

India 2030

Fund Objective

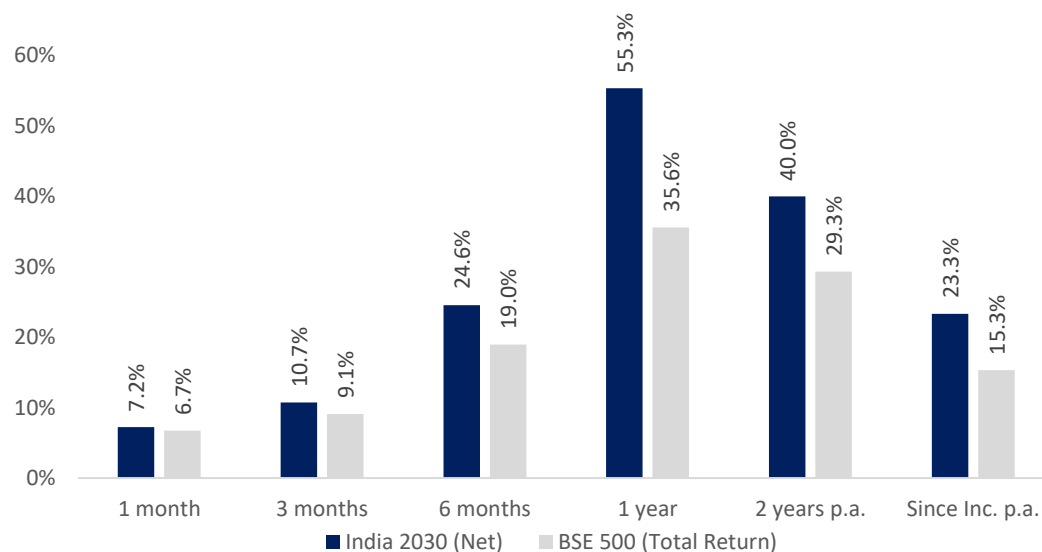
The India 2030 Fund is an unregistered unit trust, which invests with high conviction in 15-20 listed companies trading on Indian stock exchanges. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5-7 year periods.

Fund Facts

| | |
|--------------------------|---|
| Fund Manager | India Avenue Investment Management |
| Portfolio Manager | Mugunthan Siva |
| Investment Adviser | Old Bridge Capital Management |
| Structure | Unregistered Investment Trust |
| Inception Date | 14 th January 2022 |
| Fund Size | A\$23.1m |
| NAV | 1.6811 |
| Base Currency | AUD |
| Trustee | Equity Trustees Ltd |
| Administrator | Apex |
| Custodian | Apex / BNP Paribas |
| Auditor | KPMG |
| Benchmark | S&P BSE 500 TRI (AUD) |
| Distribution Frequency | Yearly 30 th June |
| Management Expense Ratio | 1.25% p.a. |
| Buy-Sell Spread | 0.35% / 0.35% |
| Performance Fees | 15% of Excess Return above Benchmark, with high watermark |
| APIR Code | ETL0959AU |

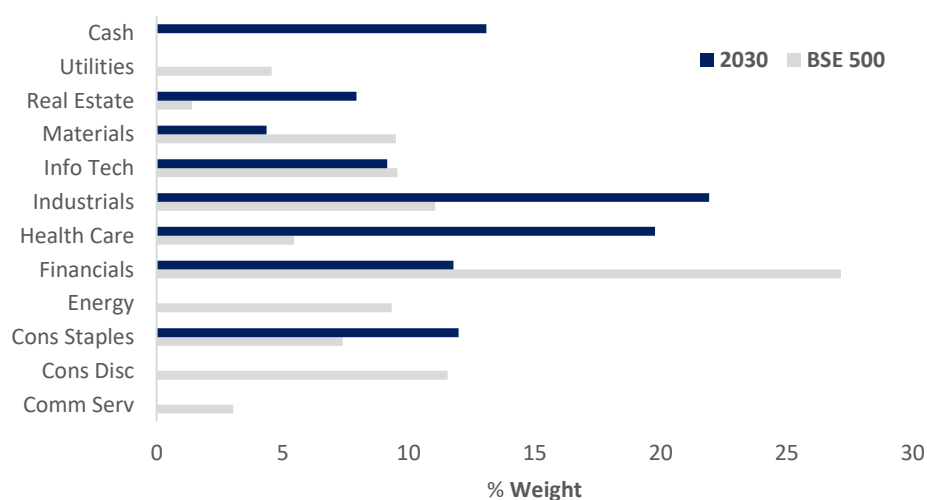
Fund Returns, Sector Weights and Top Five: 30 June 2024

