



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 ^{^^} (p.a.)
Gross Return Before Tax ⁺	1.8%	14.6%	42.4%	15.2%	14.6%	13.0%
Benchmark ^{**}	-2.8%	5.1%	28.3%	13.8%	14.7%	12.5%
Strategy Relative Performance	4.6%	9.5%	14.1%	1.4%	-0.1%	0.5%

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

^{**} Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.

^{^^} 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 ^{^^} (p.a.)
Net Return After Tax [^]	2.2%	10.0%	32.7%	12.4%	11.5%	10.6%
Benchmark ^{**}	-2.8%	5.1%	28.3%	13.8%	14.7%	12.5%
Investor Relative Performance	5.0%	4.9%	4.4%	-1.4%	-3.2%	-1.9%

[^] 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.

^{**} Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.

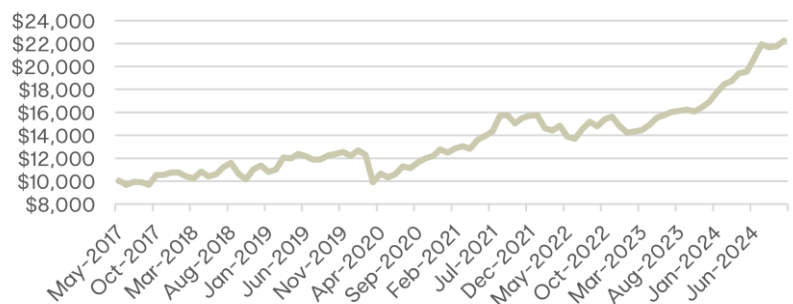
^{^^} Inception date is 4 May 2017

Key Information

Investment Objective	To outperform the Benchmark on a net of fees and tax basis, with a focus on capital growth and downside protection.
Benchmark	MSCI India Net Return Index (AUD)
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	48
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% p.a.
Performance Fee¹	15.00%
Buy/Sell Spread	0.25% / 0.25%
Unit Prices	Application - \$1.1805 Net Asset Value - \$1.1776 Redemption - \$1.1747

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

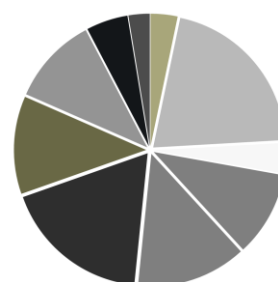
Growth of \$10,000 Investment



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
Syrma SGS Technology Limited	Information Technology	4.5%
Titagarh Rail Systems Limited	Industrials	3.6%
Brigade Enterprises Limited	Real Estate	3.2%
NCC Limited	Consumer Discretionary	3.0%
Kalpataru Projects International Limited	Industrials	2.9%
Orchid Pharma Limited	Health Care	2.6%
Cello World Limited	Consumer Discretionary	2.6%
Eureka Forbes Limited	Consumer Discretionary	2.6%
Insecticides (India) Limited	Materials	2.5%
CreditAccess Grameen Ltd.	Financials	2.5%

Source: Ellerston Capital

COMMENTARY

Ellerston India Fund (EIF) was up 2.2% (net) in October versus the MSCI India Index (MXIN) which was down -2.8%. Note that MXIN was down 7.3% in local currency as the month saw sharp AUD depreciation vs Indian Rupee. October was a difficult month that finally put a dent to the bull market that has been running for last one and a half years. It was driven by three factors massive Foreign Institutional Investors (FIIs) outflow, higher inflation (interest rates higher for longer) and most importantly a very tepid Q2FY25 results season. The U.S. equity market also declined in October as investors awaited the outcome of the presidential election with S&P 500 down 0.91%.

In October, FIIs sold to the tune of USD13.1bn in the secondary market (their biggest monthly outflow ever), the selling had starting on last day of September which itself saw USD1.1bn outflow and has also continued into November. Domestic Institutional Investors (DIIs) remained net buyers to the tune of USD12.8bn and retail flows have been strong into mutual funds (up 22% year-on-year to USD5bn in October). But the FII outflow from India driven by China policy stimulus, higher USD and higher interest rates has kept the market nervous. The unevenness was further exacerbated due to pending US elections.

