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:	188.52p
Share price:	187.00p
(Discount)/ Premium:	-0.8%
Number of investments:	69
Total net assets:	£162.05 million
Active share:	75.2%
Launch date:	06 July, 2018
On-going charges ratio[6]:	0.37% 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]:	£4.10 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.

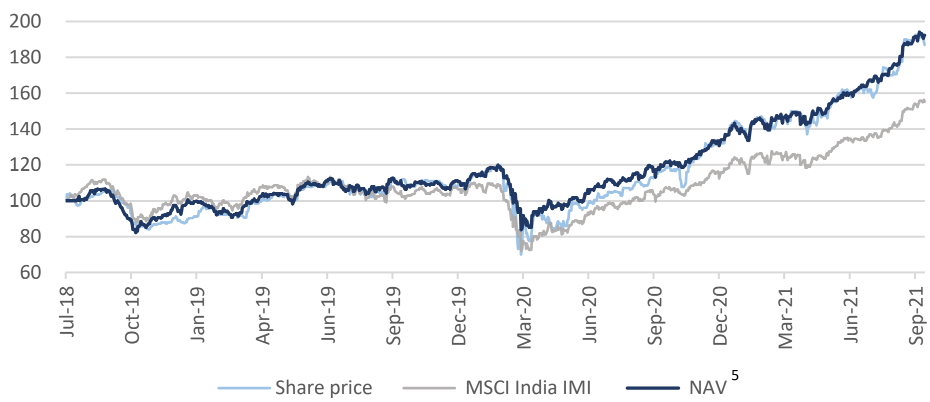
[6] On-going charges ratio calculated on a 6-month moving average of net assets.

Investment Performance[2]

Growth	Sep 2021	Q3 2021	YTD 2021	2020	2019	Since IPO*	Since 31-July-18[3]
AIE NAV	3.4%	18.7%	40.8%	26.0%	8.8%	92.4%	89.8%
MSCI India IMI	3.5%	15.6%	32.0%	12.6%	1.3%	55.2%	44.4%
NAV Outperformance	-15 bps	+303 bps	+886 bps	+1333 bps	+744 bps	+3718 bps	+4541 bps
Share Price	1.4%	15.1%	36.5%	26.3%	18.9%	87.0%	85.2%
Currency (INR/GBP)	1.1%	3.1%	0.0%	-6.4%	-5.3%	-8.8%	-9.8%

*Since IPO: 06 July 2018 - 30 September 2021

Performance since launch (GBp)[2]



Top 10 Holdings (as at 30 September 2021)

Holdings	GICS Sector	% of AUM
1. Laxmi Organic Industries	Materials	8.2
2. ICICI Bank	Financials	5.8
3. Infosys	Information Technology	4.7
4. Axis Bank	Financials	4.5
5. Coforge	Information Technology	4.3
6. Asian Paints	Materials	3.8
7. Nestle India	Consumer Staples	2.9
8. Bajaj Finserv	Financials	2.7
9. Mphasis	Information Technology	2.7
10. Persistent Systems	Information Technology	2.7
Total		42.3%

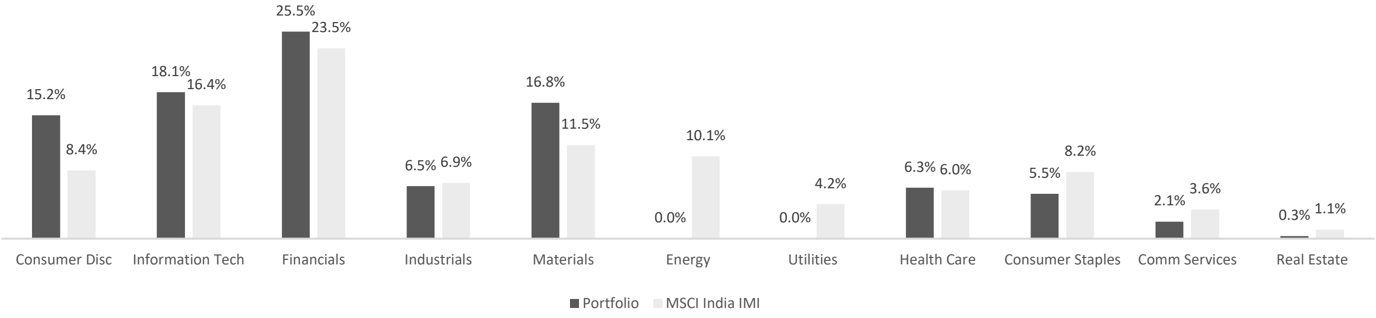
Market Cap Classification (as at 30 September 2021)

