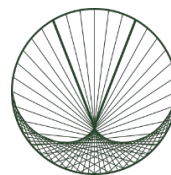


## VIKASA India EIF I Fund

### Fund Factsheet

March 2019

NAV 131.37



**VIKASA**  
CAPITAL ADVISORS

## MANAGER COMMENTARY

India was the top performer among global equity markets in March. MSCI's country-specific equity indexes, showed India leading the group (+9.23%). China (+2.44%), Taiwan, (2.28%), U.S. (1.85%), U.K. (1.06%) and emerging markets (+0.84%) trailed. Over the last five years, the MSCI India Index has outperformed the MSCI Emerging Markets Index by 168%. The SENSEX rallied an impressive 10.08% in March to finish the FY19. Supporting global factors included: a dovish central bank narrative in the U.S., a deluge of foreign institutional investor (FII) inflows and the rising confidence in the National Democratic Alliance (NDA) making a comeback post-election. At USD 4.8 billion, monthly FII inflows for March were highest since March 2017.

Sector performance for FY19: Private Banks (+34%), PSU Banks (+28%), Technology (+26%), Consumer (+14%) and Healthcare (+10%) were the top performers. Media (-25%), Autos (-22%) and Metals (-15%) were laggards. Single stock performance leaders were Bajaj Finance (+71%), Reliance Industries (+54%), Axis Bank (+52%), ICICI Bank (+43%) and TCS (+40%). Decliners were SBI (-28%), Vedanta (-27%), HPCL (-15%) Hindalco (-4%), and M&M (-5%).

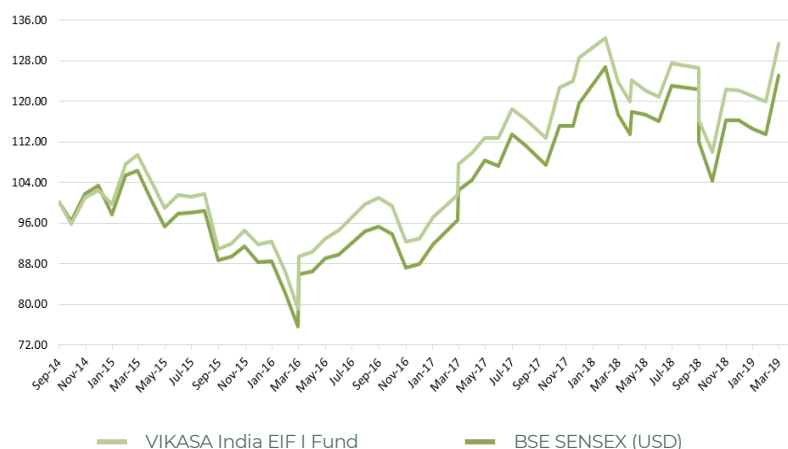
During March, VIKASA India EIF I Fund returned 9.53%, in USD terms. IndusInd Bank (+21%), Yes Bank (+19%) and SBI (+19%) were highest performers for the month. Should there be a short-term downturn, we see an opportunity for our overlay allocation in defensive sectors to benefit; as we hold established businesses based on solid fundamentals and reasonable valuations. It is expected that markets will be volatile based on continued global factors.

Healthcare and consumer staples sectors have historically done well to preserve capital, due to the high-level of confidence in their businesses. Recent additions to the fund include 1% of Aurobindo Pharma and 2% from the Consumer Staples sector (Godrej Consumer, Dabur India, and Hindustan Unilever). We increased exposure to consumer discretionary stock Hero Motocorp, based on reasonable valuations and strength of business model, even during recent corrections in the auto sector.

We will continue to closely follow the impending election outcome, whilst holding a belief that the overall global economic factors remain supportive for equity markets.

## PERFORMANCE

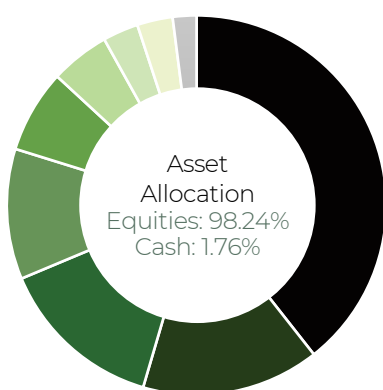
VIKASA India EIF I Fund vs BSE Sensex



Performance	Mar 2019	YTD	2018	Since Inception
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VIKASA India EIF I Fund	9.53%	7.48%	-4.98%	31.37%
SENSEX	10.08%	7.52%	-2.81%	25.05%

## SECTOR ALLOCATION



- Financials 39%
- Information Technology 15%
- Energy 14%
- Consumer Staples 11%
- Consumer Discretionary 7%
- Industrials 5%
- Materials 3%
- Others 3%
- Health Care 2%

## 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
Auditors	KPMG
Valuation Day	Last business day of the month
Dealing Day	First business day of the month
Performance Feed	Nil
Exit Fees	Nil
Management Fee	0.85%

## TOP 10 HOLDINGS

11.06%	Reliance Industries Limited
10.65%	HDFC Bank Ltd - FII
8.27%	Housing Development Finance Corporation Ltd
7.50%	Infosys Limited
5.93%	Tata Consultancy Services Ltd
5.60%	ICICI Bank Ltd
5.54%	ITC Ltd
5.14%	Larsen & Toubro Limited
3.45%	Kotak Mahindra Bank Limited
3.20%	Bajaj Finance 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.

**IMPORTANT LEGAL NOTICE:** This report is provided by VIKASA India EIF I Fund for information purposes only and is meant for investment professional use. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any fund. This report does not have regard to the specific investment objectives and financial situation of any specific person who may receive this report. Investors should seek financial advice regarding appropriateness of investing in any funds recommended in this report and should understand the statements regarding future prospects may not be realized. Investors should note that each fund's price or value may rise or fall. Past performance is not a guide to future performance.