nation building

Sustainable all-round development in the only way forward

Existing cities should grow through urban redevelopment

- *Building of mass transit systems (Metro)*
- *Smart cities and using technology to scale*
- *Climate action and sustainable growth*
- *Public-private partnerships*
- *Logistics*
- *Real Estate regulation*



Data	Latest	Period
GDP Growth	8.4%	Dec 2023
CPI	4.85%	Mar 2024
Unemployment	7.6%	Mar 2024
Cash Rate	6.50%	Apr 2024
CA-to-GDP	-1.0%	Dec 2023
PMI (Manufacturing)	59.1	Apr 2024
PMI (Services)	61.7	Apr 2024
Industrial Production	5.7%	Feb 2024
Forex Reserves	US\$640bn	Apr 2024
Consumer Confidence	98.5	Mar 2024

Source: tradingeconomics.com

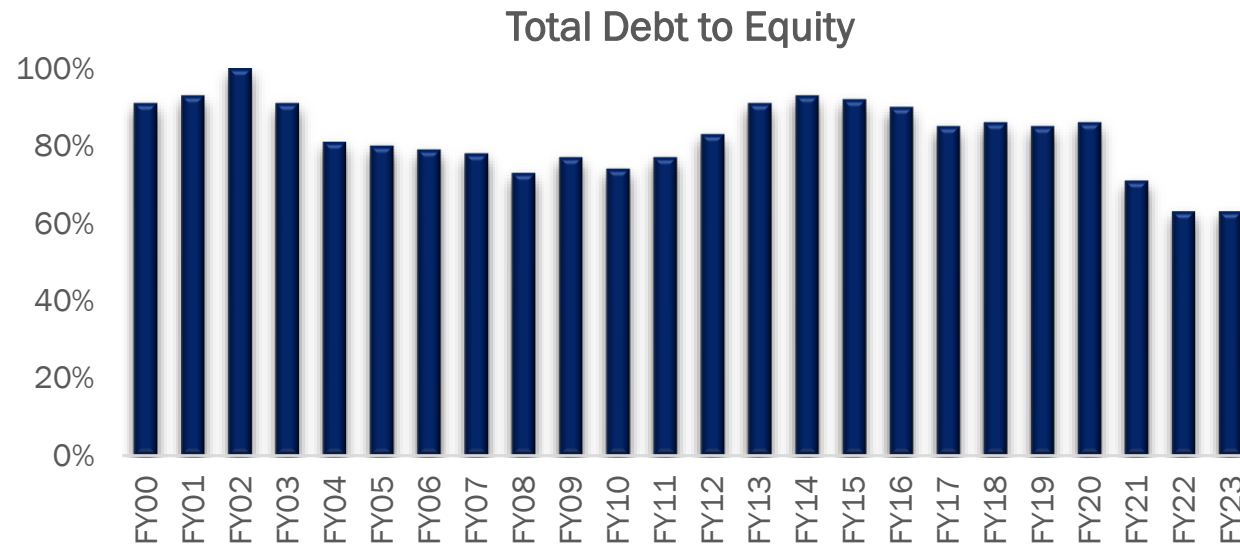
PLI SCHEME

- **The Production Linked Incentive Scheme** is an initiative by the Government to promote domestic manufacturing and reduce imports.
- Aim to boost manufacturing, encourage companies to product in India and to create jobs and a competitive environment locally.
- 733 applications by 2023, with planned spending of US\$44bn across 14 sectors. MSME's are also benefitting significantly.
- 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 Aventus Research



