

JANUARY 2025



# DSP India Equity Strategy

People | Process | Performance

This is a marketing communication. Please refer to the Prospectus and KIID for more information on general terms, risks, and fees. Investors should only invest in the Fund once they have reviewed the Prospectus and KIID before making any final investment decisions.

# The DSP Group: A Long and Storied History

Time-tested legacy in the Indian financial markets

## 160+ Years

Among the oldest financial firms in India

## Founding Members of BSE

From the DSP family

## Market Pioneers

Helped professionalize capital markets

## 26 Years

In asset management

## 30+ Years

In global partnerships

### Focused Core Business

Only investment management

### Deep Corporate Access

Introduced many of the top 300 Indian companies to capital markets

### Long-Term Mindset

From being family-owned yet professionally managed

### Seasoned Talent

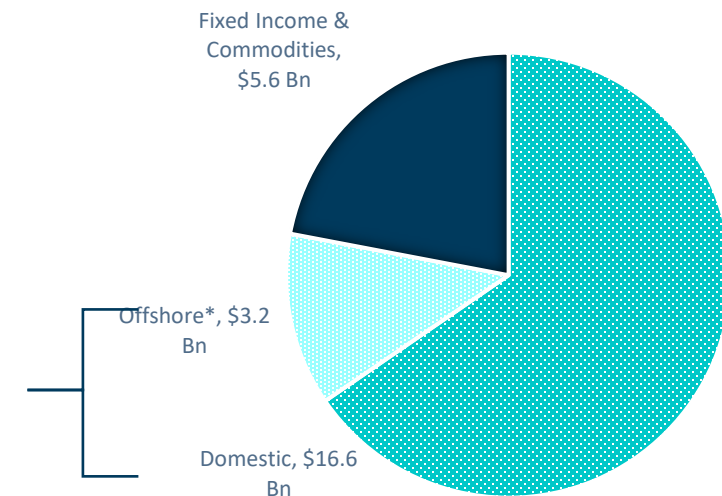
Our 28-member team has invested through multiple market cycles

### Solid Investment Fundamentals

From decades of experience and joint ventures with global firms

AUM US \$26.3 Bn

Equity  
AUM US  
\$19.7Bn



\* 5 Sovereign / Institutional mandates + 1 UCITS fund

# Our Principles Drive Investor Focus and Alignment

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**01.**

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## Maintain Long-Term Mindset

Generating long-term alpha (~200-700 bps) across strategies since inception.

**02.**

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## Focus on Investors First

Close funds when margin of safety is low / valuations are sky high.

**03.**

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## Hold Investment Frameworks Sacred

Operate with transparency and clarity to build trust and alignment with investors.

**04.**

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## Pay Attention to Sustainability

Gradual introduction of ESG frameworks into our portfolios; signatory to UNPRI.

**05.**

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## Minimize Risk

Employ the 10<sup>th</sup> man rule ('Sceptical Analyst') to minimize accidents due to accounting frauds or bad governance.

**06.**

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## Inculcate Owner's Mindset

Offer a long-term employee stock ownership plan, leading to long-term investment decisions.

**07.**

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## Keep Skin in the Game

The DSP Group family invests their wealth in DSP Funds, as do DSP employees.

# Our Edge

#	Potential Alpha Sources	Taking Advantage of	Our Primary Alpha Source?	Comments
1	Research	Non-consensus calls / early movers	Yes	<ul style="list-style-type: none"> <li>Focus on RoE and Earnings Growth</li> <li>Emphasise sustainable investing</li> <li>Historical examples such as IPCA Labs, Symphony, SRF, Coromandel etc.</li> </ul>
2	Behaviour	Inherent human biases	Yes	<ul style="list-style-type: none"> <li>Conviction through diversified yet focused portfolio</li> <li>Long-term investment horizon</li> <li>Low turnover</li> </ul>
3	News flow	Information arbitrage	No	<ul style="list-style-type: none"> <li>We do not prioritize trading / short-term views</li> </ul>
4	Technicals	Liquidity squeezes, sudden fund flows etc.	No	<ul style="list-style-type: none"> <li>We do not prioritize technical charts analysis and subsequent trading</li> </ul>

