31 March 2024

# India 2030

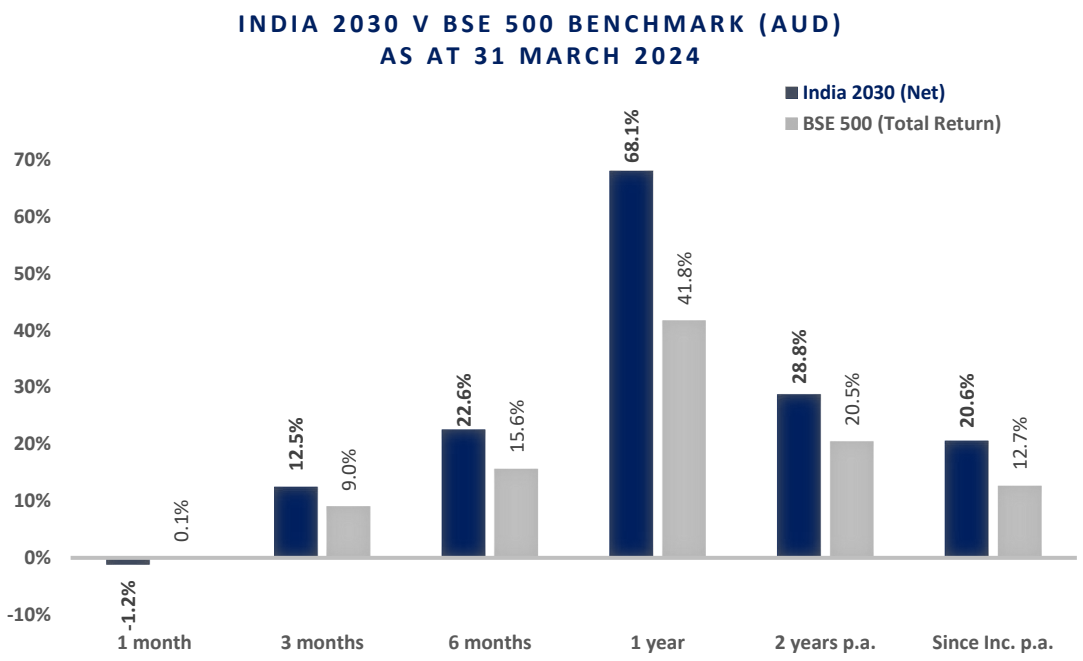
## Fund Objective

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.

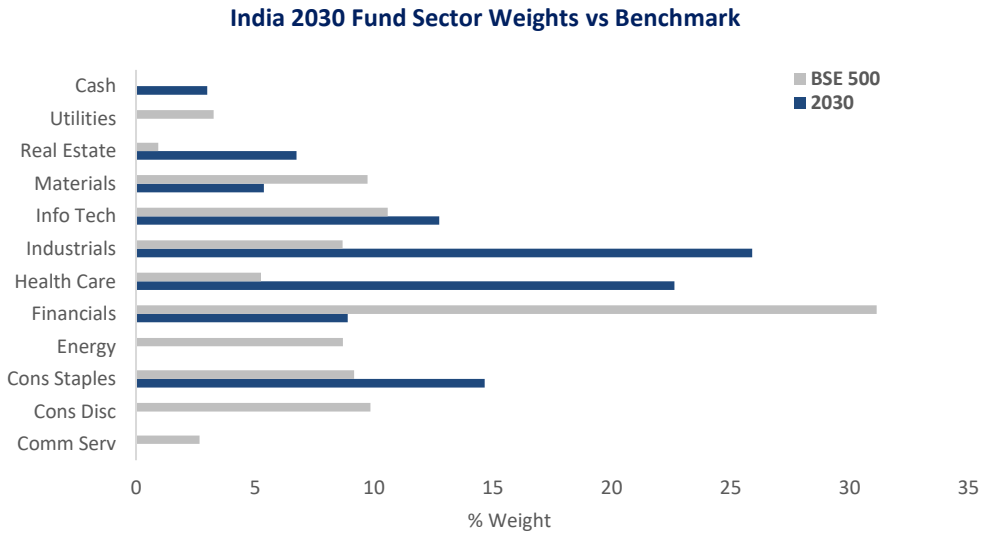
## Fund Facts

| | |
|---|---|
| Fund Manager | India Avenue Investment Management |
| Portfolio Manager | Mugunthan Siva |
| Investment Adviser | Old Bridge Capital Management |
| Structure | Unregistered Investment Trust |
| Inception Date | 14th January 2022* |
| Fund Size | A$17.3m |
| NAV | 1.5184 |
| 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 30th 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: 31 March 2024




*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.*




*Source: Foresight Analytics. The Fund inception date is 14.01.22. Since inception returns are annualised*

| Top 5 Stocks | Weight | Description |
|---|---|---|
| Interglobe Aviation | 7.9% | India's largest aviation company, with over 50% market share |
| Action Const Equipment | 6.9% | Infrastructure play, market leader in cranes |
| Glenmark Life Sciences | 6.8% | Develops, manufactures, and supplies high quality Active Pharmaceutical Ingredients to partners worldwide |
| Prestige Estate | 6.8% | Real Estate developer based in the South of India |
| Redington (India) | 6.8% | Tech solution provider with a network of 290 international brands in the IT and mobility spaces across 38+ markets |

