

India 2030

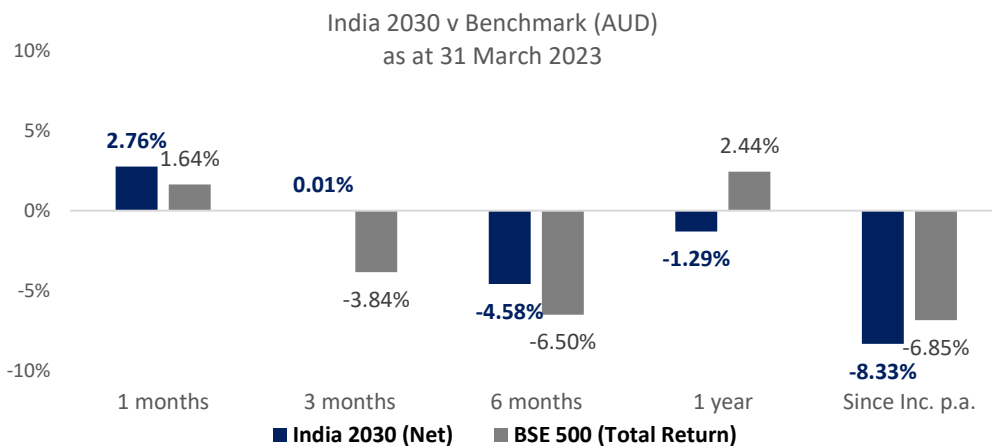
Fund Objective

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.

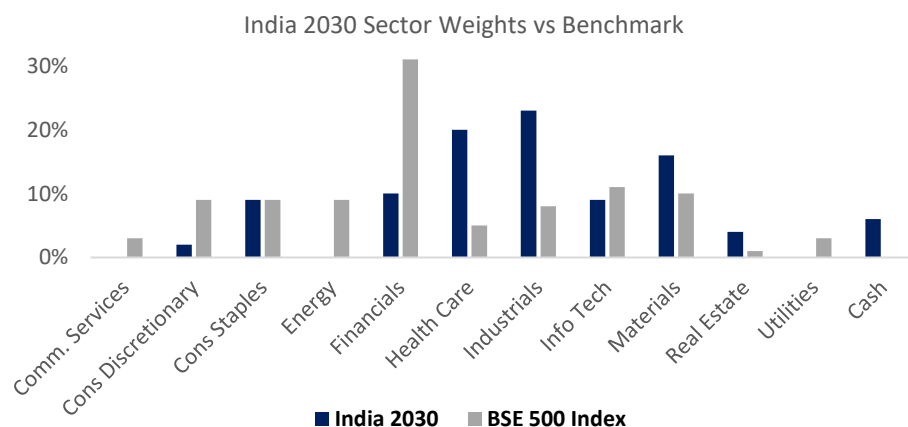
Fund Facts

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\$6.88m
NAV	0.9035
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 March 2023



Source: S&P BSE. Fund Inception date 14th Jan 2022. Since inception returns are annualised.



Fund Performance

The Fund underperformed its benchmark by 3.73% over the period one year to 31st March 2023. However, over the last 6 months the Fund has exhibited better performance as investors have sought transparency of growth.

The underperformance over 12 months to March 2023 was driven by the following:

- Weak relative performance from May – October 2022, when sentiment towards investing in equities worsened. Generally weak sentiment tends to lead to mid and small cap underperformance, which the strategy is biased to in seeking good valuation for growing companies.
- Old Bridge's investment philosophy / process which focuses on early identification of companies (and being the first institutional investor of significance), can be impacted (in the short-term) during these periods of "souring" of sentiment.
- 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. Investors also favoured cash proxies, utilities and purely on valuation rather than growth in this period.

