

ALQUITY INDIAN SC FUND:
FACTSHEET AS AT:
NAV:

GBP B
AUGUST 2020
84.90



MONTHLY SUMMARY

- The Nifty 50 index rose 5% in USD, whilst the BSE Mid Cap Total Return index increased 8.9% in USD in August.
- Manufacturing activity started to strengthen again in August, as the Markit manufacturing PMI figure rose to 52 – returning to expansionary territory.
- To cushion the impact of the pandemic, the government accelerated spending, which grew 16.4% YoY, the highest in 12 quarters.

PERFORMANCE OVERVIEW

	2016	2017	2018	2019	2020
JAN	-5.8%	5.2%	-5.5%	-8.5%	5.1%
FEB	-8.7%	9.2%	-0.5%	-0.5%	-3.9%
MAR	10.4%	7.7%	-3.2%	14.7%	-29.8%
APR	2.7%	1.9%	7.0%	-4.6%	9.7%
MAY	3.7%	0.6%	0.9%	5.0%	-1.5%
JUN	11.1%	-0.4%	-4.7%	-5.2%	9.8%
JUL	6.8%	4.1%	6.2%	-7.2%	0.4%
AUG	4.2%	4.2%	-1.0%	-3.1%	5.1%
SEP	0.4%	-4.9%	-19.4%	4.3%	
OCT	8.3%	7.5%	-4.5%	-0.1%	
NOV	-13.7%	-0.1%	12.2%	-2.5%	
DEC	0.6%	3.6%	0.5%	-4.9%	
ANNUAL	18.1%	44.9%	-14.6%	-13.9%	-11.3%



PERFORMANCE SUMMARY:

1 Month:	5.1%	1 Year:	-14.3%
3 Months:	15.8%	3 Years:	-30.9%
6 Months:	-12.2%	Inception:	40.7%
Year to Date:	-11.3%	Annualised:	5.6%