Market Cap	Portfolio End Weight (%)	MSCI India IMI (%)
Large Cap	41.4%	77.4%
Mid Cap	25.9%	16.3%
Small Cap	28.9%	6.2%
Cash	3.7%	-
Total	100.0%	100.0%

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

ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

Sector Exposure



Top 5 Contributors and Detractors (Q3 2021)

Contributors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Laxmi Organic Industries	8.2	+155.1	+588
Coforge	4.3	+29.7	+137
Bajaj Finserv	2.7	+50.7	+122
Mphasis	2.7	+52.5	+113
ICICI Bank	5.8	+14.3	+93

Detractors	Ending Weight (%)	Total Return (%)	Contribution to Return (bps)
Sequent Scientific	0.7	-27.8	-35
CarTrade Tech	2.3	-7.8	-15
Intellect Design Arena	1.3	+0.6	-7
Poly Medicure	0.5	-6.2	-6
Newgen Software Technologies	0.8	-5.6	-6

Market Review

In Q3 2021, MSCI India IMI index was up 15.6%. US equities (S&P 500) were up 3.0%, MSCI World up 2.5%, and MSCI EM down 5.8%.

FIIs were net buyers to the tune of US$2.8bn during the quarter. For year to date, India has seen net FPI inflows of US$8.6bn, among the highest in EMs, ex-China. The Rupee appreciated by 3.1%, while the benchmark 10-year G-Sec yields rose slightly to 6.2%. The rally in commodities continued with Brent up by 7.8% and the S&P GSCI Industrial Metals Index up by 4.5%, QoQ.

Among sectors, communication services and energy outperformed, whereas health care and consumer discretionary underperformed during the quarter.

Performance Review

The Fund was up 18.7% in Q3 2021, outperforming the benchmark by +303bps. The key contributors include Laxmi Organic (+155.1%), Bajaj Finserv (+50.7%), and Mphasis (+52.5%) whereas Sequent Scientific (-27.8%), Intellect Design (+0.6%), and Newgen Software Technologies (-5.6%) were the key detractors.

Year-to-date, the fund is up 40.8%, outperforming the benchmark by +886bps. The key contributors include Laxmi Organic (+328.8%), Coforge (+94.6%), and Bajaj Finserv (+99.3%), while key detractors were Multi Commodity Exchange (-2.6%), Kotak Mahindra Bank (+0.3%), and Indigo Paints (-5.9%).

Key Contributors Q3 2021

Laxmi Organic Industries is one of the largest and lowest cost manufacturers of ethyl acetate. It has 30% share of the Indian market and is now transforming into a high value added business by venturing into niche products and chemistries. Post acquisition of Clariant's business unit in 2010, it is the only manufacturer of diketene derivatives in India. Additionally, the company is expanding into another platform through the acquisition of Miteni in Italy which is a niche fluorochemical manufacturer with a unique portfolio of products. As a result the profit contribution from value added business is expected to increase materially from 55% in FY20 to 80% in FY25. Laxmi Organic Industries also benefited from higher ethyl acetate prices.

Bajaj Finserv is a leading diversified financial services firm with three key business units: (1) Bajaj Finance, (2) Bajaj Allianz General Insurance (BAGIC), and (3) Bajaj Allianz Life Insurance (BALIC). Bajaj Finance is India's leading consumer lending franchise. Leveraging its industry leading technology deployment, it straddles across consumer, SME, commercial, rural and mortgage segments with an enviable track record of prudent risk management. BAGIC, the group's multiline general insurance business, is the second largest and among the most profitable private general insurance companies in India. It has a long runway for profitable growth driven by increasing penetration, new product introductions and market share gains. BALIC, the group's life insurance company, continues to see strong growth and improving profitability and has the potential to scale up multifold over time. Over the last year, Bajaj Finserv has also forayed into an e-Commerce and financial services market place and a digital health platform. Additionally, it has also received SEBI approval for setting up an Asset Management Company.

ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

WHITE OAK CAPITAL MANAGEMENT

Mphasis is the 7th largest IT services company in India with approximately $1.5bn in revenues. It has a strong positioning in custom application development and management for the banking & financial services (BFS) industry. Its deep domain expertise within BFS has resulted in a high-quality client profile wherein it counts six of the top ten US banks as its clients. Its core business, constituting more than 80% of revenues, has delivered industry leading growth over the past two years. We expect the company to continue to do well on the back of continued new client additions, strong total contract value (TCV) of deal wins and mining of existing accounts. The stock outperformed during the quarter due to continued business momentum.

Key detractors Q3 2021

Sequent Scientific is India's largest animal pharmaceutical company with a global presence. It derives 65% of its revenues from formulations and 35% from APIs. It has the only US FDA approved plant for animal health in Asia and is benefitting from innovators and generic companies separating their animal and human pharma supply chains. The company has also bagged API manufacturing contracts from innovators as they look to diversify supply from China. Additionally, the formulations business is at an inflection point as it scales up the branded business in large regulated markets like the US which accounts for 35% of the global animal health market. The company has a strong portfolio of products and we expect it to improve margins and ROIC materially over the next few years. The stock underperformed in the quarter due to temporary pricing pressure in the animal API business.

Intellect Design Arena is a financial services software company and regarded as one of the leading solutions 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 decade 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. Its profitability has improved significantly over the past few years from single digit operating margins to c25% due to scale and operational efficiencies. The stock underperformed during the quarter post a strong rally in the preceding quarters.

Newgen Software Technologies sells content and process management software solutions for enterprises. The company differentiates itself by providing a cost-effective suite of end-to-end solutions delivered on an integrated technology platform architecture called NewgenONE. The company focuses on the banking and financial services vertical, particularly smaller and mid-sized banks and financial institutions. After years of consistently strong execution, the company has unlocked access to Fortune 2000 clients in the US via strategic partnerships with global system integrators such as Infosys. The revenue mix is also shifting towards SaaS delivery, which de-risks the business model. The shift towards higher value clients is also expected to improve operational metrics such as margins and working capital. The stock underperformed during the quarter after a strong rally in the preceding quarters.

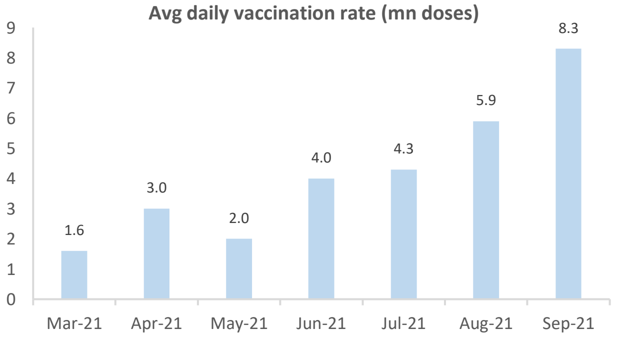
Quarterly update

In the following paragraphs, we discuss the progress of vaccination, recovery in high-frequency indicators, and updates on a few of the key policy measures such as privatization, Production Linked Incentive (PLI) scheme, and infrastructure spending.

Vaccination progressing well

India's vaccination roll-out has been the largest globally with over 900 million doses administered at the end of September 2021. Approximately 47% of the total population has received at least one dose. The more important metric to look at is the vaccination progress within the adult population where almost 70% have received at least one dose. In large urban centres, which are the big drivers of economic activity, the adult vaccination rate is even higher, with at least 90% receiving their first dose. The pace of vaccination was ramped up to 8.3 million doses per day by September, and at this rate the entire adult population would likely be vaccinated by March 2022.

