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[1]
NAV:	133.86p
Share price:	137.00p
(Discount)/ Premium:	2.3%
Number of investments:	53
Total net assets:	£93.1 million
Active share:	71.0%
Launch date:	06 July, 2018
On-going charges ratio[6]:	0.58% p.a.
Gearing:	0%
Discount Control:	Annual redemption facility at or close to NAV
Investment Advisor:	White Oak Capital Management Consultants LLP (India)
Firmwide AUM[4]:	£2.30 billion

Fees & charges

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

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

[2] Past performance cannot be relied upon as a guide to future performance.

[3] The funds raised from the IPO got substantially invested at the end of July.

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

[5] The beginning NAV of 98 has been rebased to 100 for comparison with the benchmark and share price.

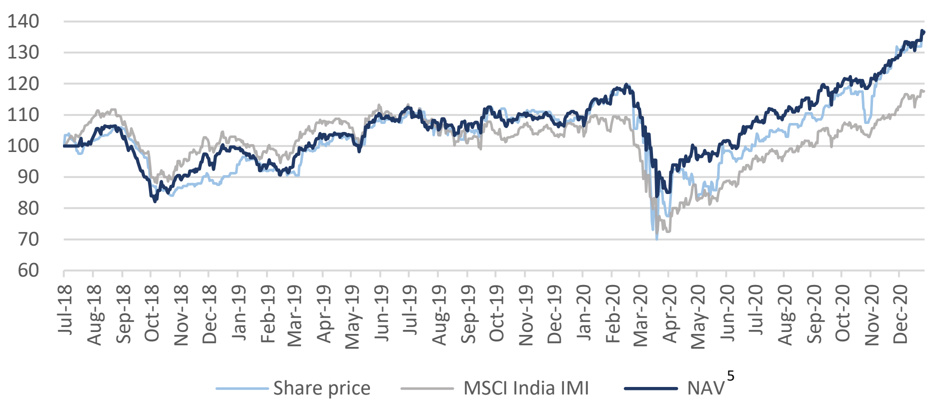
[6] On-going charges ratio calculated on a 6-month moving average of net assets.

Investment Performance[2]

Growth	Dec 20	Q4 2020	2020	2019	Since IPO*	Since 31-July-18[3]
AIE NAV	6.9%	15.8%	26.0%	8.8%	36.6%	34.8%
MSCI India IMI	6.9%	14.3%	12.6%	1.3%	17.6%	9.4%
NAV Outperformance	+2 bps	+148 bps	+1333 bps	+744 bps	+1901 bps	+2536 bps
Share Price	7.0%	17.6%	26.3%	18.9%	37.0%	35.7%
Currency (INR/GBP)	-1.1%	-5.1%	-6.4%	-5.3%	-8.7%	-9.8%

*Since IPO: 06 July 2018 - 31 December 2020

Performance since launch (GBp)[2]



Top 10 Holdings (as at 31 December 2020)

Holdings	GICS Sector	% of AUM
1. Infosys	Information Technology	7.5
2. ICICI Bank	Financials	7.3
3. Bajaj Finserv	Financials	5.1
4. Nestle India	Consumer Staples	4.9
5. HDFC Bank	Financials	4.8
6. Asian Paints	Materials	4.7
7. Coforge	Information Technology	3.9
8. Kotak Mahindra Bank	Financials	2.9
9. Garware Technical Fibres	Consumer Discretionary	2.7
10. Navin Fluorine International	Materials	2.6
Total		46.4%

Market Cap Classification (as at 31 December 2020)

Market Cap	Portfolio End Weight (%)	MSCI India IMI (%)
Large Cap	56.9%	80.3%
Mid Cap	18.7%	14.4%
Small Cap	22.4%	5.3%
Cash	2.0%	-
Total	100.0%	100.0%

Classification as per Securities and Exchange Board of India (SEBI) guidelines.

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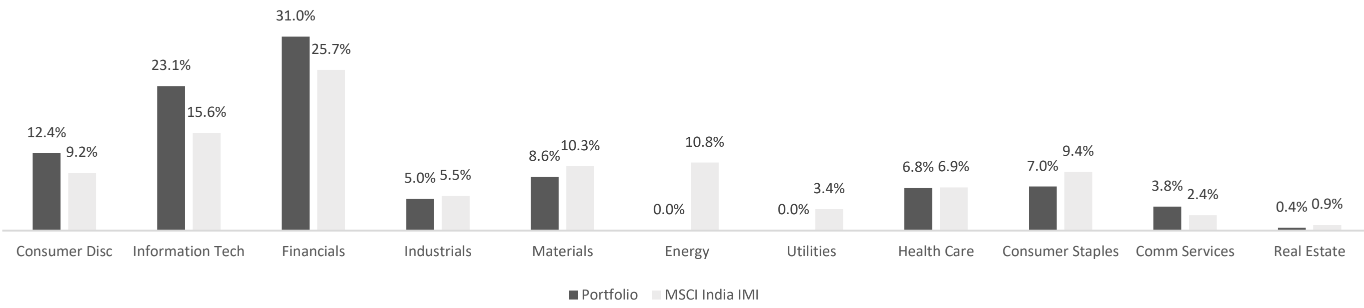
Sector Exposure