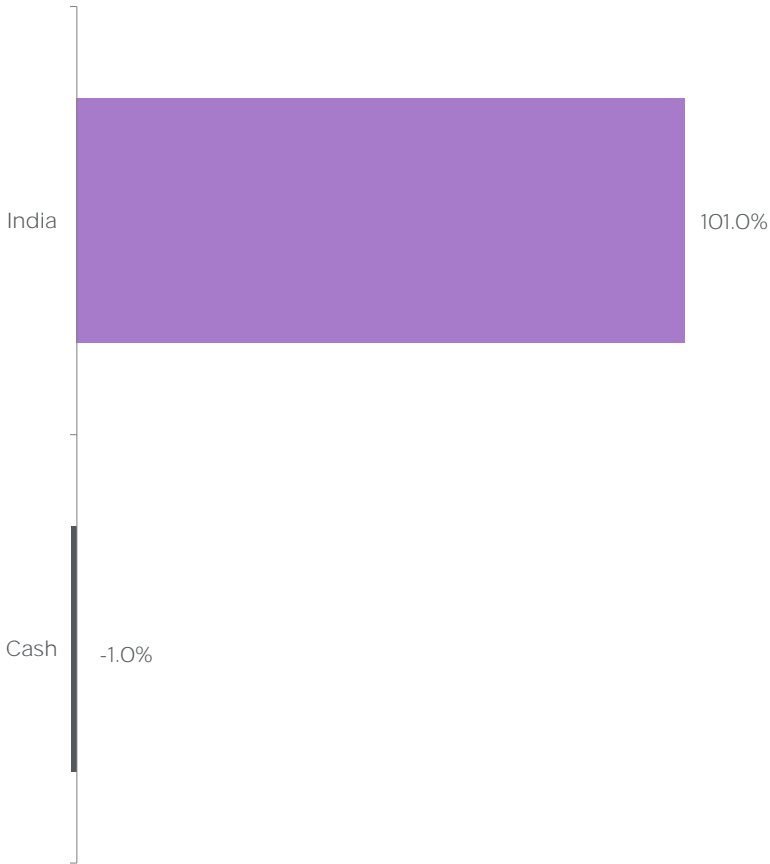
VOLATILITY	1Y	31.2%
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3Y*	24.0%
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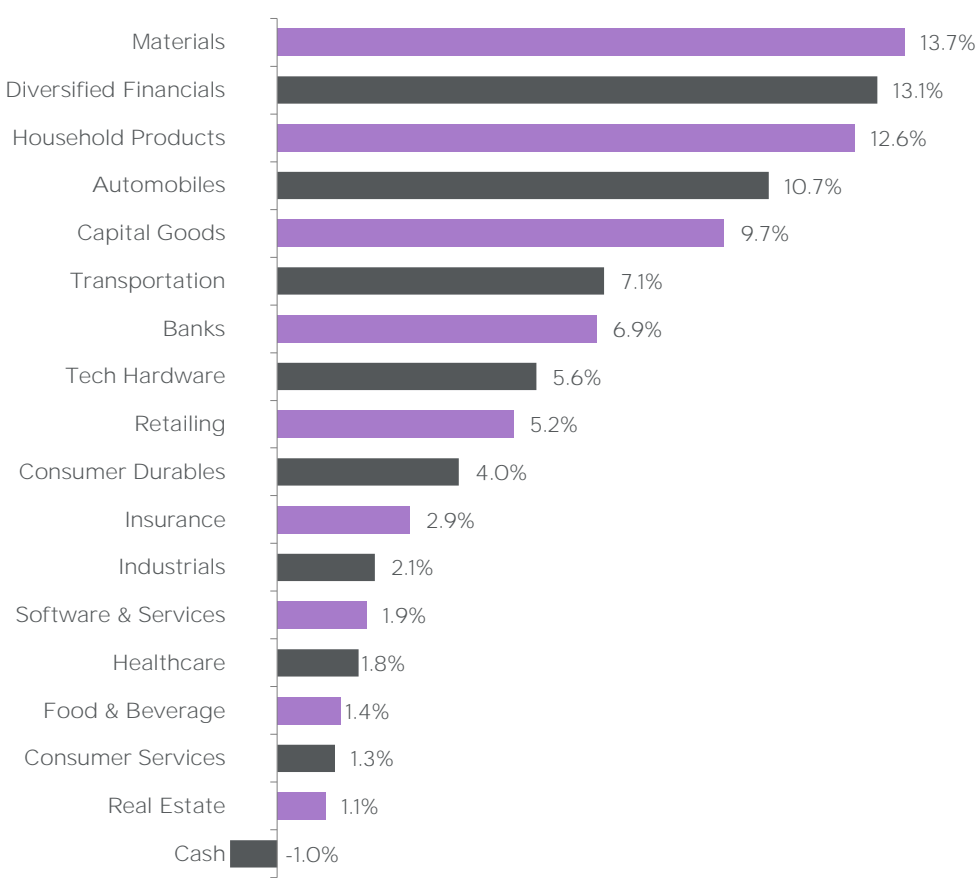
**Where the share class has not been running for 3 years, the volatility figure displayed is since the inception of the share class*

TURNOVER**	13.1%	<i>**Average turnover of holdings (annualised) since the fund's inception</i>
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GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION



