

## ASHOKA INDIA EQUITY INVESTMENT TRUST PLC


**WHITE OAK**  
 CAPITAL MANAGEMENT

**Objective**

To achieve long-term capital appreciation, mainly through investment in securities listed in India and listed securities of companies with a significant presence in India.

**Company Facts**

Ticker:	AIE
ISIN:	GB00BF50VS41
Benchmark:	MSCI India IMI <sup>1</sup>
NAV:	106.08p
Share price:	103.50p
(Discount)/Premium:	-2.4%
Number of investments:	42
Total net assets:	£59.1 million
Active share:	83.5%
Launch date:	06 July, 2018
On-going charges ratio:	1.1%
Gearing:	0%
Discount Control:	Annual redemption facility at or close to NAV
Investment Advisor:	White Oak Capital Management Consultants LLP (India)
Firmwide AUM <sup>4</sup> :	£1.08 billion

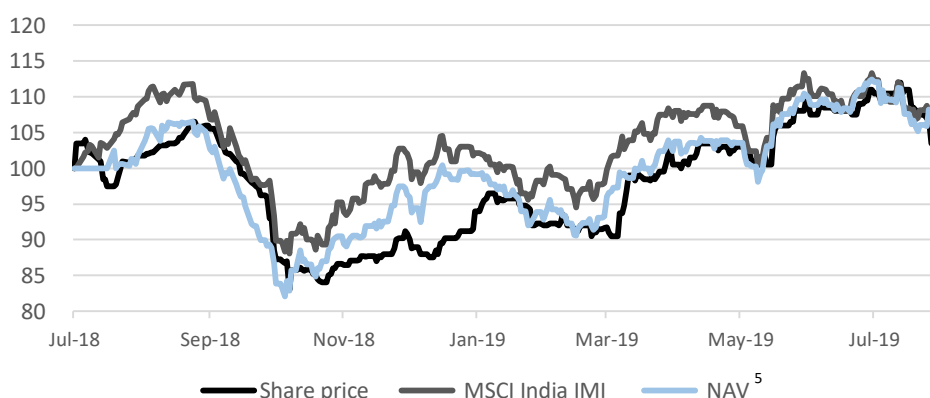
**Fees & charges**

Management fees:	0%
Performance fees:	30% of outperformance (capped)

**Investment Performance<sup>2</sup>**

Growth	July 19	YTD 19	Q2CY19	Q1CY19	Since IPO*	Since 31-July-18 <sup>3</sup>
AIE NAV	-2.5%	8.6%	8.4%	2.7%	8.2%	6.8%
MSCI India IMI	-1.7%	5.1%	2.5%	4.4%	8.3%	0.8%
NAV Outperformance	-79 bps	+349 bps	+599 bps	-166 bps	-3 bps	+606 bps
Share Price	-5.0%	13.4%	9.5%	9.0%	3.5%	2.5%
Currency (INR/GBP)	4.3%	5.7%	3.6%	-2.1%	8.8%	7.6%

\*Since IPO: 06 July - 31 July 2019

**Performance since launch (GBP)<sup>2</sup>**

**Top 10 Holdings (as at 31 July 2019)**

Holdings	GICS Sector	% of AUM
1. Bajaj Finserv	Financials	6.3
2. L&T Technology Services	Industrials	5.8
3. Infosys	Information Technology	5.5
4. HDFC Bank	Financials	5.0
5. Bajaj Finance	Financials	5.0
6. Axis Bank	Financials	4.1
7. HDFC Asset Management Co	Financials	3.9
8. Asian Paints	Materials	3.4
9. Larsen & Toubro Infotech	Information Technology	2.9
10. Nestle India	Consumer Staples	2.8
Total		44.7%

**Market Cap Classification (as at 31 July 2019)**

Market Cap	Portfolio End Weight (%)	MSCI India IMI (%)
Large Cap	40.6%	80.0%
Mid Cap	28.3%	15.0%
Small Cap	17.7%	5.0%
Cash <sup>6</sup>	13.4%	-
Total	100.0%	100.0%

Large cap > £4.0bn; Mid cap = £4.0bn - £0.8bn; Small cap < £0.8bn

<sup>1</sup> The Company does not follow this or any other benchmark, it is given for illustrative purposes and for calculation of the performance fee only.