India 2030 Fund vs BSE 500 Total Return Index



Past performance is not an indicator of the future return expectations that clients may have from investing in the fund. Performance is calculated by using exit prices from point to point and are inclusive of all fees. The Fund inception date is 14.01.22. Since inception returns are annualised

India 2030 Fund vs BSE 500 - Sector Weights



Source: Foresight Analytics.

| Top 5 Stocks | Weight | Description |
|------------------------|--------|--|
| Prestige Estates | 7.9% | Real Estate developer based in the South of India |
| Marksans Pharma | 6.9% | Generic pharmaceutical exporter |
| Interglobe Aviation | 6.8% | India's largest aviation company, with over 50% market share |
| Indian Energy Exchange | 6.5% | Over 90% share of the traded electricity market |
| Nagarjuna Construction | 5.8% | Leading construction company |

About India Avenue and the India 2030 Fund

India Avenue Investment Management (IAIM) is a boutique investment management firm 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 2030 Fund is managed by the team at IAIM. Stock selection and conviction level advice comes from our investment partner, Old Bridge Capital Management, based in Mumbai, India.

The Fund adopts a high conviction approach by investing in 15-20 listed companies in India spread across 3-5 investment themes which can benefit over the course of the current decade.

The Fund is appropriate for "sophisticated" investors* only, seeking to benefit from investment themes which are leveraged to India growth story.

*as defined under s708(8) of the Corporations Act 2001 (Cth)

Fund Identifiers

APIR: ETL0959AU
ISIN: AU60ETL09593

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Performance to 30 June 2024

The India 2030 Fund returned 55.3% over the last 12 months, outperforming its benchmark by 19.7% over the last 12 months and by 8.0% p.a. since inception (14th January 2022). Over the last 12 months the Fund has continued to benefit from having exposure to Industrial and Real Estate stocks which is well above the exposure in the BSE 500. It also benefitted by having low exposure to Financials relative to the benchmark. Additionally, the Fund also benefitted from stock selection in Industrials, Healthcare, Consumer Staples, Financials and Real Estate.

The investment process applied by our adviser, Old Bridge Capital Management, was ideally suited to the market environment in 2023-2024 (thus far), with investors seeking companies attractively valued for the potential growth trajectory they offer. Stocks like Prestige Estates, a real estate developer, have benefitted from a favourable investment cycle. Also, whilst Financials have underperformed, one of the Fund's holdings was Shriram Finance, performed well due to its more favourable valuation. Generic drug exporters also performed well, and the Fund benefitted by holding companies such as Aurobindo Pharma and Marksans Pharma.

Thematic Exposure

This Fund seeks to invest in themes that are closer to their cyclical low in ROE, which makes it difficult for them to find liquidity support in the market. The subsequent improvement in ROE leads to consensus led investment, resulting in an improvement in liquidity.

| Themes | Drivers |
|---|---|
|  | <p>Manufacturing and Commodities</p> <ul style="list-style-type: none"> Tap niche manufacturing segments, industries that are consolidating. Business models and valuations have been overlooked, as historically these have been non-performers. |
|  | <p>External Facing Businesses</p> <ul style="list-style-type: none"> Businesses capitalising on India's relative global strength on factors of production, cost leadership. To feed into the global supply chain, as the world's largest manufacturer runs into multiple headwinds and supply chain resilience garners traction. Indexed to services and manufacturing. |
|  | <p>Energy Related</p> <ul style="list-style-type: none"> Backward value chain, as above businesses will continue to be extremely energy intensive. The reforms and incremental capex coming through in alternative energy will see utilities transitioning their way forward. |
|  | <p>Urban Consumption</p> <ul style="list-style-type: none"> Businesses aligned to wage increases in the Tech & Financial Services economy. New business models have evolved, and the resumption of the economy will lead to spikes in cash flow of the survivors. |



About Old Bridge Capital Management

India Avenue Investment Management will be advised by Old Bridge Capital Management (OBCM). OBCM will provide advice to IAIM on stock selection, applying their practiced capital cycle approach to investing. OBCM was founded in 2015 and is domiciled in India.