# India 2030

## 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**

## Contact Details

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## Performance to 31 March 2024

The India 2030 Fund returned 68.1% over the last 12 months, outperforming its benchmark by 26.3% over the last 12 months and by 7.9% p.a. since inception (14th January 2022). Over the last 12 months the Fund has continued to benefit from selective exposure to Healthcare (Pharmaceuticals), Industrials, Real Estate and Technology. Additionally, the Fund also has no presence in Utilities, Communication Services, or the Energy Sector (whilst benefitting from industries related to Energy transition), which contributed to outperformance of its benchmark.

The significant outperformance of small and mid-cap stocks relative to the benchmark, driven by increasing structural investment from local investors, contributed to the outperformance of the Fund. Old Bridge's investment process is focused on entry into companies at the early part of the commencement of their next business cycle. This leads to a value style bias (both P/B and P/E) and to investing in companies further down the capitalisation curve. Additionally, the Fund tends to have a bias towards "under-owned" companies, which have typically not yet been identified by institutional investors (who prioritise liquidity as much as they seek returns).

## 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 |
|---|---|
|  | **Manufacturing and Commodities**<br>• Tap niche manufacturing segments, industries that are consolidating.<br>• Business models and valuations have been overlooked, as historically these have been non-performers. |
|  | **External Facing Businesses**<br>• Businesses capitalising on India's relative global strength on factors of production, cost leadership.<br>• To feed into the global supply chain, as the world's largest manufacturer runs into multiple headwinds and supply chain resilience garners traction.<br>• Indexed to services and manufacturing. |
|  | **Energy Related**<br>• Backward value chain, as above businesses will continue to be extremely energy intensive.<br>• The reforms and incremental capex coming through in alternative energy will see utilities transitioning their way forward. |
|  | **Urban Consumption**<br>• Businesses aligned to wage increases in the Tech & Financial Services economy.<br>• New business models have evolved, and the resumption of the economy will lead to spikes in cash flow of the survivors. |

# India 2030

**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 CIO, Old Bridge**

*It seems to be a year where the market valuations are in an elevated cycle. At the beginning of 2023 the valuation cycle was in favour. For active managers it is now all about execution. Fortunately, things don't look negative on the macro news flow.*

*From a portfolio context the focus will be on existing portfolio companies. The focus is now on portfolio sizing and industries of focus, rather than looking for new companies at this point in the cycle. The portfolio is positioned to continue playing the same large trends (some of which are highlighted below) that could play out. The positioning construction today reflects a view on risk management via sizing on companies and the industries that it participates in and those it excludes.*

*Large IT Services businesses bottom out and point to better days ahead. This just might come true. Bell weather large caps? Downside protected by buy backs! Banks seek higher NIMs, take on more risks – to stay at the same place. FMCG companies talk margins but struggle as consumers down trade and competitive intensity increases. Expectations should continue to disappoint.*

*Infrastructure companies find their mojo, companies talk their order book higher. 2025 should be their best year ever. Financial year 2025 end might see a receivable cycle kick in.*

*Engineering company macros improve. Power and New Energy capex numbers remain eye-popping keeping stock price cycle elevated and ahead of their profitability cycle. Profits promise to come back ended.*

*Real Estate companies start their leverage cycle. Land grab is initiated. Aspirational buyers emerge at the bottom end of the population. Scramble for low-cost housing begins. HFC's?*

*Commodities face the onslaught of China as products get dumped and prices trend lower. True for Chemical businesses. Agrochemical's price point and inventory absorption gets over sometime this year.*

*Pharmaceutical – India seals its place as a lead manufacturer of generics and now starts moving up the value chain. Cash increase on balance sheet. Pricing power moves up – profitability flow through happens.*

*Aviation – 80% of the fleet in India will break even and stay profitable. Electric 2Wheelers won't hit critical size and continue losing money – consolidation is imminent, but who will run out of money the earliest.*

*Governments step in all over the world for food and fuel security – food inflation remains real. Modernisation of agriculture, introduction of Biotechnology and mechanisation plays through. State Owned Enterprises and Defence businesses around the world and in India do well with*

*Geo-Political risks increasing. SOE's do well caught in a virtuous cycle of Government Order - Governmentt Funding – Government Receivables and Profitability, which is returned to the principal shareholders as dividends.*

***India labour exports increase, wage inflation could be a risk for 2026. Per Capita GDP will grow, Disposable income will not. 2024 should be the trough of low leverage. Multiplier GDP growth will come with leverage. But will valuations hold?***

# 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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*Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298) (AFSL 240975) is the Trustee for the India Avenue India 2030 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 and is not an offer or solicitation for the purchase or sale of any financial product or service. The material has been prepared for investors who qualify as wholesale investors under section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"), and specifically sophisticated investors under section 708(8), as well as to any other person who is not required to be given a regulated disclosure document under the Corporations Act.*

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