



Portfolio of 20-50 Indian Companies built through a distinctive high growth, high conviction, and benchmark independent investment approach.



Targets companies which offer attractive risk/reward profiles, utilizing 'bottom up' analysis, along with a 'top down' analysis of macroeconomic conditions and structural themes.



Aims to outperform the Benchmark with a focus on capital growth and downside protection.

## Performance Summary

Period	Gross <sup>+</sup>	Net Before Tax*	MSCI India Net Pre-Tax	Net After Tax <sup>^</sup>
1 Month	4.4%	4.4%	2.8%	3.7%
6 Months	25.1%	24.5%	22.0%	20.7%
1 Year	36.2%	34.8%	36.8%	30.2%
3 Years (cumulative)	61.6%	56.6%	74.0%	51.5%
Since Inception <sup>^^</sup> (cumulative)	122.4%	105.2%	130.7%	94.2%
Since Inception <sup>^^</sup> (p.a.)	12.1%	10.8%	12.7%	9.9%

<sup>+</sup>References to the gross fee and pre-tax contribution components of the total Net After Tax return figures.

\* Net Before Tax return figures calculated after fees and expenses, assuming all distributions are reinvested.

<sup>^</sup>Net After Tax return figure is calculated after fees, expenses, and taxes, assuming all distributions are reinvested.

<sup>^^</sup>Inception date is 4 May 2017.

All return figures in above table shown are in AUD. Past performance is not a reliable indication of future performance.

## Key Information

<b>Investment Objective</b>	To outperform the Benchmark on a net of fees and tax basis, with a focus on capital growth and downside protection.
<b>Benchmark</b>	MSCI India Net Return Index (AUD)
<b>Liquidity</b>	Daily
<b>Target Number of Holdings</b>	20-50
<b>Number of Holdings at Month End</b>	48
<b>Minimum Investment</b>	Initial investment - \$10,000 Additional investment - \$5,000
<b>Distribution Frequency</b>	Half-Yearly (where available)
<b>Management Fee</b>	1.10% p.a.
<b>Performance Fee<sup>1</sup></b>	15.00%
<b>Buy/Sell Spread</b>	0.25% / 0.25%
<b>Unit Prices</b>	Application - \$1.5493 Net Asset Value - \$1.5454 Redemption - \$1.5415

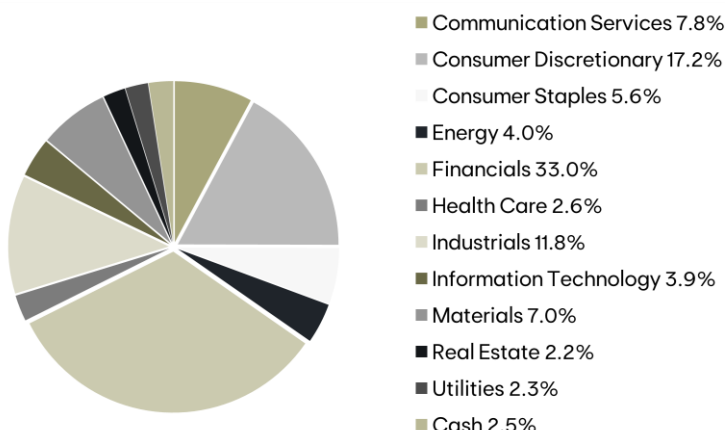
<sup>1</sup>Of the investment return above the benchmark, after recovering any underperformance in past periods.

## Growth of \$10,000 Investment



Fund Performance shown is after fees, expenses, and taxes assuming all distributions are reinvested. Past performance is not a reliable indication of future performance. Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital

## Top Holdings

Company	Sector	Portfolio Weight
Vodafone Idea	Communication Services	7.8%
ICICI Bank	Financials	6.9%
HDFC Bank	Financials	5.5%
Reliance Industries	Energy	4.0%
Varun Beverages	Consumer Staples	3.4%
Titan Company	Consumer Discretionary	2.7%
Bajaj Finance	Financials	2.6%
Axis Bank	Financials	2.6%
ABB India	Industrials	2.5%
Infosys	Information Technology	2.5%

Source: Ellerston Capital

## COMMENTARY

The Ellerston India Fund (EIF) was up 3.75% (net) in April versus the MSCI India Index (MXIN) which was up 2.80%. The Indian market continued its upwards journey, driven by domestic factors of economic growth, capital spend, corporate earnings and positive election outcomes. However, the market had a volatile dip in the middle of the month due to weaker global markets which were bothered by rising inflationary concerns, leading to tempered expectations for interest rate cuts.

