



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	0.8%	0.7%	-1.7%	0.27%
6 Months	22.4%	21.7%	17.8%	18.5%
1 Year	31.2%	29.8%	28.0%	25.3%
3 Years (cumulative)	52.6%	47.9%	57.8%	43.2%
Since Inception <sup>^^</sup> (cumulative)	123.9%	106.4%	126.9%	94.8%
Since Inception <sup>^^</sup> (p.a.)	12.1%	10.8%	12.3%	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>	49
<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 - \$1.5535 Net Asset Value - \$1.5496 Redemption - \$1.5457

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

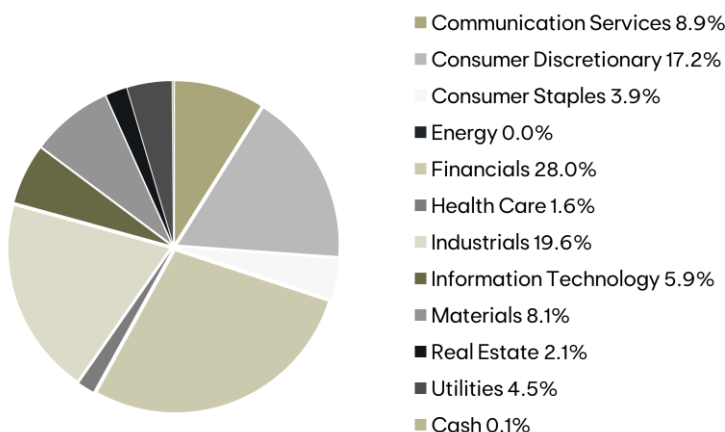
## Growth of \$10,000 Investment



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 Limited	Communication Services	8.95%
ICICI Bank Limited	Financials	6.52%
HDFC Bank Ltd.	Financials	5.38%
Titagarh Rail Systems Limited	Industrials	2.98%
Adani Enterprises Limited	Industrials	2.96%
Adani Ports and Special Economic Zone Limited	Industrials	2.83%
Data Patterns (India) Limited	Information Technology	2.61%
Varun Beverages Limited	Consumer Discretionary	2.57%
Axis Bank Limited	Financials	2.50%
Hero Motocorp Limited	Consumer Discretionary	2.44%

Source: Ellerston Capital

## COMMENTARY

The Ellerston India Fund (EIF) was up 0.69% (net) in May versus the MSCI India Index (MXIN) which was down 1.67%. In May, the Indian equity market experienced significant volatility, primarily driven by pre general elections jitters. The market trended higher during the month but gave-up in the last five trading days, as investors lightened their positions heading into exit polls (1st June) and results on 4th June.

Meanwhile the global markets were strong in May, buoyed by robust earnings reports from major US technology companies. NASDAQ composite increased 7%, followed by S&P500 and Russell 2000 both up 5%, with Asia (ex Japan) also up 1.5%. However, in the Indian equity market, FII were net sellers in May to the tune of USD3bn while the Domestic investors were massive buyers of USD6.8bn.

S&P Global Ratings revised their outlook on India's BBB- sovereign credit rating from 'stable' to 'positive'. S&P attributed this to a mix of robust economic fundamentals, continuing economic reforms, expectation of strong growth momentum, the enhanced focus on public capex, stronger corporate and financial sector balance sheets and focus on fiscal consolidation. Importantly, S&P upgraded their rating pre-election, mentioning that the upgrade was not contingent on the election outcome.

The key macro pointers in May trended positively. India's Q1CY24 real GDP growth came in strong at 7.8% y/y vs. 8.6% y/y in Q4 (revised up from 8.4% y/y previously); driven by strong investment demand and a recovery in consumption growth. India's CPI moderated to 4.7% in May (4.83% in April) while IIP (industrial production) grew 5% in April. GST collections in May were also up 10% y/y, with GST hitting a new high at 6% of GDP. The strong GST growth was driven by domestic transactions (up 15.3%) and slowing imports (down 4.3%). May also saw decent consumption growth with 5% y/y growth in 2Ws and 4% y/y growth in passenger vehicles.

India's forex reserves jumped USD4.84bn to a new all-time high of USD 652billion by May end. This was driven by a surplus Current Account Balance (CAB) of ~USD6bn (0.6% of GDP) in the fourth quarter of the fiscal year 2024 (Q4FY24). This marks the first quarterly surplus since 1QFY22 (Covid time).

Central government's consolidated fiscal deficit (FD) for FY24 came at 5.6% of GDP, lower than the revised estimate of 5.8% of GDP, mainly from expenditure cuts in March, and higher receipts. RBI has announced its highest ever dividend transfer for FY2024, largely owing to greater interest income on its foreign securities holdings. RBI's dividend is almost double the government's FY25 interim budget expectations (0.6% of GDP vs 0.3% budgeted) and it would lead to significant fiscal windfall in the final budget.

Finally, on elections, the results were a marginal miss for the ruling BJP. PM Modi led NDA's return to power for a record third consecutive term, but the BJP failed to cross the simple majority on its own. NDA lost 64 seats in four key states, with the 29 seats lost in Uttar Pradesh particularly hurting BJP. However, there is policy continuity, with BJP retaining all the key heavyweight ministries under PM Modi and its key ally, TDP head Chandrababu Naidu, taking oath as Andhra Pradesh's new Chief Minister. In addition, four-time BJP MLA Mohan Charan Manjhi has been appointed as the new Chief Minister of Odisha.

## Portfolio Performance

Turning to portfolio performance, overweight Communication Services and Industrials were the key alpha contributors. Meanwhile, underweight Materials and consumer staples were the key detractors for the month.

At the company level, **Vodafone Idea**, **Titagarh Rail Systems** and **ABB India** were the biggest contributors to relative performance. Meanwhile **Delhivery** and not owning **Bharat Electronics** and **Hindustan Aeronautics** were the key detractors to relative performance.

**Vodafone Idea (VI)** is the third 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 Government 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 to reconsider the large USD28bn government dues of VI. EIF participated in the VI FPO that raised USD2.2bn equity from investors at INR11. Meanwhile, another USD240mn was infused by the promoters at a 35% premium. We expect an improved pricing environment, growing data demand and benevolent government policies to help beleaguered VI revive. **Titagarh Rail Systems** is one of the key plays on the upswing in India's capex that is increasingly focused on 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. **ABB India** is one of the key plays on the upswing in India's private sector capex related to industrial, manufacturing, automation, and also to renewables and energy efficiency.

**Delhivery** reported higher than expected losses in the Q4FY24, driven by weaker express parcel revenue. While margins were strong, flat express parcel volume was a negative surprise. **Bharat Electronics** and **Hindustan Aeronautics** are Government Defense manufacturers of electronic equipment and fighter planes respectively. India has seen a massive revival of the defense sector with significant push from the government towards make-in-India or indigenous manufacturing of defense equipment. India is also seeing increasing export opportunity for its military products.

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**

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 registry, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

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