



The many faces of India

Mike Sell - March 2024

LIFE CHANGING INVESTMENTS



INDIAN
SUBCONTINENT
FUND

Presenter



- 25+ years of experience investing in Indian equities
- Manager of Baring Peacock (India) Fund in 1990s
- Partner at Thames River/Nevsky Capital. Mike was part of the team that helped grow the EM equity assets from \$150m to \$3.5bn
- Moved to F&C with the long only EM business in 2011
- Joined Alquity in 2014

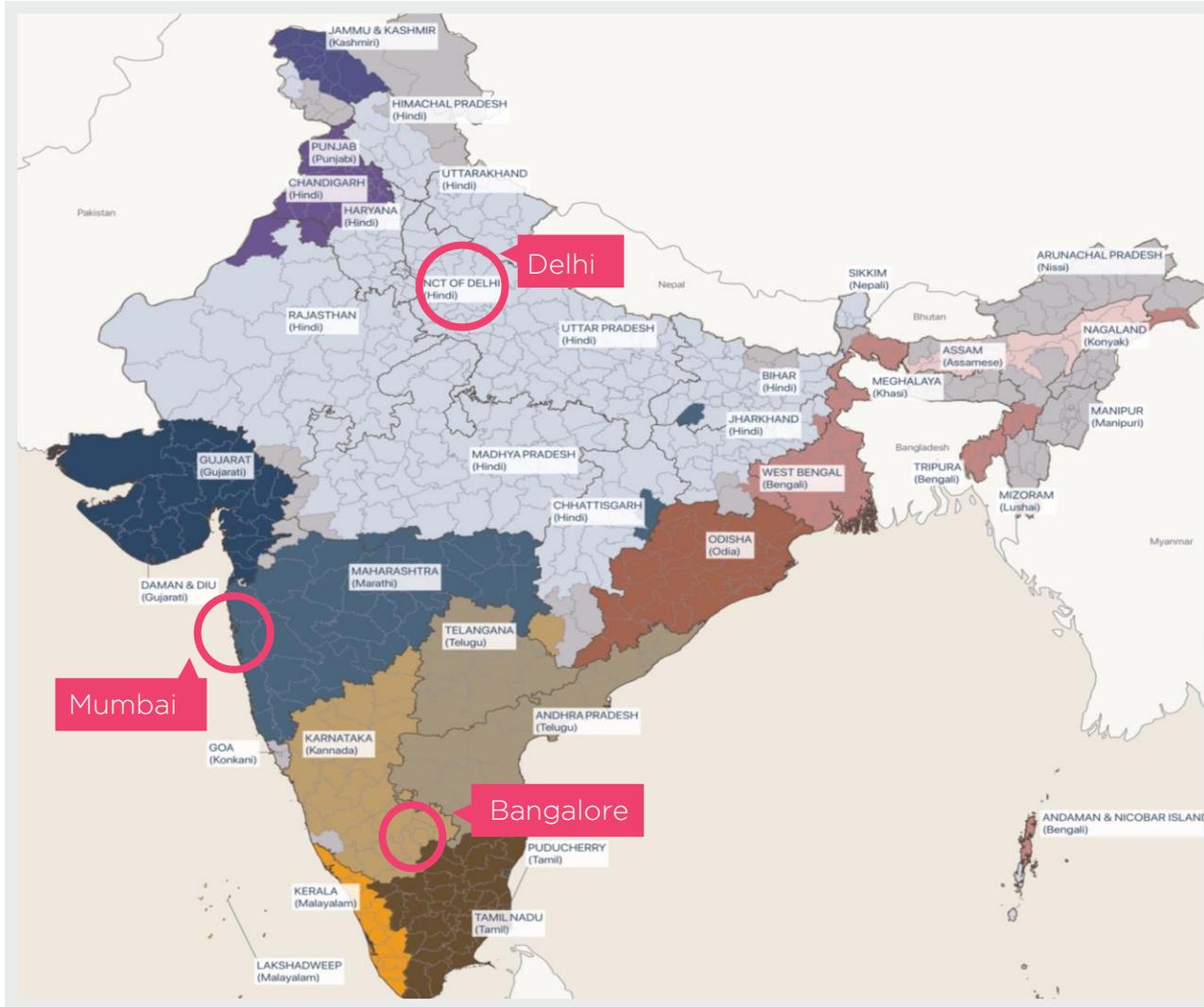
Mike has just spent 2 weeks visiting 52 companies in 4 Indian cities, as well as site visits in Meerut (Uttar Pradesh)



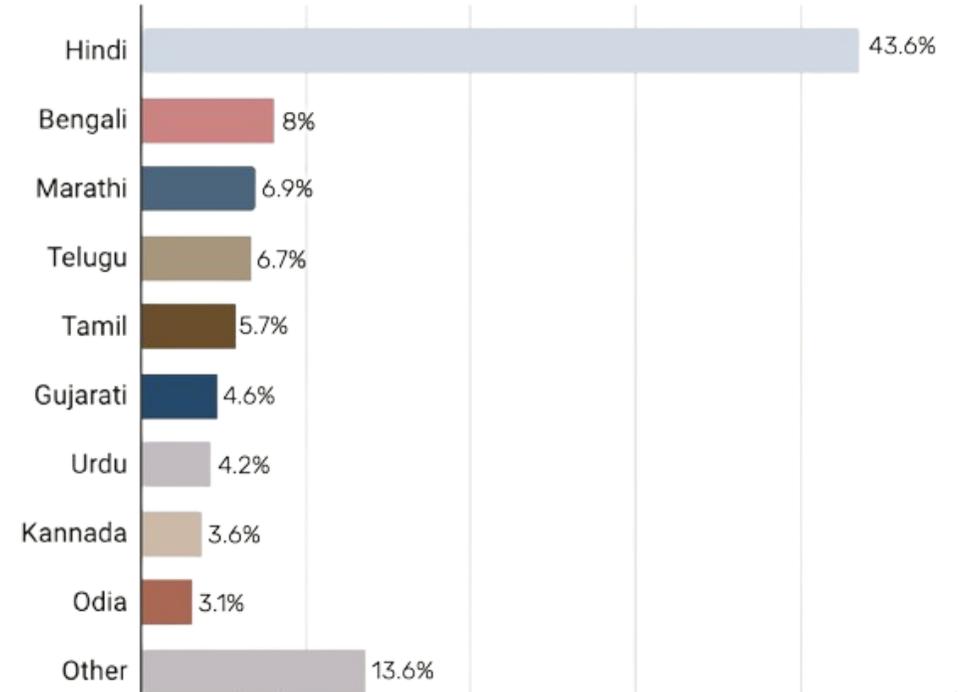
Mike Sell

Head of Global Emerging Market Equities

There are many Indias...

