



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.

## Strategy Performance Summary

Period	1 Month	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception <sup>^^</sup> (p.a.)
Gross Return Before Tax <sup>+</sup>	0.4%	17.6%	38.1%	12.9%	14.5%	12.9%
Benchmark <sup>**</sup>	-0.1%	11.2%	30.6%	13.2%	15.8%	13.1%
<b>Strategy Relative Performance</b>	<b>0.5%</b>	<b>6.4%</b>	<b>7.5%</b>	<b>-0.3%</b>	<b>-1.3%</b>	<b>-0.2%</b>

<sup>+</sup> Strategy performance before taking into account fees, costs and applicable capital gains taxes.

<sup>\*\*</sup> Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.

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

## Investor Performance Summary

Period	1 Month	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception <sup>^^</sup> (p.a.)
Net Return After Tax <sup>^</sup>	-0.4%	11.5%	28.5%	9.9%	11.3%	10.4%
Benchmark <sup>**</sup>	-0.1%	11.2%	30.6%	13.2%	15.8%	13.1%
<b>Investor Relative Performance</b>	<b>-0.3%</b>	<b>0.3%</b>	<b>-2.1%</b>	<b>-3.3%</b>	<b>-4.5%</b>	<b>-2.7%</b>

<sup>^</sup> Fund return is calculated after taking into account management fees and expenses as well as capital gains taxes on unrealised gains/losses. This return is based on the NAV calculation and reflects the return received by investors in the Fund.

<sup>\*\*</sup> Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.

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

## 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 - \$1.1550 Net Asset Value - \$1.1521 Redemption - \$1.1492

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

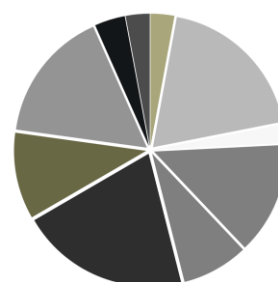
## Growth of \$10,000 Investment



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



- Communication Services 2.9%
- Consumer Discretionary 19.0%
- Consumer Staples 2.3%
- Financials 13.7%
- Health Care 8.1%
- Industrials 20.6%
- Information Technology 10.6%
- Materials 16.1%
- Real Estate 3.7%
- Cash 2.9%

Source: Ellerston Capital

## Top Holdings

Company	Sector	Portfolio Weight
Brigade Enterprises Limited	Real Estate	3.7%
Syrma SGS Technology Limited	Information Technology	3.6%
Aptus Value Housing Finance India Limited	Financials	3.1%
Kalpataru Projects International Limited	Industrials	3.0%
Cello World Limited	Consumer Discretionary	2.8%
Hitachi Ltd.	Information Technology	2.6%
Manappuram Finance Limited	Financials	2.6%
NCC Limited	Consumer Discretionary	2.5%
Titagarh Rail Systems Limited	Industrials	2.5%
Eureka Forbes Limited	Consumer Discretionary	2.5%

Source: Ellerston Capital

## COMMENTARY

Ellerston India Fund (EIF) was down 0.43% (net) in September versus the MSCI India Index (MXIN) which was down 0.13%. The MSCI India Index was up 2.03% in local currency as the month saw sharp AUD appreciation. The sectors more aligned to the US Fed rate cut and China policy stimulus like IT, Financials and Metals saw higher momentum. The last day of September witnessed >1% correction as investors sold India and started rotating into China on hopes of policy stimulus, this trend has also continued into the first half of October. In September, Foreign Institutional Investors (FIIs) were net buyers of USD 4.2 billion, while Domestic Institutional Investors (DIIs) were net buyers of USD 3.8 billion.

In September, U.S. markets posted solid gains, with the Nasdaq up 2.76%, the S&P 500 rising 2.14%, and the Russell 2000 gaining 0.70%. The Federal Reserve's 50 basis point rate cut was the primary driver. ECB's second 25bps rate also helped further ease monetary policy. The Australian Dollar appreciated, as the Reserve Bank of Australia (RBA) maintained the cash rate at 4.35% for the seventh meeting in a row, following its September policy meeting.

