

**SHINING A LIGHT ON THE.....
Alquity Indian Subcontinent Fund**

AT A GLANCE

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. The fund is not benchmarked and invests in the next investment story for the region, not the last. We gain valuable insights from incorporating Environmental, Social and Governance screening into our investment process, as well as empowering communities and entrepreneurs in the areas that we invest in.	

Inception Date	5 th May 2014
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000TFIO

Management	
Manager Name	Start Date
Mike Sell	5 th May 2014

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	1.57%
Large	27.77%
Medium	31.93%
Small	36.84%
Micro	1.88%

Top 10 Holdings		
Total number of holdings	25	
Assets in Top 10 Holdings	56.87%	
Name	Sector	% of Assets
Escorts Ltd	Industrials	6.74%
KEI Industrials Ltd	Technology	6.38%
Yes Bank Ltd	Financial Services	6.29%
V-Mart Retail Ltd	Consumer Cyclical	6.10%
Heidelberg Cement India Ltd	Basic Materials	5.97%
TTK Prestige Ltd	Consumer Cyclical	5.24%
Mahindra and Mahindra Financial Services	Financial Services	5.20%
TCI Express Ltd	Industrials	5.03%
Jamna Auto Industries Ltd	Consumer Cyclical	5.03%
Emami Ltd	Consumer Defensive	4.88%

Volatility Measurements	
3-Yr Std Dev (volatility)	23.04%
3-Yr Mean Return (average)	19.75%

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FUND PERFORMANCE

Performance from 5th May 2014 to 31st March 2019:

	2014	2015	2016	2017	2018	2019
Alquity Indian Subcontinent Fund	34.96%	-2.18%	16.37%	45.81%	-14.42%	4.61%
iShares MSCI EM ETF	4.82%	-11.15%	33.56%	24.43%	-9.25%	6.27%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Alquity Indian Subcontinent Fund	-1.75%	58.76%	100.55%
iShares MSCI EM ETF	-1.42%	46.29%	49.28%

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....

The fund is managed by Mike Sell who has invested in Asia and India for 25 years. Mike joined Alquity in 2014 to manage the Asia and Indian Funds. He is supported by a team of three. The story behind investing in India is about long-term growth opportunities. The fund focuses on domestic companies and not in areas like technology, healthcare and energy. The fund doesn't tend to hold many stocks from the index and therefore will look and feel very different.

In terms of fund size, it currently has about £60 million but this is expected to grow once the results of the elections come through. Since launch Mike has applied ESG principals to investing. They have frequent visits to the areas they invest in as well as the broader Asia region, and mixed into this is Mike's experience of investing in the region.

Investing in a single country fund especially in emerging markets does bring greater volatility but the arguments are that they have potential to bring strong returns.

Mike remains extremely positive for India and believes that Modi's party will return to power. He needs 272 seats for a majority, and this had fallen away but has since come back. Much of this has been driven by positive momentum from increased financial support for small farmers, increased tax rebates for lower- and middle-income earners, support for the housing sector, new RBI governor and the recent conflict with Pakistan has enhanced Modi's reputation.

There is also significant investment within India – 27km of new roads a day. They have developed 600 km of metro rail and 500 km is under construction. Mike sees opportunities in rural India with 50% skewed towards this. There are also opportunities through rate cuts and narrower current account deficit, and he feels the markets are not pricing in the return of Modi.

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In summary, this is one of the strongest Indian specific funds. It does carry country specific risk and therefore is likely to be more volatile than a fund with a wider regional spread. For those looking to invest in the fund it is likely to be a long term hold, as trying to estimate the best time to invest would be extremely difficult to do.

The source of information in this note has been provided by Alquity and is correct as at April 2019. 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.