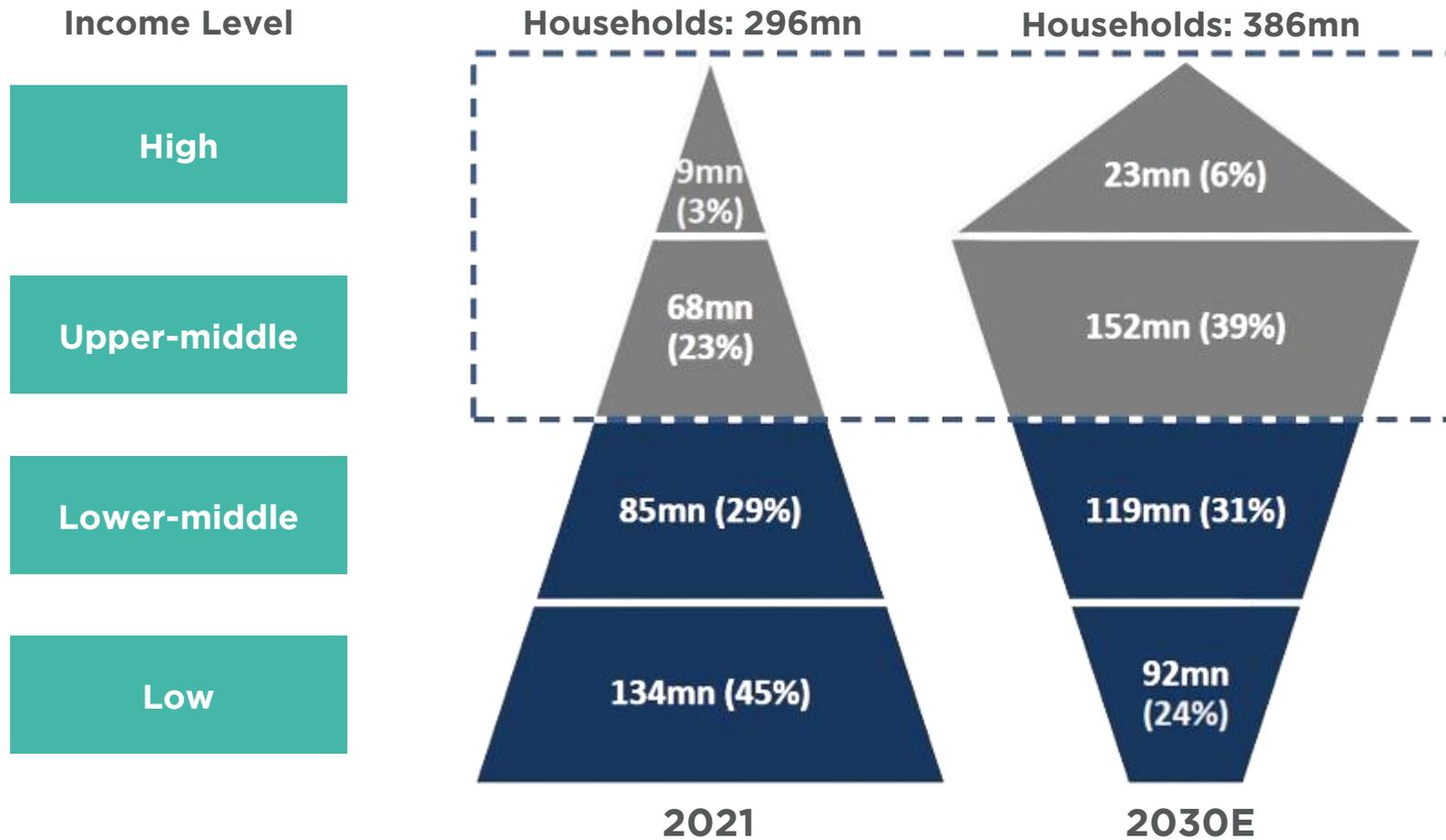


Most common primary language
(% of population)

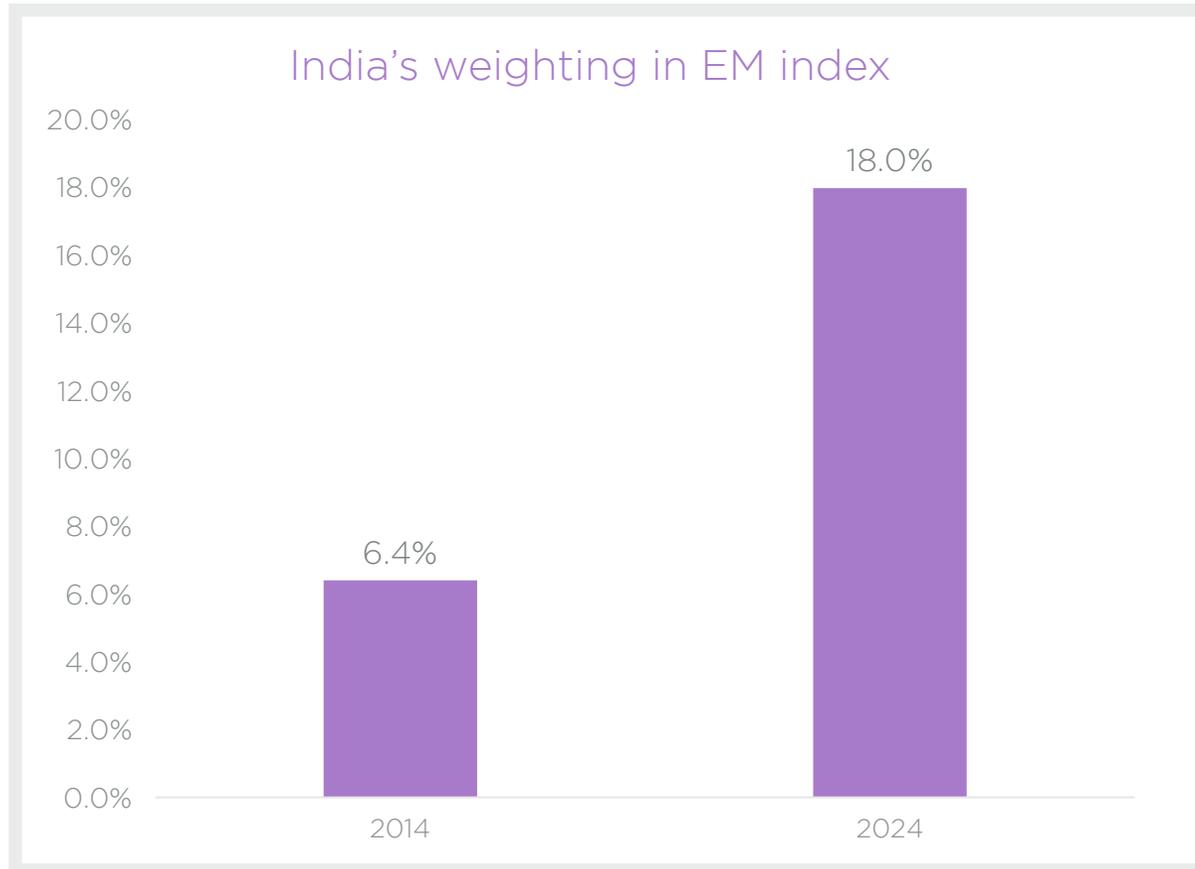


And India is dramatically changing

Indian households' income level (in mn and % of the total population)



