

CHIKARA INDIAN SUBCONTINENT FUND

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COMMENTARY

March 2024

The fund recorded strong gains for March +2.86% while the benchmark was +0.78%, ending a positive first quarter of the year with the fund +6.3% and the index 6.05%. Gains this month for our portfolio were fairly broad-based while for the benchmark IT (-7.2%), FMCG (-0.7%) and small caps (-4.4%) dragged returns.

Make My Trip the online travel platform that we have owned since inception was our best performing holding, climbing to a high of \$70, a meteoric rise from the lows we were able to buy at in Covid of \$13 during the first lockdown. Our food delivery platform Zomato has been another standout performer, rallying 47% year to date; indeed the stock has not looked back since they asked shareholders to approve the quick commerce acquisition 'Blinkit' in 2022, something that the market was hugely disparaging of at the time, but that we saw as being potentially transformational (subsequently voting for it).

Small caps fell 4.4% on the month something we believe may perpetuate over the next twelve months due to bubble like valuations and increasing frown gazing from the regulator SEBI. One market commentator likened the frenzy in Indian small caps to that of 'Gamestop' in a well written FT article this month, and we find it hard to disagree with the comparison, hence we have no exposure to any company below \$1bn market cap.

Foreigners bought \$3bn of equity during the month, and the corresponding outperformance of our portfolio is indicative of their penchant for quality growth, away from the low-quality rally in government owned companies that we discussed last month. The other significant detractor to market returns was that of IT services; Accenture reported extremely disappointing numbers and poor forward looking orders, which negated any expectations that Indian IT service providers may have finally 'bottomed out' after two years of little to no growth, and all time high multiples. IT finished the month -7% and continues to be vulnerable to any headwinds in global GDP in our opinion.

On the macro front, the Federal Reserve has indicated three quarter point cuts to rates by year end which has aided bond market buying to India, fuelled by last year's JP Morgan index inclusion announcement. \$9bn of new money has come since the announcement which has pushed up FX reserves to all time highs (>\$645bn) and created a benign environment for the rupee. The general election schedule in the worlds biggest democracy was announced which begins in 19th April and by June 4th we will know whether Modi and the BJP return with a similar majority to the Lok Sabha, however indications from recent local elections lead us to believe an upset is relatively unlikely.

| BOOK EXPOSURES | | | FUND HIGHLIGHTS | INVESTMENT OBJECTIVE |
|--------------------|-----------------|----------|--|---|
| | No. Stks | % | This Fund is a concentrated long only equity portfolio typically investing in between 25-40 stocks in the markets of India, Bangladesh, Sri Lanka, Pakistan and Myanmar ("Indian Subcontinent"). | To provide investors with long term capital appreciation through an actively managed portfolio of equities of companies, listed or traded, or which conduct a predominant part of their economic activity in the Indian Subcontinent. |
| Fundamental Opps | 23 | 83.5 | | |
| GEMs | 3 | 13.2 | | |
| Special Situations | 1 | 3.7 | | |
| Cash & Other | 0 | 0 | | |

| FUND STATISTICS | | CUMULATIVE PERFORMANCE (%) ⁽¹⁾ | | | | | | | |
|------------------------------------|---------------------------------------|---|----------------|---|---------------|----------------|----------------|----------------|--------------------------------|
| Investment Team: | Andy Draycott & Abhinav Mehra | | 1 month | YTD | 1 year | 2 years | 3 years | 5 years | Inception⁽²⁾ |
| Investment Manager: | Chikara Investments LLP | S USD | 2.86 | 6.30 | 35.88 | 24.42 | 38.00 | 72.90 | 90.43 |
| Fund Size: | USD 92m | S GBP (unhedged) | 3.17 | 7.41 | 33.55 | 29.70 | 50.68 | N/A | 120.24 |
| Active Share⁽⁴⁾: | 93.7% | Index⁽¹⁾ | 0.78 | 6.05 | 36.94 | 20.14 | 41.69 | 72.46 | 92.89 |
| Launch Date: | 20.11.2018 | COUNTRY EXPOSURE | | DISCRETE PERFORMANCE (%) FULL CALENDAR YEAR ⁽¹⁾ | | | | | |
| Dealing: | Daily | Country | (%) | | 2023 | 2022 | 2021 | 2020 | 2019 |
| Denomination: | USD | India | 100.5 | S USD | 23.71 | -10.92 | 22.51 | 15.90 | 9.90 |
| Benchmark⁽¹⁾: | M1IN: MSCI India Net Total Return USD | Cash & Other | 0 | S GBP (unhedged) | 17.07 | -0.31 | 23.93 | n/a | n/a |
| Structure: | Irish OEIC, UCITS V | Total | 100.5 | Index⁽¹⁾ | 20.59 | -7.72 | 26.34 | 15.42 | 7.51 |

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland, Sweden & Switzerland and Institutional and Accredited Investors only in Singapore.