MONTHLY UPDATE

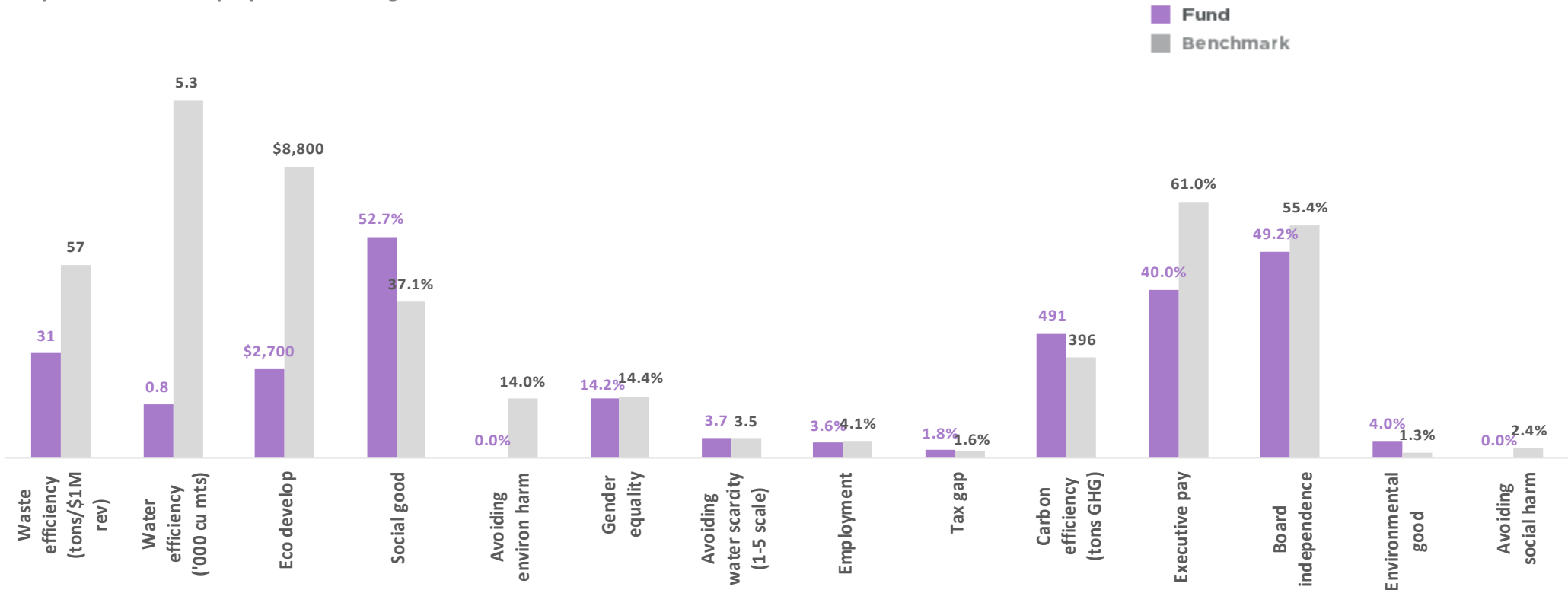
Investor sentiment in Indian stock markets further improved, which continued to drive the relevant benchmarks upwards. The Nifty 50 index rose 5% in USD, whilst the BSE Mid Cap Total Return index increased 8.9% in USD in August.

India's real GDP declined 23.9% YoY in 2Q20, due to the nationwide lockdown measures. On the demand side, the steep decline is primarily attributed to the 23.9% YoY fall in household spending and the 47.5% YoY decrease in investment activity. To cushion the impact of the pandemic, the government accelerated spending, which grew 16.4% YoY, the highest in 12 quarters. On the production side, services (-20.6% YoY), industrial production (-33.8% YoY) and construction (-50.3% YoY) were badly hit, whilst agricultural output volume rose 3.4% YoY – encapsulating the strength and resilience of economic activity in the rural areas. Agricultural activity will continue to perform well, as the area under sowing was approximately 9% higher in the middle of September than a year ago. Furthermore, monsoon rains will also support the agriculture sector, since the country received 7% more than normal monsoon rains from 1st June to 11th September. Manufacturing activity started to strengthen again in August, as the Markit manufacturing PMI figure rose to 52 – returning to expansionary territory. The improvement in manufacturing business conditions in August was attributed to the less stringent lockdown rules. Unless the government reverses the easing of lockdown restrictions, the economy will start to recover quarter-on-quarter, whilst it cannot be ruled out that the year-on-year GDP growth figure remains below zero in 3Q20. The central bank remains on an accommodative stance and stands ready to provide additional monetary stimulus either through interest rate cuts and/or government bond purchases should macroeconomic conditions warrant it. It is likely that the government will deliver additional fiscal support (the first announced round amounted to 1.4% of GDP in May), which will also help ease the strains on the economy.

In August, we added Tata Consultancy Services (TCS) to the Alquity Indian Subcontinent Fund. We believe that TCS will benefit from the post-Covid world, given their focus on digital business transformation which will outweigh concerns of reduced IT spending by Western corporates. TCS has a sustainable competitive advantage as a result of their high-end service portfolio and the lowest attrition rate among all IT vendors. We exited Bata (footwear) due to an ESG downgrade to 'FAIL,' as the company stopped meeting investors and reduced contact with analysts.

ESG : KEY PROGRESS INDICATORS

The performance of Alquity’s India fund against the benchmark ²



² Impact Cubed Assessment, Impact Cubed (March 2020)

