

# India 2030

## Fund Objective

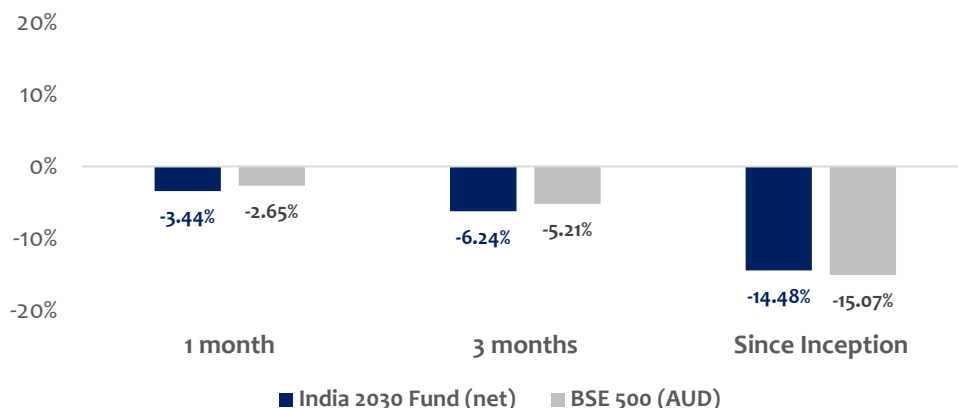
The India 2030 Fund is an unregistered unit trust, which invests with high conviction in 15-20 listed companies trading on Indian stock exchanges. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5-7 year periods.

## Fund Facts

Fund Manager	India Avenue Investment Management
Portfolio Manager	Mugunthan Siva
Investment Adviser	Old Bridge Capital Management Pvt. Ltd
Structure	Unregistered Investment Trust
Inception Date	14 <sup>th</sup> January 2022*
Fund Size	A\$7.43m
NAV	0.8582
Base Currency	AUD
Trustee	Equity Trustees Ltd
Administrator	Apex
Custodian	Apex / BNP Paribas
Auditor	KPMG
Benchmark	S&P BSE 500 in AUD
Distribution Frequency	Yearly 30 <sup>th</sup> 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

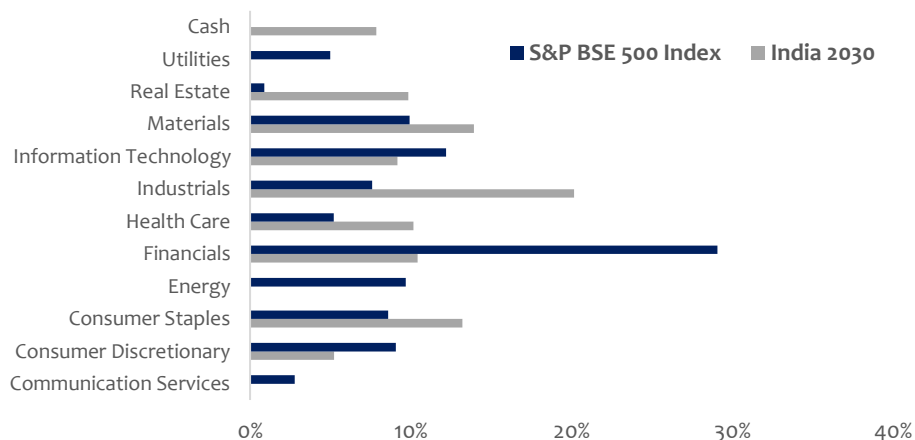
## Fund Returns and Characteristics: 30 June 2022

### India 2030 Fund (net) vs BSE 500 Benchmark (AUD)



Source: S&P BSE

### GICS Sector Weights India 2030 vs S&P BSE 500



## Fund Performance

The Fund returned **-6.24%** over the June 2022 quarter and **-14.48%** since its inception on 14<sup>th</sup> January 2022 in AUD terms. This compares to the benchmark (BSE 500) performance of **-5.21%** over the June 2022 quarter and **-15.07%** since inception also in AUD terms.

<b>Number of Stocks</b>	18 (as of 30 June 2022)
<b>Stocks gaining over the period (since inception)</b>	3
<b>Stocks falling over the period</b>	19

### Top Gainers

Gujarat Ambuja Exports  
Coromandel International  
Shriram Transport Finance

### Top Losers

Indian Energy Exchange  
Hindalco Industries  
Indiamart Intermesh  
Tata Steel  
Redington (India)

*Past performance is not an indicator of the future return expectations clients should have from investing in the fund.*

## 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 with a team of eight investment professionals.

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 High Net Worth investors seeking to benefit from investment themes which are leveraged to India growth story.

## Fund Identifiers

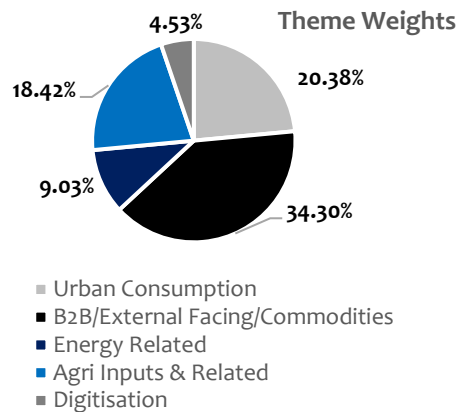
APIR - ETL0959AU  
ISIN: AU60ETL09593

## Contact Details

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## Investment Themes

The focus of the fund is to monetise the success of India's expected transition over the decade, by targeting sectors which will have structural tailwinds, supported by robust earnings growth and reasonable valuations. Typically, investors are lured by companies at the peak of their cycle. However, these companies trade at valuation multiples which tend to reflect historical growth in perpetuity.