Steady ramp-up in vaccination rates



Source: White Oak, Bloomberg

Recovery gathering pace

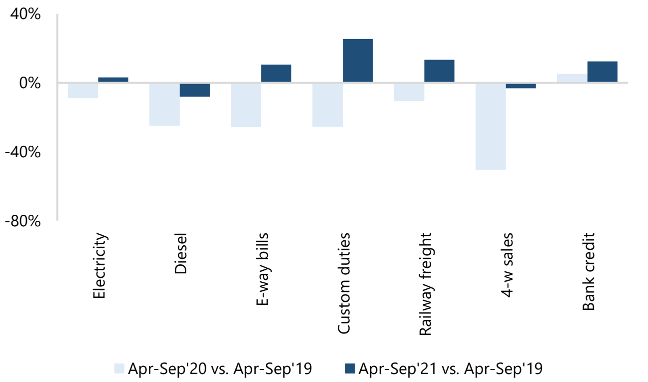
Most high frequency indicators continued to witness positive momentum in the July-September quarter and are at or above their pre-Covid levels. Rising indirect tax receipts, E-way bill and railway freight data point to steady recovery in economic activity. Overall, most of the mobility indicators are at or above their pre-Covid levels.

Economic normalization is likely to gather further pace heading into the busy festive season as most states have announced relaxations for schools, private offices, local transportation, and festival gatherings. In general, the pace of recovery has been faster in urban than in rural India. This is reflected in recent corporate commentary as well as indicators such as near-record residential real-estate sales in large metropolitan cities. A potential third wave is a risk, although most estimates suggest a much milder wave with vaccinations and widespread existence of antibodies from previous infections acting as possible mitigating factors.

ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

WHITE OAK CAPITAL MANAGEMENT

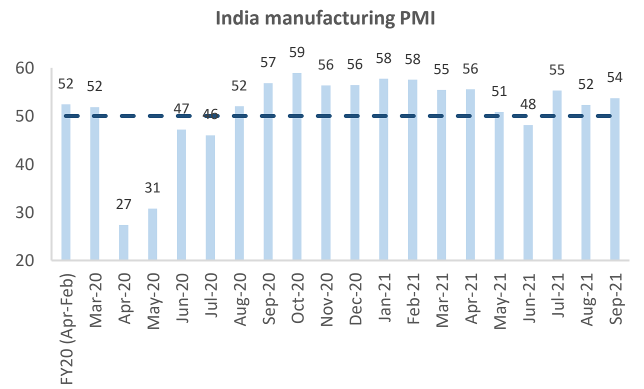
Steady improvement in high frequency indicators



Source: White Oak, Bloomberg

India Manufacturing PMI continued to improve with the September quarter average at 53.8 vs June quarter average of 51.4. As per IHS Markit, the PMI readings for new orders and output expanded for all the sectors with improvement in consumer goods being the highest. Underlying demand in sectors such as autos is strong, even though semiconductor shortages is a risk to production in the near-term. New export orders also continue to witness strong momentum. While cost pressures seem to have intensified, larger companies across diverse sectors such as autos, durables, consumer staples, building materials, and paints have undertaken price hikes. Strengthening demand environment is enabling businesses to pass on commodity inflation.

September Manufacturing PMI improves



Source: White Oak, Bloomberg

Privatization: Newsflow improving

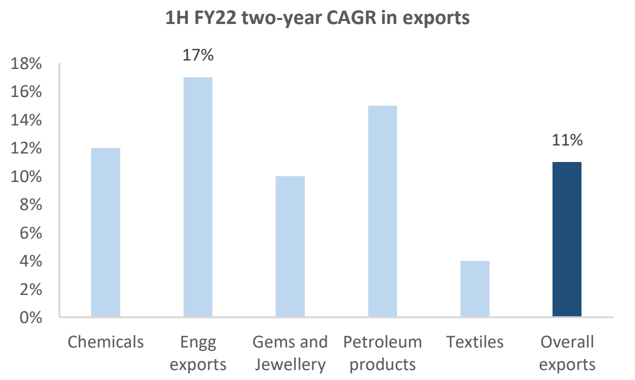
There is encouraging progress on the privatization program with media reports indicating that a ministerial panel is likely to approve the winning bid for Air India very soon. Investors would keenly await the successful execution of the deal which was first proposed in 2014 and was inherently complex, further accentuated by the impact of Covid on the airlines sector. When completed it will act as an important signpost for the privatization of other SOEs. Apart from Air India, the government has also decided to privatize BPCL, Concor and Shipping Corporation of India. In the February 2021 budget, it was also proposed to privatize two SOE banks and one general insurance company. The privatization process has picked up pace after the second Covid wave and due diligence is being conducted by potential bidders in many SOEs.

