

Alquity Indian Subcontinent Fund – April 2023

LWM FUND SPOTLIGHT ALQUITY INDIAN SUBCONTINENT FUND

INVESTMENT OBJECTIVE

Our objective is to provide growth for investors by tapping into the fast-moving, dynamic opportunities across the Indian Subcontinent by focusing on long-term investment themes such as demographics, urbanisation, the New India and long-term competitive advantages.

INCEPTION DATE

5th May 2014

FUND FACTSHEET

<https://www.trustnet.com/factsheets/b/kfsl/alquity-indian-subcontinent-r-gbp>

MANAGEMENT

Manager Name

Mike Sell

Start Date

5th May 2014

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
3.44	1.05	-16.92	19.04	-8.01	69	87	6.12

OTHER DATA

Benchmark	MSCI India
Fund Size	\$22.54 million
Fees (C Share Class)	1.55%

BULL POINTS (PRO)

- Concentrated focused portfolio.
- Focused on domestic India.
- Greater focus on domestic India.
- Different holdings to the benchmark.
- Established team with nearly a ten-year track record.

BEAR POINTS (CONS)

- Volatile region.
- Longer term performance has been weak.

Alquity Indian Subcontinent Fund – April 2023

FUND PERFORMANCE

Performance from 5th May 2014 – 31 March 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



05/05/2014 - 31/03/2023 Data from FEfundinfo2023

Cumulative Performance (GBP)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	-5.63%	-9.71%	-5.29%	86.84%	10.22%
Sector	-4.61%	-8.85%	-4.12%	72.11%	37.97%
Relative to Sector	-1.07%	-0.95%	-1.23%	8.56%	-20.12%
Rank in Sector *	19 / 23	16 / 23	12 / 23	2 / 22	17 / 19
Fund Quartile *	4	3	2	1	4

Performance by Calendar Year in (GBP)

	YTD	2022	2021	2020	2019
Fund	-5.63%	-1.29%	38.47%	8.68%	-13.23%
Sector	-4.68%	-1.61%	28.29%	11.20%	1.41%
Relative to Sector	-1.00%	0.33%	7.93%	-2.26%	-14.44%
Rank in Sector *	16 / 23	12 / 23	2 / 23	12 / 22	20 / 20
Fund Quartile *	3	2	1	3	4

Discrete Annual Performance to Last Quarter End (GBP)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	-4.41%	22.35%	67.24%	-41.10%	-1.75%
Sector	-4.09%	18.74%	55.42%	-26.71%	7.22%
Relative to Sector	-0.34%	3.04%	7.61%	-19.63%	-8.37%
Rank in Sector *	9 / 23	2 / 23	2 / 22	20 / 20	17 / 19
Fund Quartile *	2	1	1	4	4

Fund Price Movement (GBP)

12 Month High	275.78 (Pounds Sterling)	12 Month Low	221.89 (Pounds Sterling)
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Annualised Ratios Over 36 Months

	Alpha	Beta	Sharpe	r ²	Volatility
Fund	3.14	1.02	1.37	0.91	15.75
Fund Quartile *	N/A	N/A	N/A	N/A	N/A

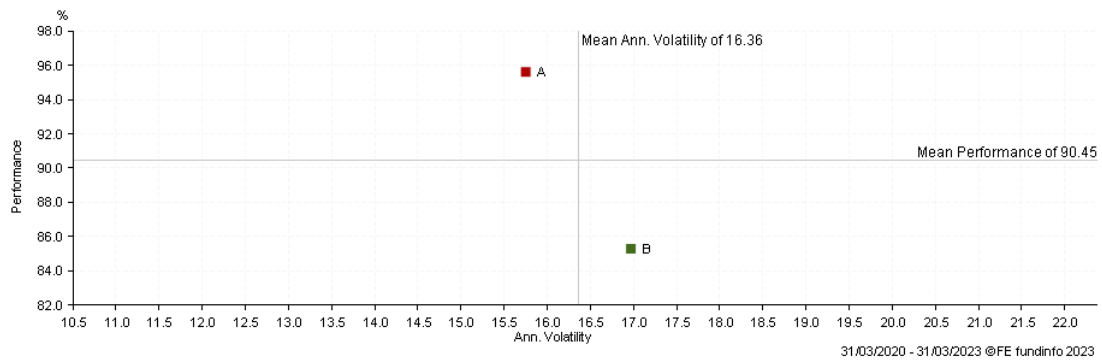
*Ranks & quartiles shown are for the primary share class,Alquity Indian Subcontinent Y USD

Please 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.

