

# AVENUES

## INDIA AVENUE EQUITY FUND

ARSN: 611 374 586 | ISIN AU60ETL04826 | Citi Code NFCK | Bloomberg ETL0482AU

### FUND OBJECTIVE

The India Avenue Equity Fund is a registered, unlisted unit trust, which invests in listed companies trading on Indian stock exchanges or on other exchanges, with significant exposure to India's growing economy. The Fund aims to outperform its benchmark in AUD terms, after fees and over rolling 5 year periods.

### FUND FACTS

Fund Manager	India Avenue Investment Management
Portfolio Manager	Mugunthan Siva
Structure	Registered managed investment trust
Inception Date	6 <sup>th</sup> September 2016
Fund Size	\$4.6 Million
Unit Price	0.9882
Base Currency	Australian Dollars
Responsible Entity	Equity Trustees Limited
Custodian	Fund BPO / BNP Paribas
Auditor	KPMG
Benchmark	MSCI India in AU\$
Distribution Freq.	Yearly at 30 June
Management Fee	Wholesale: 1.10% p.a. Retail: 1.50% p.a.
Buy-Sell Spread	0.50%
Performance Fee*	10% of the excess return above the benchmark

\*Subject to a high watermark.

### MARKET COMMENTARY: OCTOBER 2016

The net asset value of the India Avenue Equity Fund rose 1.70% (net of fees) in October, faring better compared to its benchmark, the MSCI India, which rose marginally by 0.07%. The Fund benefitted from a significant allocation to the Automobiles sector, with underlying companies share prices boosted by strong domestic car sales. Maruti Suzuki, one of our largest holdings, reported a 31% year-on-year increase in sales.

The market was also boosted by the Reserve Bank of India's decision to cut rates due to stabilising inflation in the country. Interest rates has been lowered by 1.75% since February, given structurally lower inflation.

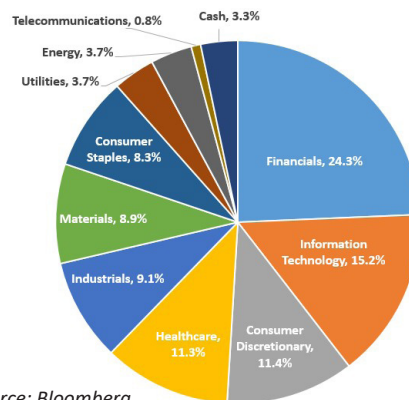
### FUND PERFORMANCE (Net of management fees and fund expenses)

	1 Month	Since Inception*
India Avenue Equity Fund (AUD)	1.70%	-1.18%
MSCI India (AUD)	0.07%	-3.04%
<b>Out/Under Performance</b>	<b>1.63%</b>	<b>1.86%</b>
ASX 300	-2.16%	-1.43%
MSCI EM (AUD)	0.25%	-1.79%
MSCI World (AUD)	-1.91%	-2.84%

Source Bloomberg

\*Inception Date: 6th Sept 2016

### SECTOR ALLOCATIONS



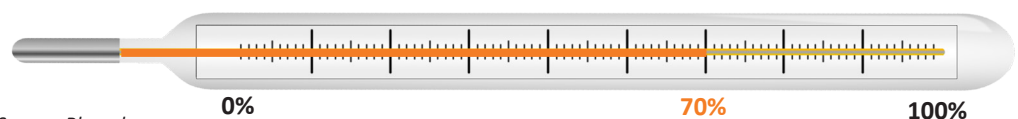
Source: Bloomberg

### TOP 5 INDUSTRIES

Industries	Weight
Banks	21.0%
Software & Services	15.2%
Pharmaceuticals & Biotech	11.3%
Automobiles & Components	10.6%
Capital Goods	9.1%

Source: Bloomberg GICS Sectors (31 October 2016)

### COMPANY REVENUE GENERATED LOCALLY %



Source: Bloomberg

The focus of the portfolio is to generally invest in companies which have a high component of their revenue generated locally in India. This provides significant leverage to the local economy's strong growth potential.

# AVENUES

## TOP 10 STOCKS

Name	Description	Weight
Infosys	Software & Services	5.4%
Kotak Mahindra Bank	Banks	5.3%
Sun Pharmaceuticals	Pharmaceuticals	5.3%
Larsen & Toubro	Capital Goods	5.3%
Maruti Suzuki India	Automobiles	5.2%
HCL Technologies	Software & Services	4.9%
Hindustan Unilever	Household & Personal	4.4%
ICICI Bank	Banks	4.1%
Tata Motors	Automobiles	4.0%
Wipro	Software & Services	3.6%

## ABOUT INDIA AVENUE

India Avenue Investment Management (IAIM) is a boutique investment company focused on providing investment solutions for clients in Australia and New Zealand who seek exposure to India's growth potential through its capital markets.

The India Avenue Equity Fund is managed by the team at IAIM and has a bias towards companies which are experiencing strong growth through rising local demand. The Indian economy's robust ecosystem provides a tailwind for several well managed and carefully selected listed companies.

## CONTACT

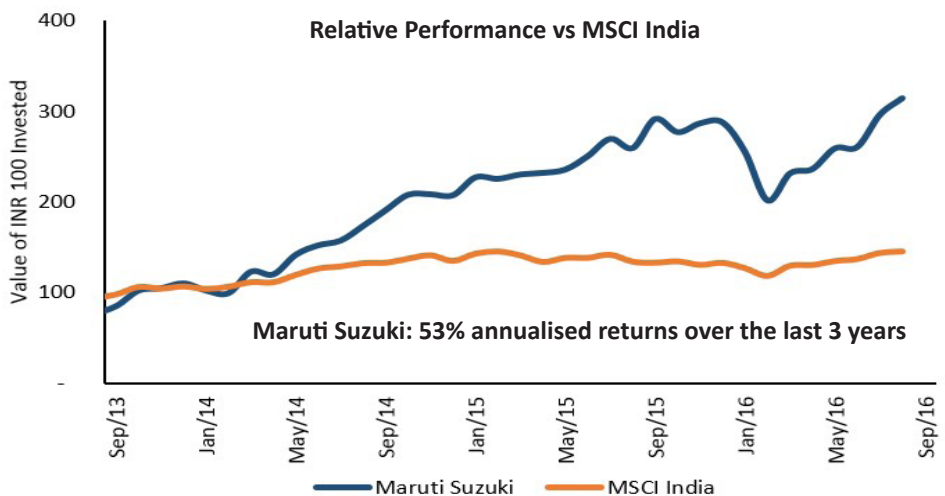
**India Avenue Investment Management**  
AFSL 478233 | ABN: 38 604 095 954  
Level 3, 183 Macquarie Street,  
Sydney, NSW 2000, Australia

T: +612 8937 2487

E: [info@indiaavenueinvest.com](mailto:info@indiaavenueinvest.com)

W: [www.indiaavenueinvest.com](http://www.indiaavenueinvest.com)

## STOCK STORY: MARUTI SUZUKI



Source: MSCI, ACE software, India Avenue Research

- Maruti Suzuki is the largest passenger vehicle manufacturer in India, selling 1.5m cars annually and dominating the domestic passenger vehicle segment with 47% market share
- Maruti could emerge as the biggest beneficiary of impending demand recovery, considering its stronghold in the entry-level segment as well as its favourable product lifecycle
- Increasing market share, rising rural contribution, reduced JPY exposure, higher share of premium products and asset light strategy has improved Maruti's positioning considerably. This is expected to improve Maruti's free cash flow generation and other financial parameters significantly over the next five years
- In summary, the moat for Maruti is expected to strengthen further, which should lead to further re-rating of the stock

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