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:	145.04p
Share price:	149.25p
(Discount)/ Premium:	2.9%
Number of investments:	58
Total net assets:	£116.3 million
Active share:	73.3%
Launch date:	06 July, 2018
On-going charges ratio[6]:	0.50% 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]:	£2.76 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.

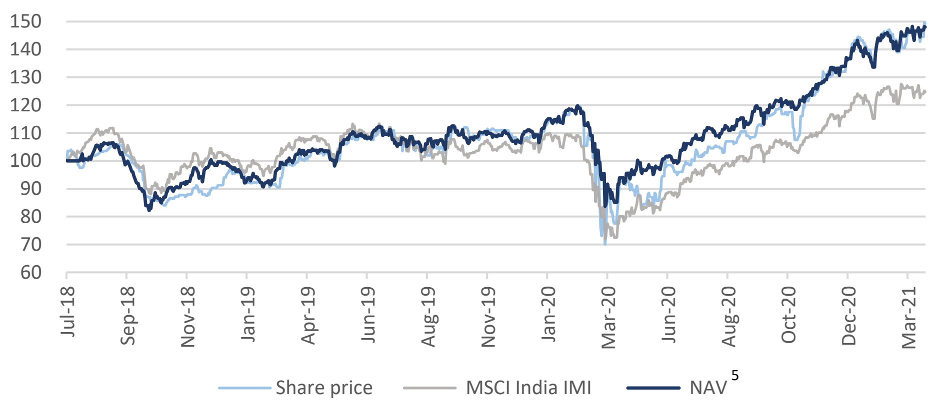
[6] On-going charges ratio calculated on a 6-month moving average of net assets.

Investment Performance[2]

Growth	Mar 21	Q1 2021	2020	2019	Since IPO*	Since 31-July-18[3]
AIE NAV	6.0%	8.4%	26.0%	8.8%	48.0%	46.0%
MSCI India IMI	3.5%	6.0%	12.6%	1.3%	24.7%	16.0%
NAV Outperformance	+253 bps	+232 bps	+1333 bps	+744 bps	+2332 bps	+3002 bps
Share Price	7.4%	8.9%	26.3%	18.9%	49.3%	47.8%
Currency (INR/GBP)	0.9%	-1.1%	-6.4%	-5.3%	-9.7%	-10.8%

*Since IPO: 06 July 2018 - 31 March 2021

Performance since launch (GBp)[2]



Top 10 Holdings (as at 31 March 2021)

Holdings	GICS Sector	% of AUM
1. Infosys	Information Technology	5.4
2. ICICI Bank	Financials	5.2
3. Axis Bank	Financials	4.6
4. Coforge	Information Technology	4.1
5. Laxmi Organic Industries	Materials	3.7
6. Nestle India	Consumer Staples	3.6
7. Bajaj Finserv	Financials	3.6
8. HDFC Bank	Financials	3.6
9. Intellect Design Arena	Information Technology	3.4
10. Cholamandalam Investment and Finance	Financials	2.7
Total		39.7%

Market Cap Classification (as at 31 March 2021)

Market Cap	Portfolio End Weight (%)	MSCI India IMI (%)
Large Cap	39.8%	79.4%
Mid Cap	29.5%	15.4%
Small Cap	21.2%	5.2%
Cash	9.5%	-
Total	100.0%	100.0%

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

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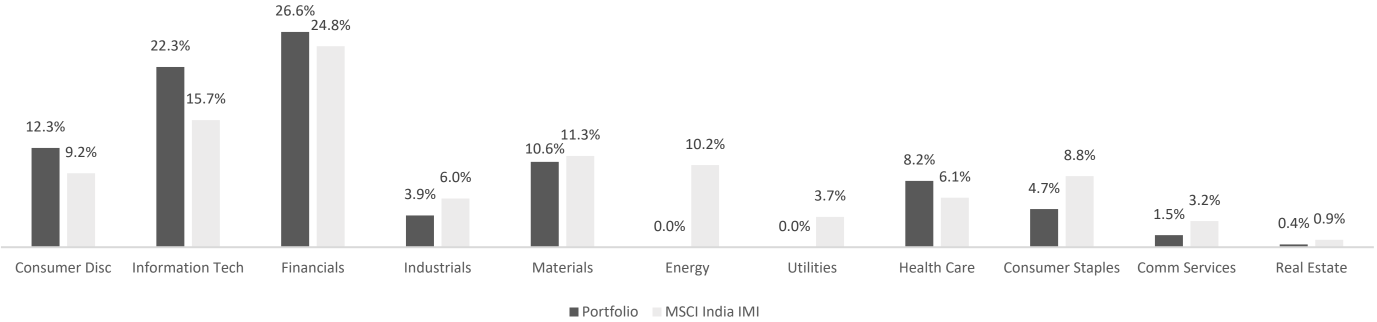
Sector Exposure



