October 31, 2024

DSP India Equity Fund

DSP

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final decisions. This document is intended only for professional clients and / or qualified investors.

Investment Strategy

The investment objective of the DSP India Equity Fund ("Fund") is to achieve long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of mid cap and small cap companies.

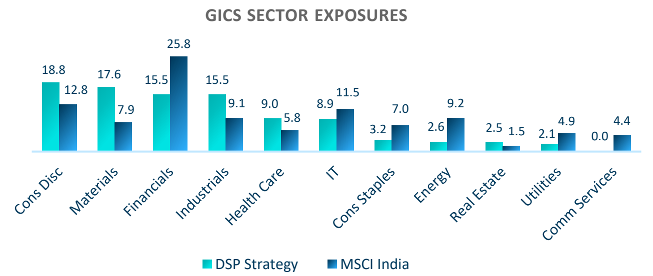
Performance Track Record

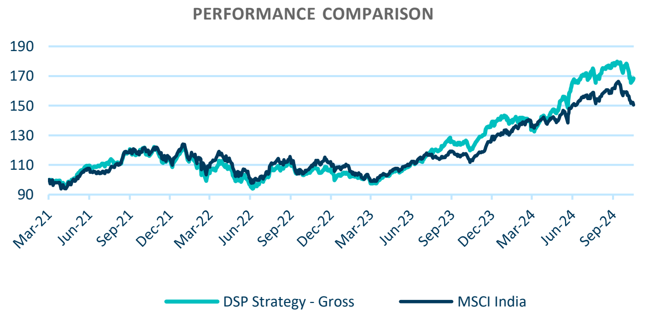
Past performance does not predict future returns.

USD CAGR Performance as on October 31, 2024	1M	3M	6M	YTD	1 Yr	3 Yr	5 Yr	8 Yr	10 Yr	Since Inception
DSP Strategy – Gross*	-5.82%	-3.88%	14.49%	19.29%	39.41%	13.12%	18.79%	14.34%	15.11%	14.44%
DSP Strategy – Net*	-4.71%	-3.03%	11.46%	15.23%	31.74%	9.81%	16.68%	12.09%	12.74%	12.07%
MSCI India USD	-8.26%	-5.34%	6.01%	15.05%	32.58%	8.74%	13.49%	11.47%	8.60%	7.31%

*Strategy performance up to 3 years is for the UCITs Fund & more than 3 years is for the mirror domestic strategy. Gross performance of the Fund represents performance before considering any expenses of the Fund including tax on the investments of the Fund and investment management fees. The Net performance is after considering all expenses including tax and investment management fees. For regulatory disclosure of the Fund performance, please refer page 4.

Portfolio Characteristics





Top 10 Stocks

Company	Weight (%)	Mcap (USD bn)
Coforge	4.38%	6.0
IPCA Laboratories	3.60%	4.8
Bharat Forge	3.29%	7.8
Max Financial Services	3.01%	5.3
Coromandel	2.89%	5.8
AU Small Finance Bank	2.86%	5.4
Federal Bank	2.81%	5.9
PFC	2.77%	17.9
Hero Motocorp	2.66%	11.9
Supreme Industries	2.51%	6.5

Fund Construct	Details
Number of Stocks	57
Portfolio Turnover (last 12m)	41% (for DSP Strategy)
Cap-wise split (for DSP Strategy)*	Mid Cap – 68.87%, Small Cap – 18.45%, Large Cap – 8.34%, Cash – 4.33%

Portfolio Metrics**	FY24	FY25E	FY26E
EPS Growth (%)	25%	30%	27%
P/E (x)	53.8	40.1	31.5
P/BV	11.4	8.2	7.0
ROE	17%	19%	20%

Fund Characteristics

Fund Structure	UCITS ICAV (Sub Fund of DSP Global Funds ICAV)
Investment Manager	DSP Asset Managers Private Limited
Fund Manager	Vinit Sambre
Investment Area	India Equities
Total Firm Assets	~$25.5 bn
Total Sub Fund Assets	~$26 mn
Strategy AUM	~US$ 2,287.0 mn
SFDR	Category 8

