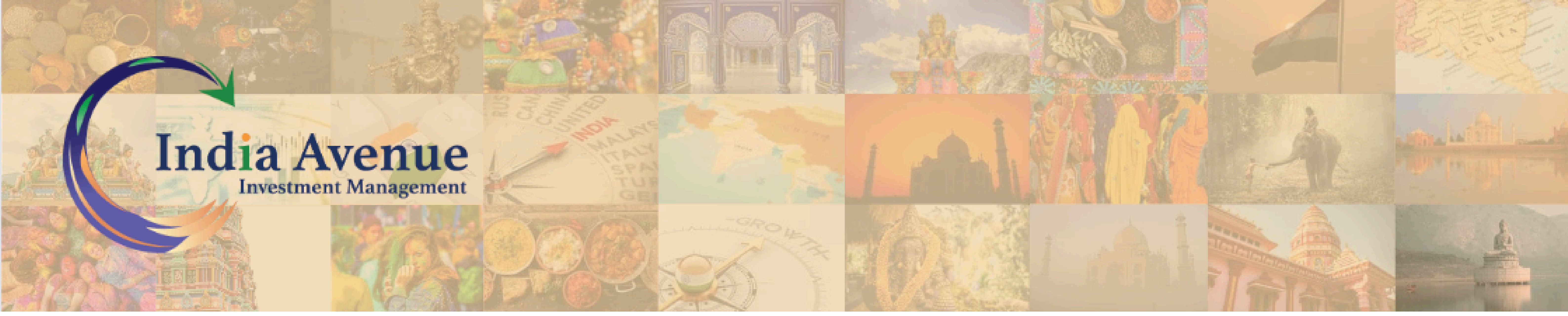


OCTOBER 2024

India Avenue Investment Management is a boutique firm, focused on providing investment solutions for investors seeking to gain from benefit from India's multi-decade growth story. Our firm is domiciled in Sydney, Australia and has strong connectivity through its network in India. This includes our team in India, our fund advisers, stockbrokers, and other industry participants. This allows us to provide deep insights to our clients when it comes to investing successfully in the world's leading growth economy.

FUND DETAILS

Fund Manager	India Avenue Investment Management
Structure	Registered Investment Management Trust
Inception date	6th of September, 2016
Fund size	A$125.0m
Base currency	AUD
Responsible Entity	Equity Trustees Limited
Custodian	Apex / BNP Paribas
Benchmark	MSCI India NR (AUD)
Distribution Frequency	Yearly as at 30 June
Management expense ratio	1.10% p.a. (M Class)
Buy-sell spread	0.35% / 0.35%
Performance fees	10% of excess above benchmark (M Class)
ARSN Number	611374586

FUND OBJECTIVE

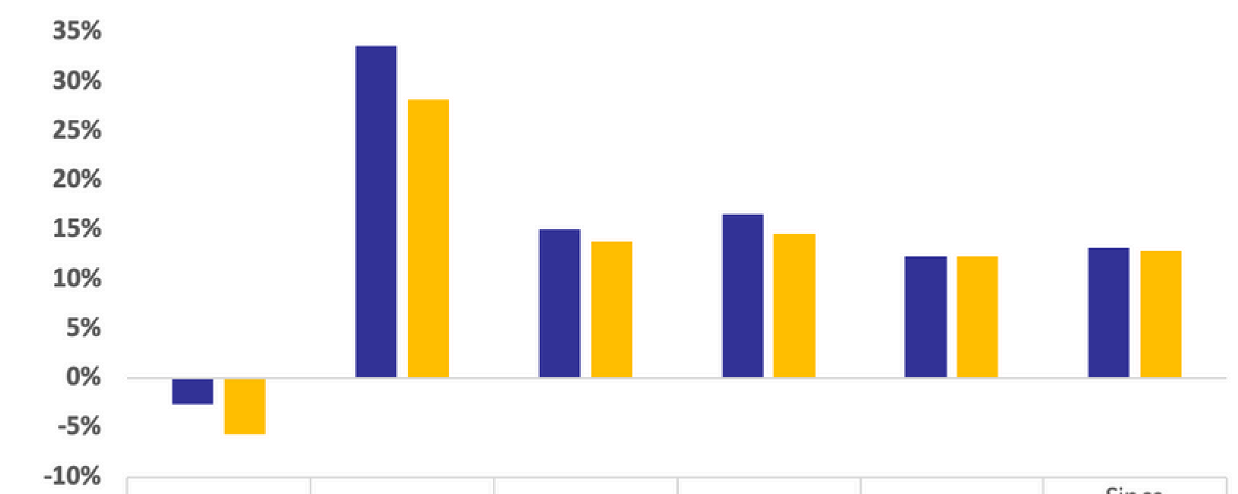
The India Avenue Equity Fund is a registered, unlisted unit trust, which invests in listed companies trading on Indian stock exchanges or on other exchanges, with significant exposure to India's economy. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5-year periods.

