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:	115.61p
Share price:	116.50p
(Discount)/ Premium:	0.8%
Number of investments:	52
Total net assets:	£78.2 million
Active share:	74.8%
Launch date:	06 July, 2018
On-going charges ratio[6]:	0.68% 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]:	£1.64 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.

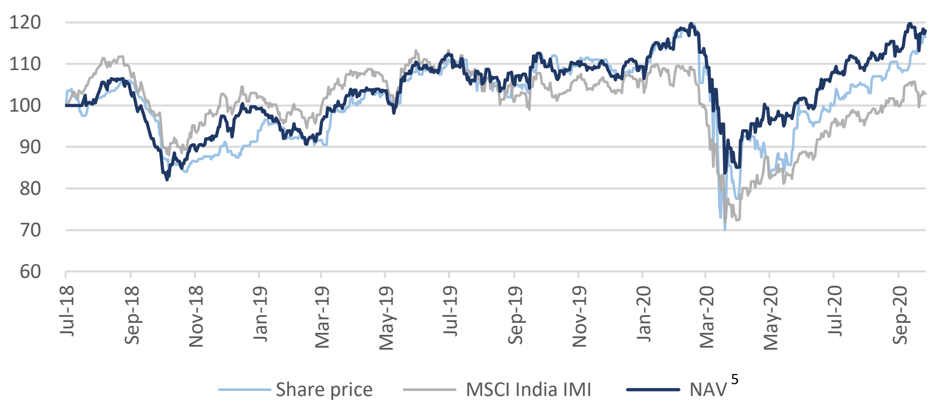
[6] On-going charges ratio calculated on a 6 month moving average of net assets.

Investment Performance[2]

Growth	Sep 20	Q3 20	YTD 20	2019	Since IPO*	Since 31-July-18[3]
AIE NAV	2.2%	11.0%	8.8%	8.8%	18.0%	16.4%
MSCI India IMI	1.2%	11.2%	-1.5%	1.3%	2.9%	-4.3%
NAV Outperformance	+104 bps	-20 bps	+1025 bps	+744 bps	+1510 bps	+2068 bps
Share Price	5.4%	18.3%	7.4%	18.9%	16.5%	15.4%
Currency (INR/GBP)	2.7%	-2.2%	-1.3%	-5.3%	-3.8%	-4.9%

*Since IPO: 06 July 2018 - 30 September 2020

Performance since launch (GBp)[2]



Top 10 Holdings (as at 30 September 2020)

Holdings	GICS Sector	% of AUM
1. Infosys	Information Technology	6.3
2. ICICI Bank	Financials	4.8
3. Nestle India	Consumer Staples	4.7
4. HDFC Bank	Financials	4.6
5. Asian Paints	Materials	4.5
6. Coforge	Information Technology	4.5
7. Bajaj Finserv	Financials	4.3
8. Garware Technical Fibres	Consumer Discretionary	3.7
9. Navin Fluorine International	Materials	3.4
10. Cipla	Health Care	3.2
Total		44.1%

Market Cap Classification (as at 30 September 2020)

Market Cap	Portfolio End Weight (%)	MSCI India IMI (%)
Large Cap	52.7%	83.9%
Mid Cap	19.5%	12.2%
Small Cap	24.0%	3.9%
Cash	3.9%	-
Total	100.0%	100.0%

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

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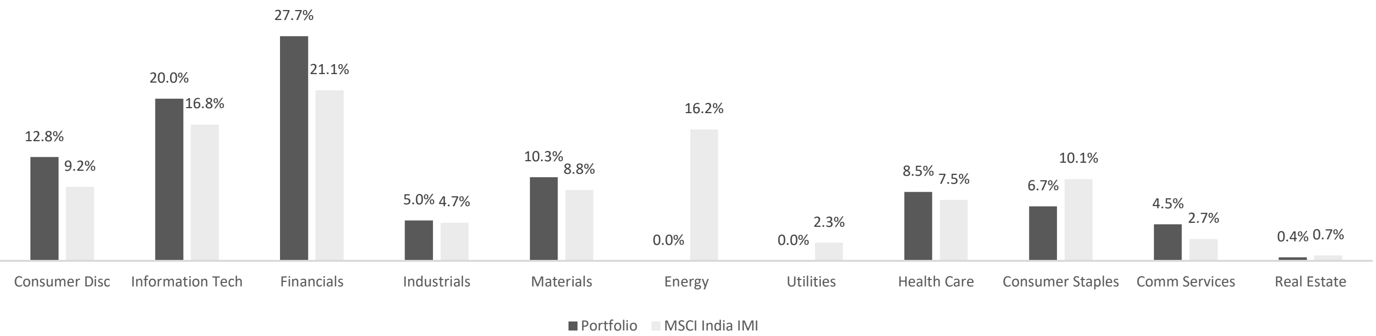
Sector Exposure