April saw FIIs selling to the tune of USD \$1.1bn, while domestic investors remained net buyers to the tune of USD \$5.3bn. Retail investors, which typically invest through monthly SIPs (Systematic Investment Plans) into the market were at an all-time high in April at USD \$2.4bn. Investors are staying vigilant to India's general elections for 543 seats in the lower house of parliament, or Lok Sabha, that kicked off on 19<sup>th</sup> April. The results of the world's largest-ever democratic exercise are set to be announced on the 4<sup>th</sup> of June.

Indian economic landscape showed signs of stability and positive high-frequency indicators on domestic demand. OECD raised India's growth forecast by 40 basis points to 6.6% for 2024-25, on the back of buoyant public investment and improved business confidence, leading to higher GDP growth. March CPI inflation eased to 4.85%, dropping from 5.09% in the previous month. India's gross GST revenues in April also grew 12.4% y/y and 18% m/m. Domestic 2W volumes grew by 15% on a y/y basis while PVs volumes grew 10% y/y. Credit growth (adjusted for the HDFC merger) remains buoyant, rising 16.1% y/y in April, with the loan-deposit ratio tracking at 77.6%.

## PORTFOLIO PERFORMANCE

Turning to portfolio performance, an overweight position in Communication Services and an underweight position in Information Technology were the key alpha contributors. Meanwhile, underweight positions in Utilities and Materials were the key detractors for the month.

At the company level, **Vodafone Idea, Phoenix Mills and Titagarh Rail Systems** were the biggest contributors to relative performance. Meanwhile, not owning **Bharti Airtel** and within our existing positions, owning **Titan and Hero Motocorp** were the key detractors to relative performance.

**Vodafone Idea (VI)** is the third largest telecom services provider in India with 18% market share. The Government of India is the largest shareholder in the company, though VI continues to be run by its private sector promoters, Vodafone and Idea. The Govt. is keen to maintain competitive intensity in the telecom sector and not let it become a duopoly; it is receptive to improving price environment (hikes) and open to reconsidering the large USD \$28bn government dues of VI. EIF participated in the VIFPO that raised USD \$2.2bn equity from investors at INR11, meanwhile another USD \$240mn was infused by the promoters at 35% premium. We expect an improved pricing environment, growing data demand and benevolent government policies to help beleaguered VI revive. **Phoenix Mills** saw a recovery in its stock price from March lows as it reported a strong 4QFY24 operational update. Phoenix reported 9% y/y growth in same store consumption, up from 5% reported for 3Q24 and significantly ahead of street expectations. Further, the possibility of potential inclusion in the MSCI index for Phoenix in the upcoming May or August review has added buoyancy to the stock. **Titagarh Rail Systems** is one of the key plays on the upswing in India's capex that is increasingly focused on the Railway sector, with the intent to increase the share of Railway in India's freight traffic. It saw increased investor and broker interest during the month.

**Bharti Airtel** inched up based on market's expectation of ARPU hikes in the coming months post elections, which would be needed to help the third player Vodafone Idea survive. We have rotated out of Bharti Airtel into VI where the delta from tariff hikes is 2x. **Titan** reported a strong business update with the Indian Jewellery division sales, up 19% y/y, ahead of street estimates, clocking double-digit growth in both buyers and same-store sales. However, rising gold prices and weakening discretionary spend trends led to some profit booking in the stock. **Hero Motocorp** has been a key performer for EIF and saw a bit of profit booking as Hero posted marginally weaker monthly sales number for March at 5.6% decline. However, Hero has already recovered from the blip and reported 35% y/y volume growth in April leading to sharp uptick in stock price.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com).

## Regulatory Guide (RG240) Fund Disclosure Benchmark – Periodic Reporting (monthly)

- **Net Asset Value of the Fund and Redemption Price of Units**

Please refer to details on page one.

- **Any changes to key service providers including any change in related party status**

There have been no changes to key service providers, including any change in related party status.

- **Net returns after fees, costs and relevant taxes**

Please refer to details on page one.

- **Any material changes to the Fund's risk profile and strategy**

There have been no changes to the Fund's risk profile and strategy.

- **Any material changes related to the primary investment personnel responsible for managing the Fund**

Please refer to details on page one; there have been no changes to the primary investment personnel responsible for managing the Fund.

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Find out more:

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Should investors have any questions or queries regarding the Fund, please contact our Investor Relations team on 02 9021 7701 or [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

All holding enquiries should be directed to our register, Automic Group on 1300101595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

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