FUND RATING

Lonsec : Recommended [1]
(refer to the disclaimer section on page 5)

INVESTMENT PERFORMANCE

India Avenue Equity Fund M Class (net of fees) vs MSCI India (Net) in AUD
as of 31 October 2024



	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	Since Inception p.a.
IAEF (M Class)*	-2.62%	33.65%	15.11%	16.59%	12.34%	13.23%
MSCI India NR	-5.63%	28.26%	13.85%	14.66%	12.41%	12.90%

IAEF (M Class)* MSCI India NR

Source: MSCI

****Performance is calculated on a post fee, but pre-CGT 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.***

Performance by Unit Classes

Performance by Unit Class^	Inception Date	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.
M Class	6/09/2016	-0.43%	-3.19%	32.00%	13.34%	15.44%	11.51%
H Class	6/04/2017	-0.45%	-3.29%	30.99%	12.75%	14.83%	10.93%
L Class	19/04/2021	-0.71%	-3.44%	31.19%	13.30%		
MSCI India		**-2.84%**	**-5.63%**	**28.26%**	**13.85%**	**14.66%**	**12.41%**

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

Source: MSCI.

Past performance is not an indicator of future performance. Above returns are calculated based on the exit price of 31st October 2024, 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.

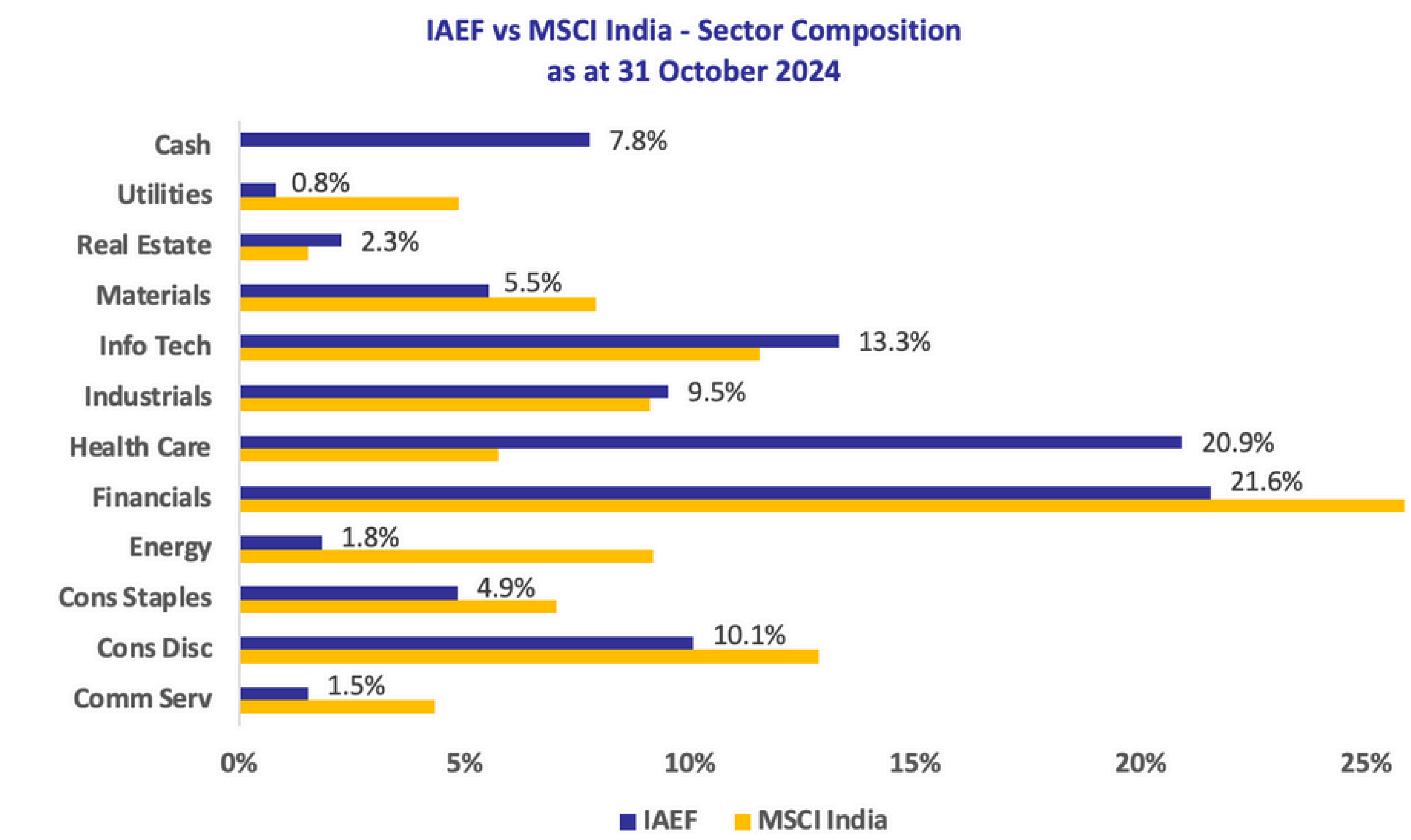
COMMENTARY

The Fund delivered a return of -2.62% (M Class units, pre-Indian CGT) in the three months to 30 October 2024, outpacing its benchmark by 3.01%. Over the past year, it achieved a stellar 33.65% return, delivering alpha of 5.39% over the period. The significant fall in the Indian markets in October (7.95%) was almost entirely mitigated for Australian and New Zealand investors due to the weakening of the AUD against the INR as well as the alpha generated by the Fund.