# DSPAM - Equity Investment Team



**Vinit Sambre (24)**  
Senior Vice President  
Head – Equities



**Rohit Singhania (23)**  
Senior Vice President  
Co-Head – Equities

## Portfolio Managers



**Gaurav Pant (18)\***  
SVP, PM



**Abhishek Singh (15)**  
AVP, PM



**Bhavin Gandhi (16)**  
AVP, PM



**S. Natraj (23)**  
VP, PM

## Portfolio Managers / Analysts



**Charanjit Singh (15)**  
VP, Capital Goods, Infra,  
Power Utilities,  
Consumer Durables



**Resham Jain, CFA (17)**  
VP, Small & Mid Caps, Agri  
Inputs, Textiles, Chemicals,  
Retail



**Chirag Dagli (20)**  
VP, Healthcare



**Kaivalya Nadkarni (6)**  
SM, Arbitrage strategy



**Dhaval Gada (13)**  
VP, Banking &  
Financial Services



**Abhishek Ghosh (15)**  
AVP, Small & Mid Caps,  
Transportation



**Suryanarayanan Manian, CFA (14)**  
VP, Long/Short,  
Pre-IPO

## Investment Strategists



**Jay Kothari (20)**  
SVP, Global Head –  
International Business &  
Investment Strategist



**Souvik Saha (7)**  
Senior Manager,  
Investment Strategist



**Ashish Tekwani (4)**  
Assistant Manager,  
Investment Strategist

## Portfolio Analysts



**Aniket Pande (9)**  
AVP, IT & FMCG



**Tanuj Kyal (4)**  
Senior Manager,  
Long only & Long/Short



**Nilesh Aiya (12)**  
AVP, Forensic Research



**Vaibhav Shah (5)**  
Senior Manager,  
Auto & Metals



**Prateek Mandhana (6)**  
Senior Manager,  
Long only & Long/Short



**Venkat Samala (4)**  
Manager,  
Long only & Long/Short



**Hardik Shah (16)**  
AVP, Head – Sustainable  
Investments



**Jayesh Jain (5)**  
Manager,  
Global Investments

## Dealing Team



**Suketu Mehta (22)**  
SVP, Investments Equity



**Chirag Darji (18)**  
VP, Investments Equity



**Shashank Shah (19)**  
AVP, Investments Equity

## Dealing Operations Team



**Avan Sanga (22)**  
Senior Manager, Investments  
Equity



**Varsha Patel (13)**  
Officer, Investments Equity



**Palak Doshi (9)**  
Assistant Manager,  
Investments Equity



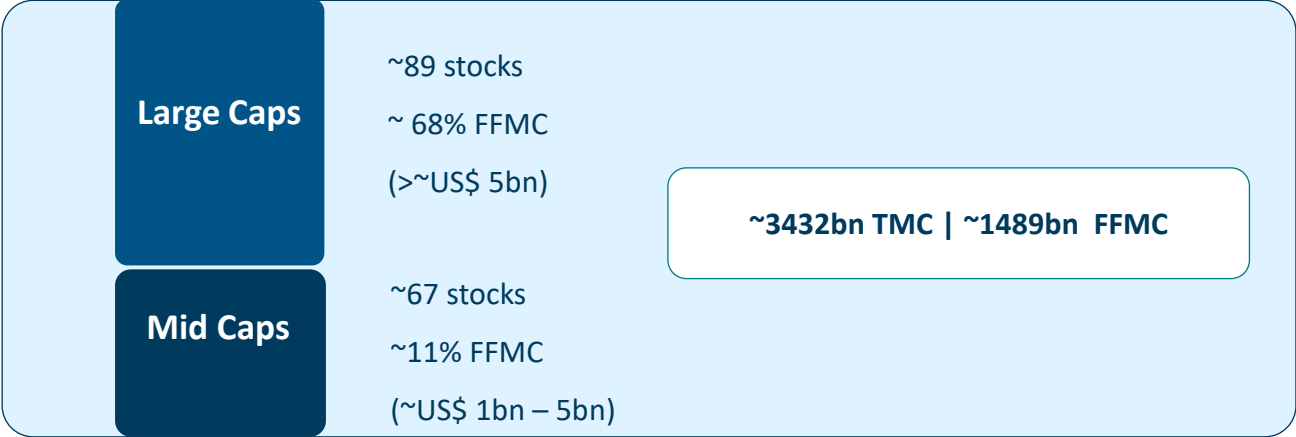
**Dhanashree More (6)**  
AM,  
Investments Equity

# The Opportunity

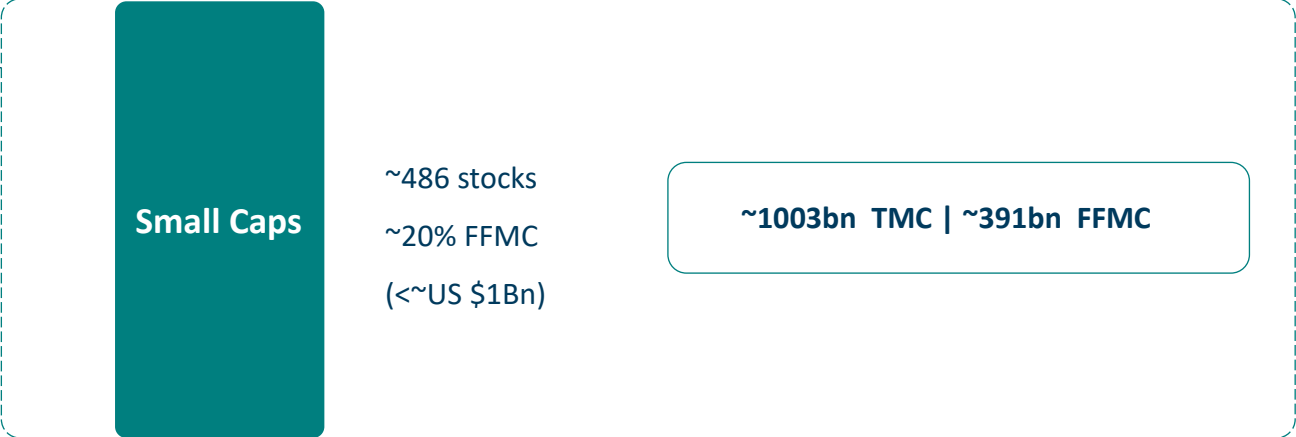
# Where to invest in India's equity investment landscape

Focus of >90% of India-centric UCITS funds

Familiarity Bias?



