31 March 2022

India 2030

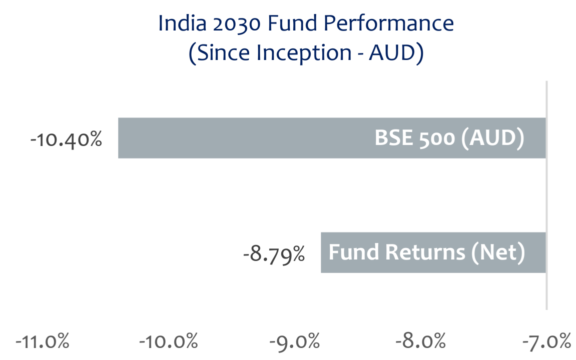
Fund Objective

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.

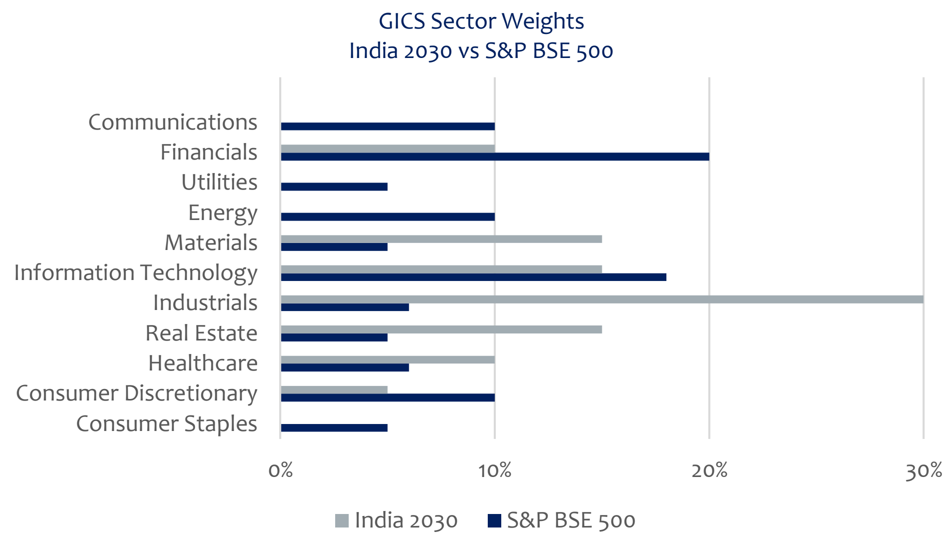
Fund Facts

Fund Manager	India Avenue Investment Management
Portfolio Manager	Muguthan Siva
Investment Adviser	Old Bridge Capital Management Pvt. Ltd
Structure	Unregistered Investment Trust
Inception Date	14th January 2022
Fund Size	A$7.93m
NAV	0.9153
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 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 and Characteristics: 31 March 2022



India 2030	Since Inception
Fund Returns (net)	-8.79%
BSE 500 (AUD)	-10.40%
Fund Outperformance	**1.61%**



Source: S&P BSE

Fund Performance

The Fund ended the quarter (31 March 2022) with a return of -8.79% since inception (14 January 2022). This compares to its benchmark performance of -10.40% (BSE 500 in AUD). The outperformance over the period was therefore 1.61%. The Fund was fully invested by the end of Feb 2022. Materials, Exporters and Real Estate related companies performed well over the period.

Number of Stocks	20
Stocks gaining over the period	8
Stocks falling over the period	12

Top 5 Gainers	Top 5 Losers
Gujarat Ambuja Exports	Indiamart Intermesh
Hindalco Industries	Gujarat Gas
Tata Steel	Anthony Waste Handling
Brigade Enterprises	Redington
Aurobindo Pharma	Barbeque Nation

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

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 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

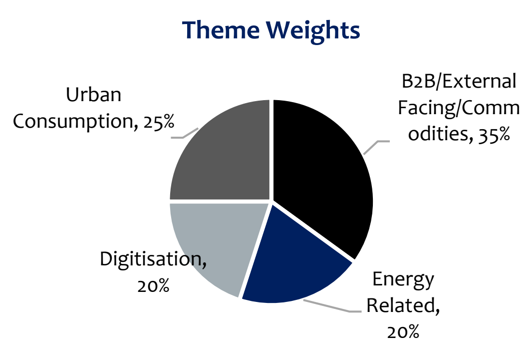
Contact Details

India Avenue Investment Management Australia Pty Ltd
AFSL 478233 | ABN: 38 604 095 954
Level 2, 33 York Street,
Sydney, NSW 2000, Australia
T: +612 8245 0507
E: info@indiaavenueinvest.com
W: www.indiaavenueinvest.com

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.