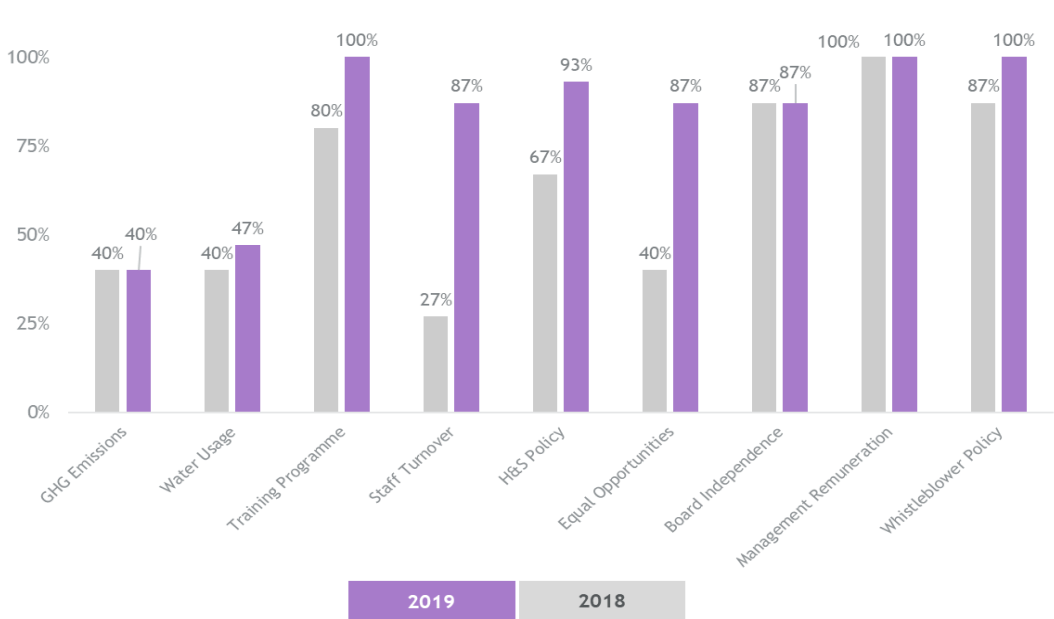
TOP 10 HOLDINGS

1.	Hero Motocorp	5.6%
2.	HDFC	5.5%
3.	Hindustan Unilever	5.2%
4.	Amrutanjan	5.1%
5.	TCI Express	5.0%
6.	Escorts	4.5%
7.	Redington	4.4%
8.	ICICI Bank	4.2%
9.	Heidelberg Cement India	4.2%
10.	TTK Prestige	4.0%

ESG: IMPACT MEASURES

For all portfolio holdings, we track a set of Key Progress Indicators “KPIs” that represent a general set of transparency and ESG standards we want all firms to meet over time. In each case, the assessment has a financial motivation and an associated positive potential impact in line with the principles of the UN Global Compact. The chart summarises the where we stand in relation to the KPIs for all the portfolio holdings. These KPIs support our engagement activity with our holdings. Please contact us or refer to our Responsible Investment brochure for full details.

Holdings meeting each KPI standard - % of companies ¹



¹Source: Alquity. Portfolio overview as of 31 July 2020

TRANSFORMING LIVES

We donate a proportion of our fees from the Alquity Indian Subcontinent Fund to charity partners in the region, reinforcing our belief that social progress should also lead to financial success.

DONATIONS GENERATED BY THE INDIAN SUBCONTINENT FUND:	\$207,407
LIVES TRANSFORMED DIRECTLY:	1,535
LIVES TRANSFORMED INDIRECTLY:	9,075

Total Lives Transformed by Alquity



Total Donations generated by Alquity



Data correct at 31 Jan 20

Source: Alquity Transforming Lives Foundation

For more information about the Alquity Transforming Lives Foundation please visit www.alquityfoundation.org



FUND FACTS

Fund :	Alquity Indian Subcontinent Fund
Share Class :	B Class
Inception Date :	19/05/2014
Fund AUM :	US\$ 24.8m
Number of Holdings :	34
Fund Structure :	UCITS IV SICAV
Domicile :	Luxembourg
Liquidity :	Daily
Fund Manager :	Mike Sell
Morningstar Rating :	No Rating
Minimum Investment :	€ equivalent of \$10,000
Annual Management Fee :	1.60%
Performance Fee :	15% (with hurdle & high watermark)
ISIN :	LU1049767947
SEDOL :	BSQXHS5
Bloomberg Ticker :	ALISUSB

FUND OBJECTIVE

The Alquity Indian Subcontinent Fund is equity focused and targets attractive risk-adjusted returns over the long-term by investing in public companies across the Indian Subcontinent. Our portfolio is unconstrained and emphasises long-term themes, transparency and alignment of management. This is achieved by a fundamental process which incorporates both financial valuation and Environmental, Social and Governance analysis of material non-financial factors.

CONTACT US

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