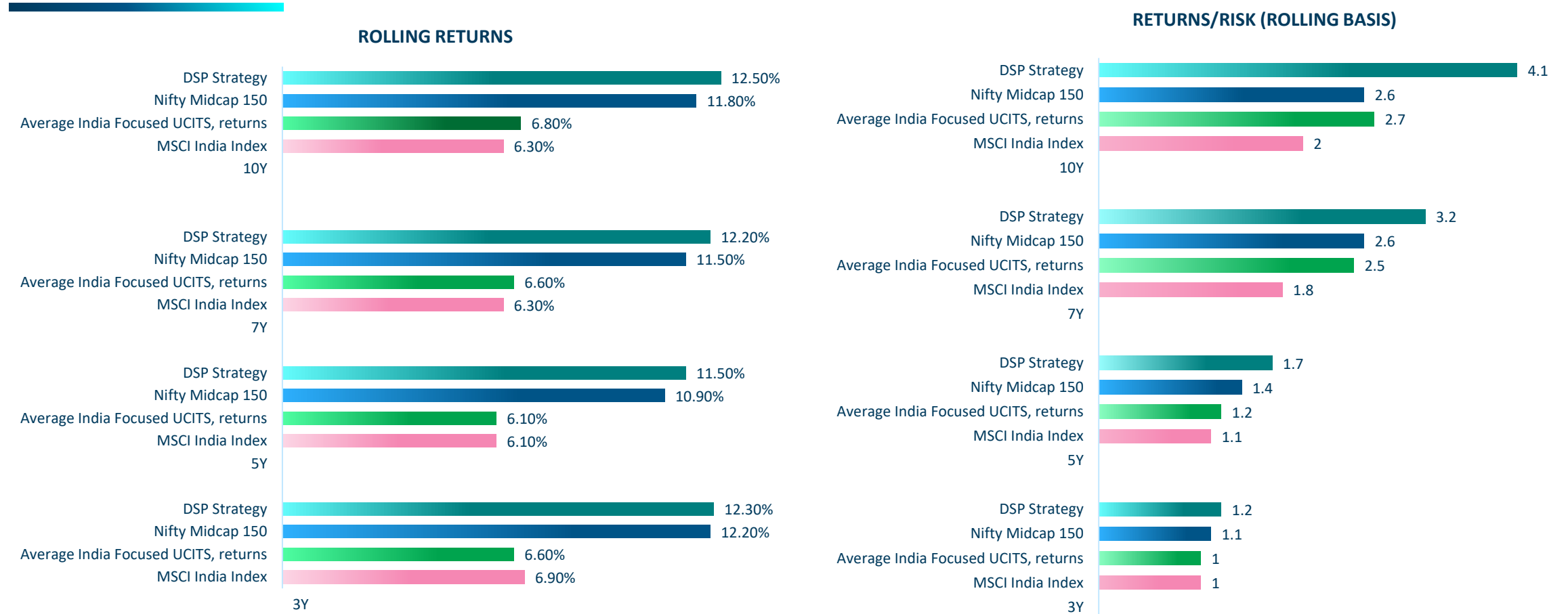
Untapped Opportunity



There is a significant investable market beyond the large and mid caps



# How did small caps perform? Superior return/risk with active management



**Our actively managed small and midcap oriented strategy has generated superior return/risk**

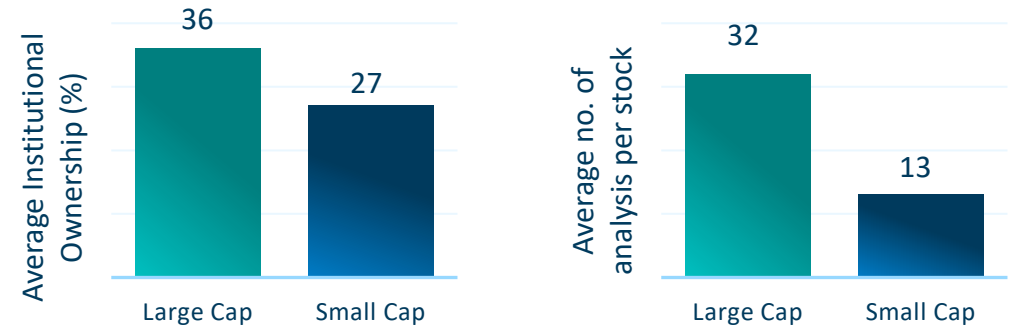
# Low ownership, sparse research, and high diversification contribute to alpha

1 Large & mid cap alpha warning: Small caps present alpha opportunity

**~ 4.9%**

**Alpha CAGR since inception of the DSP Strategy over the MSCI India Index**

2 Small cap stocks tend to be under-owned and under-researched



3 MSCI India Small Cap is more diversified, offering variety in stock picks

Diversification	MSCI India Index	MSCI India Small Cap Index
GICS Industry	41	51
No. of stocks	101	260
Top 10 concentration	46.7%	13.2%

4 Lower correlation of MSCI India Small Cap vs. MSCI India

Correlation Matrix	MSCI AC World Index	MSCI EM Index
MSCI India Index	50%	67%
No. of stocks	43%	59%
<b>DSP Strategy</b>	<b>34%</b>	<b>43%</b>

# High ROE and earnings growth companies generate wealth

- We analysed data from Indian large cap, mid cap and small cap companies over the past decade to understand their return potential
- In the Indian markets, a combination of healthy ROE and high earnings growth has historically resulted in superior price performance

Profit Pool Increase (% CAGR)	Average ROE	Average Price Appreciation	No. of Stocks Moved	Market Cap Classification (as of Jan 2008)	Market Cap Classification (as of 31 Mar 2024)
10.9%	17.0%	11.6%	53	Large & Mid Cap	Large & Mid Cap
2.0%	7.5%	1.1%	38	Large & Mid Cap	Small Cap
17.6%	19.3%	22.9%	24	Small Cap	Large & Mid Cap
12.5%	20.9%	18.4%	136*	Small Cap	Small Cap
10.8%	7.1%	9.8%	118	Small Cap	Small Cap

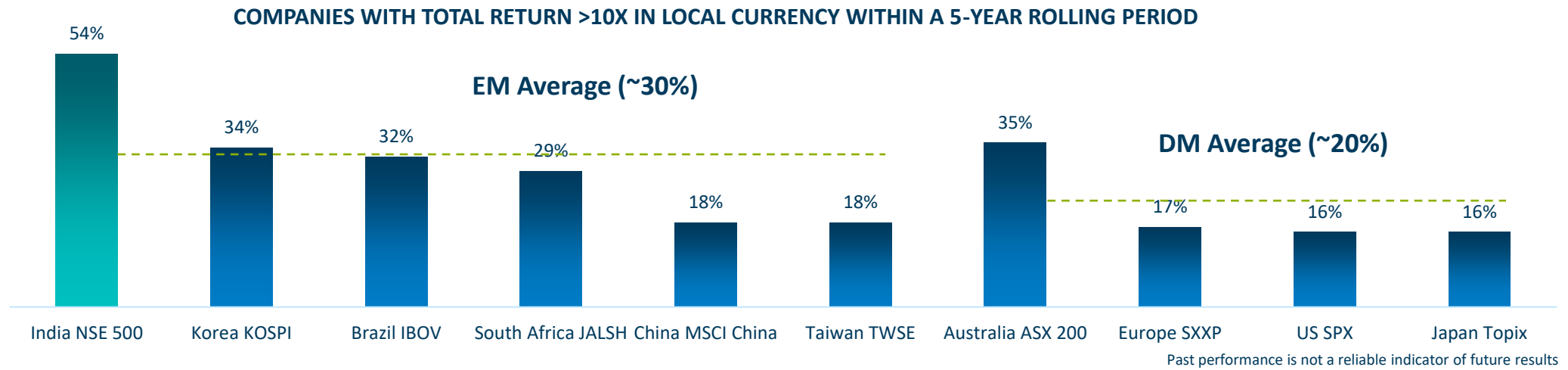
Market peak before GFC

Elimination is key

**A sizeable pool of high-quality companies have the potential to provide superior returns**

# India has delivered the highest proportion of multi baggers among 10 major markets globally

Within a 5-yr rolling period since 2000, 54% of NSE 500 equities have produced >10x returns.