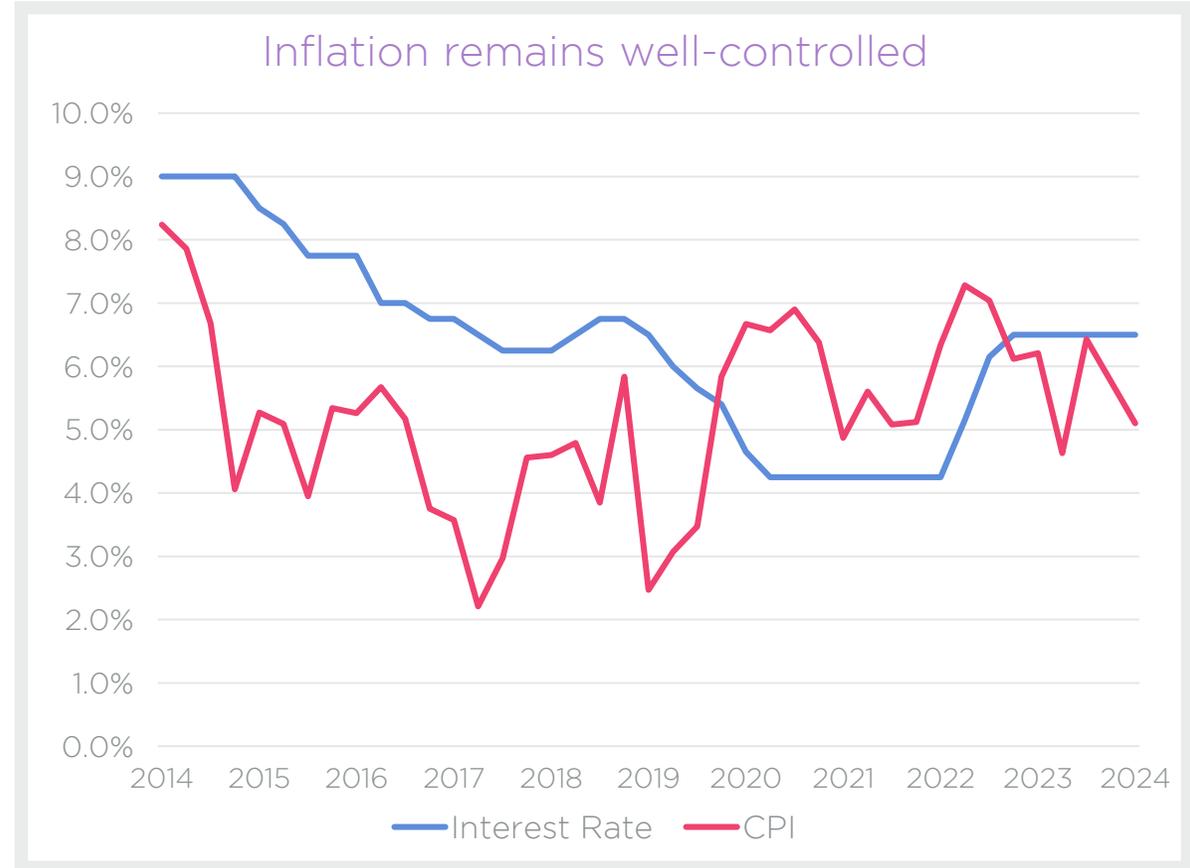
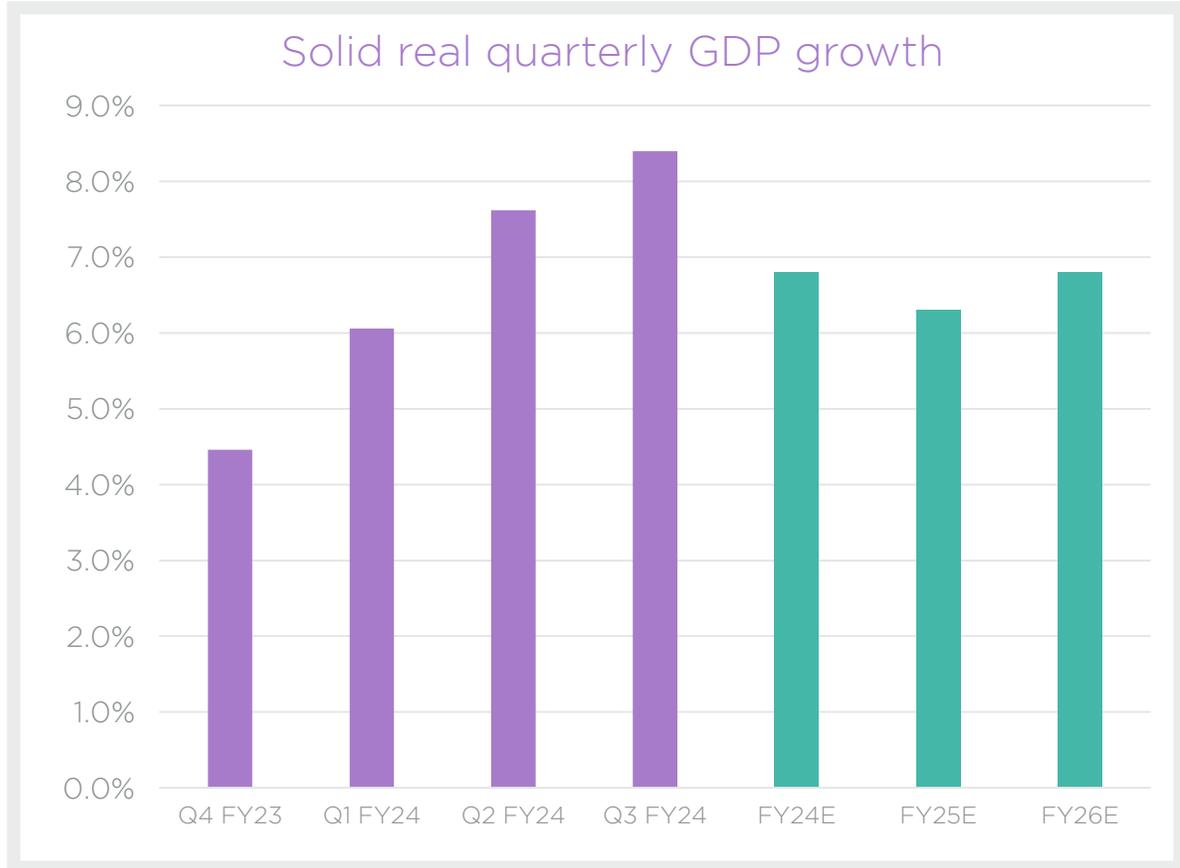
India is becoming too big to ignore



In January 2014, India was the 10th largest stock market by capitalisation...

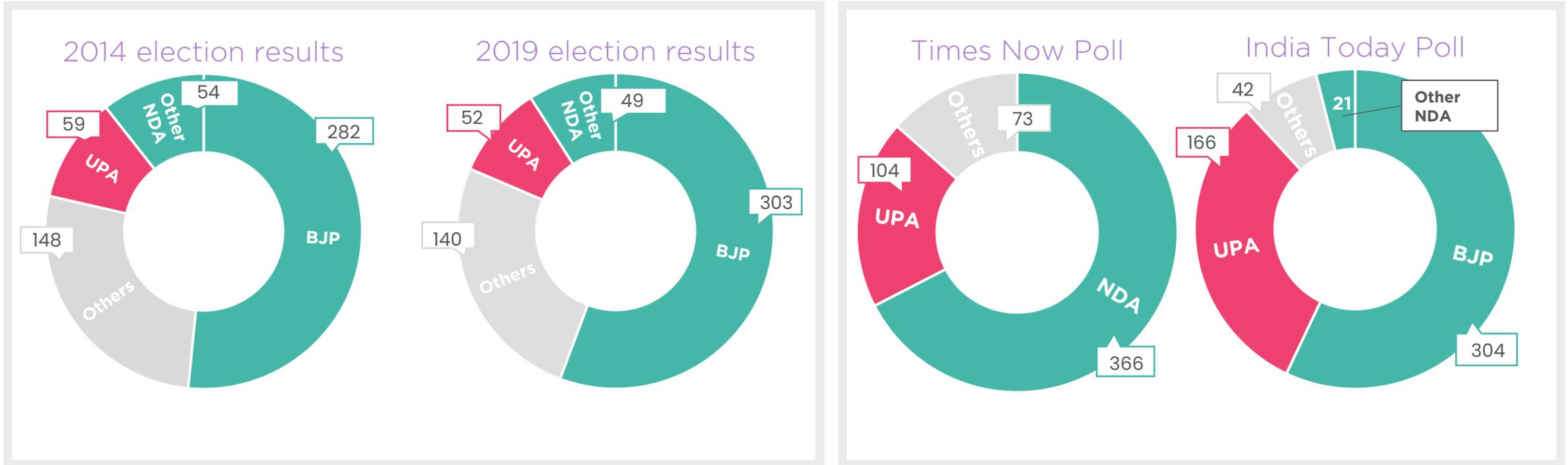
Now it is the world's 4th largest.