Urban Consumption

- Businesses aligned to wage increases in the Tech & financial services economy
- 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.
- All time low in borrowing rates

Digitisation

- Plays into several segments, with the biggest driver for these businesses being social distancing
- Profitable segment to be in, valuations are expensive, but virtually all these companies are in a hyper growth environment

Manufacturing/External Facing/Commodities

- To feed into the global supply chain, as the world's largest manufacturer runs into multiple headwinds
- Tap niche manufacturing segments in India that have established global cost leadership
- Valuations and business models in this space have been overlooked, as historically these have been non-performers

Energy Related

- Backward value chain, as above businesses will continue to be extremely energy intensive
- The reforms and the incremental capex coming through in alternative energy will see utilities transitioning their way forward

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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 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 a 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's been a tepid start for the year, markets were flat to marginally negative and a significant number of uncertainties remain unanswered. The annual budget is also behind us, and we also agree with the consensus that it was a growth driven event. Our little twist to this is Growth = Inflation. We have our economy expanding balance sheet/spends, when supply chains are broken and import tariffs are being raised in some pockets. By spending more and raising demand ahead of incremental supply means higher prices. Many building blocks of capex will not see supply come on line and will therefore be inflationary. If a few more large countries follow suit, which they will – inflation will be an investment thesis to follow, for the better part of the decade.

But look who is getting richer – The Government. GST collections on revenues benefit from inflation. And they will need to find place to spend this money. So, over the decade, like in the 90's and 2010's, this may be a repeat structure play out. From our context, capture a value chain which benefits from any Government spends (domestic or international) right down to the manufacturer and its ancillaries, and we will capture the entire cycle of capital flows and profitability. If there's little bit of inflation, this cycle will repeat itself.

Multiple Governments' pet projects include decarbonisation and that has multiple offshoots- automotive, logistics, engineering and many more. All this is significantly material intensive. So, take your pick on what you want to align your portfolios to. Our portfolios and stock selection are very much representative of the above shifts/change in what we think will play out. All the above are evolution of the thought process.

So, while the eternal debate in the current decade will be on the trajectory of monetary policy globally and how to control price rise, inflation will be one macro which will rule the headline.

The Portfolio Game and How to Compound Long Term

The market on a whole is also divided. Companies with profits and companies without. Our preference has been for the former. We like to buy cash flows at a price. We also like to play along the narrative, but only if we are early entrants. There are also a lot of questions on why we don't take all our profits when the stock in our portfolio has done well. Historically in our careers and previous assignments, there have been businesses that have over a decade to 15 years delivered between 50x – 100x returns. If portfolios end up being extremely active around just valuations the probability of capturing these massive returns is almost negligible. It's a patience game, and at times you will see us nurturing a few of these companies till they emerge to dominate their categories and their industry. Else we will miss compounding these returns. In total, we also sit on pricey businesses, we don't buy into them neither do we trade them extensively.

All the above will create volatility. Being early has also had its challenges in 2018 and 2019, and all of it paid back in 2021 with a vengeance. This trend should be in continuation but that will only be answered when it does happen.

So, despite the inflated valuations, bubbles in certain segments of the market – cash flows are robust. They will get dented if there is a macro risk, but despite that – these are very solvent and credible capacities out there to take opportunity of. In all our conversations we just focus on how we as an economy/market/portfolio come out of corrections, not on how long the correction will last. That's also because we are biased to owning a business than a stock. Also, in the medium term, we have never lost money if we have stayed invested. Corrections are just opportunities that we need to execute well into.

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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