Alquity Indian Subcontinent Fund – April 2023

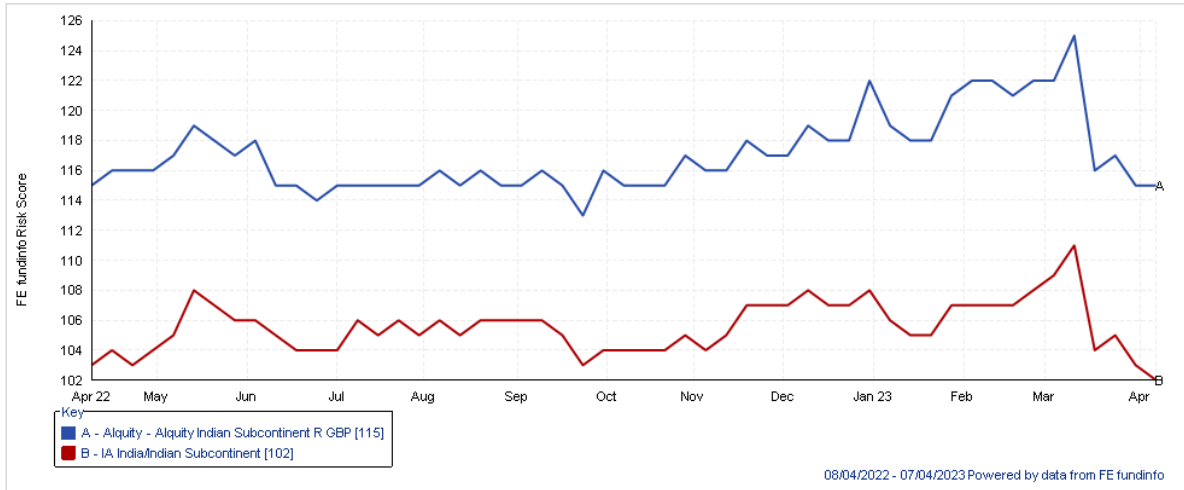
VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
A	Alquity - Indian Subcontinent R GBP in GB	95.60	15.75
B	MSCI India GTR in GB	85.30	18.97

FE fundinfo Risk Score Chart Over 1 Year

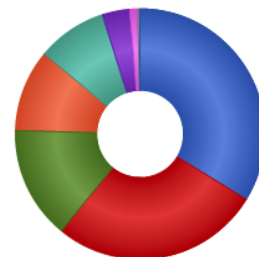


SECTOR WEIGHTINGS

Sector Weightings as at February 28, 2023

Rank	Change	Name	%
1	►	CONSUMER PRODUCTS	33.77
2	►	FINANCIALS	27.12
3	►	BASIC MATERIALS	14.53
4	►	INDUSTRIALS	10.66
5	►	TELECOM, MEDIA & TECHNOLOGY	9.04
6	▲	REAL ESTATE	3.55
7	▲	HEALTH CARE	1.07
8	▼	MONEY MARKET	0.26

▼ Faller ▲ Riser ► No Change ■ New Entry



Alquity Indian Subcontinent Fund – April 2023

HOLDINGS

Top 10 Holdings as at February 28, 2023

Rank	Change	Name	%	Sector Ranking*
1	▲	INFOSYS LTD	7.95	n/a
2	▼	ICICI BANK LIMITED	7.59	n/a
3	▶	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	6.44	n/a
4	▶	HINDUSTAN UNILEVER LTD	6.26	n/a
5	▶	MARUTI SUZUKI INDIA LTD	4.86	n/a
6	▶	TATA CONSULTANCY SERVICES LIMITED	4.60	n/a
7	▲	APL APOLLO TUBES LTD	3.99	n/a
8	▼	DABUR INDIA	3.96	n/a
9	■	LEMON TREE HOTELS LIMITED	3.63	n/a
10	■	ULTRATECH CEMENT LTD.	3.61	n/a
Total			52.89	

* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).

