

# AVENUES

## INDIA AVENUE EQUITY FUND

### 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 growing economy. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5 year periods.

### FUND RATING

- Lonsec Rating: Recommended\*
- SQM Research Rating: Superior

### FUND FACTS

Fund Manager	India Avenue Investment Management
Portfolio Manager	Mugunthan Siva
Structure	Registered managed investment trust
Inception Date	6 <sup>th</sup> September 2016
Fund Size	\$10.00 Million
Unit Price	Wholesale: 1.0882 Retail: 1.0876
Base Currency	Australian Dollars
Responsible Entity	Equity Trustees Limited
Custodian	Fund BPO / BNP Paribas
Auditor	KPMG
Benchmark	MSCI India in AU\$
Distribution Freq.	Yearly at 30 June
Management Fee	Wholesale: 1.10% p.a. Retail: 1.50% p.a.
Buy-Sell Spread	0.50% / 0.50%
Performance Fee**	10% of the excess return above the benchmark
Dividend History	Wholesale: 1.16% Retail: 1.15%

\*\*Subject to a high watermark.

### MARKET COMMENTARY: SEPTEMBER 2017

The India Avenue Equity Fund rose 0.22% over the last 3 months to September 2017 and is up 9.86% p.a. since inception. The fund has outperformed the index **after fees** by **246bps** over this period. India's latest GDP print slowed to 5.7% in Q1FY18 down from 6.1% in Q4FY17. The slow down was due to manufacturing growth decelerating to 1.2% against 10.7% in the same quarter a year ago. Both the implementation of GST and demonetisation have heavily impacted the economy in the short term as certain parts transition to the formal sector. Despite this, India's equity market remains extremely strong with domestic liquidity inflows more than offsetting foreign outflows. Equity ownership in India is very low compared to the rest of the world and thus this transition from physical savings to financial savings via the equity market is a structural theme likely to continue.

### FUND PERFORMANCE (Performance in AUD, net of management fees and fund expenses)

	3 Months	6 Months	1 Year <sup>^</sup>	Since Inception <sup>#</sup>
India Avenue Equity Fund Wholesale	0.22%	3.57%	13.76%	9.86%
MSCI India	0.64%	3.00%	11.35%	7.40%
Out/Under Performance	-0.42%	0.57%	2.41%	2.46%
iShares India ETF	0.21%	2.13%	9.89%	5.49%
ASX 200	0.68%	-0.91%	9.24%	9.35%
MSCI EM	5.76%	10.89%	20.03%	16.64%
India Avenue Equity Fund Retail	0.14%	-	-	0.99%
MSCI India	0.64%	-	-	0.38%
Out/Under Performance	-0.50%	-	-	0.61%

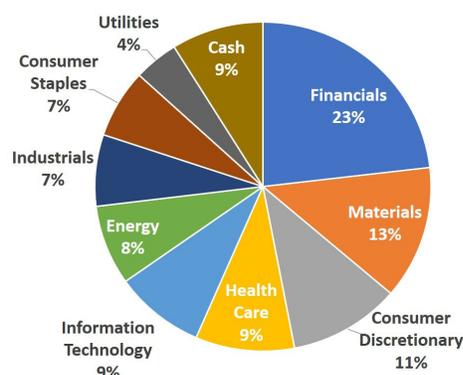
*Past performance is not a indicator of future performance*

*Above returns are calculated based on the exit price of 30th September 2017 assuming the reinvestment of all distributions.*

<sup>#</sup>Inception Date: Wholesale - 6th Sept 2016, Retail - 6th April 2017

<sup>^</sup>1 year returns are annualized return

### SECTOR ALLOCATIONS



Source: IAIM Research and Bloomberg

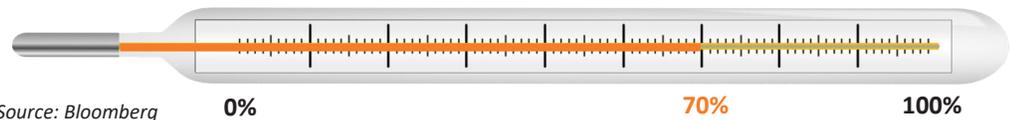
### TOP 5 INDUSTRIES

Industries	Weight
Banks	20.3%
Materials	13.1%
Automobiles	8.7%
Software & Services	8.7%
Energy	7.9%