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.

*\*One stock does not fit directly into the 5 themes mentioned. Weighting of 5.5%*

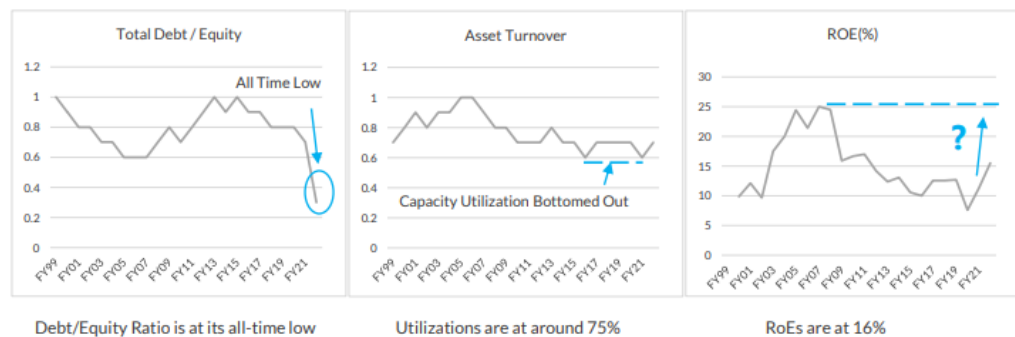
Themes	Drivers
Urban Consumption	<ul style="list-style-type: none"> <li>Businesses aligned to wage increases in the Tech &amp; financial services economy</li> <li>New business models have evolved, and the resumption of the economy will lead to spikes in cash flow of the survivors, which will contribute to their dominance of certain segments.</li> <li>All time low in borrowing rates</li> </ul>
Digitisation	<ul style="list-style-type: none"> <li>Plays into several segments, with the biggest driver for these businesses being social distancing</li> <li>Profitable segment to be in, valuations are expensive, but virtually all these companies are in a hyper growth environment</li> </ul>
Manufacturing External Facing Commodities	<ul style="list-style-type: none"> <li>To feed into the global supply chain, as the world's largest manufacturer runs into multiple headwinds</li> <li>Tap niche manufacturing segments in India that have established global cost leadership</li> <li>Valuations and business models in this space have been overlooked, as historically these have been non-performers</li> <li>Information Technology, Pharmaceuticals, Chemicals are some of the established segments</li> <li>Large opportunities in engineering, automotive and some labour intensive business models</li> </ul>
Energy Related	<ul style="list-style-type: none"> <li>Backward value chain, as above businesses will continue to be extremely energy intensive</li> <li>The reforms and incremental capex coming through in alternative energy will see utilities transitioning their way forward</li> </ul>
Agri Inputs & Other	<ul style="list-style-type: none"> <li>Input companies benefit as agricultural production finds a higher use in industrialisation. Ethanol and downstream chemicals from agricultural production are next steps in the evolution of agricultural use in India. This will keep agricultural produce inflationary and benefit the value chain of businesses addressing this economy.</li> </ul>



## Market Views from Kenneth Andrade, Founder and CIO, Old Bridge

### Quarterly Results

From all the quarterly reporting numbers we have seen from FY22 (March ending fiscal year), amongst the top 500 companies, sans financials, operating profit growth has been 25% over the year and sales growth higher by 39%. For Old Bridge's subset/ portfolio companies we witnessed approximately 35% growth in operating profits and 50% growth in sales. Corporate India is in the best health possible, and it is very unlikely that they are in a tearing hurry to expand.



### 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 two decades of experience investing in Indian listed companies at Standard Chartered and IDFC, before commencing his own investment boutique in OBCM.

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.

For the 500 companies on the NIFTY (ex-financials) we emphasize on a good balance sheet, represented by low debt. This gives companies the financial strength to capitalise on any growth opportunity that comes its way. The year ended 2022 is as good as a financial statement can ever get.

### Valuations

While the debate remains on appropriate valuations i.e., what is expensive and what is cheap, we focus on an apparent arbitrage in valuations. Profitability of one steel business is as much/ larger than the combined profits of some of India's largest consumer facing businesses. And the market capitalisation is at a tenth! This company, Tata Steel made as much money in the March quarter as the India's largest consumer paint business did in the last twenty-two years. That's how large the commodity cycle has been.

The size of the opportunity of cash flows is too stark to dismiss. Debt of the Steel company balance sheet is down 50% in two years which brings back solvency in a business struggling for a decade. Without crystal-ball gazing into future steel prices, at 1 times book value, the debate is less relevant.

### Which brings us to a much larger opportunity where our portfolio is positioned

This inflationary cycle was what was required to bring back a capital/investment cycle. From energy to commodities, it looks like commodity prices will remain elevated. There are no short cuts to fixing new supply chains but set up new capacities. Governments will be the key driver of these trends, and the trend looks to remain inflationary. We don't know the final outcome of how this will play out. But with corporate balance sheets in the best shape they have ever been, there is little risk to the trade. Valuations have moderated from significantly higher levels and are more comfortable than before.



# 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 asset 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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## Contact Details

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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. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular 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. Neither Equity Trustees, IAIM nor any of their related parties, their employees, or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. 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.*