Top 5 Contributors and Detractors (Q3 2020)

Contributors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Coforge	4.5	+61.2	+245
Infosys	6.3	+34.0	+186
Garware Technical Fibres	3.7	+52.5	+146
Navin Fluorine International	3.4	+33.0	+100
Dixon Technologies India	2.1	+48.8	+80

Detractors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Bharti Airtel	1.3	-26.2	-111
Nestle India	4.7	-9.3	-55
Orient Electric	1.2	-12.6	-25
Kotak Mahindra Bank	2.0	-8.8	-22
Bajaj Finserv	4.3	-2.1	-11

Market Review

During the third quarter, MSCI India IMI index was up 11.2% outperforming global, developed and emerging markets. US equities (S&P 500) were up 4.3%, MSCI World up 3.5%, and MSCI EM up 5.0% in GBP terms.

Foreign Portfolio Investors bought US$6.5bn worth of Indian equities during the quarter. Crude oil prices declined by 4.9% and INR depreciated by 2.2% during the same period.

Among sectors, information technology and energy outperformed while communication services and utilities underperformed.

Performance Review

Ashoka India Equity Investment Trust ("Trust") was up 11.0% during the quarter, underperforming the benchmark by -20bps. The key contributors include Coforge (+61.2%), Garware Technical Fibres (+52.5%), and Dixon Technologies (+48.8%), whereas some of the major underperformers were Bharti Airtel (-26.2%), Nestle India (-9.3%), and Kotak Mahindra Bank (-8.8%).

YTD the Trust is up 8.8%, outperforming the benchmark by +1025bps. The key contributors include Infosys (+27.4%), Navin Fluorine (+117.8%), and Muthoot Finance (+51.7%), whereas some of the main underperformers were from the financial sector including Bajaj Finserv (-38.2%), Bajaj Finance (-23.1%), and HDFC Asset Management (-28.9%).

Key Contributors Q3 2020

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 price appreciated during the quarter due to robust performance of June quarter, and expectations of strong recovery in deal flow. The strong operating performance in rest of the business limited the impact of the travel and transportation vertical on the overall company.

Garware Technical Fibres (GTFL) is India's largest technical textiles company with diversified presence in fishing nets & cages, sports nets, mooring ropes, agri nets and geosynthetics. GTFL has a wide product portfolio comprising of over 20000 SKUs which it exports to 75 countries. The company is the leading exporter of aquaculture cages and nets with more than 80% market share in Scotland and Canada. It is now making inroads into Norway and Chile which together account for 70% of global salmon production. The company has consistently demonstrated the ability to increase the share of patent-protected, value-added products in its business mix which should drive a steady margin improvement over the coming years. We expect GTFL to continue to demonstrate value accretive growth led by new product introductions, market share gains in aquaculture and sports nets, and rising domestic penetration in technical textiles segment.

Dixon Technologies is India's largest and most successful EMS (Electronic Manufacturing Services) company. It has a diversified revenue profile from a large number of marquee global brands, spanning across consumer electricals, durables and consumer electronics. The management team has demonstrated strong track record of execution as evidenced by their ability to constantly identify and scale up new categories while delivering superior ROIC. Dixon also benefits from the global manufacturing shift to India. We expect the company to maintain its leadership and continue to drive industry leading growth and profitability on the back of domestic category penetration and global exports opportunity. The stock's appreciation during the quarter was underpinned by steady customer additions and ramp-up across verticals.

Key Detractors Q3 2020

Bharti Airtel is India's second largest telecom operator providing wireless and fixed line broadband services. The Indian telecom industry is around $25bn in revenues and has consolidated into a three-player market with Reliance Jio, Bharti Airtel and Vodafone-Idea controlling 93% of the market after a period of unprecedented disruption and intense price competition. Bharti Airtel has demonstrated superior execution on the back of its high-quality customer base, and we expect it to deliver strong returns on incremental capital as it gains market share from Vodafone Idea which is struggling with a highly leveraged balance sheet. Over time, we expect pricing to stabilize and inch upwards. This was evidenced by the first industry wide price hikes of 15-30% in late 2019. While we expect price discipline to be observed by the industry over time, we are likely to see intermittent instances of pricing aggression along the way, like the one we saw in September 2020 from Reliance Jio where they introduced a slightly aggressive post-paid plan. Following this move by the market leader, Bharti's stock price declined to underperform for the quarter.

