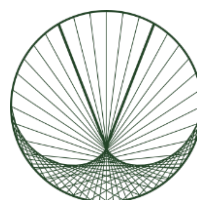


# VIKASA India EIF I Fund

## Fund Factsheet

November 2019

NAV 134.25



**VIKASA**<sup>®</sup>  
CAPITAL ADVISORS

### MANAGER COMMENTARY

The SENSEX conquered a new peak, ending 1.7% higher, for the month. The rally was based on strong FII inflows, an improved global backdrop, in-line earnings seasons and government efforts to reduce potential slowdown with structural reforms. Series of policy changes by the government and the RBI helped revive sentiments. This resulted in improved equity offerings, which has been well absorbed.

While FIIs continued their buying streak during the month (inflows increased from USD2.1b in Oct'19 to USD3.1b in Nov'19), DII inflows turned negative for the first time in 7 months (-USD1.1b).

Except for Indonesia (-3%) and China (-2%), all key global markets – the US (+3%), Russia(+2%), Japan (+2%), India (+2%), the UK (+1%), Taiwan (+1%) and Brazil (+1%) – closed higher in local currency terms.

Indian equities are trading at 22.4x FY20E earnings. All key markets are still trading at a discount to India. Over the last 12 months, MSCI India (+7%) outperformed MSCI EM (5%). Over the last 10 years, MSCI India has outperformed MSCI EM by 89%. MSCI India's P/E is at a premium of 81% to MSCI EM's P/E, above its historical average premium of 52%.

Sector-wise, PSU Banks (+12%), NBFCs (+6%), Metal (+5%) and Real Estate (+5%) featured among the top gainers. Capital Goods (-8%), Automobiles (-4%), Consumer (-4%), Oil (-4%), Technology (-3%) and Utilities (-3%) were the top losers.

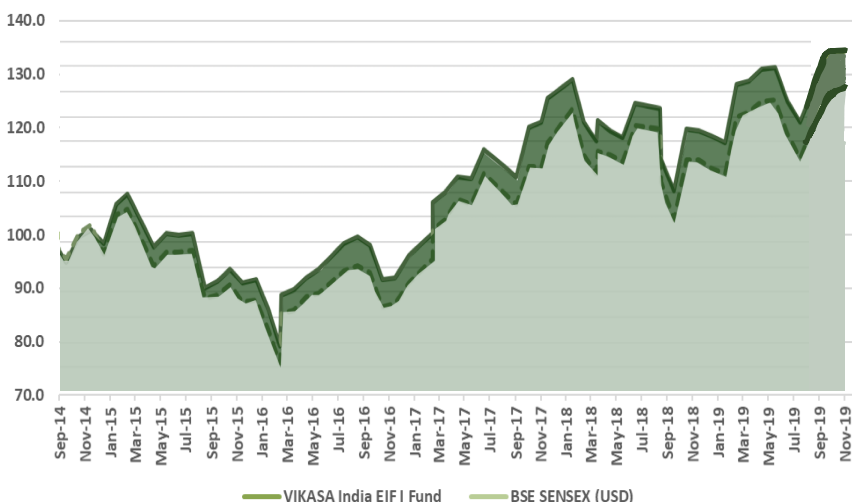
VIKASA India EIF I Fund returned 0.04% in November while its benchmark was up by 0.69% in USD terms. IndusInd Bank (+20%), Bharti Airtel (+18%), Tata Steel (+12%) and ICICI Bank (+11%) were the top performers in the portfolio whilst M&M (-13%), Hero Moto (-10%) and L&T (-10%) and TCS (-10%) were the key laggards.

2QFY20 corporate earnings growth turned out to be expectedly moderate. Within sectors, private sector banks and finance reported robust growth followed by cement and consumer. Most companies' management commentary was cautious with a hope of economic recovery in 4QFY20/1HFY21. We believe that the government and the RBI are taking several steps to combat the economic slowdown.

In last 4 months, mid/small cap indices performed in-line with the Indian indices, indicating broad-based participation. Many companies with sector leadership, strong management, corporate governance and robust financials are available at attractive valuations. This provides good opportunity to invest with a 3-5 year investment horizon.

