



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 ⁺	-10.5%	-6.5%	17.4%	10.8%	12.2%	11.5%
Benchmark ^{**}	-4.3%	-7.6%	11.0%	11.0%	13.5%	11.8%
Strategy Relative Performance	-6.2%	1.1%	6.4%	-0.2%	-1.3%	-0.3%

⁺ 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 [^]	-10.5%	-8.8%	11.6%	8.0%	9.3%	9.2%
Benchmark ^{**}	-4.3%	-7.6%	11.0%	11.0%	13.5%	11.8%
Investor Relative Performance	-6.2%	-1.2%	0.6%	-3.0%	-4.2%	-2.6%

[^] 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	30
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 - \$1.0953 Net Asset Value - \$1.0926 Redemption - \$1.0899

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

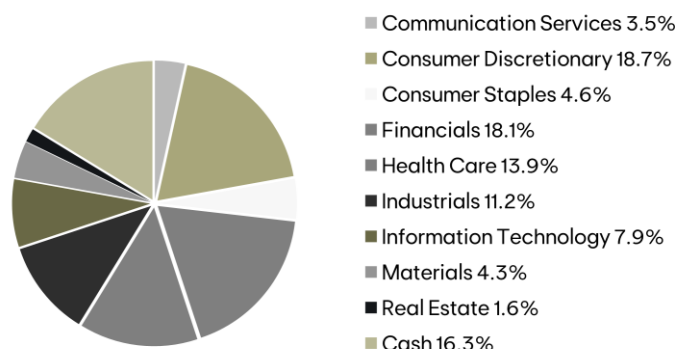
Growth of \$10,000 Investment



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



Top Holdings

Company	Sector	Portfolio Weight
HDFC Bank Limited	Financials	8.9%
Axis Bank Limited	Financials	5.9%
Hero Motocorp Limited	Consumer Discretionary	3.6%
Eris Lifesciences Ltd	Health Care	3.5%
Bharti Hexacom Limited	Communication Services	3.5%
Titagarh Rail Systems Ltd	Industrials	3.4%
Aptus Value Housing Finance India Limited	Financials	3.2%
Syrma SGS Technology Limited	Information Technology	3.1%
Cello World Limited	Consumer Discretionary	3.1%
Krishna Institute of Medical Sciences Limited	Health Care	3.0%

Source: *Ellerston Capital*

COMMENTARY

Ellerston India Fund (EIF) was down 10.5% (net) in January versus the MSCI India Index (MXIN) which was down 4.3%. The Index was down 2.4% in Indian Rupee (INR) but ~2% appreciation of Australian Dollar (AUD) versus INR impacted returns for the month (partially reversing the 4% depreciation of Australian Dollar (AUD) versus INR seen in Dec 2024).

Indian equity market is showing signs of exhaustion witnessed from the large divergence in performance of small caps which saw deep correction vs large caps. The MSCI India Small Cap Index was down 10.6% (in INR) while the MSCI India Large Cap Index was down 1.5% (in INR). For the month, all sectoral indices were in red, with the higher growth and expensive segments of the market getting punished more relatively. Meanwhile, S&P 500 was up 2.8% and Nasdaq was up 1.7% for the month.

Foreign Institutional Investors (FII) continued their sharp sell down, led by concentration towards US equity and renewed optimism into Chinese equity. Further, stronger USD due to softer inflation data, resilient labour market, steady rates, and global worries on tariffs and trade wars also made the case for Indian equities weaker. In Jan, FIIs sold to the tune of USD\$8.9bn in the secondary market and Domestic Institutional Investors (DIIs) remained net buyers to the tune of USD\$10bn. Though domestic inflows have remained resilient, they are showing signs of depletion against the unrelenting FII selling. Since 30th Sep 2024, FIIs have sold ~USD30bn in the secondary market.

For the ongoing third quarter results season close to two-thirds of the companies have reported. Results have been on the softer side, despite low expectations from the quarter. Almost one-third of the companies beat estimates but a little more than one-third missed estimates particularly within consumer (urban slowdown) and financials (weaker asset quality) sectors. However, almost half the companies saw earnings downgrade greater than 5% while only ~15% of companies saw upgrades. The earnings miss and downgrade were more prominent in small caps.

That said, India's high frequency indicators are starting to see some signs of recovery in Jan from the weak trends of the previous 3 months. Jan GST collection was higher by 12.3% year-on-year (versus 7.3% in Dec, 8.5% in Nov and 8.9% in October). Jan manufacturing PMI at 57.7 was at a six-month high (versus 56.4 in Dec, 56.5 in Nov and 57.5 in October). Dec saw the lowest GST growth and PMI seen in 2024. Further, CPI eased to 4.3% year-on-year in January (versus consensus 4.5% and 5.2% in Dec and 5.5% in Nov), food inflation eased further led by vegetable inflation.

In February, Government has come out with a pro-consumption budget and the Reserve Bank of India (RBI) reduced rates by 25 bps along with taking a slew of measures to improve system liquidity and lending environment. We will discuss those in the Feb newsletter but overall, the impact should be positive to drive consumption and financial sectors.

Portfolio Performance

Turning to portfolio performance, our positions in Healthcare and Financials were key contributors to alpha. Conversely, our positions in Consumer Discretionary were the main detractors for the month in January.

At the company level, **Blue Jet Healthcare**, **Navin Fluorine** and **CreditAccess Grameen** were the largest contributors to relative performance. On the other hand, **Newgen Software**, **not owning Reliance Industries**, and **Kalpataru Projects** were the main detractors.

Blue Jet Healthcare is a Contract Development and Manufacturing Organization (CDMO) player with a unique business mix focused on contrast media and slowly progressing into other pharma intermediates. It reported massive earnings beat with Q3FY25 PAT 45% above estimates. Revenue and PAT were up 91% and 152% year-on-year, driven by a sharp uptick in Bempedoic Acid intermediate sales and recent capacity additions coming online. Further, industry data suggests Blue Jet saw 147% year-on-year growth in exports in Jan. **Navin Fluorine** is one of the largest Indian Specialty Fluorochemicals players with significant global presence. The company reported strong results, its Q3FY25 EBITDA up 95% year-on-year and 37% quarter-on-quarter driven by higher specialty chemicals and domestic refrigerant gas sales. It also saw EBITDA margin go up to 24.3% from 20.7% in 2QFY25 and 15.1% in 3QFY24. **CreditAccess Grameen** is a high quality and largest Indian microfinance institution. It serves customers predominantly in rural areas, offering microfinance services to women from low-income households organized into Joint Liability Groups. The company has had a sharp correction in recent months and bounced back from lows after an expected weak Q3FY25 results where the operating profits were in-line and asset quality was weak but showing signs of potentially bottoming out.

Newgen Software is one of the few software product companies based in India. It is a low code software and application development platform that is focused on BFSI, digitization and SAAS. **Kalpataru Projects** is one the largest and well diversified (both on sub-segments and international operations) Engineering, Procurement, and Construction (EPC) companies in India. Both Newgen and Kalpataru were the top alpha contributors in December however, given the broad-based weakness in the small caps, both the stocks saw significant profit booking. **Reliance Industries** has been a recent laggard, but it did not participate in the market downturn in Jan where the Index heavyweights held ground. Reliance reported results marginally ahead of estimates, but the beat came from Oil -to-Chemical segment while the key growth verticals of Retail and Telecom were tad weaker. This led to some earnings downgrade post the results.

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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