A significant outflow of US$11 billion as investors shifted focus towards stimulus measures in China, reducing their underweight positions in China at the expense of India. Additionally, there were concerns around the US elections and ongoing tensions in the Middle East added to market uncertainty. Finally, early signs of slowing earnings growth in the second quarter of FY25 announcements contributed to the negative sentiment.

The Fund is well positioned, with an emphasis on earnings transparency and clarity. Of the 54 companies (out of 68 held by the Fund) which have reported, operating profit growth was 7.5%, relative to the 4.2% for the overall market. Whilst 7.5% is off the pace of the last 3 years, it is higher than the broader market.

SECTOR POSITIONING



Source: Foresight Analytics

HIGHLIGHTS

- The Fund overweight positions to note are Healthcare (mainly Pharma stocks) and IT Services. India has a strategic advantage in these sectors which is leading to increasing global market share.
- The cash level of the Fund has risen to reflect valuations and seeking a better entry point as markets pull back (as they have during October 2024)
- Underweight sectors are Energy and Materials, Financials, Utilities and Consumer. These sectors are likely to see volatility in their earnings as India's economic recovery moderates

PORTFOLIO CHARACTERISTICS

Filters	IAEF	MSCI India
Return on Invested Capital	14.2%	13.5%
GP Margin	48.9%	39.0%
Return on Assets	10.6%	9.8%
Forecast LT Sales Growth	13.9%	14.0%
Asset Growth 3y	14.7%	13.7%
Price-to-Book	4.5	4.2
P/E Forward (Mar-26)	21.9	22.2
Free Cash Flow Yield	3.4%	3.2%
Dividend Yield	1.1%	1.1%
Beta	1.1	
Mkt Cap	A$38bn	A$94bn

