

SHINING A LIGHT ON THE..... Alquity Indian Subcontinent Fund

AT A GLANCE

Investment Objective	
Our objective is to provide growth for investors by tapping into the fast-moving, dynamic opportunities across the Indian Subcontinent, by focusing on long-term investment themes such as demographics, urbanisation, the New India and long-term competitive advantages. The fund is not benchmarked and invests in the next investment story for the region, not the last. We gain valuable insights from incorporating Environmental, Social and Governance screening into our investment process, as well as empowering communities and entrepreneurs in the areas that we invest in.	

Inception Date	5 th May 2014
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000TFIO

Management	
Manager Name	Start Date
Mike Sell	5 th May 2014

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	10.80%
Large	20.90%
Medium	39.27%
Small	26.03%
Micro	3.01%

Top 10 Holdings		
Total number of holdings	27	
Assets in Top 10 Holdings	52.74%	
Name	Sector	% of Assets
Mahindra and Mahindra Financial Services	Financial Services	6.36%
Escorts Ltd	Industrials	6.28%
KEI Industrials Ltd	Technology	5.99%
Heidelberg Cement India Ltd	Basic Materials	5.61%
V-Mart Retail Ltd	Consumer Cyclical	5.19%
TTK Prestige Ltd	Consumer Cyclical	5.04%
TCI Express Ltd	Industrials	4.64%
Jamna Auto Industries Ltd	Consumer Cyclical	4.57%
Somany Ceramics Ltd	Basic Materials	4.54%
UltraTech Cement Ltd	Basic Materials	4.53%

Volatility Measurements	
3-Yr Std Dev (volatility)	23.36%
3-Yr Mean Return (average)	17.58%

FUND PERFORMANCE

Performance from 5th May 2014 to 30th June 2019:

	2014	2015	2016	2017	2018	2019
Alquity Indian Subcontinent Fund	34.96%	-2.18%	16.37%	45.81%	-14.42%	4.87%
iShares MSCI EM ETF	11.86%	-5.92%	27.34%	28.84%	-10.18%	3.48%
MSCI India	19.46%	-2.97%	-0.30%	28.68%	-0.19%	7.38%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Alquity Indian Subcontinent Fund	-8.16%	50.00%	101.05%
iShares MSCI EM ETF	-8.41%	51.00%	60.47%
MSCI India	9.11%	36.18%	59.38%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

There is some crossover in holdings with this and the Asia Fund both of which Mike manages. The Asia Fund will invest in India, and the holdings it has will be ones held in the Indian Fund. Currently the Indian Fund has 27 holdings, the Asia Fund 40 of which 7 or 8 are in India.

Examples include Escorts who make tractors and construction equipment, TTK Prestige who make pressure cookers and TCI Express.

The fund is 100% domestic focusing on demographics, urbanisation and the move from the informal to formal sector (Vmart is a beneficiary of this). There is no software and no global chemical companies.

When there is a flight to safety this fund will underperform. It is more volatile than the index but long-term investors should be rewarded. It has a multi-cap focus but will be drawn more to the mid-cap range. The companies it invests in have cheaper valuations, higher returns on earnings and are seen as better quality.

Structural growth is not linked to the global economy. It has a 34% correlation with the FTSE 100, the Index has a 45% correlation. It does have holdings from the index including ICICI Bank and Maruti Suzuki.

The team and process are the same as the Asia Fund and 10% of all revenue goes to Alquity Transforming Lives Foundation. Examples include NGO projects, providing Chicken Starter Kits, and recently they have donated \$600,000 to a variety of projects.

In terms of liquidity the market is very fluid, and they use local brokers to trade. 33% can be liquidated within 5 working days, 90% within 90 working days. This is tested every month. The fund will also soft close around £400 to £500 million.

In summary, for those investors looking for exposure to the Modi and the domestic growth story of India then this is where the fund sits. It is more volatile than many funds in this space and when markets go to safety this fund will underperform.

The source of information in this note has been provided by Alquity and is correct as at April 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.