Top 5 Contributors and Detractors (Q1 2021)

Contributors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Intellect Design Arena	3.4	+132.6	+196
Dixon Technologies	2.5	+35.2	+133
Laxmi Organic Industries	3.7	+35.5	+101
Cholamandalam Inv. and Finance	2.7	+43.1	+98
ICICI Bank	5.2	+7.7	+81

Detractors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Asian Paints	1.7	-9.1	-44
Axis Bank	4.6	+11.3	-41
Nestle India	3.6	-7.6	-38
Indigo Paints	2.3	-12.6	-29
Kotak Mahindra Bank	1.1	-13.0	-25

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Market Review

During Q1 2021, MSCI India IMI index was up 6.0% outperforming global, developed and emerging markets. US equities (S&P 500) were up 4.9%, MSCI World up 3.8%, and MSCI EM up 1.2%.

India remains one of the most attractive emerging markets with net FPI (Foreign Portfolio Investors) inflows of US$7.0bn for the quarter, outpacing all major EM peers. Brent was up by 21.3% and INR depreciated by 1.1%.

Among sectors, cyclicals such as materials and industrials outperformed whereas healthcare and consumer staples underperformed during the quarter.

Performance Review

The fund was up 8.9% in Q1 2021, outperforming the benchmark by +232bps. The key contributors include Intellect Design (+132.6%), Dixon Technologies (+35.2%), and Cholamandalam Investment (+43.1%), whereas some of the main underperformers were Asian Paints (-9.1%), Nestle India (-7.6%), and Kotak Mahindra Bank (-13.0%).

Key Contributors Q1 2021

Intellect Design Arena is a financial services software company and regarded as one of the leading solution providers in transaction banking software, which accounts for 45% of its revenue. It has also made significant inroads in other product suites including payments, retail banking, digital banking and insurance. Intellect has cumulatively invested over $200 million in product R&D over the last ten years and has built a strong referenceability in developed and emerging markets on the back of a marquee client list which includes JP Morgan, HSBC and Barclays. The business profitability has improved significantly over the past few years from single digit operating margins to c30% led by focus on sales and operational efficiencies. The stock outperformed during the quarter on the back of continued deal wins and improved profitability metrics.

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 popular 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 in growth and profitability on the back of domestic category penetration, adjacent vertical expansion and export opportunity. The stock's appreciation during the quarter was underpinned by steady customer additions and ramp-up across verticals.

Cholamandalam Investment and Finance (CIFC) is a non-banking financial company (NBFC) belonging to the Chennai-based Murugappa Group. It primarily operates in vehicle finance (including CVs, PVs, 2W and 3Ws), home equity, and affordable home loans category. In terms of customer profile, it caters predominantly to single truck owners and small fleet owners, self-employed non-professionals and MSME businesses in semi-urban and rural India. CIFC's strength lies in its ability to reach such customers in rural and semi-urban markets and its ability to underwrite and collect from customers whose income streams are relatively less predictable. The business has multiple growth levers owing to underlying growth in vehicle sales and CIFC's recent scale up in the home loans business. Along with robust growth, we believe CIFC should be able to sustain ROEs in the high teens, making it an attractive investment at current valuations. The strong share price appreciation in the recent past is driven by improved expectations on business recovery and higher growth.

Key Detractors Q1 2021

Asian Paints is the largest decorative paints company with over 50 percent market share. It is 3x the size of its nearest competitor and is expected to widen the gap as it embarks on the highest capacity creation in its history. It has been at the forefront of innovation in the industry and was the pioneer of direct distribution model in India. Post GST, the company is benefitting from a shift to organized sector which accounts for approximately 70 percent of the industry. We expect it to deliver industry leading growth backed by product innovation, increasing distribution reach. Given the defensive nature of the business, the stock often tends to lag in a sharply rising market.

Nestle India is India's largest food products company. With household brands like Maggi, KitKat, Nescafe, Cerelac and Nan in its portfolio, it is a market leader in most of the categories that it operates in. Under the leadership of its new CEO, Suresh Narayanan, it has significantly increased focus on volume growth driven by new product development and distribution. It has launched more than 40 products in various categories over the past two years and is following a cluster-based approach to enhance distribution. We expect Nestle to continue to deliver strong performance led by increasing penetration and new product introductions. Given the defensive nature of the business, the stock often tends to lag in a sharply rising market.

Kotak Bank is one of the most well-run and conservative banks in the country, highly regarded for its excellent credit underwriting. During past crises, the bank had chosen to grow at a much slower pace than the industry. It also operates with lower leverage compared to its peers. Despite the conservative approach, over the long term the bank has grown much faster than the industry. Its non-lending businesses such as asset management, capital markets and insurance are strong franchises and are likely to post strong growth and profitability in the coming years. These businesses account for approximately one-third of the overall value of the company. The stock's underperformance during the quarter can be attributed to the general underperformance of the sector due to worries surrounding Covid-led disruptions and the consequent risk to bank balance sheets.