Source: Foresight Analytics

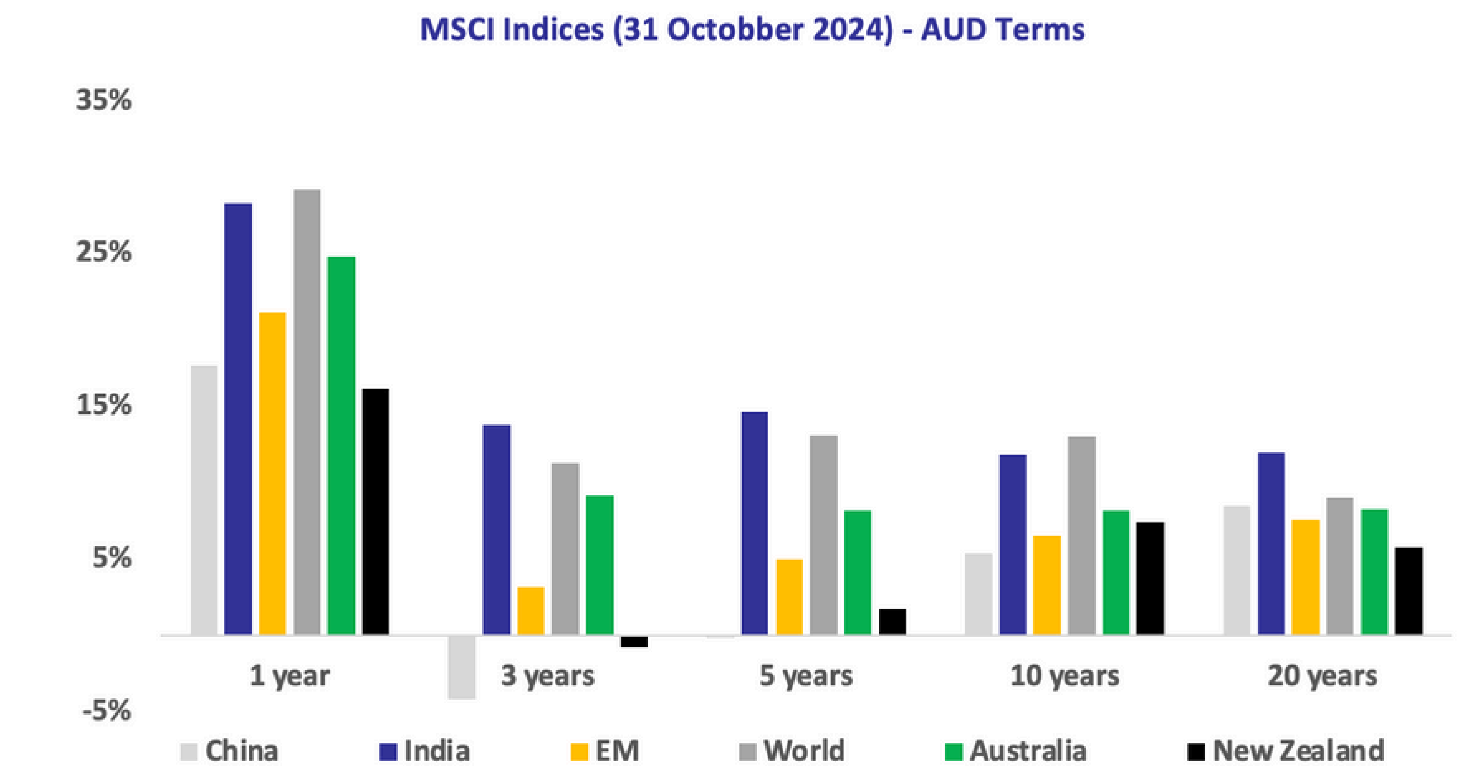
- Over the last 12 months the Fund's value tilt has closed due to outperformance of the Value style. The focus is now on quality factors i.e. earnings stability and transparency
- The improving quality factors are highlighted by ROIC, ROA and Gross Profit Margin which are all above the benchmark.
- The market cap bias of the Fund has reduced slightly relatively to the benchmark. However, given the top-heavy structure of the MSCI India, this bias is likely to be structural.
- The MSCI India has expanded the number of stocks to over 150 in its latest rejig

TOP 10 STOCKS

Aurobindo Pharma	Pharmaceuticals	3.36%
Marksans Pharma	Pharmaceuticals	2.78%
Infosys	IT Outsourcing	2.71%
Cholamandalam Inv & Finance	Non-Bank Lender	2.67%
HCL Technologies	IT Outsourcing	2.44%
HDFC Bank	Private Bank	2.42%
Hero MotoCorp	Autos / 2-wheelers	2.40%
Amara Raja Energy & Mobility	Auto Components	2.22%
Shriram Finance	Non-Bank Lender	2.10%
Bajaj Finance	Non-Bank Lender	2.08%
Top 10 Weight		**25.2%**

- The top 10 stocks consist of Pharma, IT Services, Financials (predominantly non-bank), the world's largest 2-wheeler manufacturer and an energy transition company
- Both Aurobindo Pharma and Markans Pharma are benefitting from significant export of generic pharmaceuticals to the US and Europe. Their low cost, scale and the need for diversity in global supply chains is leading to a structural improvement in profitability.
- We anticipate reducing exposure to non-bank financials over the next 3-6 months, especially if the benefits of interest rate cuts are already factored into their valuations.

INDIA VS ROW



Source: MSCI, includes dividends net of withholding taxes

SUMMARY

- India's leadership over one year has now been surpassed by MSCI World, driven essentially by the US equity market. This is likely to continue now that the US elections are over, and the outcome viewed favourably by investors in general.
- China's rally seemed to have run out of steam in the short-term. However, more stimulus is expected and could be a driving force behind China and Emerging Markets recovery in 2025.
- India remains the clear leader over 3, 5 and 20-year periods, highlight the structural nature of its demographic profile which has result in robust, low-volatility double digit corporate earnings growth.
- Australia, New Zealand and Emerging Markets have been laggards over most longer-term periods.

