



## Ashoka India Equity Investment Trust PLC

Morningstar Rating™

www.ashokaindiaequity.com

**Investment Objective**

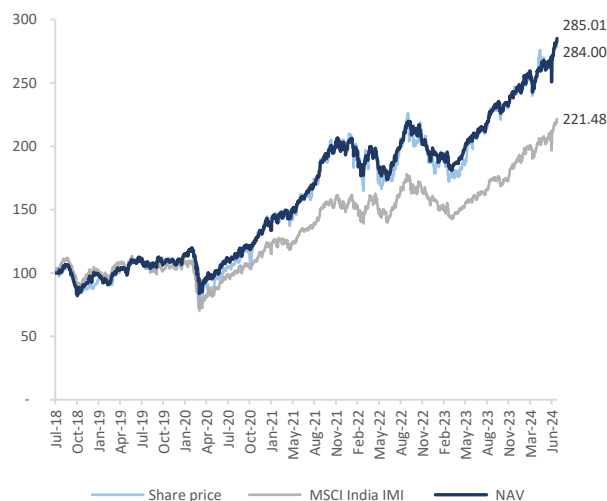
To achieve long-term capital appreciation, mainly through investment in securities listed in India and listed securities of companies with a significant presence in India.

**Company (Ashoka India Equity Investment Trust PLC) Facts**

Ticker:	AIE
ISIN:	GB00BF50VS41
Reference Benchmark:	MSCI India IMI <sup>1</sup>
NAV:	279.31p
Share price:	284.00p
(Discount)/Premium:	1.7%
Number of investments:	126
Total net assets:	£435.43 million
Active share:	69.0%
Launch date:	6 July, 2018
On-going charges ratio <sup>6</sup> :	0.32% p.a.
Gearing:	0%
Discount control:	Annual redemption facility at or close to NAV
Investment Manager:	Acorn Asset Management Ltd
Investment Advisor:	White Oak Capital Partners Pte. Ltd. (Singapore)
Firmwide AUM <sup>1</sup> :	£ 5.9 billion

**Fees and Charges**

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

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

Source: Bloomberg, Factset; Past performance does not predict future returns.

Performance since launch <sup>2</sup>	June 2024	2Q 2024	YTD 2024	June					2023	2022	2021	2020	Since 31-Jul-2018 <sup>3</sup>	Since IPO*	Ann. since IPO
				2023-2024	2022-2023	2021-2022	2020-2021	2019-2020							
AIE NAV (£)	8.4%	11.8%	17.1%	35.5%	18.3%	9.6%	52.6%	-4.3%	24.5%	-3.7%	48.6%	26.0%	181.3%	185.0%	19.1%
MSCI India IMI	8.2%	11.7%	18.3%	37.7%	11.8%	7.2%	45.1%	-16.0%	18.4%	2.1%	31.7%	12.6%	106.1%	121.5%	14.2%
NAV Outperformance (bps)	+25	+13	-119	-217	+656	+240	+746	+1175	+609	-578	+1688	+1333	+7514	+6353	+491
Share Price	8.0%	11.4%	16.9%	35.9%	19.4%	7.7%	65.0%	-9.6%	26.6%	-6.3%	49.6%	26.3%	181.3%	184.0%	19.0%
Currency (INR/GBP)	0.4%	-0.2%	0.6%	-1.9%	-7.3%	7.3%	-10.0%	-5.8%	-6.0%	0.6%	-0.5%	-6.4%	-14.6%	-13.6%	-2.4%

Source : Bloomberg, Factset. Note: Past performance does not predict future returns. \*Since IPO: 06 July 2018 - 30 June 2024

Top 10 holdings (as at June 30, 2024)	GICS Sector	% of AUM
1. ICICI Bank	Financials	5.8
2. State Bank of India	Financials	3.0
3. HDFC Bank	Financials	2.7
4. Tata Consultancy Services	Information Technology	2.3
5. Ambuja Cements	Materials	2.2
6. Nestle India	Consumer Staples	2.2
7. Bharti Airtel	Communication Services	2.2
8. CG Power & Industrial	Industrials	2.1
9. Cholamandalam Financial Holdings	Financials	2.0
10. Bajaj Finserv	Financials	2.0
<b>Total</b>		<b>26.5%</b>

Allocations shown above are as of the date indicated and may not be representative of future investments. They may not represent all of the portfolio's investments. Future investments may or may not be profitable.