Share Class Details

Bloomberg Ticker	DSPIESU ID EQUITY
Total Expense Ratio	0.70%
Launch Date	15 March 2021
Exit Load	Yes. Refer Prospectus.
Base Currency	USD
Currency Classes	USD and EUR
Domicile	Ireland
Dealing Day (DD)	Daily
Notice (Subscription Redemption)	10:00 am (Irish time) on the relevant DD
Share Class	Seed Class
ISIN	IE00BK0WZ337

Legal Info

Management Company	KBA Consulting Management Limited
Auditors and Tax Advisors	Grant Thornton
Legal Advisor to the ICAV as to Irish law	Zeidler Legal Services
Global Distributor	DSP Global Services (Mauritius) Limited
Administrator	HSBC Securities Services (Ireland) DAC
Website, Prospectus and KIID	dspindia.com/ucits

**The portfolio metrics displayed are estimates of the anticipated development of the portfolio holdings when measured against certain metrics. Some computations may also have extreme values removed from the calculations. These estimates are not intended to be an estimate or representation of future performance of the Fund. The investment which is herein promoted concerns the acquisition of shares in a UCITS Fund and not in a given underlying asset such as shares of a company as these are only the underlying assets owned by the Fund. The Fund is actively managed by the Investment Manager without reference to a benchmark index. It is not possible to invest directly in an index. Past performance is not a reliable indicator of future results. The Fund is subject to capital gain tax in India. *The above market capitalization of stocks is based on SEBI classification.

^THE DSP STRATEGY HAS BEEN IMPLEMENTED SINCE 14 NOV 2006, AUM ~US$ 2.3 BN, AS ON 31 OCTOBER 2024 THROUGH CERTAIN PRODUCTS MANAGED BY DSP ASSET MANAGERS PVT. LTD., WHICH ARE NOT AVAILABLE FOR INVESTMENT IN ANY JURISDICTION EXCEPT FOR INDIA.

Attribution summary for the month of October 2024:

Contributors	
Sectors	**Active Weights**
Industrials	-3.32
Materials	2.15
Information Technology	2.31
Stocks	**Active Weights**
Coforge Limited	2.54
IPCA Laboratories Limited	2.75
Suzlon Energy Ltd.	-2.51

Detractors	
Sectors	**Active Weights**
Consumers Discretionary	3.56
Financials	-5.16
Real Estate	-1.08
Stocks	**Active Weights**
BSE Ltd.	-1.67
AU Small Finance Bank Limited	1.88
Max Healthcare Institute Ltd.	-2.05

- In October 2024, Jindal Steel & Power was the **new addition** while Hindustan Aeronautics, IIFL Finance & Infosys were the **deletions** during the month.
- The highest increase in weight was KPIT Tech & highest reduction in weight was Polycab.