OUR STOCKS

India IT Services firms continue to show leadership and market share wins globally

**Graph of stock price over the last 5 years, which is the period of holding for the India Avenue Equity Fund. The stock has risen 31% pa. in INR terms compared to the MSCI India which rose 18% p.a.*

HCL Technologies is one of India's leading IT Services firms. The company operates in over 59 countries with over 220,000 employees. The firm was established in 1976 by Shiv Nadar. His daughter Roshni is now the Chairman of the company. It went public in 1999 and has expanded its software developed capacity to the US, Europe and APAC regions.

The performance of HCL Technologies over the last 5 years has been driven by:

- Steady revenue growth of around 8% p.a. which has been positive for investor sentiment
- Improving profit margins (pre-tax margins of 19%) and ROE (23%). This has been achieved in an environment where costs have been rising.
- Sturdy performance in Telecom, Engineering and R&D verticals
- Disciplined approach to capital allocation

Ongoing digital transformation continues to represent HCL's opportunity, with increasing demand for digitisation, cloud computing and cybersecurity solutions. The need is even more significant in the verticals the company specialises in such as Healthcare, Financial Services and Manufacturing.

Global expansion, M&A as well as innovation and R&D present significant opportunity. Investments in AI, machine learning, and automation are likely to drive future growth. The India Avenue Equity Fund has a long-term holder of this company given its improving business environment, positioning and outlook.

Please refer to HCL Technologies, Investor Relations page
[Investors | HCLTech]

CAPITALISATION

	IAEF	No. Stocks	Top 500	MSCI Cap Band
Large Caps (Top 100)	46%	31	67%	A$17-325bn
Mid-Caps (Next 150)	18%	14	21%	A$6-17bn
Small Caps (Next 250)	17%	13	12%	A$2-6bn
Micro Caps (Outside Top 500)	11%	11	0%	<A$2bn
Cash	8%*		0%	
Total	100%	70	100%	

Source: Refinitiv, *exposure after adjusting for Nifty 50 Futures

INSIGHTS

- The Fund reduced its Large Cap weight by removing its Nifty 50 Futures position over cash. This was due to the expectation that markets may recede in the current environment
- Whilst we believe the small and micro-cap segment ($0.5bn - $6bn) is an extremely attractive part of the market for active stock picking, it is now fully valued.
- We have reduced micro-cap exposure, taking profits on 2 stocks over the month of October.

INDIA AVENUE'S ADVISERS

Adviser	Style	No. of Stocks
DSP	Growth and Quality	20-30
Old Bridge	Business Cycle, Value	10-20
Bandhan	Intrinsic Value	20-25
Portfolio Overlay (India Avenue)	Completion Strategy, Quality	10-15
India Avenue Equity Fund	**Value, SMID Caps**	**60-70**

The investment process applied by the Fund focuses on "insourcing stock selection" from locally based fund managers in India, which we refer to as our investment advisers.

- Our investment advisers are typically asset managers based locally in India. It is our philosophical view that portfolio managers and analysts who have managed money and analysed companies from a local perspective, have more insightful knowledge on the local corporate environment and the ecosystem a company operates within.
- The pre-requisites for our advisory partners are local insights which we can decipher through their long track records, face-to-face interviews and conversations and network discussions.
- India Avenue from time to time will run portfolio overlay strategies to complement the bottom-up stock picking skills of our locally based advice partners.

OUR NETWORK INSIGHTS

India Avenue's network in India, apart from our advisers mentioned above, also includes our team based in Mumbai, our panel of stockbrokers (including strategists, economists, and analysts) and access to industry experts and company management. Every month we include some insights from our network:

- Our network is generally conscious about valuations of the broader market and highlight that it is harder to discriminate on valuation. Therefore, the transition has been towards earnings certainty as several cyclical companies are being priced on a structural basis.
- Typically, the third quarter of India's financial year (ending December) is significantly profitable, given it's the festival season. With signs of weaker profits evident in the September quarter, investors will be monitoring festival sales and high frequency indicators closely.
- There is discussion around when the Central Bank will consider rate cuts. The last MPC meeting saw a shift in stance from tightening to neutral. However, the last inflation reading was an uncomfortable 5.49%. GDP growth in September and CPI numbers will be monitored closely

Website | Our Research | Invest Now | In the Media

FUND DETAILS

31.10.2024	M Class	H Class	L Class
NAV	1.9671	1.9436	1.5914
Management Fee	1.10%	1.50%	0.95%
Performance Fee	10% of excess	10% of excess	15% of excess
FY24 Distribution	0.1106	0.0955	0.0902
ARSN	611374586	611374586	611374586
ISIN	AU60ETL04826	AU60ETL04784	AU60ETL28148
APIR	ETL0482AU	ETL0478AU	ETL2814AU
Morningstar Code	41512	41828	44362

DISCLAIMER

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