<sup>2</sup> Past performance cannot be relied upon as a guide to future performance.

<sup>3</sup> The funds raised from the IPO got substantially invested at the end of July.

<sup>4</sup> Refers to aggregate assets under management or advisory for the investment advisor, White Oak Capital Management Consultants LLP (India).

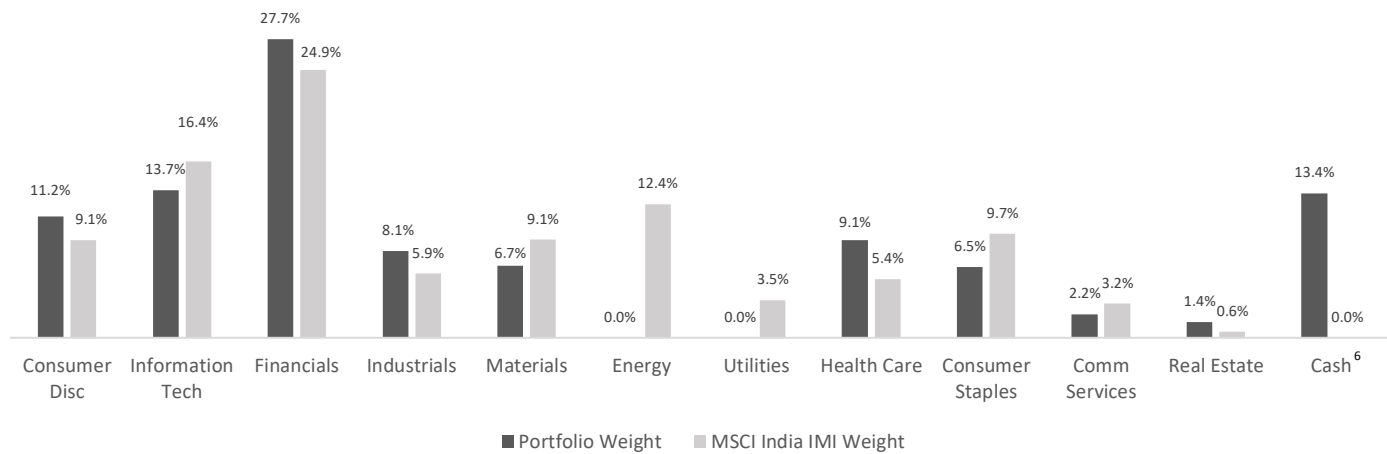
<sup>5</sup> The beginning NAV of 98 has been rebased to 100 for comparison with the benchmark and share price.

<sup>6</sup> Cash includes amount receivable (9.6%) on account of shares tendered for the NIIT Technologies open offer on 26 July and this cash was not available for investing till 08 August.

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## Sector Exposure (as at 31 July 2019)



## Top 5 Contributors and Detractors (July 2019)

Contributors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
HDFC Asset Management	3.9	+9.4	+29
United Breweries	2.1	+10.3	+19
IPCA Laboratories	2.1	+8.6	+18
Infosys	5.5	+3.7	+16
Torrent Pharmaceuticals	1.1	+10.5	+10

Detractors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Axis Bank	4.1	-12.9	-98
L&T Technology Services	5.8	-13.2	-90
Bajaj Finserv	6.3	-13.1	-71
Bajaj Finance	5.0	-7.7	-68
NIIT Technologies	2.5	-6.7	-65

**ASHOKA INDIA EQUITY INVESTMENT TRUST PLC****WHITE OAK**  
CAPITAL MANAGEMENT**Market Review**

India witnessed a sell-off in July with the MSCI India IMI Index down by -1.7% in GBP terms. This resulted in the Index giving up most of its gains for the year. Investor sentiment was dented due to the application of a tax surcharge on certain types of Foreign Portfolio Investors (FPI), softness in the economy, and below expected June quarter corporate earnings.