The macroeconomic environment remains strong



Modi will win again

Supported by unscientific straw poll



We expect additional business friendly policies to further drive the market and economy

Valuations are not a blocker to the investment case

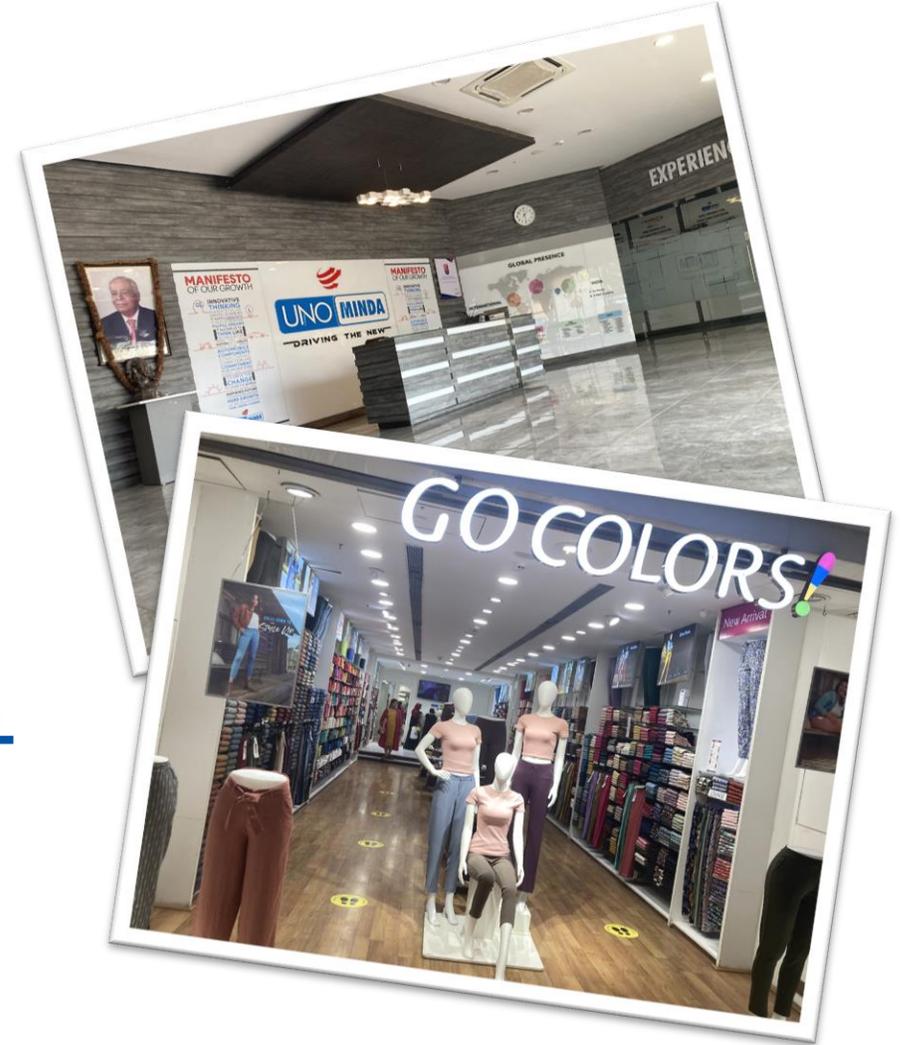
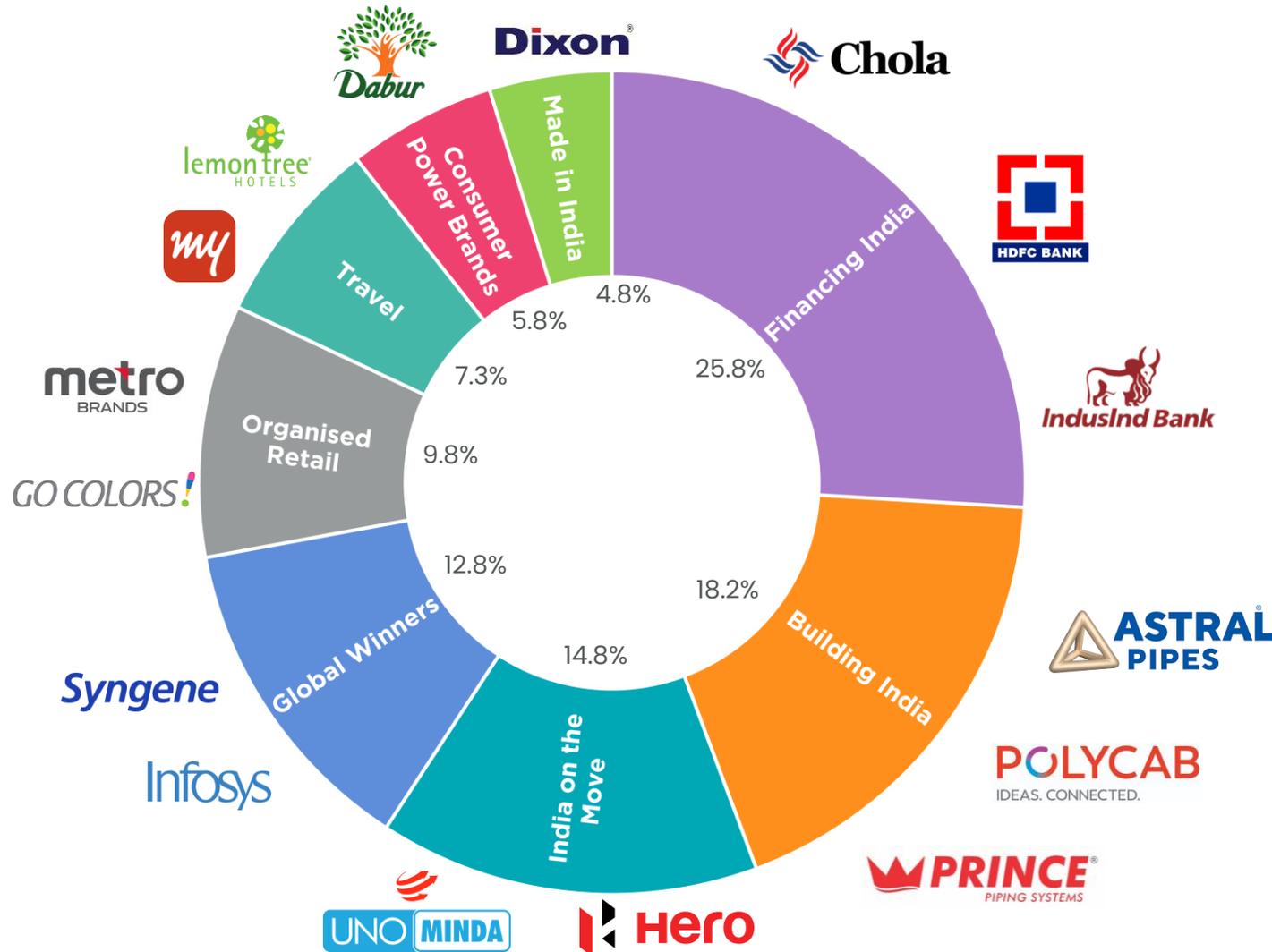
India's P/E is not stretched



