

India 2030

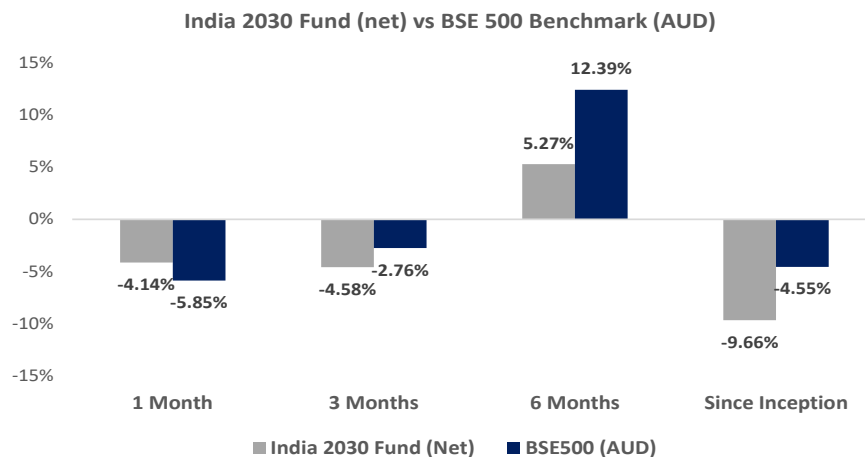
Fund Objective

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.

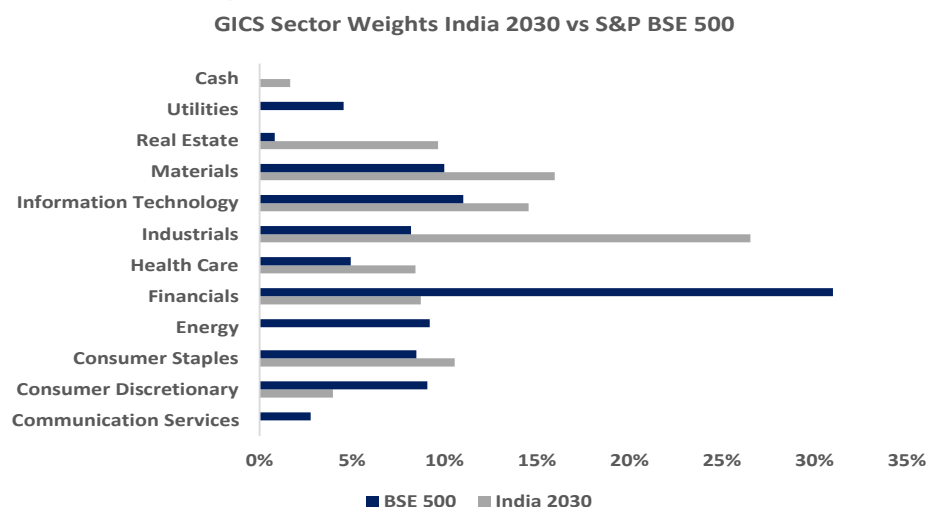
Fund Facts

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 th January 2022*
Fund Size	A\$6.36m
NAV	0.9034
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 th 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 December 2022



Source: S&P BSE. Fund Inception date 14th Jan 2022



Fund Performance

The Fund underperformed its benchmark by -5.11% over the period from 14 January 2022 to 30 December 2022. The underperformance was driven by the following:

- Whilst the fund does not seek a mid and small cap tilt specifically, the investment process focuses on identifying businesses which are attractively valued for the growth potential they offer. This leads to favouring mid-size businesses; . Over 2022 mid and small cap stocks underperformed the BSE 500 due to weak market sentiment, despite the strong business fundamentals driving these companies.
- Government owned businesses, which tend to be poor allocators of capital and are less efficiently managed, outperformed the market after almost a decade of underperformance. This was due to investor preference for cash or utility like proxies during a phase of weak sentiment. The Fund doesn't hold any positions in Government owned companies.