The founder and CIO of the firm, Kenneth Andrade, has had close to three decades of experience investing in Indian listed companies at Standard Chartered and IDFC, before commencing his own investment boutique in OBCM. The firm has over US\$1.5bn in assets under management at present and is adviser to one of North America's most prominent Endowment Funds.

Kenneth's track record is testament to his understanding of India's ecosystem, the quality of his handpicked investment team and his ability to identify a fragmented industry that is going through significant disruption, leading to shifting dynamics and market share changing hands.

Market Views from Kenneth Andrade, Founder and Director, Old Bridge

Every phase of the market throws up some interesting statistics. There is no exception this time. Below is a table of companies in the Capital Goods industry, linked to how they trade compared to their parent company.

| Company Name | Mcap (\$ bn) | TTM P/E (x) | Parent | Mcap (\$ bn) | TTM P/E (x) | Indian entity's mcap as % Parent's mcap |
|--------------------|--------------|-------------|-------------|--------------|-------------|---|
| SKF India Ltd | 4 | 55 | SKF AB | 10 | 17 | 38% |
| Cummins India Ltd | 13 | 74 | Cummins Inc | 39 | 57 | 32% |
| Escorts Kubota Ltd | 5 | 40 | Kubota Corp | 17 | 11 | 29% |
| ABB India Ltd | 21 | 122 | ABB Ltd | 99 | 27 | 21% |
| Siemens Ltd | 31 | 112 | Siemens AG | 150 | 19 | 21% |

Source: Bloomberg

The point to highlight is that the market capitalisation of Indian companies seems to trade far above their peers/parent companies, compared to the size of the parent companies. This of course is not new. Extrapolation of future growth has created indifference at what prices trade at compared to their relative peer in the more developed markets. And this seems to be happening again. This time in capital goods and manufacturing.

We would like to correct any assumption that implies that we sound bearish on this segment. We know the segment has legs and a long run away, but a lot of this has been front ended in stock prices. In short, a lot of stock prices are reflecting growth multiples with no execution risk. As we continue to trim exposure to businesses, which we think have run their course valuation wise, they continue to climb to a higher price.

However, in the past our early entry into Industrials (2019/2020) and Real Estate (2020) was questioned as well as our absence in Private Sector Banks and Consumer businesses has been questioned. To date much of our stance has played through.

'Every market valuation is a number from today multiplied by a story about tomorrow, and the stories change much faster than the numbers.' - Morgan Housel

The financial year March 2024 was a good one from an alpha and beta perspective. FY25 seems to have gotten off on a good note. We appear to be in an industrial mid cycle in valuations, which seem to be an extrapolation of a very large trend. It appears to have become a norm to assign a 2xPEG. All things aside, any company where earnings expectations are 15% commands a 30x multiple.

Growth expectations pervade over everything else. Some of these even trade 10x sales numbers. We don't disagree with the trend, and it provides liquidity for some of our holdings. The future for us remains in segments where we think the cycle is also favourable with the valuation norms more reasonable (we aren't assuming they are cheap). At this stage these segments are Commodities, Pharma and Manufacturing.

On **Indian Elections** we can summarise that it benefits all to have policy continuity. There were rare times since the liberalisation of the economy, that there was no alignment to our capitalist past. If this doesn't change, we are on the right trajectory.



India 2030

Our Philosophy

IAIM's investment philosophy focuses on three key aspects:

- 1) India will be a high GDP growth region relative to other regions given its strong fundamentals.
- 2) Equity markets in India are relatively inefficient, allowing active fund managers to benefit from their research and knowledge relative to passive investors.
- 3) Locally based fund managers in India have an advantage relative to global investors when it comes to investing in Indian equities due to their knowledge of the local laws, business principles and overall ecosystem.

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Fund Identifiers

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ISIN: AU60ETL09593

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