Source: IAIM Research and Bloomberg

# AVENUES

## COMPANY REVENUE GENERATED LOCALLY %



The focus of the portfolio is to generally invest in companies which have a high component of their revenue generated locally in India. This provides significant leverage to the local economy's strong growth potential.

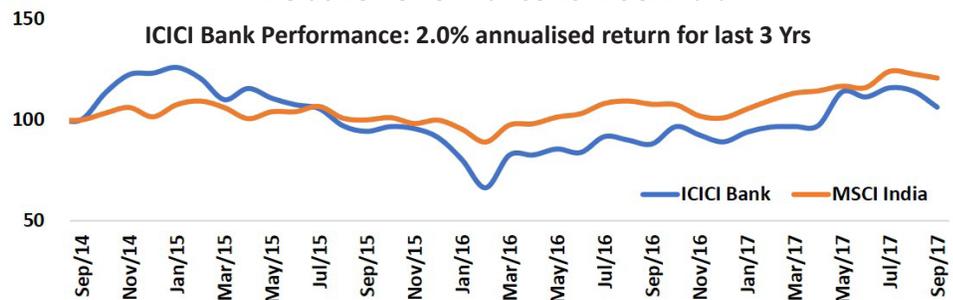
## TOP 10 STOCKS

Name	Description	Weight
ICICI Bank	Banks	5.3%
Kotak Mahindra Bank	Banks	4.4%
Sun Pharmaceuticals	Health Care	3.9%
Hindustan Unilever	Consumer Staples	3.5%
Indian Oil Corporation	Energy	3.4%
NTPC	Energy	3.4%
Larsen & Toubro	Capital Goods	3.4%
Infosys	Software & Services	3.4%
Tata Metaliks	Materials	3.1%
Mayur Uniquoters	Consumer Discretionary	2.9%

Source: IAIM Research and Bloomberg

## STOCK STORY: ICICI BANK

### Relative Performance vs MSCI India



Source: MSCI, ACE software, India Avenue Research

Past performance is not a indicator of future performance

- ICICI Bank is India's second-largest bank after State Bank of India with more than INR 9 trillion in total consolidated assets. ICICI Bank and its subsidiaries offer an array of banking, securities, asset management and insurance services.
- Over the years, ICICI Bank has shifted from a bank offering only project and corporate finance to a consumer-oriented financial services provider.
- While ICICI Bank faces near term challenges on asset quality in its corporate book, resolution of issues in the infra and metal space is positive. Strong capitalization (CET1 of ~13%), significant improvement in granularity of the book (~52% retail and SME) and sharp improvement in liability profile is helping it to build a low risk business without much impact on core earnings
- With over 4,450 branches and an expanding network, ICICI Bank has a very broad distribution network, which allows it to offer its diverse products to a wide spectrum of customers. The bank has significant room for profitable growth by serving India's unbanked population, its rising middle class, and the millions of Indians living abroad in the U.K. and Canada. As one of the largest private-sector insurers in India, ICICI Banks insurance business has considerable growth and value unlocking potential.

## ABOUT INDIA AVENUE

India Avenue Investment Management (IAIM) is a boutique investment company 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 Avenue Equity Fund is managed by the team at IAIM and has a bias towards companies which are experiencing strong growth through rising local demand. The Indian economy's robust ecosystem provides a tailwind for several well managed and carefully selected listed companies.

## FUND IDENTIFIERS

IDENTIFIERS	WHOLESALE	RETAIL
ARSN	611 374 586	
ISIN	AU60ETL04826	AU60ETL04784
Citi Code	NFCK	NF2H
Morningstar	41512	41828
APIR Code	ETL0482AU	ETL0478AU

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