July saw developed markets outperforming emerging markets with US equities (S&P 500) up by 5.4% followed by MSCI World up by 4.5%, whereas MSCI EM was up by 2.7%, and MSCI AEJ up 2.1%.

The newly elected government presented its first budget on 5th July. There were several positive aspects to the budget to further the government's pro-reform agenda of the last five years. But at the same time, the budget has sought to increase several taxes and has introduced new ones. While higher taxes have contributed towards managing the fiscal balance over the past few years, frequent tax hikes may fuel rising "tax expectations". Akin to rising "inflation expectations", this may dampen business and investor sentiments if such pattern persists over time.

While the introduction of a tax surcharge on capital gains was intended for "super-rich" individuals, given the way the law is currently written, it has the unintended consequence of becoming applicable to FPIs registered as Trusts or Association of Persons (AOP). But the same is not applicable on FPIs registered as corporates.

According to unverified estimates, around 40% of the FPIs are registered as Trusts or AOPs and would be adversely affected unless the law is amended. In effect the surcharge increases the long-term capital gains tax from 12% to 14.3% and the short-term capital gains tax from 17.9% to 21.4% on such FPIs.

\*Our fund, however, is registered as a corporate under Indian Income Tax laws and will not be subject to the above mentioned incremental tax surcharge.

While the magnitude of increase in itself might not be drastic enough to warrant a sharp negative reaction from FPIs, the differential application of the tax based on the character of the FPI entity has indeed caused considerable consternation amongst the FPI community. The fact that applicability of such tax was unintended or inadvertent is of little solace, and in fact only compounds the disappointment unless the same is amended at the earliest. While there are indications that the government is now looking into the matter with the intent to rectify, it remains to be seen when and how they do so.\*

FPIs expressed their displeasure by selling Indian equities during July. Net FPI outflows were £1.2bn for the month, reducing the year-to-date net inflows to £7.7bn.

In terms of sectors, information technology and healthcare have been the best performers whereas consumer discretionary and industrials have been significant laggards in July. From a market cap segmentation perspective, large caps outperformed mid and small caps for the month as well as on a year-to-date basis.

**Performance Review**

For July, the fund delivered -2.5%, under-performing the MSCI India IMI Index by 79bps. Key contributors were HDFC Asset Management (+9.4%), United Breweries (+10.3%), and IPCA Laboratories (+8.6%), while key detractors were Axis Bank (-12.9%), L&T Technology Services (-13.2%) and Bajaj Finserv (-13.1%).

Year-to-date the fund delivered 8.6%, out-performing the benchmark by 349bps. Key contributors were Bajaj Finance (+30.0%), Info Edge India (+64.6%) and HDFC Asset Management (+52.9%), while key detractors were Delta Corp (-35.9%), Jyothy Laboratories (-22.8%) and L&T Technology Service (-10.2%).

**Important Information**

This document has been issued for information purposes only. It does not contain any advice, investment recommendations or any offer, invitation or inducement to invest in the Company. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance, nor a reliable indicator of future results or performance. Changes in the exchange rates between currencies may cause the value of investments to fluctuate. Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares may be less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell.

The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods; therefore investors should regard such investments as long term. There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company.

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from such an investment (which may be equal to the whole amount invested). Such an investment should be regarded as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

An investment trust is a public limited company, the shares of which are traded on the main market of the London Stock Exchange. Accordingly, the ability of shareholders to sell their shares will be dependent on the market price of the shares. The shares may trade at a discount or premium to their net asset value. Investment trusts may borrow money in order to make further investments. This is known as gearing. The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.

White Oak Capital Management Consultants LLP (India) does not provide retail investors with investment advice.