## Common Traits of Multi Baggers in India

### Growth

25% median sales CAGR &  
~37% median profit CAGR

### Capital allocation

>15% ROE and Cash ROIC for most,  
with 75% showing rising ROEs

### Inexpensive starting valuations

~70% trading at <1x LTM P/B  
ratio or <10x NTM P/E ratio

### High promoter holding

Majority promoter ownership (58%)  
& lesser institutional investment  
(23%) initially

### Small/mid-cap bias

~50% with initial market  
cap of <US \$50M

# Investment Philosophy

# Portfolio Manager: Vinit Sambre



**Vinit Sambre,**  
who has been at DSP since 2005,  
heads the equity team

“Patience, embracing volatility  
and owning capital efficient  
businesses run by capable  
managers for long periods of time  
is my source of wealth creation.”

## Experience

- 24 years of investment experience across 4 major market cycles
- In-depth knowledge of Indian equities, specifically in the small and mid cap space
- Successfully delivered on a variety of mandates, including concentrated thematic portfolios

## Style

- Buy & hold
- Low turnover
- Identify and back high quality managements / promoters through cycles

## Recognition

- Recipient of several awards during his tenure

# How we generate investment ideas



Many sources of ideas:

- Interactions with 550+ companies a year (including companies outside our coverage)
- 15+ conferences a year
- Industry experts, supply chain checks
- Sell-side interactions
- Journals, magazines, and other sources

- Daily morning calls
- All-day team meetings every Wednesday
- Internal screens

# Our investment philosophy is focused on sustainable long-term wealth creation

- 01.** Our fundamental bottom-up analysis prefers companies exhibiting:
  - Scalability of business
  - Identifiable and sustainable moats
  - Consistent high Return on Equity over the cost of capital
  - Incremental capital allocation in equivalent or better ROE businesses
  - Stakeholder awareness and responsible governance
- 02.** We have a long-term investment horizon, with turnover ratio of ~25% (weight management through cycles).
- 03.** We exercise 'Sell Discipline,' even from profitable positions where valuations rise to unjustifiable levels, or from positions where the investment thesis is not unfolding as envisioned.

## Active Coverage

**Covered** ~355 stocks ~US \$4 Tn mcap

## We are wary of:

- Capital misallocation
- Long-term business disruption
- Poor governance
- Adverse regulatory changes