For KID/KIID documents and more information, please visit: www.chikarainvestments.com

Source: Independent returns are calculated daily by Northern Trust International Fund Administration Services (Ireland) Limited. All performance details shown are net NAV to NAV percentage returns with gross income re-invested. Past performance may not be a reliable guide to future performance. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves; and some of the investments referred to herein or underlying investments undertaken by issuers may be derivatives and may involve different and more complex risks as compared to listed or other securities. All figures quoted are in USD.

| TOP 10 HOLDINGS | |
|----------------------|-------------|
| Holding | (%) |
| HDFC Bank | 9.4 |
| Kotak Mahindra Bank | 9.0 |
| ICICI Bank | 7.3 |
| Narayana Hrudayalaya | 6.3 |
| Delhivery Ltd | 5.5 |
| Zomato Ltd | 4.3 |
| Bajaj Finance | 4.2 |
| PB Fintech | 3.9 |
| Godrej Properties | 3.9 |
| Bharti Airtel | 3.7 |
| Total | 57.5 |

| TOP 10 SECTORS | |
|-----------------------------------|-------------|
| Sector | (%) |
| Banking | 25.7 |
| Transportation | 8.8 |
| Internet Media & Services | 7.9 |
| Speciality Finance | 7.7 |
| Leisure Facilities & Services | 7.1 |
| Health Care Facilities & Services | 6.3 |
| Beverages | 5.7 |
| Automotive | 5.4 |
| Software | 3.9 |
| Real Estate Owners & Developers | 3.9 |
| Total | 82.2 |

| SHARE CLASS DETAILS | | | | | |
|------------------------|--------------|----------------|---------------------------------------|-----------------|---|
| SHARE CLASSES | ISIN | Management Fee | Ongoing Charges Figure ⁽²⁾ | Performance Fee | Minimum Initial Investment ⁽³⁾ |
| Class I USD | IE00BG7PPH10 | 1.00% | 1.30% (capped) | 15% | \$1,000,000 or currency equivalent |
| Class I GBP (unhedged) | IE00BLDG9R13 | | | | |
| Class I GBP | IE00BG7PPG03 | | | | |
| Class S USD | IE00BG7PPL55 | 0.75% | 1.05% (capped) | 10% | \$5,000,000 or currency equivalent |
| Class S GBP (unhedged) | IE00BL0BMT20 | | | | |
| Class S GBP | IE00BG7PPK49 | | | | |
| Class S EUR | IE00BG7PPM62 | | | | |
| Class T USD | IE00BJRFW608 | 0.75% | 1.05% (capped) | None | \$10,000,000 £10,000,000 |
| Class T GBP (unhedged) | IE000NXM4961 | | | | |
| Class Q GBP (unhedged) | IE000TTQZ4M2 | 0.65% | 0.95% (capped) | None | £15,000,000 |

KEY RISKS

- Liquidity risk – The Fund may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.
- Credit and counterparty risks – the Fund may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.
- Concentration risk – This Fund holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Fund’s value than if the Fund held a larger number of investments.
- Currency risk – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations.
- Derivatives – the Fund may use derivatives as investments or to manage the risk profile of the Fund. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.
- Emerging market risk – Investment in emerging markets may be considered speculative. Commonly legal and accounting regimes can offer less protection to investors than in developed markets.
- Sustainability Risk - Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund’s investments, either directly, or by contributing to the impact or materiality of other risks.
- The Fund prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

IMPORTANT INFORMATION

- 1) The benchmark performance is that of the MSCI India Net Total Return index in US\$ (M1IN) based on a midday price consistent with the valuation point. Source: MSCI. Benchmark & all share class performance since 20.11.2018 except GBP S (unhedged) performance which is since 06.05.2020.
- 2) Ongoing charges figure: Note the OCF for the following classes are currently capped, classes I (GBP), I (USD) and I (GBP unhedged) are capped at 1.3%, classes S (GBP), S (EUR), S (USD), S (GBP unhedged), T (USD) and T (GBP unhedged) are capped at 1.05%, class Q (GBP unhedged) is capped at 0.95%. The cap may be terminated on 60 days' notice.
- 3) The minimum initial investment amount for classes S (GBP), S (EUR), S (USD), S (GBP unhedged) is waived and the minimum initial investment amount for classes T (USD) and T (GBP unhedged) is reduced to \$2,500,000 or currency equivalent until the fund size reaches \$100,000,000. The class Q (GBP unhedged) is only available to new investors until the share class reaches £50,000,000.
- 4) Active Share Source: S&P Capital IQ Pro

All data as at 28.03.2024 unless stated otherwise. All information is sourced from Chikara unless stated otherwise.

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The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Tellco Bank Limited, Bahnhofstrasse 4, CH-6430 Schwyz. The prospectus, the articles of association, the Key Information Documents, as well as the annual and semi-annual reports may be obtained free of charge from the representative. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative.

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