October headline CPI inflation increased sharply to 6.2% year-on-year (consensus: 5.9% and September: 5.5%), driven by an increase in food inflation on the back of a surge in vegetable and edible oil inflation. The Reserve Bank of India (RBI) core inflation (headline inflation excluding food and fuel) increased by 20bp to 3.7% year-on-year on the back of an increase in gold inflation and a modest increase in housing rent inflation. Rising real estate prices and rentals are putting pressure on consumer spending, housing costs constitute a significant portion (22%) of the CPI basket in urban areas, especially metros. The RBI kept rates on hold in its October meeting but changed its stance to neutral and qualified a new phrase at the Monetary Policy Committee (MPC) "remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth". We expect the RBI to hold rates in December rather than going for a 25bps rate cut.

The Q2FY25 quarterly results were marred with a) subdued consumer demand, b) financial companies calling out for stress in micro-finance and unsecured portfolio, c) weaker IT services and manufacturing exports and d) mix of one-time (election related slowdown in order flows and construction) and seasonal factors (heatwaves and floods across different parts on India). However, moving into second half of FY2025, we believe the base is now favourable and many of the seasonal factors (wedding/festive) could also see a reversal. October has seen 2 wheelers and passenger vehicle registrations go up 71% and 78% month-on-month and September capex spend is up 187% month-on-month. Further, GST for October was up 8.9% year-on-year (vs 6.5% in September) and HSBC October Manufacturing PMI rose to 57.5 (vs 56.5 in September).

An interesting development in October was that RBI has shipped back 102 tonnes of gold (total of 214 tonnes in last 2 years) from Bank of England's vaults in London to secure locations within India. The movement marks a significant policy shift since gold was moved out of India in early 1990s after the Indian government was forced to pledge gold amid a balance of payments crisis.

Portfolio Performance

Turning to portfolio performance, our positions in IT and Healthcare were key contributors to alpha. Conversely, being underweight in Financials and our positions in Real Estate were the main detractors.

At the company level, Syrma SGS, Tips Music Limited and not owning Reliance Industries Limited were the three largest contributors to relative performance. On the other hand, Manappuram Finance and not owning HDFC Bank or ICICI bank were the three main detractors.

Syrma SGS is one of the largest PCBA (Printed Circuit Board Assembly) manufacturers in India. It is a key Electronics manufacturing services (EMS) player and is well placed to benefit from India's push for exports, job creation and increased local manufacturing. The company reported strong earnings beat with 45% year-on-year growth in EBITDA and EBITDA margin of 8.5% vs expectation of 6-6.5%. Reliance's 2QFY25 EBITDA was down 5% year-on-year and marginally below consensus estimates. Reliance JIO had weaker than expected subscriber additions and margins. Further, Reliance Retail revenue growth continued to stay weak down 1% year-on-year, mainly driven by weaker demand in Fashion & Lifestyle and restructuring of operations. Tips Music reported in-line Q2FY25 number with 32% and 22% year-on-year growth in revenue and EPS. It is an interesting play on India's digitization and increasing music consumption via smartphones. The company has a large music library and a strong pipeline, leading to an expected earnings growth of 25-30% over the mid-term.

Not Owning HDFC Bank & ICICI bank were key detractors. HDFC Bank reported soft but in-line number with 5% year-on-year earnings growth led by 9% year-on-year operating profit growth. Loan growth slowed to 7% year-on-year with flat (Net Interest Margins) NIMS and decent Current Account and Savings Account (CASA) growth of 15% year-on-year. ICICI posted stellar earnings sustaining reporting CASA and loan growth of 15% year-on-year, 2.4% RoA and 18% RoE; its asset quality also remained resilient (net slippages of 60bps vs 70-140bps for peers). Manappuram Finance's subsidiary Asirvad Microfinance was asked by the RBI to put a halt to new sanctions and disbursements from October 21 and have a relook at its lending guidelines. Though is not a structural issue and we expect it to get resolved in next 6 months it does create profitability challenges for Asirvad Microfinance in the near-term.

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.

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.

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 or visit us at ellerstoncapital.com.

All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

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