## DSP Edge



**Temperament**



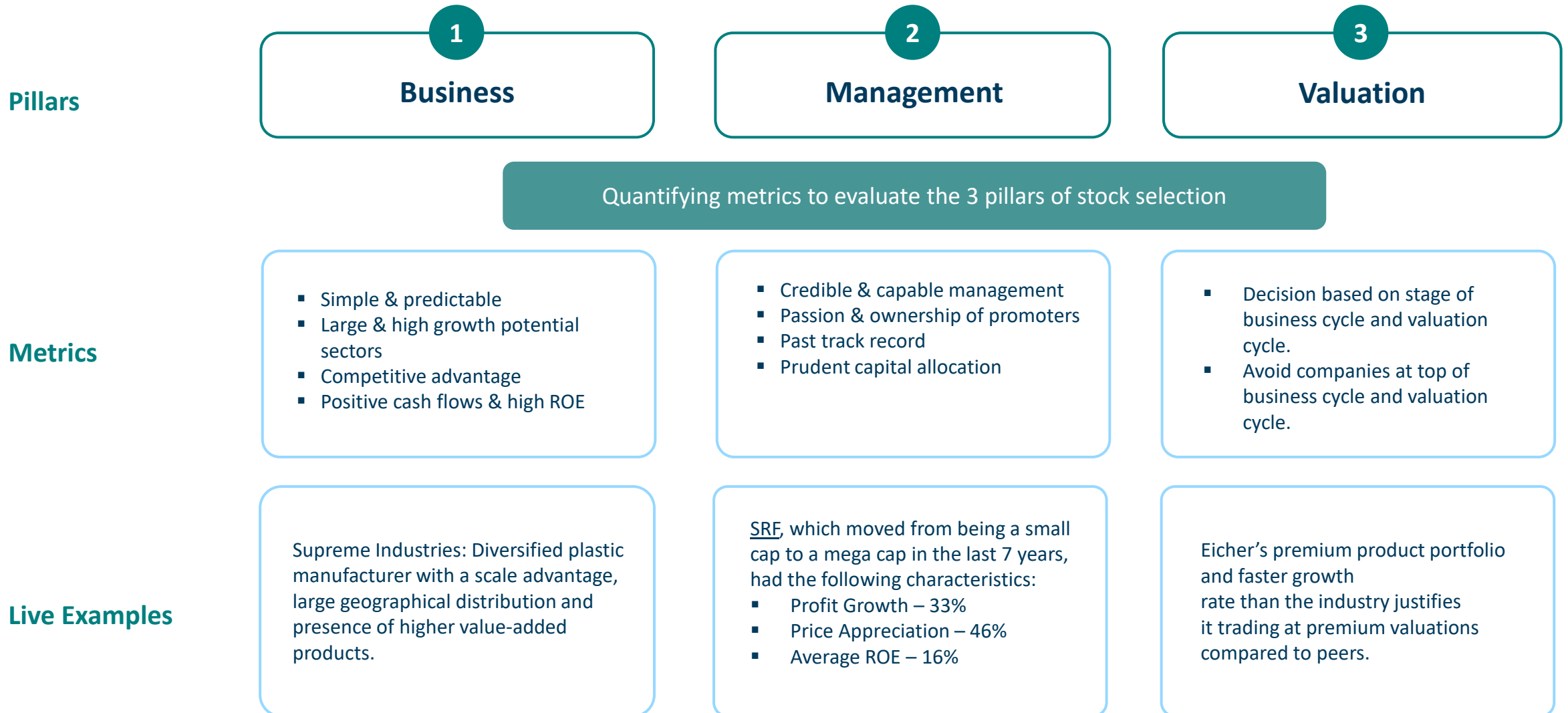
**Research  
Capability**



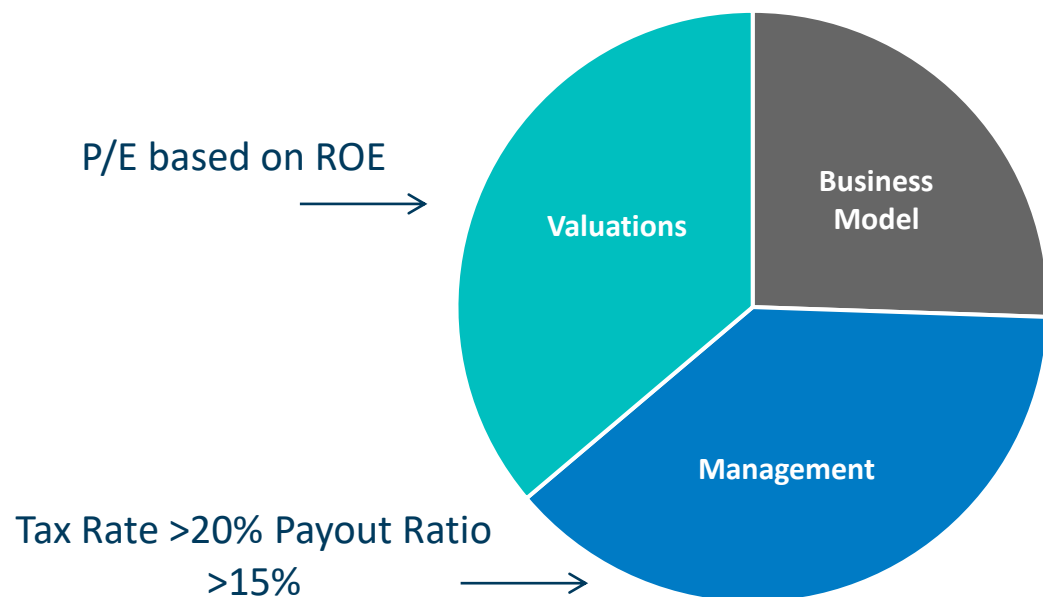
**Eliminating  
Behavioural Biases**



# Investment Framework – Pillars of Stock Selection



# Investment Framework



- 3 Yr. Avg. ROE >16%
- 5 Yr. Avg. EBITDA Growth >13%
- 5 Yr. Avg. PAT Growth >13%
- Margin Increase: EBITDA Growth > Sales Growth
- Earnings per Share (EPS) Growth Variation <100%
- Net Debt/EBITDA <3x
- Positive Free Cash Flow Yield
- Receivables, Inventory & Payable Days Variation <30 days

Quantifying metrics to evaluate the 3 pillars

# Our learnings over time

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**01.**

Deep analysis of historical business cycles over 10-15 years, not merely management's future guidance.

Atul Ltd

**02.**

Bottom up company research is more useful than predicting macro.

Cholamandalam Finance

**03.**

Temperament – ignore noise and don't react to every piece of news.

**04.**

Contra-cyclical plays – use temporary disruption/down cycles to buy good companies.

Infosys / Eicher

**05.**

With significant dispersion within each sector, active stock picking is important and eliminating losers is key.

Bajaj Finance / IB

**06.**

Remember learnings from past mistakes, despite the general tendency to forget them in a bull market.

**Stopped fresh inflows into flagship small cap fund in the interest of investors.**

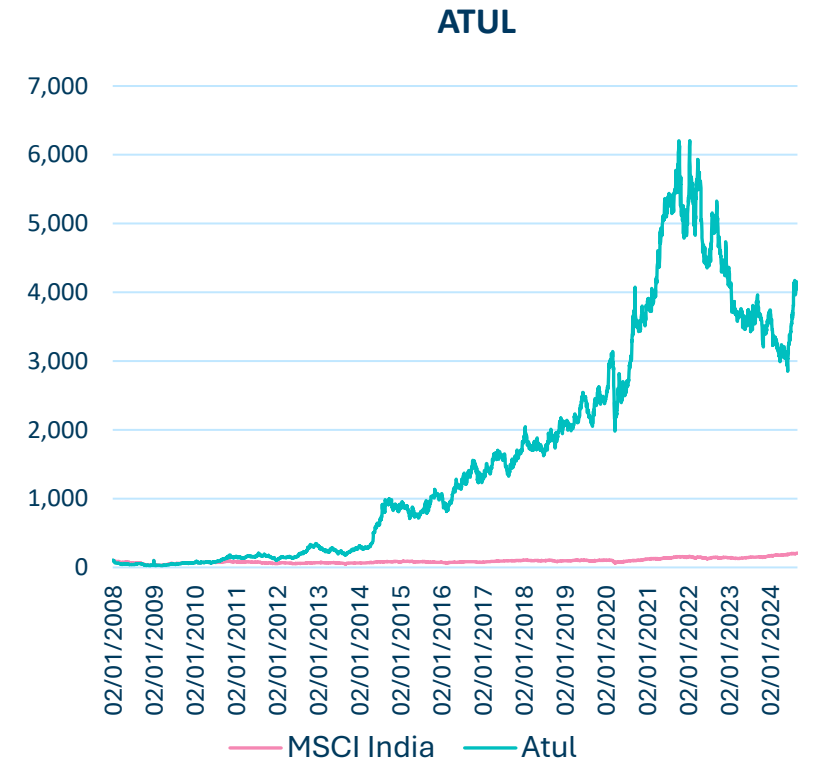
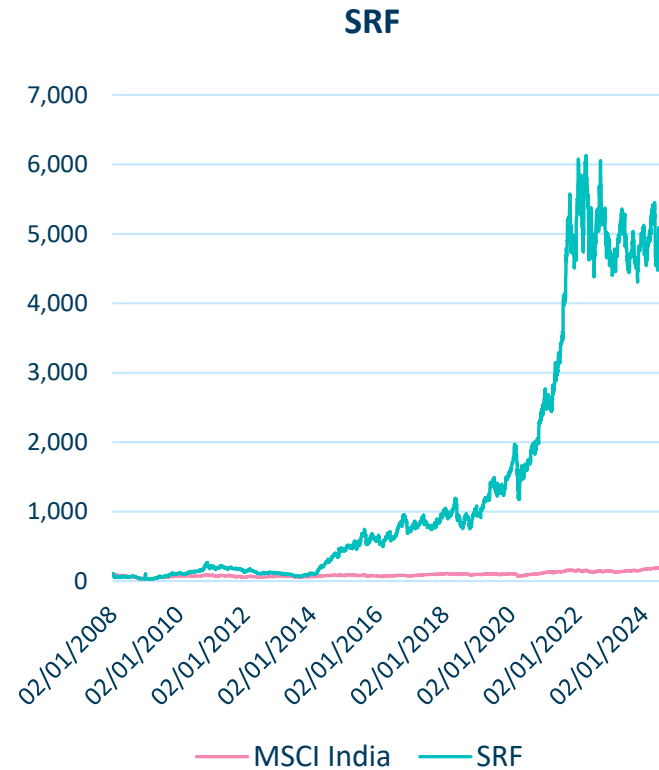
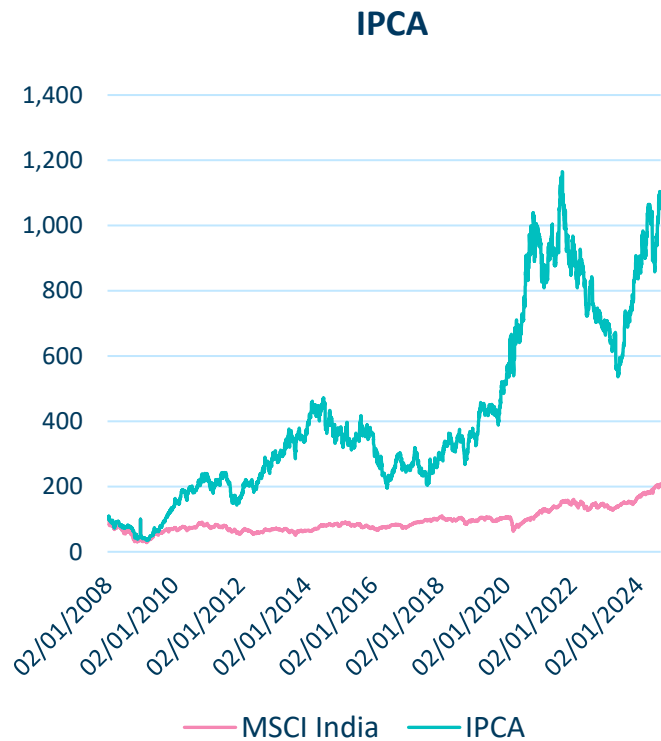
**07.**