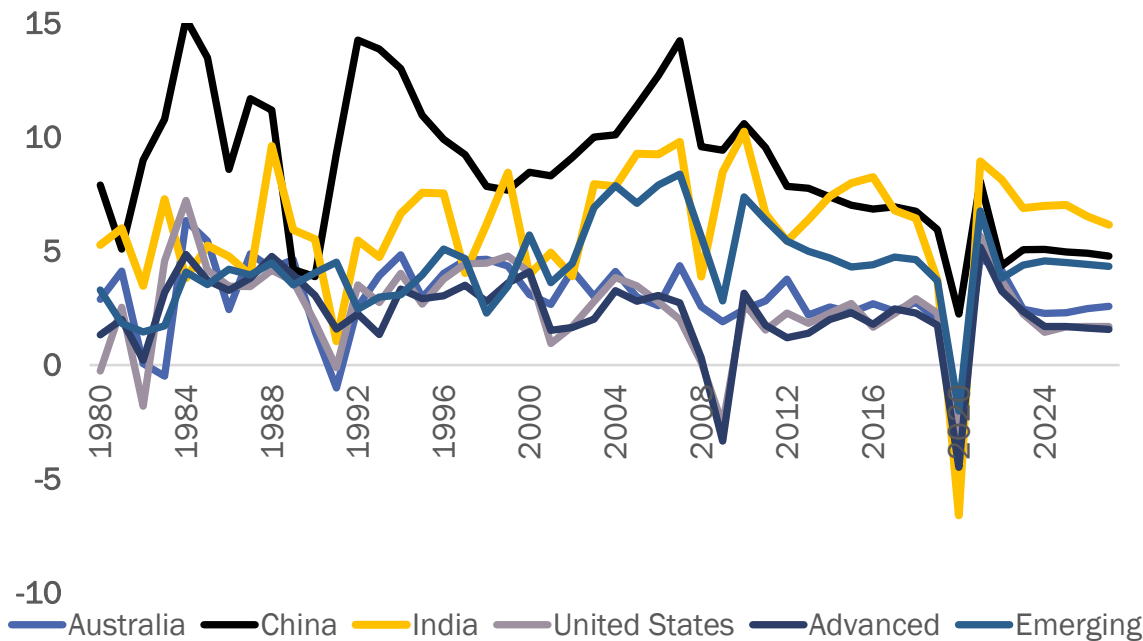


INDIA IN A PORTFOLIO

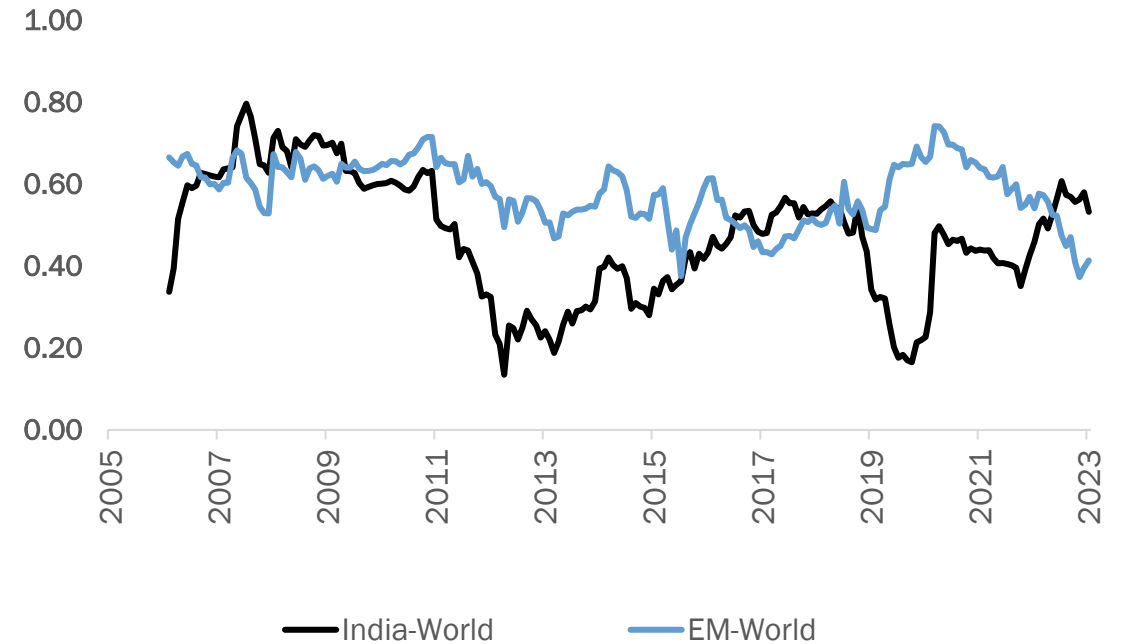
HOW, HOW MUCH AND WHEN?

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

CORRELATIONS (DATA 2000-2024, AUD)



Correlation Matrix	Aust	EM	IND	World	NZ
Aust		0.62	0.45	0.58	0.50
EM			0.64	0.58	0.38
IND				0.44	0.27
World					0.41
NZ					

Source MSCI

AUD	Annualised Return 2000-2024
India	10.7%
Australia	8.1%
New Zealand	6.9%
Emerging Markets	6.6%
World	5.9%

- ✓ India has lower correlation with other asset classes. Indian equities have a particularly low correlation to NZ equities.
- ✓ Indian equities have had an attractive return profile over the last 23 years (10.7% p.a.) relative to Australia (8.1% p.a.) New Zealand (6.9% p.a.), Emerging Markets 6.6% p.a. and World (5.9% p.a.),
- ✓ This makes it an attractive inclusion in equity portfolios, from a return enhancement and risk reduction perspective
- ✓ With a market cap above US\$4.5tn, India is over 4% of global market cap. This makes it the 4th largest stock market in the world. However, most investors have < 1% exposure, across their equity portfolios

INDIA EARNINGS GROWTH

2004-2024	India	USA	Australia	NZ
Annualised EPS Growth %	10.7	7.1	4.2	4.2
Volatility of EPS %	13.6	63.3	69.8	23.7

**calculated by annualised growth over 20 years and volatility in Index EPS at the end of fiscal years*

Indian corporates have produced stronger earnings growth with less volatility

India has avoided earnings recessions experienced by the Western world in 2007-2008, 2015, 2020 and 2022

The case for India is structural. This is particularly the case given the following:

1. Long-term local investor investment is now at parity with global investor appetite. This is reducing the price volatility of Indian equities. Equity penetration still around 7% in India !
2. The Rupee becoming a far more stable currency given more robust macro fundamentals and plentiful forex reserves

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 5th 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

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 3rd 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 3rd 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
Administrator	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
Administrator	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)

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