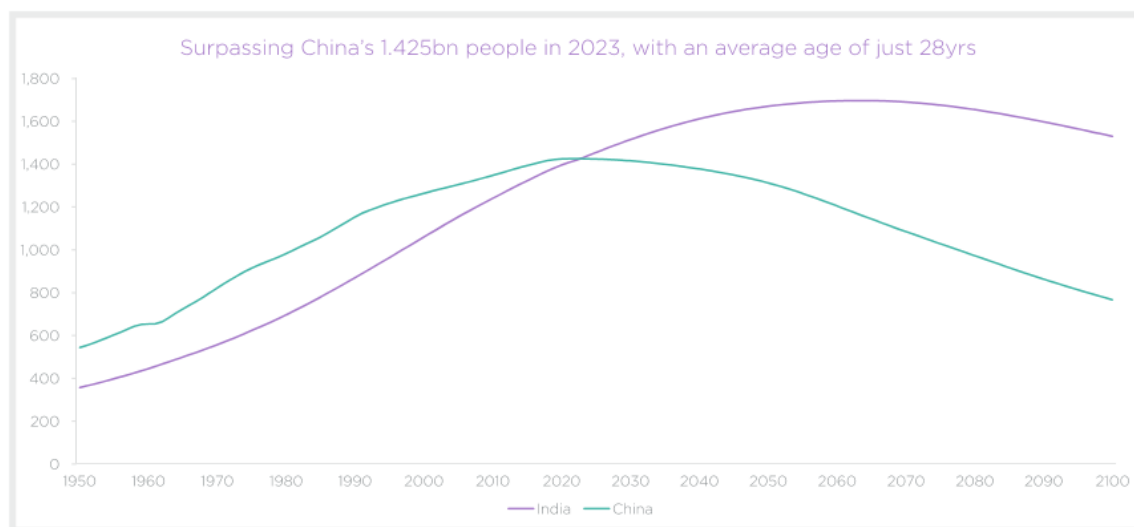


Alquity Indian Subcontinent Fund – April 2023

LWM FUND ANALYSIS

India is fast becoming one of the world's largest economies and yet investors rarely have a dedicated allocation to the region, often opting for an emerging market or Asia strategy. The reason is perhaps that performance is often mixed. We have known Alquity for several years; they are specialists in Asia and this strategy has been running for nearly ten years. Where Alquity are perhaps different to other strategies is, firstly, this is mainly domestically focused and secondly 10% of their earnings are placed in a charitable foundation which is then used to help in areas that they invest in.

India's population is set to surpass China in 2023 with an average age of 28 years. At the same time there is multi decade growth before it peaks.



India has relatively stable politics with Modi at the helm, with significant reforms taking place. The stock is now the 5th largest equity market globally, overtaking the UK. There have been significant inflows from domestic investors.

Structural Domestic Themes

- URBANISATION
- DEMOGRAPHICS
- SHIFT FROM INFORMAL TO FORMAL ECONOMY
- DIGITALISATION
- MADE IN INDIA
- CLIMATE TRANSITION

In terms of the economy, growth is averaging 6% p.a. and the current account deficit is well managed. One of the key elements, and why demographics is important, is that exports make-up 21.4% of GDP. Therefore demographics, urbanisation and the shift to a formal economy are key drivers to future growth.

The strategy is positioned on the next story rather than the last. Structural domestic themes run throughout the holdings.

31 of the 34 holdings are domestically focused. So, when comparing to other strategies the holdings are very different.

Alquity Indian Subcontinent Fund – April 2023

There are also names that they wouldn't hold such as Reliance Industries Limited. A focus on environmental, social and governance issues is really important to the strategy and therefore if they are not comfortable with a stock, they will not hold it even if others do.



Using the charity foundation and supporting initiatives such as Phool is a rich source of information for them. 70% of India is still rural based and so understanding the rural population and their needs helps in delivering investment ideas. They have started to rotate some of the holdings towards rural India.

Performance has been mixed but a lot has changed at Alquity and a greater focus on risk controls has started to make a difference to the performance data.

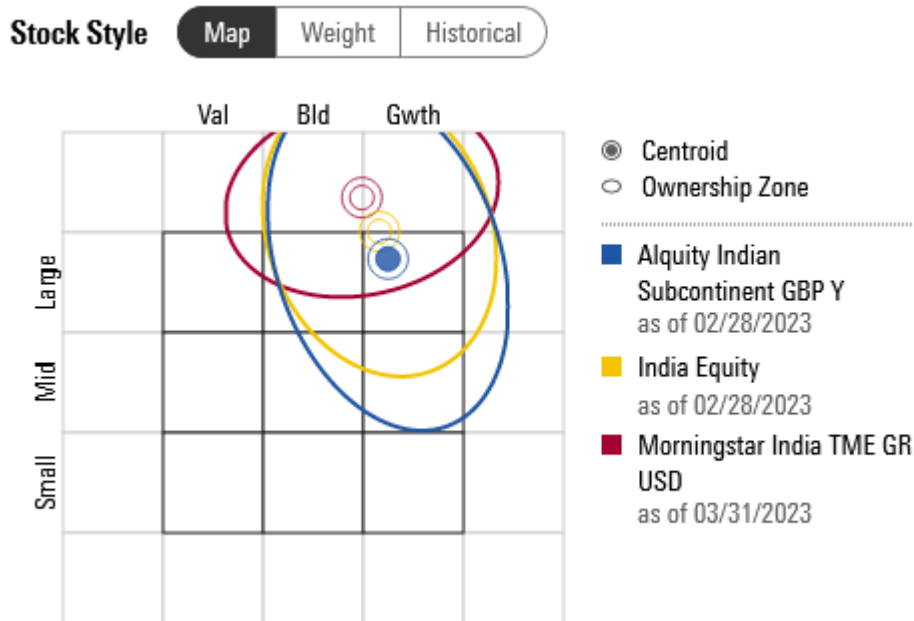
For investors searching for a dedicated India strategy, this may be one to consider. It is different due to the ESG aspect, it is also different in terms of holdings and the focus on domestic India.