It's essential to work with a long-term mindset and have investors with a long-term capital horizon (>5 years).

**Buy & Hold philosophy**

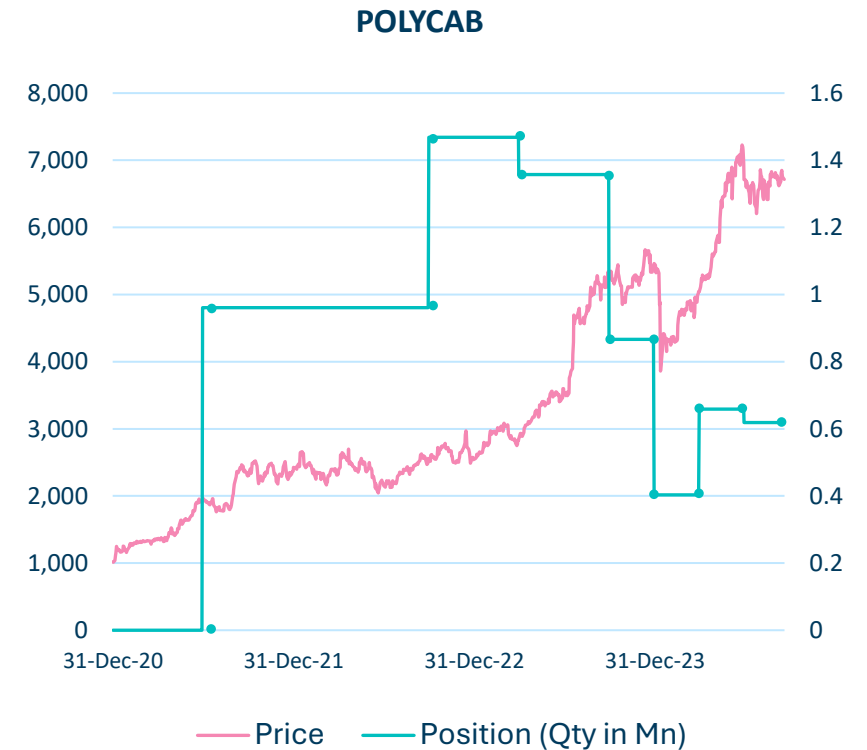
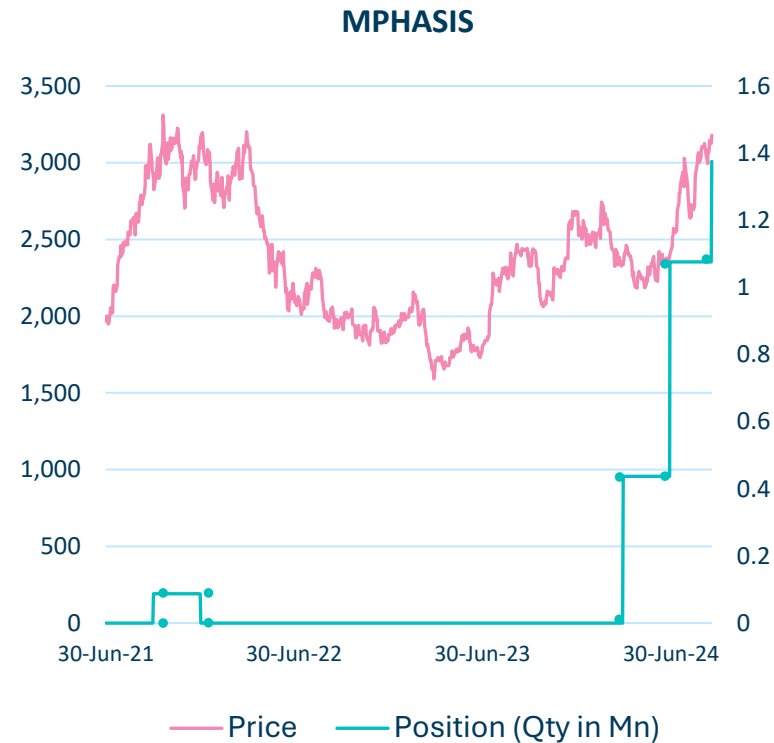
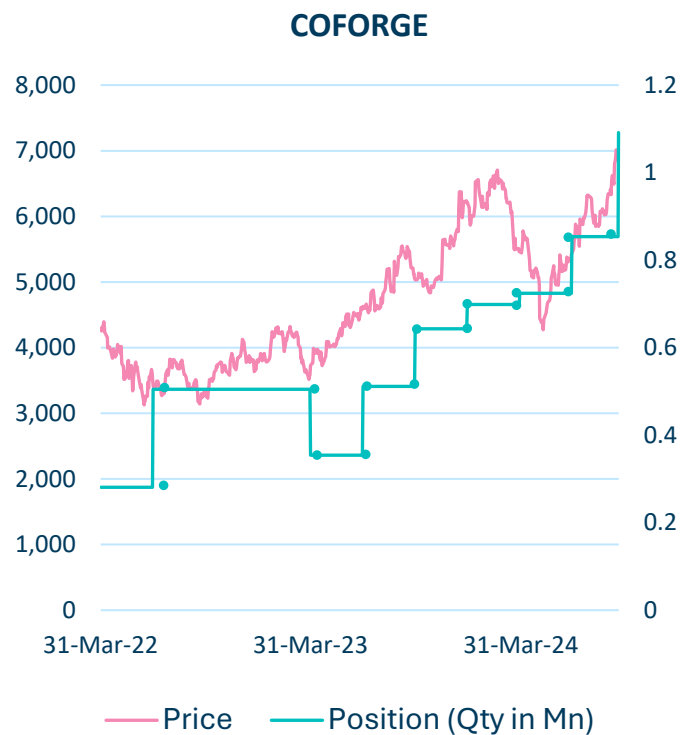
# Patience