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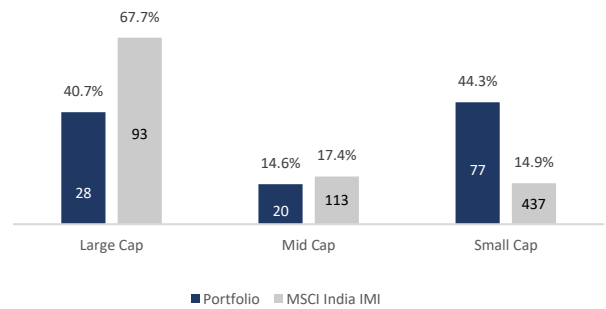
## 2Q 2024: Key Contributors and Detractors

Key Contributors	Ending Weight (%)	Total Return (%)	Contribution to Returns (bps)
ICICI Bank	5.8	+11.2	+60
CG Power & Industrial	2.1	+28.0	+58
Cholamandalam Fin. Hold.	2.0	+31.1	+53
Trent	1.5	+37.2	+50
Azad Engineering	1.4	+40.6	+49

Key Detractors	Ending Weight (%)	Total Return (%)	Contribution to Returns (bps)
Titan	1.7	-10.3	-25
Sonata Software	0.6	-18.7	-19
Jammu & Kashmir Bank	0.9	-13.7	-17
Coforge	1.2	-1.6	-16
Gopal Snacks	1.3	-8.2	-15

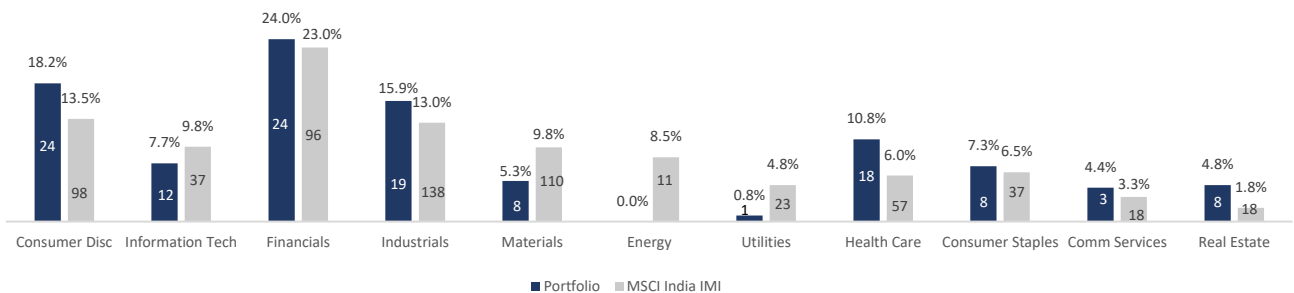
Source: Factset. Past performance does not predict future returns

## Market Cap Composition



Source: Bloomberg, White Oak. Classification as per Securities and Exchange Board of India (SEBI) guidelines. The numbers inside the bars denote the number of companies in each classification. Allocations shown above are as of the date indicated and may not be representative of future investments. They may not represent all of the portfolio's investments. Future investments may or may not be profitable.

## Sector Composition



Source: Bloomberg, White Oak. Classification as per GICS. The numbers inside the bars denote the number of companies in each classification. Allocations shown above are as of the date indicated and may not be representative of future investments. They may not represent all of the portfolio's investments. Future investments may or may not be profitable.

## Market Review

In 2Q 2024, the MSCI India IMI index was up 11.7%. It outperformed global indices like MSCI EM, the US equities (S&P 500), and MSCI World, which returned 4.8%, 4.0%, and 2.5%, respectively.

In 2Q 2024, Foreign Institutional investors (FIIs) were net sellers to the tune of US\$1.2bn, while net buying by domestic institutional investors (DIIs) was US\$15.4bn. For the quarter, the Rupee depreciated by 0.2% vs the GBP while the 10-year G-Sec yields eased from 7.06% to 7.00%. Commodities were mixed, with Brent down 0.8% while the S&P GSCI Industrial Metals was up 8.5%.

For the quarter, Industrials, Communication Services, and Materials outperformed, while Information Technology, Energy, and Health Care underperformed. Large caps have underperformed mid and small caps, while State-owned entities outperformed their private peers.

## Performance Review

The Fund was up 11.84% in 2Q 2024, outperforming the benchmark by 13bps. The key contributors include CG Power & Industrial (+28.0%), Cholamandalam Fin. Holdings (+31.1%) and Trent (+37.2%), whereas Titan (-10.3%), Sonata Software (-18.7%), and Coforge (-1.6%) were the key detractors.