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

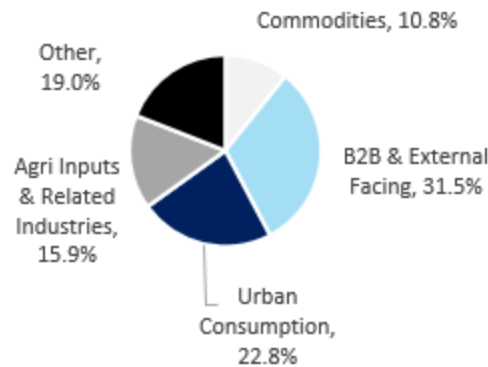
APIR - ETL0959AU
ISIN: AU60ETL09593

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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.

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, Energy Related and Capex	<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 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.
B2B, External Facing and 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.
Agri Inputs and Related Industries	<ul style="list-style-type: none"> Inflation in agricultural products Valuations remain fair and companies' profitability are at all-time high.



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

Compounding Returns....but over longer-term periods and not year by year

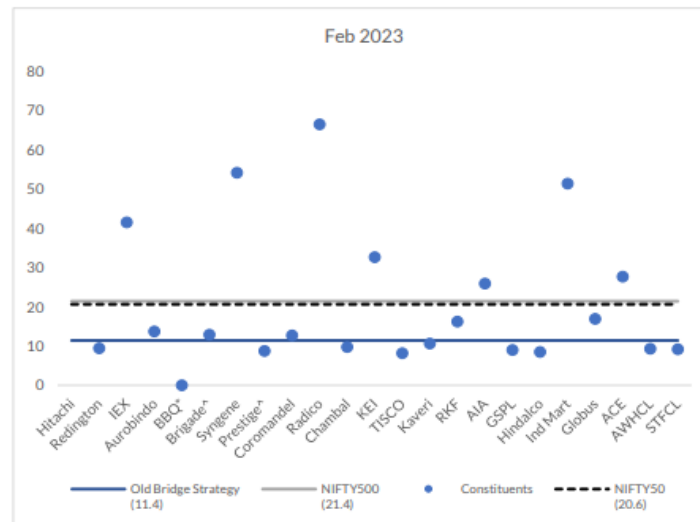
2022 was a difficult year for the Old Bridge strategy, off the back of a very favourable period in the two preceding years. The strategy, which has been running since 2016, illustrates that the return profile is likely to be lumpy – something equity investors should be familiar with. Typically, after a phase of significant returns, it is likely that equity markets take a breather as witnessed in 2018-2019 and then again in 2022. However, the compounding nature of long-term positive returns tend to wash away short-term negative fluctuations.

Year	Return	CAGR
2020	30%	27%
2021	69%	
2022	-7%	

Year	Return	CAGR
2017	54%	8%
2018	-14%	
2019	-6%	

Where does this leave the portfolio...

Price Earnings Multiples P/E –Old Bridge Strategy Vs Indices



As a result of the weakness of 2022, this leaves the portfolio holdings with lower valuations than the broad market. From an overall perspective the strategy current has a P/e far below the market P/e.

Growth from Commodities?

Commodity exposure is unfamiliar to most compounding growth stories. In my experience so far, we have very rarely come across companies that are adding between 10%-30% of new capacity with their existing cash flow and have no debt. The above statement is all about growth. We like both cash flows and expanded capacity.

There has been a collapse in commodity prices. And margins are under pressure. Notably volumes are not. The latter, volume growth, is a fantastic turn of events – we need patience for these margins to revert to mean. And cash flows will return to well over its historical high. This will be the continuation of the process. Margin behaviour will be like -- Start – stop – correct - and then upwards again. This will be the story for the rest of the decade. The winner will be the one with the largest capacities on the ground.

Past performance is not an indicator of the future return expectations clients should have from investing in the fund. Returns noted above are in INR terms and are for Old Bridge Capital Management strategy for Indian clients, with an inception date of 2016.

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.

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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Demand Projections

Inflation linked to higher demand with 40% of the world returning to some level of normalisation may be a data point to look for. China and some parts of Europe will see a role reversal this year, and if we have a pause in the interest rate cycle in the US, the latter part of the year will be worth watching. None the same, we need to wait for a confluence of events to play through. Returns will be non-linear and may get disproportionate as highlighted in our first point on page 1.

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