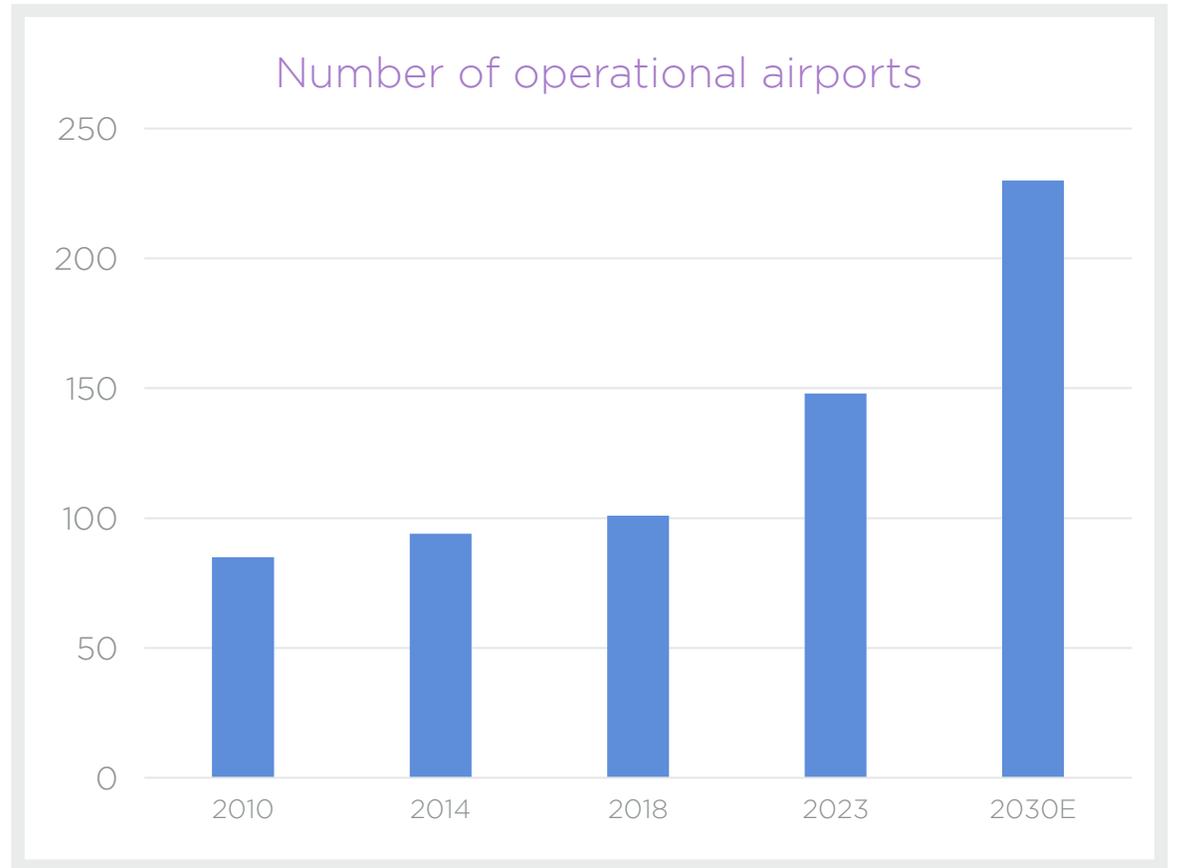
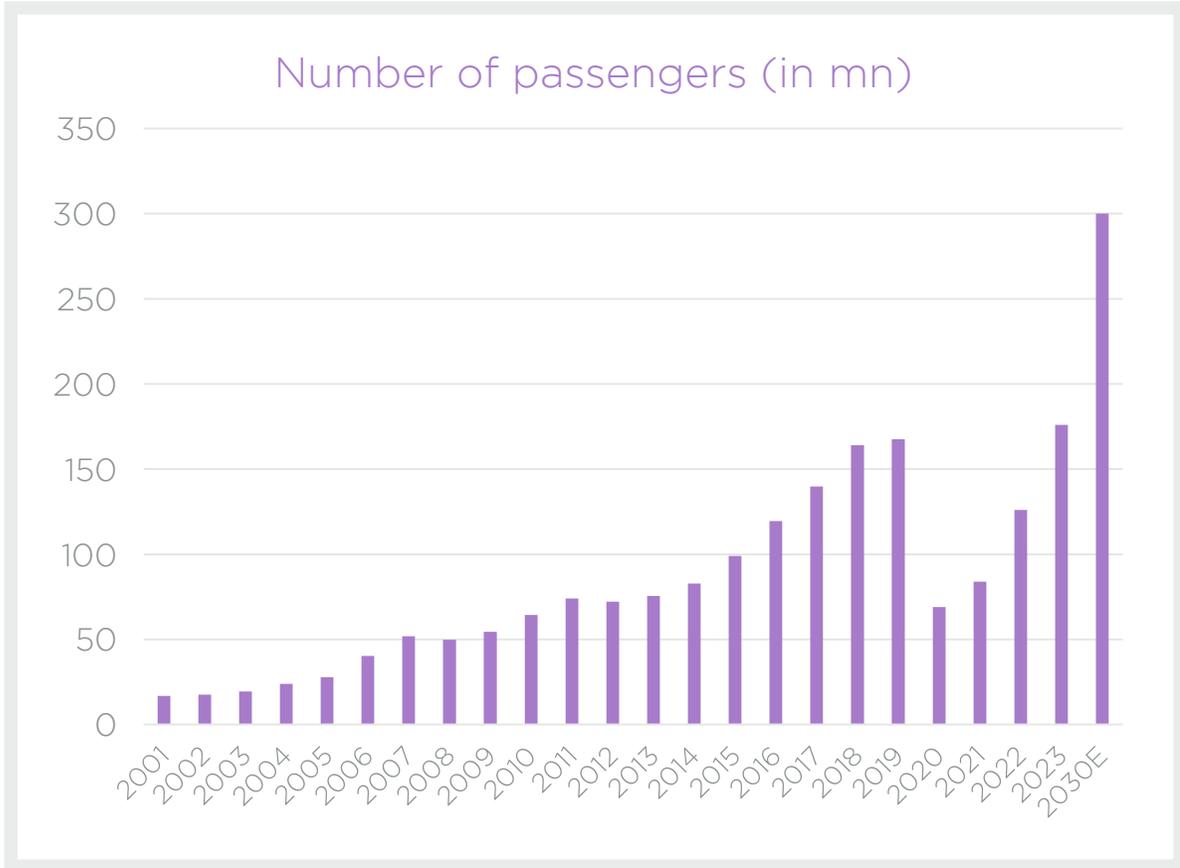
Country	P/E ratio	2024 EPS growth	PEG ratio
China	9.2x	15.7%	0.6
Brazil	8.3x	9.7%	0.9
Taiwan	16.0x	17.8%	0.9
Thailand	16.5x	15.1%	1.1
India	22.3x	17.0%	1.3
Korea	11.5x	7.7%	1.5
US	19.9x	12.1%	1.6
Japan	13.7x	7.8%	1.8
Europe	12.8x	4.9%	2.6
Mexico	13.3x	4.8%	2.8
Australia	16.5x	4.1%	4.0
UK	10.8x	2.4%	4.5