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## Key Contributors

**CG Power and Industrial Solutions**, a part of the Murugappa Group (a leading industrial conglomerate), manufactures industrial, railways, and power transmission and distribution products. It is India's largest motor manufacturing company, with ~38% market share, and supplies a complete range of efficiency motors. The company also caters to the power transmission and distribution sector through its diversified transformers and switchgear product portfolio. It has also recently launched a range of Fast-Moving Electrical Goods (FMEG) products such as fans and pumps. In addition, the company is also developing motors for electric vehicles. The company has recently signed a joint venture agreement with global companies to enter the semiconductor value chain and the stock outperformed due to strong operating performance over the last few quarters. Near-term growth prospects are further supported by rising capex in the private and public (railways, power transmission, and distribution capex) sectors.

**Cholamandalam Financial Holding** is a holding company owned by the Murugappa Group, with a stake in two fast-growing and well-run businesses: (1) ~44% in Cholamandalam Investment and Finance Company (CIFIC) and (2) 60% in Chola MS General Insurance. CIFIC primarily operates in vehicle finance, home equity, and affordable home loan categories, and its strength lies in its ability to underwrite and collect from customers in rural and semi-urban markets, where income streams are relatively less predictable. CIFIC's operating performance in recent quarters has been solid, and the company has also made progress in three new lending segments. While there is a substantial holding company discount between the market value of Cholamandalam Fin. Holdings and the value of its investments, the market regulator SEBI's recent report on "Alternate delisting framework for listed Investment Holding Companies (IHC)" might have led to the holding company discount narrowing and Cholamandalam Fin. Holdings stock outperforming.

**Trent**, a part of the Tata Group, is amongst the leading fashion retailers in India. The company operates two highly successful fashion retail formats – Westside and Zudio; it also runs a grocery retail chain and a few other smaller formats in the fashion and accessories space. Trent has carved a niche by following a highly process-driven operating playbook – its JV with Zara in India has provided learnings that the company has implemented in Westside and Zudio very well. Over the last few years, the company has delivered significant improvement in return ratios while also leading the charts on growth – a rare feat in a challenging business such as fashion. We believe Trent is a unique company that has been able to create a strong moat in a tricky business. Near-term multiples are punchy but justified given the massive long-term potential of the existing formats and the optionality of the company succeeding in a few of its many new forays. The stock outperformed on the back of strong operating performance in recent quarters.

## Key Detractors

**Titan** is the leading jewelry company in India which also has a presence in other segments like watches, eyewear, fragrances, precision engineering, and women's ethnic wear. Titan is a lifestyle retailer par excellence and commands a premium brand positioning across segments. The company's well-tuned operating model allows it to generate industry-leading return ratios while maintaining industry-leading growth. Titan's jewelry market share is still in the mid-single digits, with significant scope for sustained expansion. Recent underperformance is on the back of higher competitive intensity in the jewelry business in recent quarters which has resulted in near-term earnings downgrades.

**Sonata Software** is a mid-sized IT company with two main business lines – a) a domestic IP Reselling business and b) International IT services. Majority of the revenues are derived from the domestic business (~70% mix), while profit contribution is primarily led by the international business. Within the international business, the key verticals include ISV (Independent Software Vendor) services, manufacturing, retail and travel. Sonata has a strong client base and deep capabilities in the Microsoft ecosystem, especially in Microsoft Dynamics and Azure. The company has undergone a management change with Samir Dhir, who had an impressive track record at Virtusa Corporation, joining as the CEO in 2022. Under the new leadership, the company has undertaken significant changes, including key leadership hires, aggressive investments in capability building, expansion into new service offerings and renewed focus on large deals. The stock has underperformed due to weaker-than-expected quarterly performance due to client-specific issues..

**Coforge** is a fast-growing, mid-sized IT services company, present across three major verticals – travel & transportation, insurance, and banking & financial services – which collectively account for ~72% of revenues. It has a niche positioning in both travel and insurance verticals. The company underwent a management change six years ago and, under the new leadership it 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 underperformed due to expectations of reduction in the pace of organic growth, as the company focuses on margin improvement.



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<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 proceeds raised from the IPO got substantially invested at the end of July 2018.

<sup>4</sup> Refers to aggregate assets under management or investment advisory for White Oak Group

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

<sup>6</sup> As at 31 May 2024, the annualised estimated ongoing charges ratio, excluding the Performance fee accrual is 0.32% of average NAV.

## Important Information

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Economic and market forecasts presented herein reflect a series of assumptions and judgments as of the date of this presentation and are subject to change without notice. Emerging markets securities may be less liquid and more volatile and are subject to a number of additional risks, including but not limited to currency fluctuations and political instability.

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References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. The index composition may not reflect the manner in which the Company's portfolio is constructed.

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Disclosure related to Morningstar rating:

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