The government also announced the US$80bn National Monetisation Pipeline (NMP) program. Through the NMP, the government expects to monetise operational infra-assets to not only secure funding for the US$1.9 trillion National Infrastructure Pipeline (NIP) but also free up public sector balance sheet for greenfield infrastructure creation. As with privatization, progress on the NMP will be tracked keenly by investors.

Early signs of China +1 gains materializing

India's exports continue to remain a bright spot with YTD growth at 57.6% YoY and 11.4% on two-year CAGR basis. In 1HFY22, exports have touched US$200bn, which is the highest ever for a half yearly period. Engineering goods is a key contributor, growing at 16.9% over the last two years. Global supply bottlenecks seem to be a near term headwind and there is evidence of India benefiting from disruptions in China, especially in sectors such as electronics and chemicals. Chemicals exports is up by 12% over the last two years. India's global market share in chemicals industry is still small (~4%) but even a 1-2% incremental market share gain from China can result in high-teens growth rates from hereon.

On a two-year CAGR basis, exports showing healthy momentum



Source: White Oak, Bloomberg, CMIE

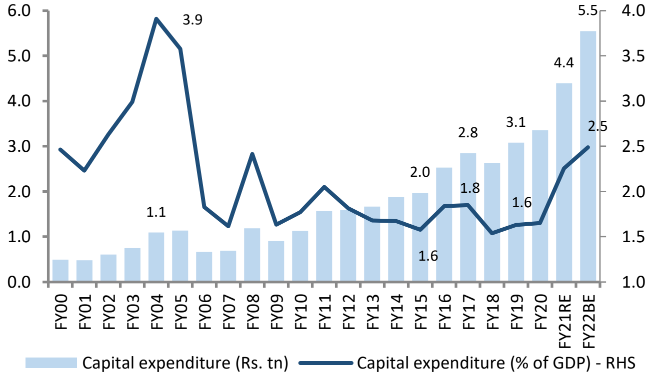
Implementation of the US$27bn Production Linked Incentive (PLI) Scheme aimed at developing manufacturing hubs in India for various industries is also expected to drive revival in exports. The scheme for smartphone manufacturing which was the first to be implemented has seen meaningful progress. Simultaneously there is an increased push towards relocating the component ecosystem. In this regard, India is also working on a deal with Taiwan to facilitate 'Make in India' in semiconductors.

In the July-Sep quarter, the following sectoral PLI schemes received Cabinet approval: Specialty steel, Automobiles, and Textiles. Among these, the PLI for autos is sizeable (US$3.5 bn) and is targeted towards advanced automotive technologies. Along with the PLI scheme for Advanced Chemistry Cell and Battery Storage (US$2.4 bn), it is expected to help India emerge as a key player in the global EV supply chain.

ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

Infrastructure spending in sectors like roads, railways and water and sanitation has been a focus area for the government. Capex spending has been strong with a two-year CAGR of 29% for FY22 till date. As a proportion of GDP, capital expenditure is edging closer to the highs seen during 2003-06.

Capex to GDP rising



Source: White Oak, Bloomberg, CMIE

In summary, with Covid infections receding and vaccinations progressing well, further relaxations in trade, travel, transportation and tourism is likely to lead to a more broad-based economic normalization heading into the busy festival season. Progress on important reforms such as privatization and implementation of the PLI schemes are the key monitorables. Corporate commentary in the upcoming 2QFY22 earnings season will also be tracked to validate the sustainability of the key trends observed in the previous quarters: consolidation of market share, improvement in corporate India's balance sheet, and gains from operational efficiency.