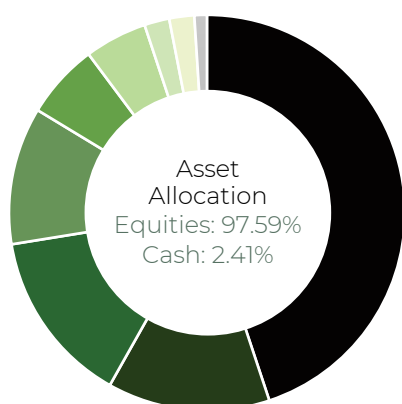
### PERFORMANCE

VIKASA India EIF I Fund vs BSE Sensex



Performance	Nov 2019	YTD	2018	Since Inception
VIKASA India EIF I Fund	0.04%	9.84%	-4.98%	34.25%
BSE SENSEX	0.69%	9.64%	-2.81%	27.52%

### SECTOR ALLOCATION



- Financials 44%
- Information Technology 13%
- Energy 14%
- Consumer Staples 11%
- Consumer Discretionary 6%
- Industrials 5%
- Materials 2%
- Others 2%
- Health Care 1%

### FUND FACTS

Dealing Frequency	Monthly
Investment Manager	VIKASA Investment Management Ltd
Benchmark	S&P BSE SENSEX
Inception Date	2nd September 2014
Custodian	Edelweiss Custody Services
Administrator	Apex Fund Administrators
Auditor	KPMG
Valuation Day	Last business day of the month
Dealing Day	First business day of the month
Performance Fee	Nil
Exit Fee	Nil
Management Fee	0.85%

### TOP 10 HOLDINGS

12.75%	Reliance Industries Limited
12.19%	HDFC Bank Ltd - FII
9.72%	Housing Development Finance Corporation Ltd
7.16%	ICICI Bank Ltd
6.07%	Tata Consultancy Services Ltd
5.05%	Infosys Limited
4.90%	Larsen & Toubro Limited
4.53%	ITC Ltd
4.22%	Bajaj Finance Limited
4.09%	Kotak Mahindra Bank Limited

## INVESTMENT OBJECTIVE

The fund is designed for investors seeking exposure to India's public equity markets. A minimum of 70% of the fund tracks the BSE SENSEX benchmark, with an active equity overlay of up to 30% of the fund. The fund has the potential to generate higher returns, but will also have a higher risk profile than an index only product. The fund's objective is long-term capital appreciation with no need for income.

## RISK CONSIDERATIONS

- **Concentration risk:** The Fund may be subject to a greater risk of loss because a single security's increase or decrease in value may have a greater impact on the Fund's value and total return.
- **Counterparty risk:** A party that the Fund transacts with may fail to meet its obligations which could cause losses.
- **Custodian risk:** Insolvency, breaches of duty of care or misconduct of a custodian or sub-custodian responsible for the safekeeping of the Fund's assets can result in loss to the Portfolio.
- **Emerging markets risk:** Emerging markets are likely to bear higher risk due to lower liquidity and possible lack of adequate financial, legal, social, political and economic structures, protection and stability as well as uncertain tax positions. Emerging markets typically have an increase in price volatility.
- **Exchange rate risk:** Changes in exchange rates may reduce or increase the returns an investor might expect to receive independent of the performance of such assets. If applicable, investment techniques used to attempt to reduce the risk of currency movements (hedging), may not be effective. Hedging also involves additional risks associated with derivatives.
- **Liquidity risk:** The Fund may not always find another party willing to purchase an asset that the Fund wants to sell which could impact the Fund's ability to meet redemption requests on demand.
- **Market risk:** The value of assets in the Fund is typically dictated by a number of factors, including the confidence levels of the market in which they are traded.
- **Operational risk:** Material losses to the Fund may arise as a result of human error, system and/or process failures, inadequate procedures or controls.

**IMPORTANT PERFORMANCE NOTICE:** Performance assumes reinvestment of all dividends and/or distribution before taxes. All performance quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the return figures quoted. Returns would have been lower if certain of the Fund's fees and expenses had not been waived.

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