Not overpaying for growth

We focus on India's dynamism – a key differentiator



Travel is booming



1000+ aircraft on order by Indian airlines

Company example – Lemon Tree



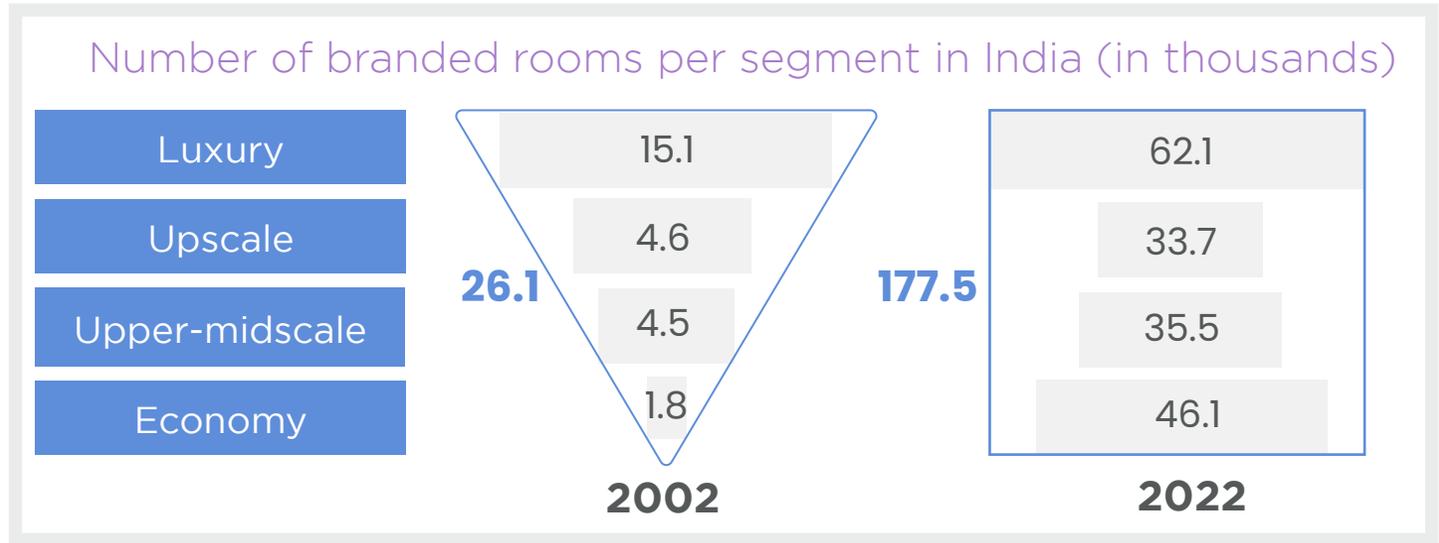
Market Cap (USD):
1.3bn
Out of index

INVESTMENT CASE

- Just opened **India's largest hotel**
- Demand growth of 9.7% to **outstrip supply** growth of 5.9% over the next 5 years
- Only **1/26th** of the economy rooms of the US



First hand testing



Midscale/economy hotel rooms increased 24x over the last 20yrs

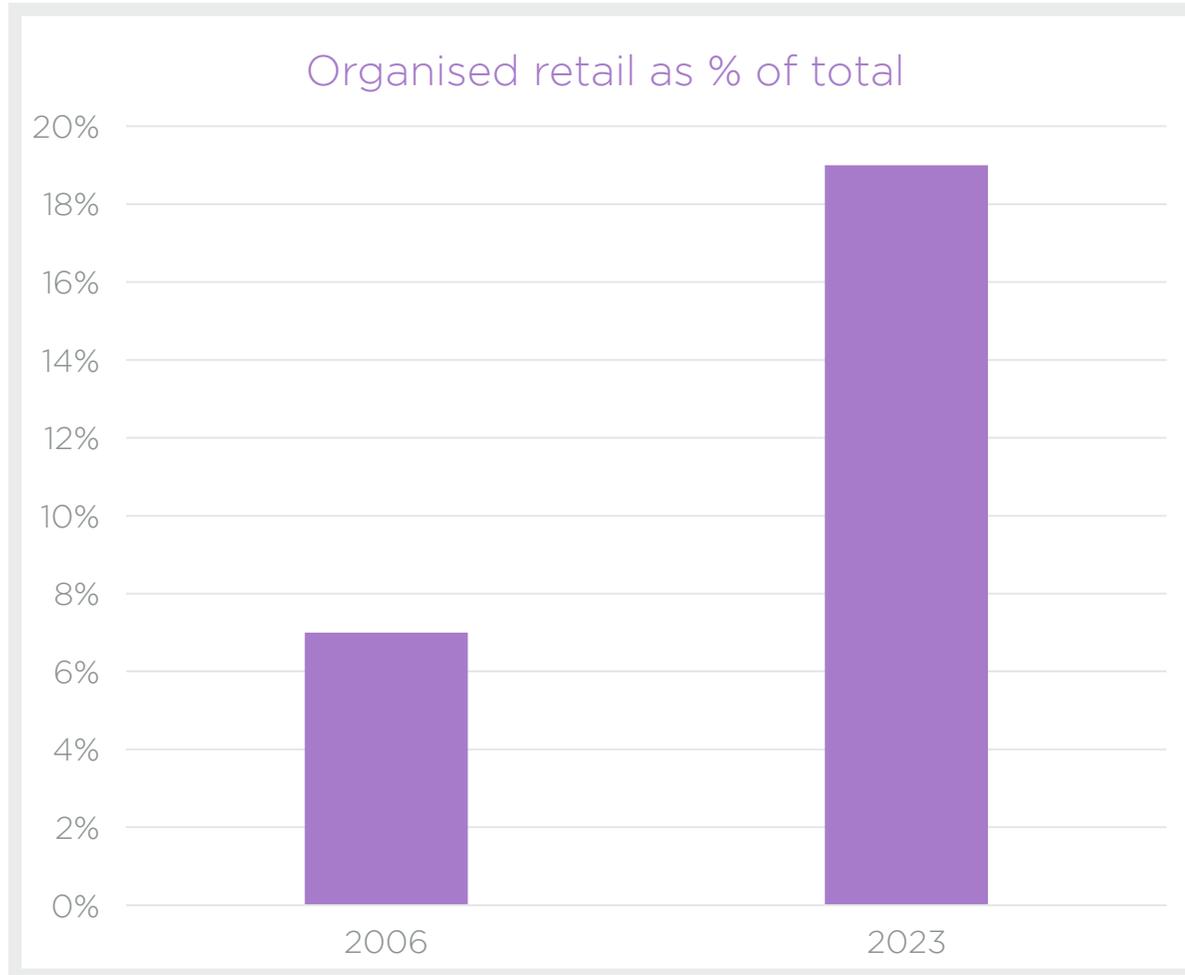
ESG HIGHLIGHT

One of India's largest **employers of disadvantaged people** (targeting 30% of staff by 2026)

VALUATION

32% upside in our base case

Powerful shift to an 'organised' economy



Company example – Metro Brands

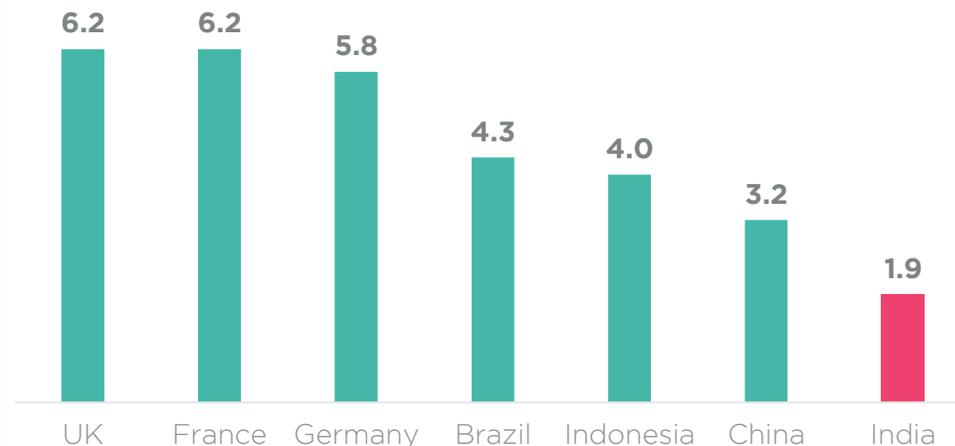


Market Cap (USD):
3.7bn
Out of index

INVESTMENT CASE

- One of India’s largest footwear retailers
- India is amongst the **lowest per capita consumer of footwear globally**, providing a huge runway for growth
- Just **35% organised retail penetration** in footwear
- Recent **FILA acquisition can supercharge growth** (FILA in China has a dominant position and boasts over 2,000 outlets)
- Signed a **multi-decade licencing agreement with Footlocker** in late 2023, providing a unique customer proposition