India's economic print had some weakness in the September. GST revenue for September grew 6.5% year-on-year vs 10% in August. Further, HSBC August Manufacturing PMI fell to an 8-month low of 56.4 from 57.5 in August, though still in an expansionary territory. Also, September headline CPI inflation increased sharply to 5.5% year-on-year (consensus: 5.1%, August: 3.7%), driven by an increase in food inflation on the back of a surge in vegetable inflation and aided by adverse base effects. However, RBI core inflation (which excludes food and fuel inflation) was stable and increased only by 10bps to 3.5% year-on-year mainly driven by an increase in core services inflation. October inflation could also stay high at around September levels before it starts cooling off, higher than expected spike in inflation poses some risk to the start of the RBI monetary policy easing cycle. The 12-month trailing fiscal deficit also edged up to 4.7% of GDP in August from 4.3% of GDP in July. As such, the FYTD fiscal deficit is tracking at ~27% of the F2025 budget target. Also, RBI's September credit growth (adjusted for HDFC merger) was tepid at 13.3% year-on-year.

At the other end, Q1FY25 Current Account Deficit (CAD) stood at 1.1% of GDP, broadly unchanged. Overall, Balance of Payments (BoP) remained in surplus (USD 5.2bn) for the seventh consecutive quarter in 1QFY25. Goods export growth improved to 5.9% year-on-year and Services export growth rebounded to a 5-quarter high of 9.8% year-on-year. Further, net remittance continued its upward trajectory with a 15% year-on-year growth. This led to India's Forex reserves crossing USD 700 billion for first time, reaching USD 705 billion by end September.

S&P Global released its inaugural edition of India Forward annual report. It expects the size of India's nominal GDP to nearly double reaching USD 7.2 trillion by 2030 from US \$ 3.6 trillion in 2023. S&P expects India to become the third-largest economy in the world, raising its share in global GDP from 3.6 per cent to 4.5 per cent. The report mentions India as the fastest-growing large economy with continuation of structural reforms key to unlocking private investment and in lifting its per-capita income to the upper-middle-income category.

## Portfolio Performance

Turning to portfolio performance, our positioning in Real Estate and Energy were key contributors to alpha. Conversely, our positioning in Financials and Healthcare were the main detractors.

At the company level, Brigade Enterprises, Gujarat Fluorochemicals, and Hitachi Energy were the largest contributors to relative performance. On the other hand, Data Patterns, Titagarh Railways, and Insecticide India were the main detractors.

Brigade Enterprises is a top-notch South India based real estate developer with major presence in Bangalore. They are a mixed-use developer with higher focus on residential and a growing annuity portfolio of office, malls and hotels. They company is seeing increasing traction with high single digit growth in sales volume and in selling prices. They are also improving their market share in core markets and moving to other large markets in South India. Gujarat Fluorochemicals is one of the largest specialty chemical players in India and has a stellar track record in scaling-up Fluoropolymer business. In September, the company highlighted its latest expansion plans into battery segment including electrolyte, salts, additives, PVDF Binder and LFP cathode active material (CAM). Hitachi Energy is one of the key plays on the upswing in Indian government's Transmission sector capex particularly related to High Voltage Direct Current (HVDC) lines that are needed to support renewable, intermittent, and interstate transmission needs.

Data Patterns is a leading private sector player in defense and aerospace electronic solutions. India is the third-largest spender in defense and the sector is seeing increased local manufacturing, higher indigenization and push towards exports. The company manufactures defense electronics systems including radars, naval systems, testing systems, avionics display, and controls systems. The sector has seen order flow declines recently due to elections and firming up of spends under the new government. Titagarh Railways is one of the key plays on the upswing in India's infrastructure capex that is increasingly focused on Railway sector, with the intent to increase the share of Railway in India's freight traffic. It has reported weak 6% year-on-year earnings growth for Q1 FY25 as elections and heatwaves affected wagon production and has seen weak order-flow recently. Insecticide India, a major Indian crop protection company, is benefiting from new product launches, distribution of new multinational corporation products in India, and a focus on premiumization. The company has had strong performance and been key contributor to EIF's outperformance over the last few months; however, it saw profit booking in the month of September.

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:

#### Contact Us

#### Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 9021 7701  
[info@ellerstoncapital.com](mailto:info@ellerstoncapital.com)

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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