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. While there are near term challenges in ramping up capacity and restocking inventory, 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 as was the case during the third quarter.

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 system. 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 mutual fund, institutional broking, investment banking, life and general insurance are strong franchises and are likely to post strong growth and profitability in the coming years. These businesses account for 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 to the economy and the consequent risk to bank balance sheets. We expect Kotak Bank's well-capitalized, high-quality franchise with superior underwriting and risk management practices to hold up better and emerge stronger from the crisis compared to the peer group.

Investment Outlook

Indian equity markets continued their upward trend in Q3 following the sharp recovery in Q2 from March-end lows. The equity indices are now within breathing distance of their pre-Covid peaks.

Earlier in the year India imposed one of the strictest lockdowns globally followed by a gradual lifting-off of restrictions. India now has the second highest reported total case count after the United States. While this might paint a bleak picture, recent trends do provide some hope. Positivity rate peaked in July and has trended down since then even as daily testing continues to rise, indicating that the rate of spread might be slowing. On the other hand, Indian Council of Medical Research's (ICMR) antibody surveys done across the country suggest that the actual case count may be more than 20x of the reported cases. Consequently, the reported infection fatality rate (IFR) which has been falling since June and now stands at 1.3% could be overstating the actual IFR by a similar 20x magnitude since mortality data is captured more accurately.

The implied mortality rate of less than one-in-a-thousand appears to be lower than that in other parts of the world, quite likely due to the lower median age in India. For example, the median age of 29 years in India compares to 38 years in the US and 47 years in Italy.

While the uncertainty is till high, the relatively lower mortality and the high economic costs of lockdowns might mean that restrictions are unlikely to come back. In fact we expect to see further easing as we move forward. Our loosely defined base case scenario continues to build a reasonable likelihood of mass vaccinations in the latter part of next year.

The economic activity on the ground has continued to strengthen sequentially throughout Q3 with several high frequency indicators displaying strong trends. GST (Goods and Services Tax) collections, e-way bill generation, rail freight, electricity & petrol consumption are either back to pre-Covid levels or exhibiting growth on a year-on-year basis. A healthy monsoon has resulted in a strong sowing season compared to last year which should be supportive of rural demand.

India's full year GDP is now estimated to contract by 7-10% in FY21 followed by high single digit growth in FY22. This means that exit GDP run rate of FY22 might resemble that of FY20.

The Central Bank kept benchmark policy rates steady at 4% post a cumulative 115 bps cut since the start of the pandemic. Headline inflation has averaged at 6.5%, slightly above the targeted inflation range of 2-6%. This leaves room for further rate cuts later in FY21 to support growth once inflation moderates. With Crude at $40/bbl, the Current Account has turned surplus over the past two quarters and is expected to stay positive in the near term.

The Parliament passed landmark bills on labour and agriculture reforms. The labour reforms mark a watershed moment for India, a culmination of years of background work of untangling a highly complex and restrictive set of rules, many of which were written pre-independence about a century ago. We believe these reforms will significantly reduce compliance burden for businesses and will go a long way in improving the ease of doing business. The reforms would mitigate the regulatory hurdles for small businesses that have historically restricted them from scaling up. Another impact of these reforms would be an increase in the pace of formalisation of the economy.

The agriculture reforms are aimed at deregulation of production and pricing. It would also help to attract private investments for building critical supply chain infrastructure such as warehouses, cold storage chains and logistics. The reforms would facilitate the creation of a single common market for agri-produce while eliminating intermediaries and reducing the role of inefficient, state-sponsored monopolies.

The government has continued to take various steps to boost the domestic manufacturing sector. The Cabinet recently approved an incentive program aimed at creating a global manufacturing hub for mobile phones. Further, a newly proposed production-linked incentive (PLI) program of $40bn over five years could cover multiple industries including auto components, pharmaceuticals, electronics and food processing amongst others. While this new program is still at a proposal stage, it signals a clear impetus to develop India as a global manufacturing hub and accelerate market share gains on the back of a visible diversification of manufacturing from China.

On geo-political front, tensions between Indian and Chinese troops along the northern border appear to be de-escalating in the backdrop of ongoing high-level talks on disengagement.

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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.

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