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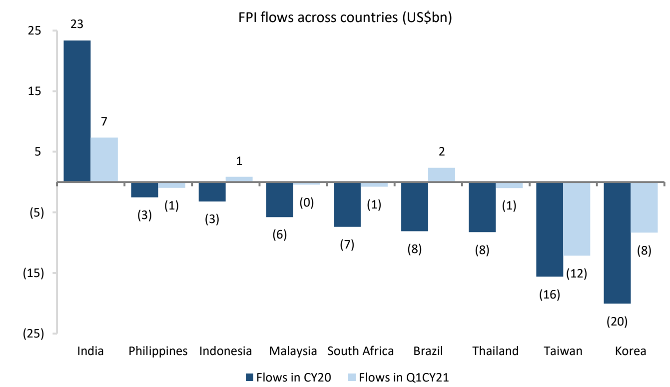
Market Commentary and outlook

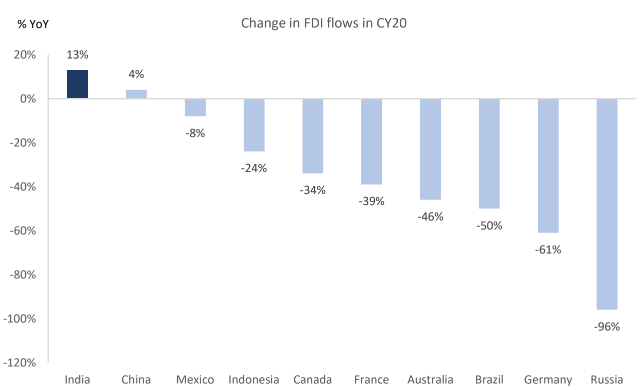
The key positive event in 1Q was the FY22 budget which was possibly the most pro-reform and pro-growth budget in over a decade, complementing the previously announced reforms on easier labour laws, production linked incentive schemes (PLIs) and cut in corporate tax rates. A strong earnings season and corporate commentary also buoyed sentiments with Nifty posting a 23% YoY profit growth for the Dec'20 (Q3FY21) quarter, well ahead of consensus estimates.

Macro economic indicators continue to remain stable with FX reserves at US$580bn, sufficient to cover about 16 months of imports. It represents 105% of total external debt, enough to withstand any negative external shocks. Current account surplus could possibly reverse in FY22 once growth picks up but is expected to remain in a sustainable range similar to historical levels. Besides strong FPI flows relative to other EM countries, India is the only country in CY20 apart from China to show YoY positive change in FDI flows as per UNCTAD.

FPI inflows have been robust



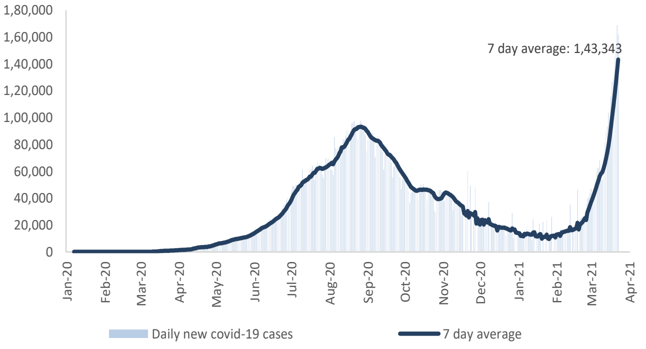
As were FDI flows



Source: UBS, UNCTAD, Bloomberg, White Oak

Going forward one of the key events to monitor in the near term is the stringency, tenure and geographical spread of lockdowns in response to the second covid-19 wave that is currently underway, as this could delay the ongoing economic recovery. While the pace of vaccinations is increasing, it is limited by current production of approximately 100mn/month. Though it is a large number in absolute terms, at this pace it could take another three months to vaccinate the vulnerable sections which account for 25% of the population. The recent approval for the third vaccine, Sputnik V, can help reduce the demand-supply gap over the coming months as production ramps up.

India's second wave[1]



Vaccination data for select countries[1]

Country	*Total number of cases (mn)*	Cases/million people	Vaccines/day (mn)	Vaccines/per 100 people
United States	31.2	94,253	3.21	56.7
India	13.5	9,803	3.63	7.9
Brazil	13.5	63,427	0.79	12.9
Russia	4.6	31,448	0.29	9.8
United Kingdom	4.4	64,587	0.40	58.7
Turkey	3.8	45,637	0.25	22.2
Spain	3.3	71,597	0.29	23.0
Poland	2.6	68,753	0.16	20.6
Argentina	2.5	56,065	0.16	11.9
Mexico	2.3	17,686	0.35	9.1

Source: WHO, White Oak, [1] Data as of April 12th

Investors would also be closely watching 4QFY21 corporate results, which are likely to be very robust with consensus building in a 100%+ profit growth for Nifty, though the range of estimates is very wide. More importantly, investors would focus on the management commentary on demand outlook which has recently been quite strong. Contrary to expectations of negative earnings growth at start of the year, FY21 is likely to end with mid-teens earnings growth aided by market share gains by organized sector and margin expansion (these and other factors are highlighted in our February newsletter).