Sector Spotlight

- **Consumer Discretionary**: There has been no material change in the discretionary consumption environment vs. preceding quarter of 1QFY25. Auto sector's earnings are likely to rise YoY during the quarter on the back of EBITDA margin that is anticipated to improve 30bp YoY, driven largely by moderate commodity costs and favorable product mix. QSR companies have sustained their sluggish performance, as growth metrics (SSSG, ADS) remained weak during the quarter due to competition from local players and weak dine-in demand.
- **Industrials**: The Capital Goods sector's earnings are expected to rise YoY during the quarter. After better-than-expected ordering in 1QFY25, 2QFY25 ordering is expected to improve for selective segments. Delayed decision-making in government projects and delays in the finalization of the private sector inquiry pipeline can impact companies focused on EPC and private capex. However, other fast-growing segments, such as data centers, transmission, electronics, and renewables continue to boost inflows for companies. However, heavy rains and floods in certain regions have disrupted the supply chain.
- **Materials**: Specialty Chemicals is projected to report earnings decline for this quarter. Geopolitical tensions, including the Red Sea issue, have been pushing up the prices of most of the raw materials and products as well as container and freight rates in the near term, which could result in a sharp uptick in realization. The Cement sector's earnings are projected to decline as the cement price remained weak during the quarter. For Agri, raw material and product pricing scenario will be the key monitorable.
- **Financials**: The positive market sentiment and higher trading days contributed to a sustained upward trajectory in key parameters (volumes, orders, client additions, etc.) for capital markets-related companies. Private life insurance companies experienced growth in APE. Systemic credit growth has declined to 14.2% from 16.4% in FY24, mainly driven by slower deposit growth and an elevated CD ratio. Several banks, especially Private Banks, have reduced their credit growth guidance, while Public Banks have largely maintained their guidance. AUM growth for NBFCs is slightly weaker owing to heavy rainfall in some regions and a few inauspicious days in September.
- **IT**: The Technology sector's 2QFY25 revenue growth is likely to be decent but could disappoint elevated expectations. The most important catalyst for the sector now will emerge after 3Q, when client budgets for CY25 will be finalized and the magnitude of changes in client behavior will become clearer.

Available Share Classes

Share Class	CCY	Distribution Policy	Launch Date	Initial Offer Price	Minimum Holding	Minimum Initial Subscription	Redemption Fee
Seed Class*	USD	Accumulation	15 March 2021	10 USD	1,000,000 USD	1,000,000 USD	None
Class A Unhedged	USD	Accumulation	18 August 2021	10 USD	1,000 USD	1,000 USD	None

*The Seed Class will be open for subscriptions until the Class reaches US$50 million in net assets or such other period as may be determined by the Directors.

DSP

India's equity market has seen a much-needed correction after a long period of upward momentum. The MSCI India Index has pulled back by ~10% from its peak, while Mid and Small-cap indices have corrected by around ~8.5% and ~6%, respectively.
This market dip has opened stock-specific opportunities, as about ~40% of the top 200 stocks are down over ~20%.
In YTD24, MSCI India Index US$ returned ~15.0% vs. MSCI EM ~9.4% and MSCI DM ~15.1%.

The recent correction is driven by two main factors:

1. **Foreign Institutional Investor (FII) Outflows**: India has experienced a significant outflow of ~$11 billion from foreign investors over the past month (+$0.6bn YTD). This marks the fastest pace of FII selling in India's history and ranks as the third-largest episode of FII selling in terms of absolute flow.

2. **Weaker-Than-Expected Earnings**: Earnings growth last quarter came in below expectations, with an average earnings surprise of ~-5%. Misses (~46% of companies) have outpaced beats (~35%), with notable disappointments across most domestic cyclical sectors. Companies with earnings misses have faced heavier penalties, with an average 1-day price correction of ~4%, compared to a ~3% price increase for companies that beat estimates. This is the largest correction for earnings misses in the last 7 quarters.

Among the 94 MSCI India companies that have reported so far (covering 73% of the MSCI index by market cap), earnings for Q2 FY25/3Q CY24 are tracking flat YoY, primarily due to weakness in the commodities sector. Excluding commodities, earnings are up by ~12% YoY. Overall, MSCI India earnings are expected to grow by about ~14% in FY24 and ~12% in FY25, after adjusting a ~3% earnings downgrade in FY25.

It is estimated that the top 200 domestic equity funds, with a combined AUM of ~$244 billion, held around ~$11 billion in cash. Domestic equity funds purchased approximately ~$10 billion in equities during October, suggesting a reduction in cash levels and potentially less capacity to support a sell-off by foreign institutional investors (FIIs) in the near term.

Domestic inflows have remained resilient, with ~$4 billion flowing into equity funds in September (~USD 53bn YTD), marking the fifth consecutive month of inflows exceeding ~$4 billion. However, we believe the market has not yet fully priced in the potential extent of the slowdown, both from a macroeconomic and market perspective. While factors such as the extended monsoon season and slowdown of activities during elections may have contributed to the earnings misses, more fundamental issues are at play. Key drivers like topline growth are lacking, and margin expansion from last year remains elusive, a theme that emerged during earnings calls.

