Ellerston India Fund

Monthly Report as at 31 March 2025

APIR Code: ECL0339AU | ARSN 618 549 796

Ellerston Capital

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+	7.6%	-5.9%	10.5%	13.9%	17.2%	11.2%
Benchmark**	9.2%	-4.2%	6.5%	13.8%	20.1%	11.6%
Strategy Relative Performance	**-1.6%**	**-1.7%**	**4.0%**	**0.1%**	**-2.9%**	**-0.4%**

+ 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^	7.5%	-5.3%	5.5%	11.1%	14.8%	9.0%
Benchmark**	9.2%	-4.2%	6.5%	13.8%	20.1%	11.6%
Investor Relative Performance	**-1.7%**	**-1.1%**	**-1.0%**	**-2.7%**	**-5.3%**	**-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

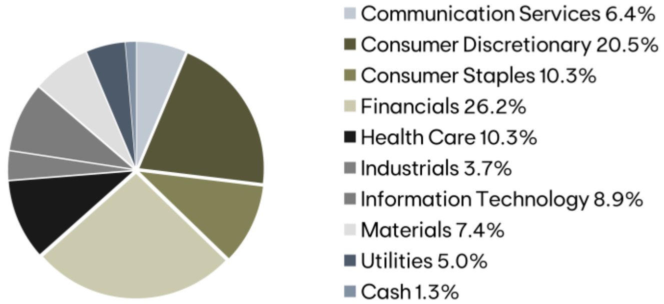
Investment Objective	To outperform the Benchmark on a net of fees and tax basis, with a focus on capital growth and downside protection.
Benchmark	MSCI India Net Return Index (AUD)
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	39
Minimum Investment	Initial investment - $10,000 Additional investment - $5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% p.a.
Performance Fee[1]	15.00%
Buy/Sell Spread	0.25% / 0.25%
Unit Prices	Application –$1.0932 Net Asset Value – $1.0905 Redemption – $1.0878

[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
HDFC Bank Limited	Financials	10.4%
Bajaj Finserv Limited	Financials	7.9%
Axis Bank Limited	Financials	6.8%
Bharti Hexacom Limited	Communication Services	5.4%
Mahindra & Mahindra Ltd.	Consumer Discretionary	5.2%
Titan Company Limited	Consumer Discretionary	4.2%
GAIL (India) Limited	Utilities	3.8%
Krishna Institute of Medical Sciences Limited	Health Care	3.2%
Britannia Industries Ltd	Consumer Staples	3.0%
Dabur India Limited	Consumer Staples	2.9%

Source: Ellerston Capital

COMMENTARY

The Ellerston India Fund (EIF) was up 7.5% (net) in March versus the MSCI India Index (MXIN) which was up 9.2% in AUD terms. MXIN essentially reserved the sharp correction of the previous month and is up 0.7% over two months (Feb & March). In INR terms, MXIN index was up 6.9% in March, benefiting from the ~2% appreciation of INR vs AUD.

Since peaking in September 2024, MXIN has been in a correction, declining approximately 20% by early March 2025. From those oversold levels, the market saw a strong rebound, reversing earlier losses and ending the month on a strong note. Power, Energy and Infra sectors led the rally with MSCI mid cap and small Index were up 7.1% and 8.9% respectively (in INR). The IT sector came under pressure and Autos saw limited upside as tariff concerns intensified across the globe. March saw significant divergence with S&P 500 Index down 6.3%, but Hang Seng Index up 1.1% and Gold up 8% as market participants were keenly awaiting the 2nd April 'Liberation Day' announcements.

After a prolonged hiatus, Foreign Institutional Investors (FIIs) turned into net buyers, purchasing USD 230 million in the secondary market. Since September 30, 2024, however, FIIs had cumulatively sold approximately USD 36 billion. Domestic Institutional Investors (DIIs) remained net buyers to the tune of USD$4.3bn in March. Retail flows have been resilient but on a declining trend. This is ensuring equity funds stay at higher cash reserves of 5.7% end of March, up 45bps month-on-month.

