

AVENUES

INDIA AVENUE EQUITY FUND

SQM Research Rating: Superior ★★★★★

MARKET COMMENTARY: MARCH 2017

The India Avenue Equity Fund rose 11.27% over the quarter to March 2017 and is up 6.72% since inception. The strong market rally year to date has made India one of the best performing markets globally with robust buying from both local and foreign investors. This was driven by a variety of factors. The successful passing of four crucial bills related to Goods and Services Tax (GST), bringing India closer to a unified tax regime expected to roll out July 1, 2017. Stronger-than-expected growth data for the December 2016 quarter and Modi's landslide victory in state elections such as India's most populous state, Uttar Pradesh (A population of 200m people, comparable to the size of Brazil) was also seen favourably by investors. The election win was significant as it illustrates Modi and his party's (BJP) growing popularity and positions him well at the next national election campaign in 2019. For more information regarding the impact from the UP elections [click here](#).

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 FACTS

Fund Manager	India Avenue Investment Management
Portfolio Manager	Mugunthan Siva
Structure	Registered managed investment trust
Inception Date	6 th September 2016
Fund Size	\$8.2 Million
Unit Price	1.0672
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%
Performance Fee*	10% of the excess return above the benchmark

*Subject to a high watermark.

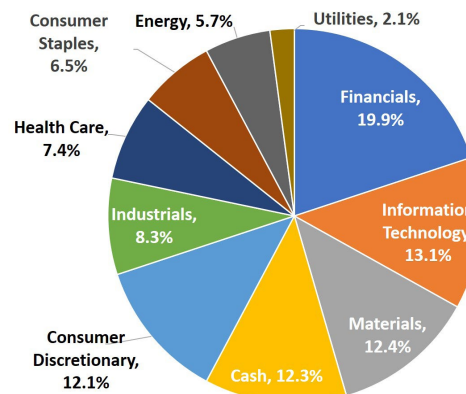
FUND PERFORMANCE (Net of management fees and fund expenses)

	3 Months	6 Months	Since Inception*
India Avenue Equity Fund (AUD)	11.28%	9.84%	6.73%
MSCI India (AUD)	11.17%	8.11%	4.75%
Out/Under Performance	0.11%	1.73%	1.98%
ASX 200	5.27%	11.04%	11.57%
MSCI EM (AUD)	5.20%	7.15%	4.75%
MSCI World (AUD)	0.55%	8.89%	7.82%

Past performance is not a indicator of future performance

*Inception Date: 6th Sept 2016

SECTOR ALLOCATIONS



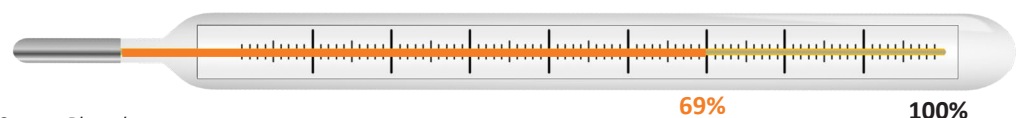
Source: IAIM Research and Bloomberg

TOP 5 INDUSTRIES

Industries	Weight
Banks	17.8%
Software & Services	13.1%
Materials	12.5%
Automobiles	12.2%
Capital Goods	8.4%

Source: IAIM Research and Bloomberg

COMPANY REVENUE GENERATED LOCALLY %



Source: Bloomberg

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.