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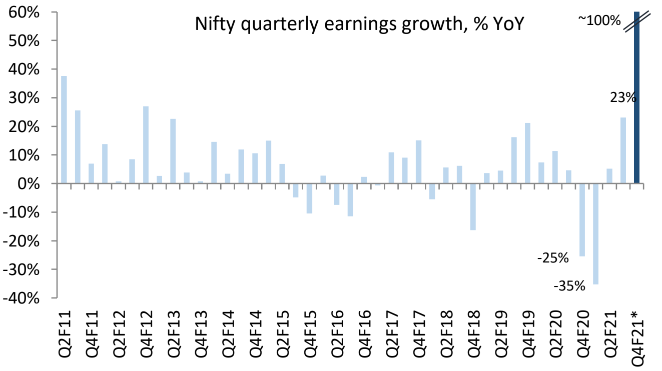
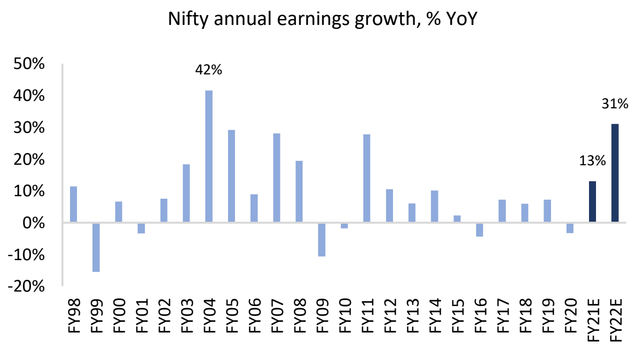
4Q earnings growth estimated ~100% YoY due to base effect



FY22 earnings growth forecasted to be the best since FY04



Source: Motilal Oswal, Bloomberg, White Oak, * 4QFY21 data is as per consensus estimates

Finally, the progress on implementation of announced reforms such as privatisation and PLI are key monitorables over the coming months.

In the budget the government identified four sectors – atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; and banking, insurance and financial services – as strategic sectors, where a bare minimum number of SoEs would be retained while privatising the rest. Decision was also taken to privatise two SoE banks and one general insurance company. Niti Aayog, the government's policy making body, is already in discussion with the RBI for shortlisting potential candidates for privatisation of banks. If and when achieved, this would mark the first time in five decades that a government owned bank gets privatised. Government ministers have recently stated in media that privatisation of Air India and Bharat Petroleum Corporation Limited (BPCL) shall be completed by September-end. As investors, and more importantly as citizens of India, we keenly await conclusion of these initial privatisations and hope these accelerate the roadmap for other SoEs.

Besides privatisation the other major reform underway over the last twelve months is the US$27bn production linked incentive (PLI) scheme aimed at developing manufacturing hubs in India for various industries. Three PLI schemes (mobile phones, pharmaceuticals and drug intermediates, and medical device manufacturing) were approved last year and additional six have been recently approved by the Cabinet. Furthermore, schemes for auto & ancillaries, advanced chemistry cell batteries, textile products and specialty steel are under consideration for approval in the near term. For the mobile phone PLI scheme, 16 applications worth Rs 350bn (US$4.8bn) have been approved. As per the Ministry of Commerce' quarterly review for December 2020, during the first five months of scheme's implementation, despite the covid-19 related supply chain disruptions the applicant companies have produced goods worth ~INR 350bn while generating additional employment of 22,000 jobs.

Tracking sector wise PLI

Sector	Date of Cabinet approval	Period of scheme (years)	Outlay (US$ bn)
High Efficiency Solar PV Modules	Apr'21	5	0.6
White Goods (Air Conditioners and LED Lights)	Apr'21	5	0.8
Food Processing	Mar'21	6	1.5
Specified Electronics Component Manufacturers Round 2	Mar'21	4	0.3
IT Hardware Products	Feb'21	4	1.0
Pharmaceutical Drugs 2.0	Feb'21	6	2.0
Telecom & Networking Products	Feb'21	5	1.7
Medical Devices	Mar'20	5	0.5
Pharmaceutical Drugs	Mar'20	8	0.9
Large-scale Electronics Manufacturers	Mar'20	5	5.6
Total			**14.9**

Source: Morgan Stanley, PIB, White Oak

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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.

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