- Simple scalable business
- Large opportunity
- Strong cash flow, ROCE
- Avoiding noise and not processing each & every piece of information



# Patience – Temporary disruption is an opportunity

- Use temporary disruption to double down
- Not easy when the stock goes through correction
- Our confidence stems from deep understanding of business cycle, fundamentals and management attributes
- Low impact cost during such periods



# How we size our portfolio

Sizing is driven by conviction, upside and sense of business cycle and valuation cycle.

## Our portfolio comprises:

**5-7%**

High conviction, low to medium business cycle, reasonable valuation, long term businesses

**2-4%**

High conviction, low to medium business cycle, high valuation businesses

**1-2%**

High conviction, medium to high business cycle, high valuation businesses (that we gradually build on during temporary distress)

# Buy and hold approach → lower portfolio turnover & alignment with guidance to investors

Category median portfolio turnover ratio

**50%**

DSP strategy portfolio turnover ratio

**27%**

The stock market rewards those who patiently invest in capital efficient businesses for the long term

\*Average from Jan 2016- till date

# Our Buy & Hold Philosophy

- We align holding periods of investee companies with their entire business cycles.
- We size companies in our portfolio based on our assessment of how they rank on our philosophy.

Top 5 gainers (Last ~5 years)	Return Multiplier	Top 5 Gainers*	Return Multiplier	Holding Period (years)	Period Held
SRF Limited	7.21x	SRF Limited	117.64x	14.91 Years	Mar '07 to Jan '22
Atul Limited	4.30x	Eicher Motors Limited	41.58x	5.1 Years	Mar '09 to Mar '14
IPCA Laboratories	3.94x	Bajaj Finance Limited	16.89x	5.6 Years	Sep '08 to Mar '14
Coromandel International	2.71x	Bayer Cropscience	10.68x	11.5 Years	Sep '08 to Feb '20
Supreme Industries	2.37x	GRUH Finance Limited	8.40x	4.8 Years	Mar '08 to Dec '12

Representative Indian mid cap equities portfolio data.

**High conviction holding**

**Higher concentration in the portfolio**

**Add to holding during market corrections**

**Strong business + quality management = ignore noise, hold, add opportunistically**



# Sell Discipline

We sell if there is significant deterioration in fundamentals, corporate governance issues, fraud or misrepresentation of facts

Profitable positions where valuations rise to unjustifiable levels

Trim / book profits

**Symphony:** In 2015, when the valuation scaled to unprecedented levels and concerns rose regarding growth due to early monsoons, we trimmed our position marginally to reflect these concerns.

Positions where investment thesis is not unfolding as envisioned

Cut losses / Sell

**Navkar Corp:** Adverse regulatory changes coincided with high-capacity addition, which hurt the return ratios.

## Mistakes – A Source of Learning

Top 4 Losers*	Holding Period (years)	Period Held	Average Weight During Holding Period	Learnings
Pennar Engineered Building Systems	3.2	Sep '15 to Dec '18	0.7%	Capex heavy businesses require clear visibility of growth
Titagarh Wagons Ltd.	2.3	Mar '11 to Jul '13	1.2%	Capex heavy businesses require clear visibility of growth
Navkar Corp Ltd.	2.6	Mar '16 to Dec '18	0.7%	Be watchful about adverse regulatory changes and capital misallocation
Indo Count Industries	2.2	Oct '16 to Dec '18	0.8%	Fortified our core beliefs of not purely relying on management guidance

\* Representative Indian mid cap equities portfolio data

# Case Study 1: Bharat Forge

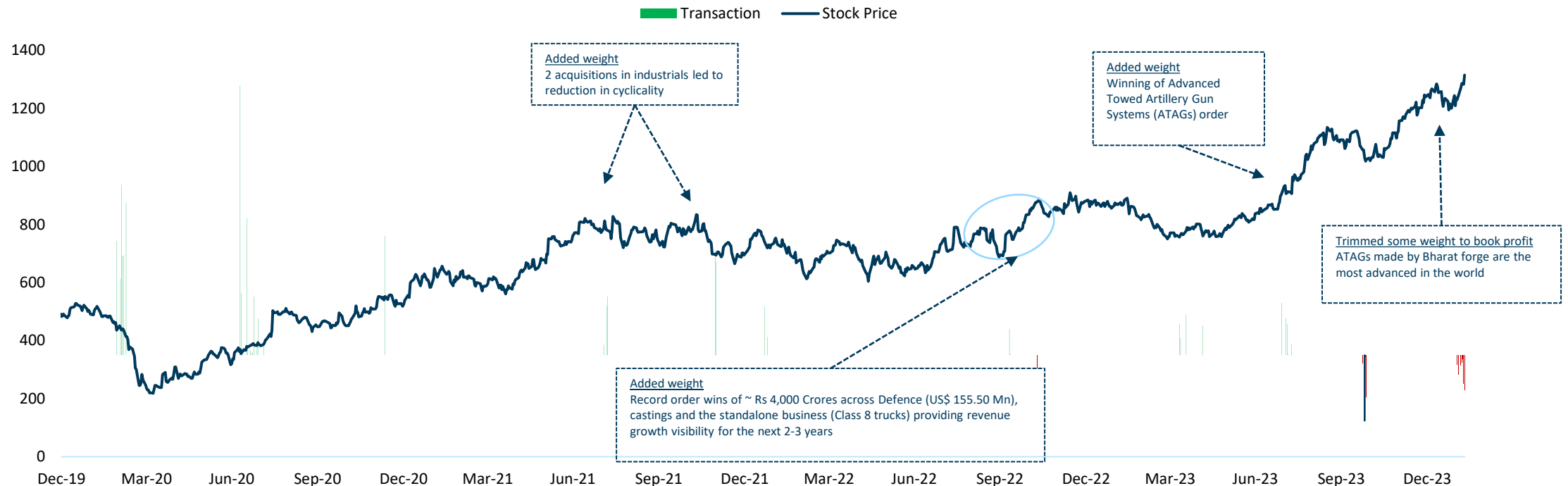
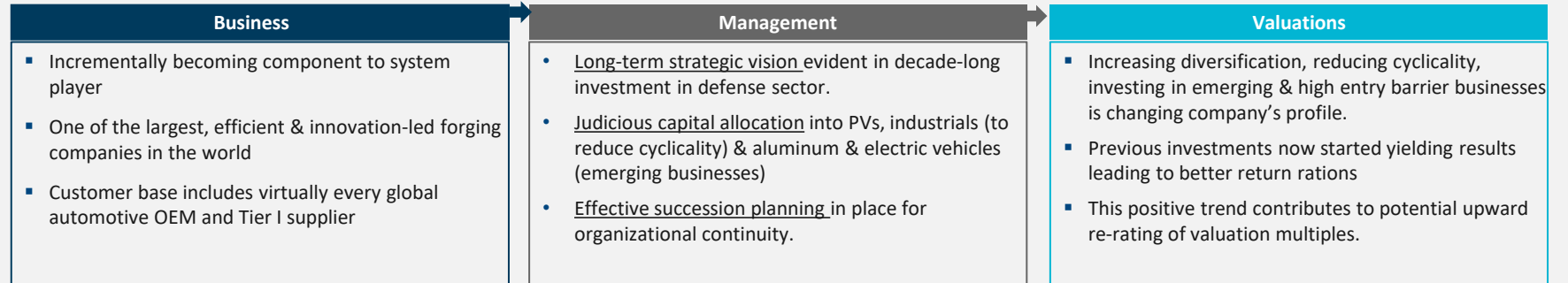
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## Idea generation