It is skewed more towards large cap but does have exposure in mid and small cap, so it aims to balance risk and reward.

Avg Market Cap	Category Avg Market Cap		Index Avg Market Cap
11.44 Bil	17.62 Bil		32.72 Bil
Size	Investment %	Cat. Average %	Index %
Giant	47.00	53.12	66.04
Large	30.24	21.43	31.97
Mid	8.30	14.81	1.99
Small	10.62	3.05	0.00
Micro	3.83	0.72	0.00

USD | Investment as of 28 Feb 2023 | Category: India Equity as of 28 Feb 2023 | Index: Morningstar India TME GR USD as of 31 Mar 2023 | Data is based on the long position of the equity holdings.

Alquity Indian Subcontinent Fund – April 2023



In terms of the style measures the metrics are not dissimilar to the index, with long term earnings being significantly higher than the index.

Style Measures **Measures** Market Cap

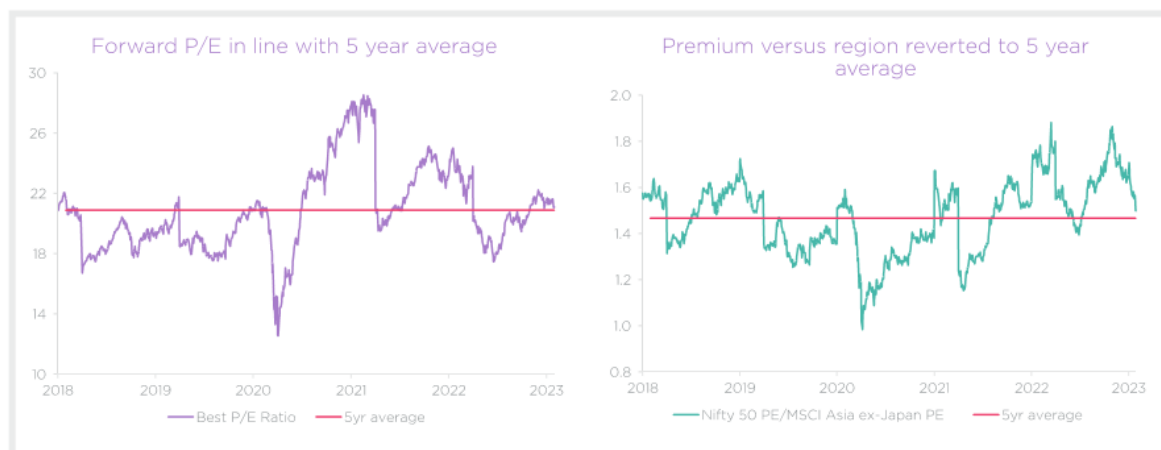
Value & Growth Measures	Investment	Cat. Average	Index
Price/Earnings	19.32	19.16	16.97
Price/Book	3.14	3.18	3.10
Price/Sales	2.08	2.30	1.77
Price/Cash Flow	9.00	13.71	8.82
Dividend Yield %	1.37	1.28	1.88
Long-Term Earnings %	21.90	19.14	13.57
Historical Earnings %	25.13	22.68	23.76
Sales Growth %	14.84	15.57	16.23
Cash-Flow Growth %	3.32	-1.16	-1.79
Book-Value Growth %	12.96	11.62	10.24

Investment as of 28 Feb 2023 | Category: India Equity as of 28 Feb 2023 | Index: Morningstar India TME GR USD as of 31 Mar 2023 | Data is based on the long position of the equity holdings.

The team are positive and see this as a long-term investment. India has relatively stable politics, it is in a period of structural growth, it doesn't have the same negative global sentiment as say China and it is seeing an increase in foreign investment.

India is also talked about as being expensive but they think it is in line with the average and not trading on a premium.

Alquity Indian Subcontinent Fund – April 2023



In summary, for those seeking a dedicated India strategy this may be one to consider. This is different to the index with a greater focus on domestic India and that shift towards rural India. The economic tailwinds are in India's favour, with stable politics, growth around 6% p.a. and a controlled central bank balance sheet.

The source of information in this note has been provided by Alquity and is correct as of April 2023. 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.

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