In this environment, high-quality companies with strong earnings visibility are likely to outperform those driven by narrative-based rallies. This could be a period of market consolidation, presenting an opportunity for selective allocation to Indian equities, especially since global allocations to India remain relatively low.

Insights from DSP's Annual Report analysis, Nectar - How Indian companies are expanding their business avenues and boosting revenue streams:

- A **leading vehicle financer** (NBFC) is diversifying beyond vehicle finance as its non-vehicle business outpaces growth. Vehicle finance's share of AUM has decreased from ~75% to ~58%, and disbursements have fallen from ~82% to ~55%.
  In contrast, the new business segment has surged from zero to around ~12% of AUM and from ~2% to ~23% of disbursements in just five years.

- A **leading fertilizer company** is harnessing its expertise in complex chemistries to produce novel molecules and launching a new Specialty Chemicals unit that transforms fertilizer by-products into innovative products. The company is also diving into agricultural and defence drones while investing in Agtech startups to develop autonomous robots for farming tasks. These initiatives are set to boost sustainability and efficiency in agriculture.

- One of the **leading cable and wires manufacturers** is strategically investing in long-term growth drivers to enhance sustainable operating leverage. Transitioning to a 'house of brands' allows the company to cater to diverse consumers and utilize premium advertising. Its omnichannel strategy expands modern retail and e-commerce, while the Rural Vistaar program boosts retail presence in smaller towns. The company focuses on nurturing talent and has formed a joint venture in the U.S. for air conditioners, exploring further international partnerships.

- One of the **cement manufacturers** plans to double its capacity over the next 5 to 7 years, targeting a market share increase from ~ 3% to ~10% by 2030. The company already boasts a strong presence in East, West, and South India and is strategically preparing to enter the North and Central Indian markets. To facilitate this expansion, it has acquired a limestone mine in Central India.

Please find the link for the full report: Annual Report Nectar 2024

Info Sources: Goldman Sachs Research, UBS, Morgan Stanley. MXASJ – MSCI Asia Ex-Japan, FII – Foreign Institutional Investor, DII – Domestic Institutional Investor,
FY – Financial Year, CY – Calendar Year; YoY – Year over Year, YTD – Year to Date, EM – Emerging Markets, DM – Developed Markets.

Performance in Prescribed Regulatory Format	31 Oct 2023 to 31 Oct 2024	31 Oct 2022 to 31 Oct 2023	29 Oct 2021 to 31 Oct 2022	30 Oct 2020 to 29 Oct 2021	31 Oct 2019 to 30 Oct 2020
MSCI India Index	32.69%	4.16%	(6.89%)	50.21%	(2.54%)
Nifty Midcap 150	42.77%	22.76%	(4.71%)	76.00%	0.67%
DSP Strategy	31.84%	10.67%	(13.53%)	49.89%	4.30%

Potential Risks

The value of investment in the Fund may be affected by the following risks:

- **Market Risk:** The Fund can invest in equities which may be affected by market risk (the risk of an investment losing its value due to changes in economic conditions).
- **Investment in India:** The Fund will invest primarily in India. India is an emerging economy and investment often carries with it substantial risks.
- **Derivative and Counterparty Risk:** The Fund will enter into various financial contracts (derivatives) with other parties. There is a risk that the other party to a derivative will become insolvent or fail to make its payments which may result in the Fund and your investment suffering a loss.
- **Liquidity Risk:** The Fund can be invested in financial instruments that may have low levels of liquidity.
- **Currency Risk:** Changes in the exchange rate between the base currency of the Fund and the designated currency of unhedged share classes of the Fund expressed in a currency other than the base currency of the Fund may lead to depreciation in the value of the shares of that share class.

For a complete overview of all risks attached to this Fund, refer to the section entitled **"Risk Factors"** in the Supplement and the Fund's prospectus.

Disclaimers

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