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

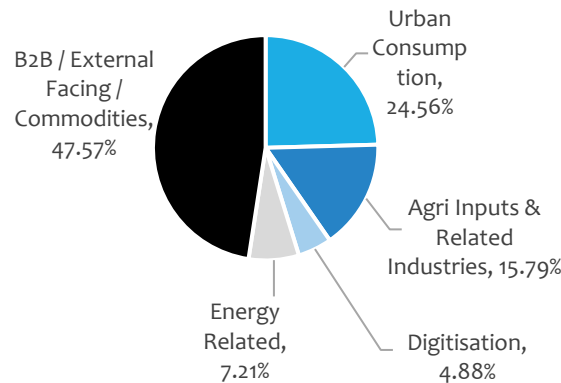
APIR - ETL0959AU
ISIN: AU60ETL09593

Contact Details

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.

Themes	Drivers
Urban Consumption	<ul style="list-style-type: none"> 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.
Digitisation	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Backward value chain, as above businesses will continue to be extremely energy intensive. The reforms and incremental capex coming through in alternative energy will see utilities transitioning their way forward.
Agri Related	<ul style="list-style-type: none"> Inflation in agricultural products Valuations remain fair and companies' profitability are at all-time high.



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.

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

It's been a complete role reversal this year. Digital businesses and VC/ Private Equity funding are under stress, State Owned Enterprises (PSUs) are an extremely popular investing theme. Interest rates are higher, and Inflation seems to never go away. We have seen the end of the pandemic, the war in Ukraine still rages on and commodity prices have corrected (with little impact on inflation numbers till now). This year like all the previous years has been unpredictable.

A year changes a lot....

From Jan to Sept 2022, barring BFSI, 98% of NIFTY500 constituents were down by 6%. What did well in 2021 has dragged in terms of stock performance in 2022 and led to a negative return. Whilst we anticipated some drawdown in the portfolio, we have kept turnover at a low level as most of the companies we own been able to hold onto their profitability and category leadership in their respective segments. What was lacking was near term growth visibility.

Not as expensive at the benchmarks...

Price/Earnings multiples

India 2030 Fund is close to 13.7x (excluding commodity stock Tata Steel) vs Nifty 500 22.7x (November 2022). A look at Price-to-Book illustrates the same "discount" on valuation 1.9x Book vs Nifty 500 at 4.1x Book (November 2022). The portfolio's P/E multiple is at a significant discount relative to the market indices (NSE 500 is used, which is similar to the India 2030 Fund's benchmark – BSE 500, due to availability of data). This provides a margin of safety for investors seeking exposure to India's growth story, without paying a significant premium for it. Old Bridge Capital, since it commenced in 2016 have not seen this valuations except during COVID-19's drawdown. Whilst valuations are not the only criterion for investing, the portfolio companies have an elevated level of cash generations and a few have commenced a capital expansion programme, most of this is from internal cash generation.

Portfolio Construct

Our thought process on the portfolio and the overarching theme remains the same. Indian companies must export their way to prosperity – a template which has been followed by numerous developing to developed nations in the past (Japan, Korea and China to name a few). This comes at a time when the world is moving away from a single large manufacturer (China). Capacities are surplus, utilization rates across corporate India are in the region of 75%, and in number of segments India finds itself very competitive. This is also where all the capex is taking place. In some sense the above is also linked to domestic consumption, as IT services is a huge employer which would take care of a higher shift in urban consumption and real estate.

As we come to the end of 2022, there is an overall sense that India has done better than the rest of the world. In quantitative terms, it has. India is at the end of its restructuring that started out in 2011, leverage is all the way down to its lowest ever and there is capacity to spare. There is a stimulus for capital investment from the Indian Government under the 'Atmanirbhar Bharat' programme and Infrastructure is doing its bit in aiding economic activity. The domestic facing businesses are primed to participate and benefit out of better pace of this economic activity. Most of these businesses are putting more capital to work out of internal cash generation, into capacity additions and newer product offerings.



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.

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

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.