

**SHINING A LIGHT ON THE.....  
Neptune India Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The investment objective of Neptune India Fund is to generate capital growth from investment predominantly in Indian securities, or securities issued by companies transacting a significant proportion of their business in India. Other eligible asset classes may include collective investment schemes, other transferable securities, cash or near cash, deposits and money market instruments.	

<b>Inception Date</b>	29 <sup>th</sup> December 2006
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000027K">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000027K</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Thomas Smith	18 <sup>th</sup> May 2018

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	38.67%
Large	36.84%
Medium	14.20%
Small	10.29%
Micro	0.00%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	46	
<b>Assets in Top 10 Holdings</b>	39.13	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Infosys Ltd	Technology	7.93%
Reliance Industries Ltd	Energy	5.00%
ICICI Bank Ltd	Financial Services	3.82%
Housing Development Finance Corp Ltd	Financial Services	3.57%
Godrej Consumer Products Ltd	Consumer Defensive	3.56%
Yes Bank Ltd	Financial Services	3.56%
Maruti Suzuki India Ltd	Consumer Cyclical	3.12%
Mahindra & Mahindra Ltd	Consumer Cyclical	3.10%
IndusInd Bank Ltd	Financial Services	3.06%
Cyient Ltd	Basic Materials	3.03%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	16.51%
<b>3-Yr Mean Return (average)</b>	16.57%

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 31<sup>st</sup> August 2018:

	2013	2014	2015	2016	2017	2018
Neptune India Fund	-9.92%	51.47%	1.16%	24.64%	24.89%	-4.50%
MSCI India	-5.62%	31.58%	-0.69%	17.57%	26.74%	3.52%

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

	1 year	3 years	5 years	Since launch
Neptune India Fund	-2.32%	52.40%	166.04%	148.29%
MSCI India	6.19%	60.22%	126.81%	172.01%

*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....

For those looking to invest in India this fund was established in 2006, with the new manager coming on board in May 2018. This was our first introduction to the management team and the fund. One main concern is the performance which lags the index over 1 and 3 years and since launch. With a change in management it is difficult at this stage to see if this will change the performance of the fund.

The fund looks to hold between 30 and 50 highest conviction ideas from a universe of 5,000 stocks. In looking across the universe they automatically discount down to 100 to 120 stocks based on liquidity and accounting and corporate governance. They look at three silos for investments:

Structural growth – these are high quality companies with strong growth opportunities

Economic recovery – these are cyclical companies with less of a competitive advantage. They tend to be low cost and the managers are looking for a re-rating. These tend to be short term holdings

Corporate turnaround – these tend to be companies where there is a catalyst for the change over the next 12 months

There tends to be little correlation between the three silos and the manager is style agnostic. He will look to own about a third in each group with a minimum of 20%. The fund is currently skewed towards large cap, but the team are happy to invest in small and mid-cap if there are opportunities.

In terms of opportunities the manager feels that India has been resilient to emerging market stress with the current account deficit at less than 2%. The market has been flat whilst emerging markets has been down around 10%. The currency has been weak but not as weak as other emerging market currencies.

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They feel that oil prices are too high and that this will come down. If this happens it will benefit the rupee, increase GDP, reduce the fiscal deficit and reduce inflation. This is not the only positive outlook they have, as they also think that reform has made a big difference.

Biometric ID, financial inclusion and goods and services tax have made a big difference. Financial inclusion has seen almost all households have a bank account and India is moving to a more digitalised environment. New tax rules will help the economy over the long term as it moves towards being the world's 3<sup>rd</sup> largest economy by 2027.

In terms of companies, earnings growth is improving significantly, and this should feed into GDP figures and has been helped by strong financial discipline within companies. Political stability has also helped, and it is expected that Modi will be re-elected and for the reforms to continue.

In conclusion, for those looking to invest in India this might be a fund to consider. My concern is the performance and whether an index fund might be better or another fund focused on this region.

*The source of information in this note has been provided by Neptune and is correct as at September 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.*