

SHINING A LIGHT ON THE.....
Stewart Investors Indian Subcontinent Fund

AT A GLANCE

Investment Objective	
<p>The Fund aims to achieve long-term capital growth. The Fund will comprise investments in a diversified portfolio of companies of the Indian subcontinent. The Fund concentrates on securities that are listed, traded, or dealt in on regulated markets in the Indian subcontinent and instruments issued by companies established, operating or having a predominant part of their economic activities in the Indian subcontinent and listed on other regulated markets. The Fund invests in companies which are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.</p>	

Inception Date	15 th November 2006
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0000004A9

Management	
Manager Name	Start Date
Sashi Reddy	1 st July 2009

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	17.73%
Large	42.76%
Medium	21.92%
Small	13.84%
Micro	3.74%

Top 10 Holdings		
Total number of holdings	37	
Assets in Top 10 Holdings	48.96%	
Name	Sector	% of Assets
Tech Mahindra Ltd	Technology	8.29%
Tata Consultancy Services Ltd	Technology	5.99%
Mahindra & Mahindra Ltd	Consumer Cyclical	5.06%
Marico Ltd	Consumer Defensive	4.92%
Dr Reddy's Laboratories Ltd	Healthcare	4.73%
Housing Development Finance Corp Ltd	Financial Services	4.44%
Cyient Ltd	Technology	4.29%
Kotak Mahindra Bank Ltd	Financial Services	4.02%
Dabur India Ltd	Consumer Defensive	3.98%
Godrej Consumer Products Ltd	Consumer Defensive	3.24%

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Volatility Measurements	
3-Yr Std Dev (volatility)	14.56%
3-Yr Mean Return (average)	10.86%

FUND PERFORMANCE

Performance from 1st January 2013 to 31st January 2018:

	2013	2014	2015	2016	2017	2018
Stewart Investors Indian Subcontinent Fund	1.94%	51.08%	5.37%	20.49%	18.37%	-2.28%
Lyxor MSCI India ETF	-6.45%	28.16%	-2.46%	16.75%	25.63%	-1.95%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Stewart Investors Indian Subcontinent Fund	13.50%	32.11%	113.63%	380.64%
Lyxor MSCI India ETF	18.33%	23.51%	56.81%	121.22%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This was our first introduction to the fund and the fund manager, Sashi Reddy. The fund is a concentrated portfolio of between 30 and 60 stocks, and currently it holds 37 stocks. The fund has been soft closed but has recently re-opened to new money. Like the China story in the early noughties, this is very much about India being the next China and how that will develop over the next decade. It will appeal to investors who want to take a single country bet and are prepared to leave their money invested over a long period of time.

Sashi started by explaining that he has been managing money in the region for a number of years. From a macro prospective the country is weak. There are always problems and it is badly managed by politicians. Whatever people say his view is that the government has little control over what happens. Nothing ever gets done. Pollution is a problem in the big cities, diabetes is an increasing issue and then there is conflict with the borders to Pakistan and China. So, looking from a top-down view there are question marks as to why you would invest in India.

Having said the macro picture is poor, Sashi went on to explain that there are lots of good companies who have been able to adapt and grow despite the weak macro picture. As an example, a recent investment is in Dr Lal Pathlabs which is a specialist blood test laboratory – Sashi explain this is a perfect example of the type of company he likes. It is a small, growing business and likely to be around for a long time, providing positive benefits to the fund.

One of the largest holdings is Marico which specialises in hair oils, but over the last 15 years have diversified by developing a health food business as well. The point that Sashi is making is that despite

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the political situation there are good opportunities to be found. The other aspect of this fund is its ability to invest in Bangladesh, Sri Lanka and Pakistan. Sashi likes Bangladesh and feels this is a much younger country with a real desire to move forward, and about 8% of the fund is invested in this region. Sri Lanka has fewer opportunities but there are still good companies and around 8% of the fund is in this region. He doesn't have any weighting to Pakistan as he is worried about their stock exchange.

In summary, in terms of performance, although this has dipped over the last 12-months over the long term it remains very strong. The fund will appeal to those looking to exploit the potential opportunities from India over the long term. One key difference with the fund is its ability to invest in Sri Lanka, Bangladesh and Pakistan and currently the fund has around 16% outside of India. There is about 7% in cash which Sashi is happy to hold so he has the ability to take advantage of opportunities which may arise.

The source of information in this note has been provided by Stewart Investors and is correct as at February 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.