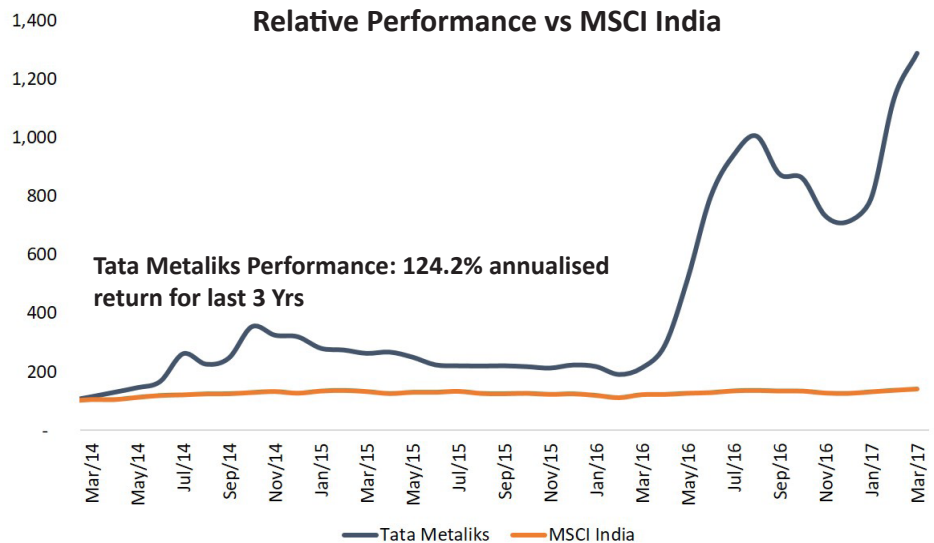
AVENUES

TOP 10 STOCKS

Name	Description	Weight
ICICI Bank	Banks	5.3%
Maruti Suzuki India	Automobiles	5.2%
Infosys	Software & Services	4.8%
Larsen & Toubro	Capital Goods	4.5%
Tata Motors	Automobiles	4.3%
Sun Pharmaceuticals	Health Care	3.8%
Kotak Mahindra Bank	Banks	3.5%
Ambuja Cements	Materials	3.5%
Hindustan Unilever	Consumer Staples	3.4%
Tata Metaliks	Materials	3.4%

Source: IAIM Research and Bloomberg

STOCK STORY: TATA METALIKS



Source: MSCI, ACE software, India Avenue Research

Past performance is not a indicator of future performance

- Tata Metaliks (TML) is one of India's leading manufacturers of ductile iron (DI) pipes and foundry grade pig iron. It is also the only supplier of Low Sulphur and Low Phosphorus grades (suitable for manufacturing ductile grades of castings) in eastern India.
- TML has successfully evolved from a commodity company to a niche product player in the last few years through superior management foresight & prudent actions which involved i) careful capital allocation into cost effective growth projects, ii) increasing forward integration into value added Ductile Iron (DI) pipes, iii) closing down its loss-making, pig iron manufacturing facility and iv) managing working capital efficiently to generate free cash flows and reduce debt.
- Huge demand from increasing piped water supply penetration in rural India, expected to increase from 30% levels in 2011 to 90% by 2022 involving a total spend of AU\$68 bn and adoption of DI pipes by several states for transporting drinking water, sanitation & irrigation projects, due to its inherent advantages provide a multi-year strong growth opportunity for TML.
- TML's smart capital allocation into projects focused on operational efficiency and backward/forward integration will lead to cost savings and higher profitability.

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

- ARSN: 611 374 586
- ISIN: AU60ETL04826
- Citi Code: NFCK
- Bloomberg: ETL0482 AU
- Morningstar: 41512

CONTACT

India Avenue Investment Management

AFSL 478233 | ABN: 38 604 095 954

Level 3, 183 Macquarie Street,
Sydney, NSW 2000, Australia

T: +612 8937 2487

E: info@indiaavenueinvest.com

W: www.indiaavenueinvest.com

The views and opinions contained in this document are those of India Avenue Investment Management Australia Pty. Ltd. (IAIM) (ABN 38 604 095 954) & AFSL 478233. Equity Trustees Limited (Equity Trustees) (ABN 46 004 031 298) AFSL 240975, is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Indian Avenue Equity Fund. This document has been prepared to provide you with general information only and does not take into account the investment objectives, financial situation or particular needs of any person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. IAIM does not express any view about the accuracy and completeness of information that is not prepared by IAIM and no liability is accepted for any errors it may contain. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the product disclosure statement before making a decision about whether to invest in this product. No part of this material may be copied, duplicated or redistributed without prior written permission of IAIM or Equity Trustees. The user will be held liable for any unauthorised reproduction or circulation of this document, which may give rise to legal proceedings. Information contained here is based on IAIM's assumptions and can be changed without prior notice. It is not, and may not be relied upon in any manner as legal, tax or investment advice or a recommendation or opinion in relation to an IAIM financial product or service, or any other financial product or service. Please consult your advisors, read the relevant offer document and consider whether the relevant financial product or service is appropriate for you before making any investment decision. Investment in securities involves risks and there is no assurance of returns or preservation of capital. Neither IAIM, Equity Trustees, nor any of its related parties, their directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost capital, lost revenue or lost profits that may arise from or in connection with the use of this information. The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.