March GST collection was up 9.9% year-on-year (13% adjusted for base leap year impact). The seasonally adjusted HSBC India manufacturing purchasing managers' index (PMI) advanced to an 8-month high of 58.1, as factory orders and production activity grew, while services PMI edged down to 58.5 in March, due to slowing international orders. Credit growth remained steady up 11.1% year-on-year in Mar (vs 11% in Feb).

India's domestic growth is seeing some positive trends albeit still mixed. Digesting two quarters of relatively weaker consumption and capex. However, global headwinds going forward in the form of tariffs and its impact on exports and global supply chains along with second order impact on domestic demand and IT services sector will also need to be factored. These risks have put India's FY26 growth estimates ranging between 6-6.5% at risk by ~50bps. The Central Government has been looking to amicably negotiate tariffs and engage with industry bodies to assess key challenges. Further, the Reserve Bank of India (RBI) reduced rates by 25 bps in Feb and did another 25bps cut in April, taking the repo rate to 6%. RBI has changed its stance to accommodative, with a clear focus on growth concerns amidst uncertainty. We expect another 25bps rate cut in June, with scope for further easing if growth disappoints. It has already been proactive in undertaking liquidity management and regulatory easing to improve credit growth. The ability to cut rates has been widened due to favorable exchange rate and benign headline inflation. CPI fell 65bps to 3.61% year-on-year in Feb-25 and is expected to stay below 4% in March as well.

Portfolio Performance

Turning to portfolio performance, our overweight positions in Healthcare and underweight positions in IT Sector were key contributors to alpha. Conversely, our overweight positions in Consumer Discretionary and underweight positions in Materials were the main detractors for the month.

At the company level, **not owning Infosys, owning Krishna Institute of Medical Sciences (KIMS) and overweight GAIL (India)** were the largest contributors to relative performance. On the other hand, **not owning ICICI Bank, owning Go Fashion and owning Orchid Pharma** were the main detractors.

Infosys and the overall Indian IT services sector was under significant pressure in March as it is highly dependent (50-70% of sales) on the US and particularly BFSI sector. In March, the market stayed nervous, heading into the results season with risks of cut in discretionary IT spending budgets given the macro uncertainty related to tariffs and trade wars. **KIMS** is a South India focused multi-specialty hospital chain, it has been executing is hub and spoke growth strategy well and planning to double its bed capacity from 4,000 to 8,000 in the next 3 to 5 years. Further, we expect the company to report strong revenue and EBTDA growth of 20 & 25% for the upcoming fourth quarter. **GAIL (India)** is India's dominant gas transmission company controlling 95% of India's gas transmission capacity. It is seeing strong gas demand (higher adoption) in the falling natural gas environment. The >4% dividend yield utility is a well-placed domestic play in the uncertain macro environment with a potential upside from a 10-30% hike in transmission tariffs in its core pipeline business possibly by June.

ICICI bank has seen a strong performance given the increased liquidity measures initiated by the RBI and it's positioning as a domestic play insulated from the global macro uncertainty. We prefer Financials and own HDFC bank, Axis Bank and Bajaj Finserve as our core holding. We believe HDFC and Axis are seeing convergence towards ICICI's growth profile and offer a better Risk-Return profile. **Go Fashion** offers unique play as the largest Women Bottom Wear brand and retailer in India with ~8% market share. However, Indian consumer has been struggling and growth trends for the company heading into the results season are unexciting. **Orchid Pharma** is an API (Active Pharmaceutical Ingredient) manufacturer. The company is on a strong growth path as it makes limited competition molecules used across Cephalosporins and is looking at further Valued-added offerings in those (ACA-7). Orchid benefits from Government's PLI (Product Linked Incentive) schemes for Import substitution and China+1 policy in the CDMO and chemical manufacturing sectors. However, it had a weak last quarter, and expectations are low heading into the results season this is due to increased supply and heightened price correction in the API segment.

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.

Contact Us

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Find out more:

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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