Top 5 Contributors and Detractors (2020)

Contributors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Infosys	7.5	+53.2	+411
Navin Fluorine International	2.6	+147.2	+303
Coforge	3.9	+63.3	+286
Dixon Technologies India	2.3	+235.5	+256
Muthoot Finance	0.0	+49.0	+230

Detractors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Bajaj Finance	2.1	+18.7	-312
Bajaj Finserv	5.1	-10.2	-213
HDFC Asset Management Co	1.2	-12.7	-84
Axis Bank	0.4	-22.1	-68
Phoenix Mills	0.4	-11.9	-65

Market Review

For the calendar year 2020, MSCI India IMI index was up 12.6%, US equities (S&P 500) were up 14.4%, MSCI World up 12.6%, and MSCI EM up 14.9%.

FPIs bought US$23.4bn worth of Indian equities during the year driven by a record monthly inflow of $9.6 bn in the month of November. Crude oil prices decreased by 23.8% and INR depreciated by 6.4% for the year.

Among sectors, healthcare and information technology outperformed while utilities and financials underperformed during the year.

Performance Review

For the year, the fund delivered 26.0%, outperforming the benchmark by +1333bps. The key contributors include Navin Fluorine (+147.2%), Coforge (+63.3%), and Dixon Technologies (+235.5%), whereas some of the main detractors were Bajaj Finserv (-10.2%), HDFC Asset Management (-12.7%), and Phoenix Mills (-11.9%).

For the December quarter the fund delivered 15.8%, outperforming the benchmark by +148bps. The key contributors include ICICI Bank (+44.0%), Bajaj Finserv (+45.3%), and Asian Paints (+33.1%), whereas some of the main underperformers were Fine Organic (-9.9%), Multi Commodity Exchange (-4.1%), and Ajanta Pharma (-2.7%).

Key Contributors 2020

Navin Fluorine (NFIL) is a specialty chemicals company focusing on fluorine chemistry. It is present across the fluorine value chain starting from inorganic fluorides to specialty chemicals and Contract Research and Manufacturing Services (CRAMS). The company, under its new leadership, is embarking on aggressive expansion plans with incremental capital being deployed in higher ROCE segments of specialty chemicals and CRAMS. Additionally, increasing use of fluorine in new pharma and agro-chem molecules provides strong visibility for long term growth. NFIL bagged its first long term multi-year deal this year and recently announced incremental capex in specialty chemicals for five new molecules.

Coforge is a fast-growing, mid-sized IT services company clocking approximately $600m in annual revenues and present across three major verticals – travel & transportation, insurance, and banking & financial services – which collectively account for 75% of revenues. It has a niche positioning in both travel as well as insurance verticals. The company underwent a management change around three years ago and under the new leadership has consistently demonstrated strong improvement across all KPIs including order intake, number of million-dollar clients, large deal wins, digital business growth and client diversification. The stock outperformed during the year on account of robust operating performance despite strong Covid-induced headwinds in its travel and transportation vertical.

Dixon Technologies is India's most successful Electronic Manufacturing Services (EMS) company with product portfolio spanning across consumer electricals, durables and consumer electronics. It counts several marquee global brands as its customers. The leadership team has demonstrated a strong track record of execution as evidenced by their ability to constantly identify and scale up new categories while delivering superior returns on capital. Dixon also incrementally benefits from a global manufacturing shift to India aided by the government's new industrial policy. We expect the company to maintain its leadership and continue to drive industry leading growth and profitability on the back of domestic category penetration, adjacent vertical expansion and global exports opportunity. The stock's appreciation during the year was underpinned by steady customer additions and ramp-up across verticals.