Per capita consumption of footwear (2019)



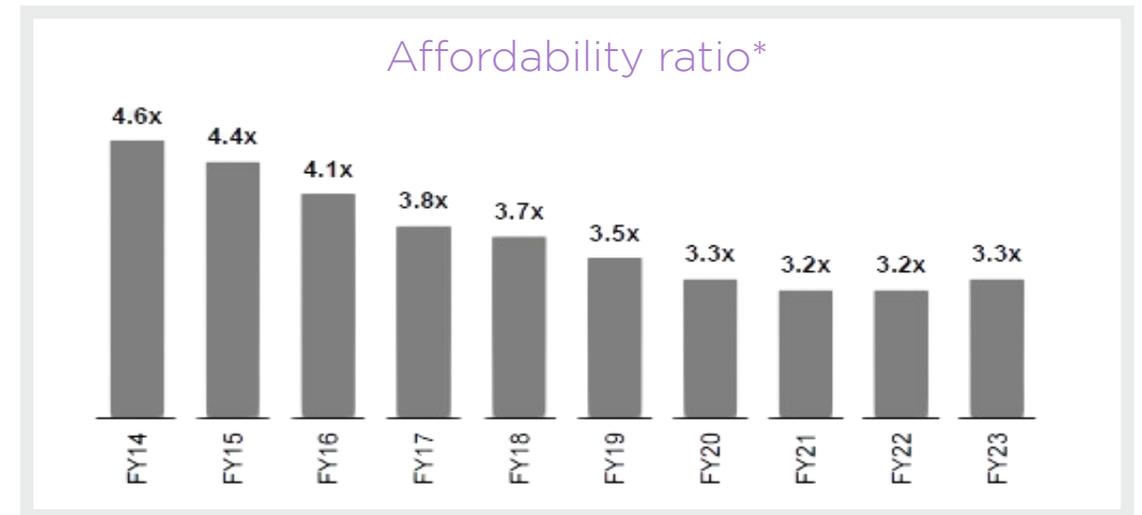
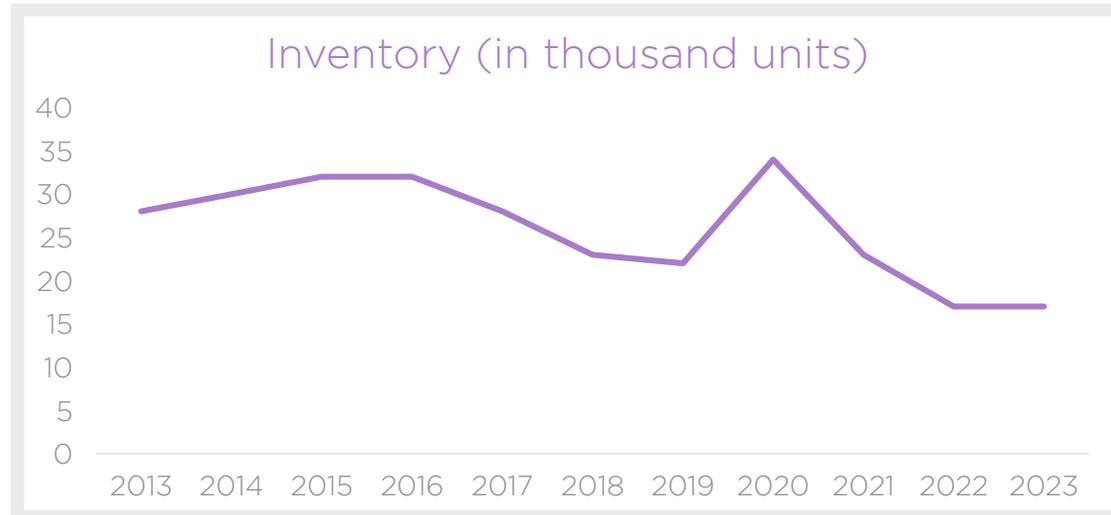
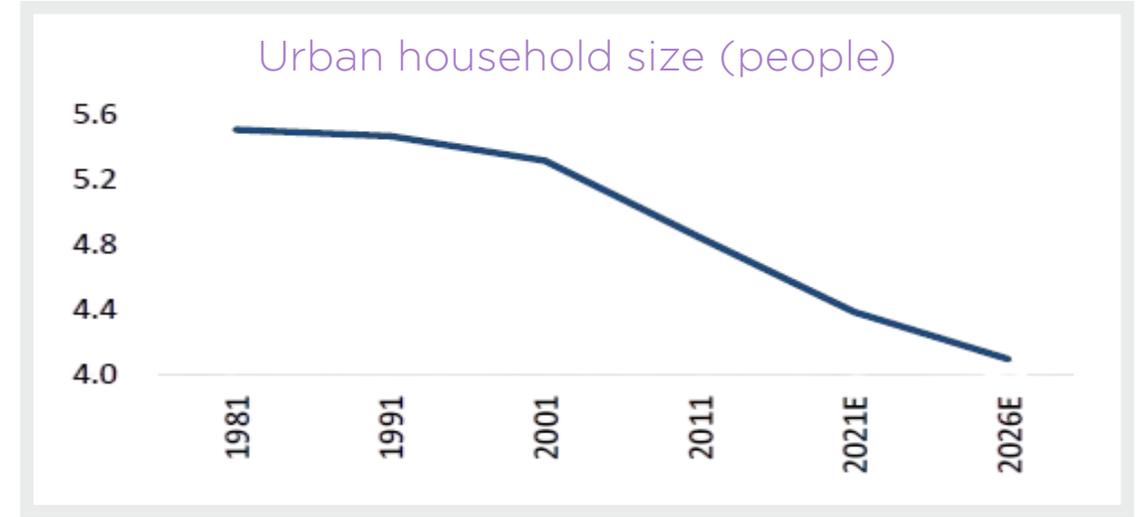
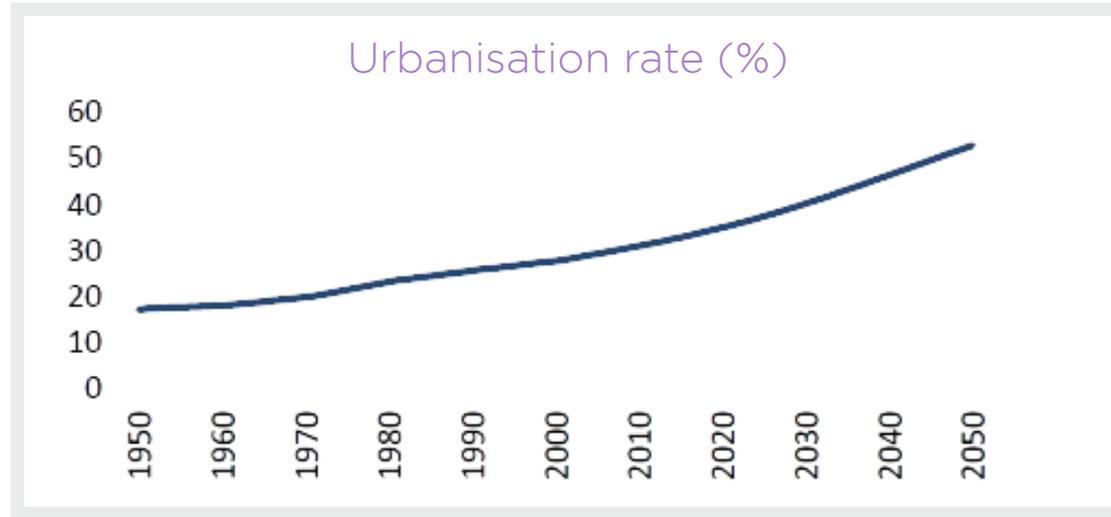
ESG HIGHLIGHT