Key Detractors 2020

Bajaj Finserv is a leading diversified financial services firm with three key business units – consumer lending (BAF), general insurance (BAGIC) and life insurance (BALIC). BAF is an industry leading consumer lending franchise which contributes ~60% of the overall value of Bajaj Finserv. Owing to its superior underwriting it has performed well on asset quality despite an overall tough environment for lenders. BAGIC ranks as the second largest and most profitable private general insurance company in India. It has a long runway for profitable growth driven by increasing penetration, new product introductions and continued market share gains. On the other hand, BALIC is relatively small but continues to see improvement in growth and profitability parameters and has the potential to scale up multifold over time. The stock's underperformance during the year can be attributed to the general underperformance of the financial sector due to worries surrounding Covid-led disruptions to the economy and the consequent risk to balance sheets.

HDFC Asset Management Company (HDFC AMC) is India's second largest asset management company (AMC) with c14% market share in total mutual fund AUM. India is amongst the most underpenetrated mutual fund markets with c13% AUM to GDP compared to the global average of c61%. This provides HDFC AMC a long runway for growth. It has been delivering industry leading profitability on a consistent basis and gained significant market share in the debt mutual fund category over the past year. The stock underperformed as revenues declined through the year due to equity market corrections and market share loss in equity mutual fund category.

Phoenix Mills is India's leading retail mall and commercial real estate developer and operator with over 5 mn sqft of live portfolio and another 6 mn sqft of development portfolio expected to come up over the next five years. It has presence across key consumption catchment areas in leading Indian metro cities such as Mumbai, Bangalore, Chennai and Pune. The business is run by a strong and seasoned professional management team. The underpenetrated retail category along with rising disposable incomes provide a long runway for growth. The stock underperformed as Covid materially impacted operations of the company due to government mandated mall closures for several months and subsequent low footfalls post reopening.

Country Outlook

Breakthrough announcements of successful vaccines in November likely marked the beginning of the end for this pandemic. However, for developing nations like India the cost and logistical requirements of these early vaccines, Pfizer-BioNtech and Moderna, render them largely infeasible for nationwide deployment. Approval of Oxford-AstraZeneca's vaccine by UK authorities followed by similar approval for the same by the Indian government is a major positive development given that this vaccine presents a practical alternative for mass inoculation in the country.

The Serum Institute of India – world's biggest vaccine manufacturing company – has already stockpiled over 100 mn doses and has the capacity to produce a similar number every month to provide for India and even other countries. Vaccination has started in India on 16th January and barring any negative surprises we expect majority of the population to be vaccinated by the end of 2021.

The stringent nationwide shutdowns across India created a brief but sharp economic contraction. Since the removal of lockdowns, the economy is rebounding sharply. In December, S&P Global revised India's GDP growth projection for FY21 to -7.7%, from -9% estimated earlier, citing faster than expected recovery. For FY22, S&P has projected growth to rebound to 10%. It is worth noting that this faster-than-expected recovery comes despite a modest fiscal stimulus by the Indian government compared to most other nations.

Structural reforms gained further impetus during the year as India pushed through landmark reforms in agriculture and labour markets. Agriculture reforms are aimed at deregulation of pricing and production, attracting private investments in building supply chain infrastructure, and creating a single unified national market for agri-produce. If implemented, the role of inefficient, state-sponsored monopolies is expected to be curtailed significantly. The labour reforms are aimed at simplifying a highly complex set of legacy regulations, many of which were written before 1947 in the pre-independence era. We expect these reforms could significantly reduce compliance burdens on companies while adding momentum to the formalisation of the economy.

Indian government has initiated a bold incentive program with the aim of making India a global manufacturing hub. The government's Production Linked Incentives (PLI) schemes, totalling $27 bn thus far, mark a distinct shift in the country's industrial policy. While earlier policies tended to spray incentives thinly across industries, PLI schemes focus on building select domestic champions in each industry.

PLI 1.0 entailing $7bn over five years aims to create manufacturing hubs for mobile phones, APIs (Active Pharmaceutical Ingredients) and medical devices. It is off to a good start with global leaders such as Samsung and Apple, amongst others, announcing setting up of manufacturing facilities in India. Government targets call for India to emerge as the second largest hub for smartphone manufacturing with $100bn of exports over the next five years.

Following early success with PLI 1.0, the government has launched PLI 2.0 worth $20 bn covering ten industries, including automotive, storage batteries, food processing and networking equipment. The choice of sectors indicates a clear focus on exports which could improve India's trade balance. These policy initiatives have been supported by tax cuts on new manufacturing units as well as labour reforms. These initiatives, if followed through with proper implementation, can mark the beginning of a sustained rise of the manufacturing sector in the economy.

Once again, we take this opportunity to thank you, our clients, for reposing your confidence in our team and entrusting us with your capital. We shall continue to strive hard to deliver on your expectations.