Metro recycled 2 million pairs of discarded shoes in FY23. Longer term, Metro **aims to recycle one pair of shoes for every pair it sells**

VALUATION

58% upside in our base case

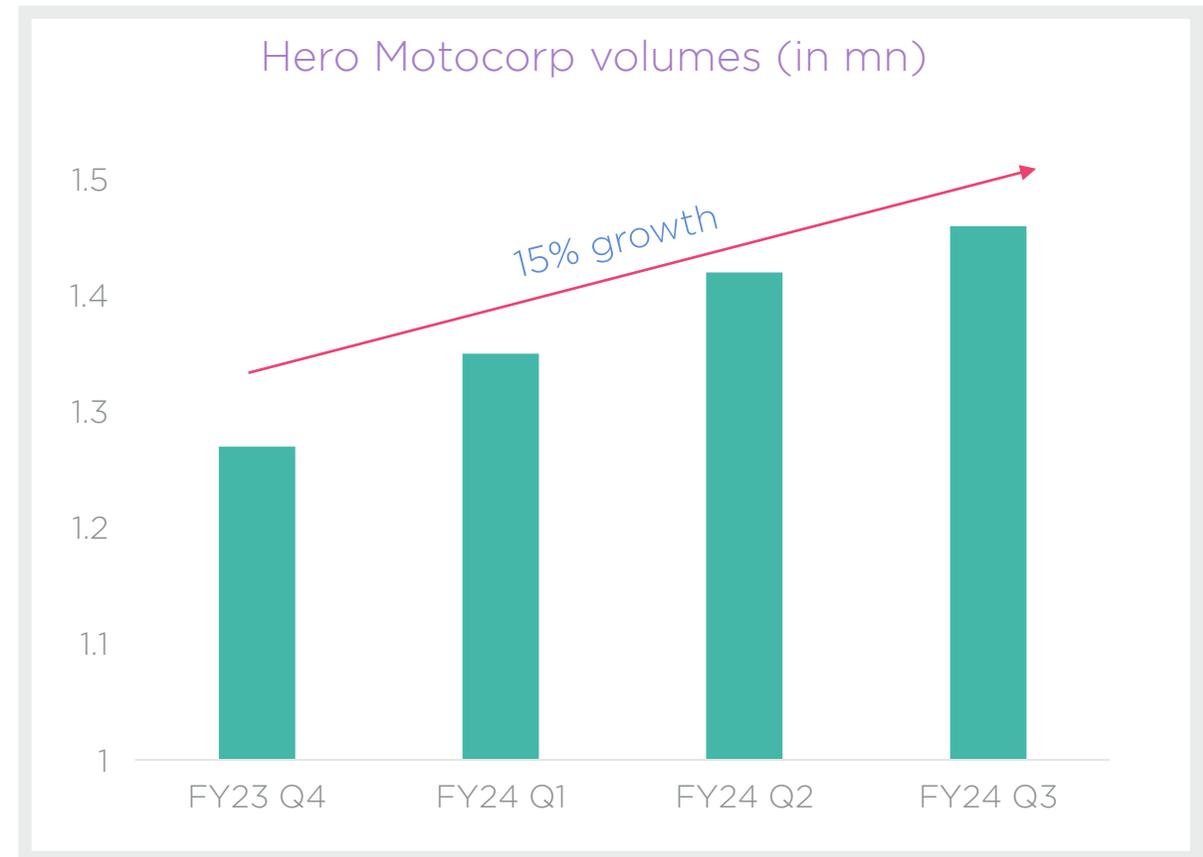
Structural growth for the property sector



Rural recovery also now started



Reaffirming views from latest Transforming Lives Consumer Panel



*"... we clearly see the positive signals, which are emanating from the rural sector. 55% of enquiries are coming from rural, up from 40% of the previous year."
(Niranjan Gupta, CEO)*

Long term perspective, with in-depth knowledge delivers results

	2020	2021	2022	2023
Fund (USD I)	14.4%	44.5%	-10.1%	19.9%
Index (ETF)	14.7%	22.4%	-9.4%	17.5%
Quartile	2 nd	1 st	2 nd	3 rd

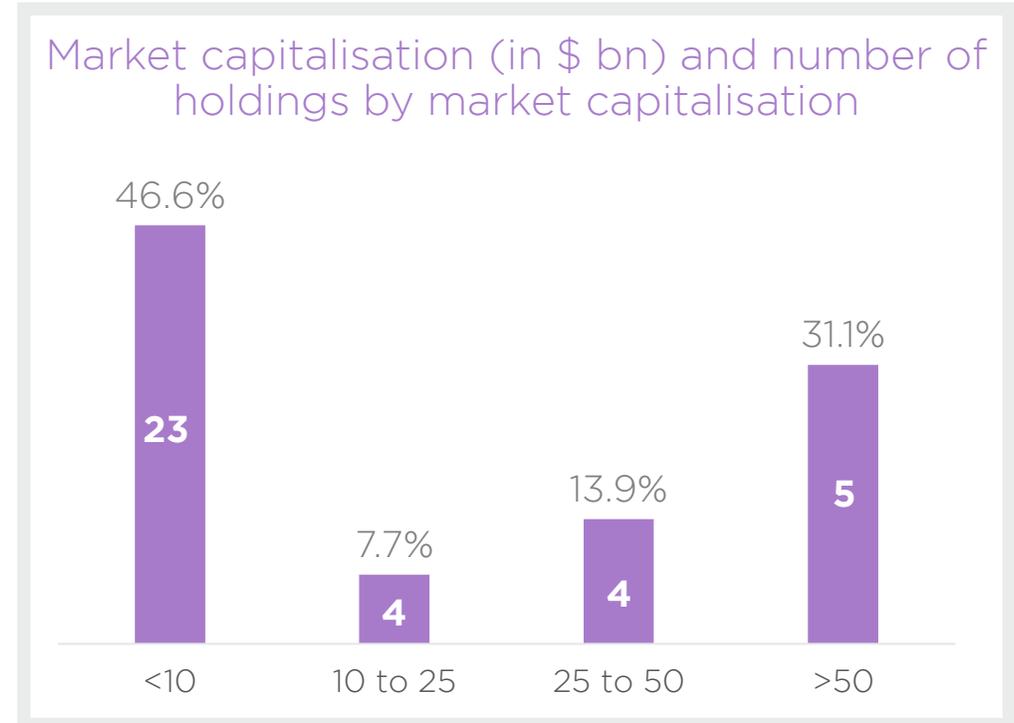


	3Y	5Y	7Y	9Y	Since inception (30/04/14)
Fund (USD I)	54.4%	72.1%	108.0%	104.7%	180.8%
Index (ETF)	36.4%	66.4%	97.1%	73.9%	116.8%
Quartile	1 st	2 nd	1 st	1 st	1 st



Highly differentiated strategy – focusing on ‘the Best of India’

	Alquity India	Index*
Volatility	16.11%	16.40%
Sharpe Ratio	1.13	0.75
Turnover	12.6%	-
Holdings	36	133



21/36 holdings are not included in the index

Conclusion

- India's investment story remains **domestically driven, appealing** and relatively **uncorrelated**
- ESG analysis and Transforming Lives Consumer panels provide **unique insights**
- **India is changing**, and we focus on the next story, not the last
- The portfolio is **differentiated, multi-cap** and represents **'the best of India'**
- Our **strategy** and **experience** deliver consistent results

Q&A



LIFE CHANGING INVESTMENTS



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