- a. Growing revenue from non-CV business (39% in FY08 to 59% in FY23) reducing cyclicality
- b. Capex in high gestation defense & aerospace business finally showing revenue visibility (~7% revenue share in FY23)

2

## In depth company analysis



# Case Study 2: Alkem Laboratories

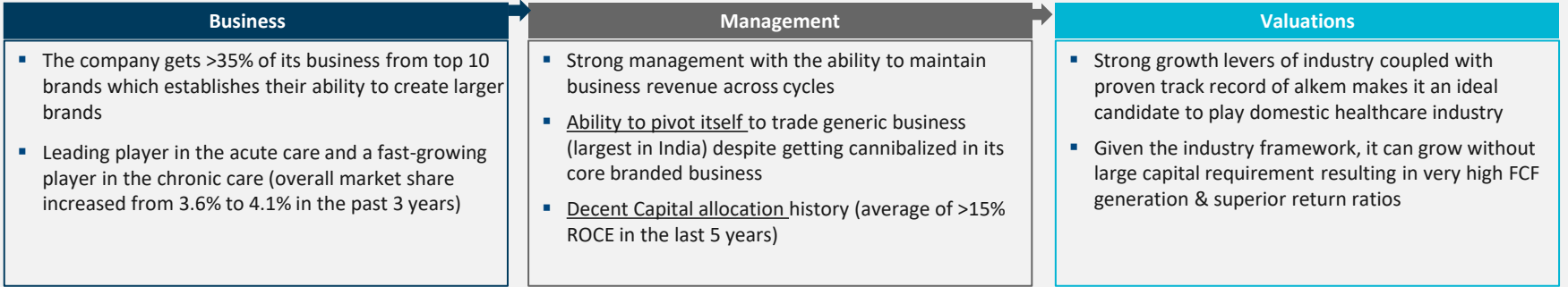
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## Idea generation

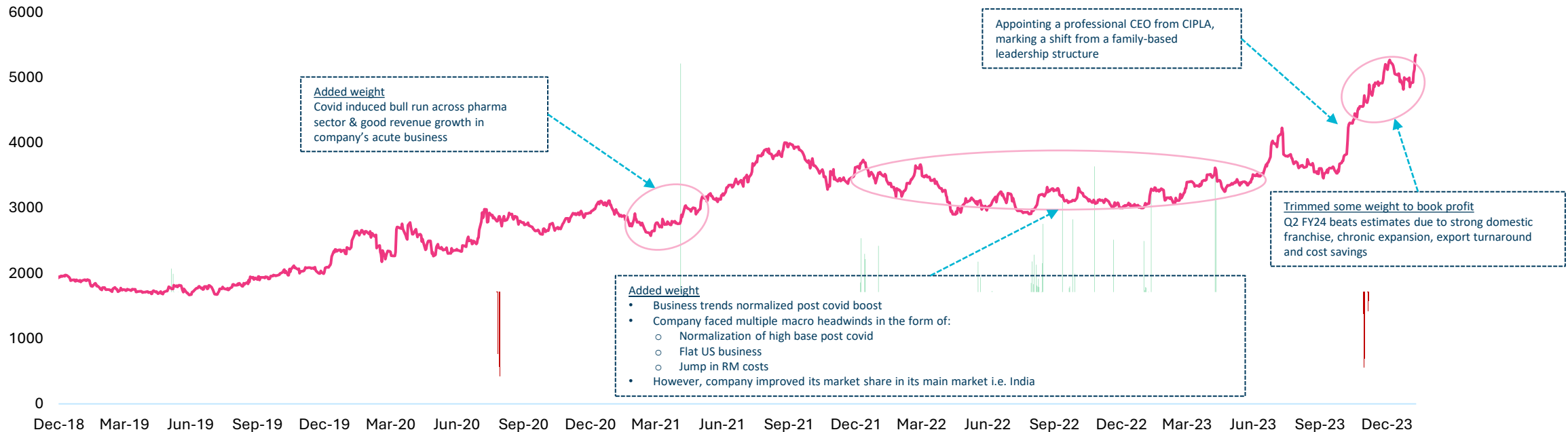
- a. Growth Levers for the pharma sector: Lower per capita consumption, ageing population to increase, rising awareness of healthcare, increasing lifestyle related diseases & increasing insurance penetration
- b. Lower revenue mix of chronic growing at a faster pace
- c. Significant FCF generation

2

## In depth company analysis



Transaction Stock Price



# Case Study 3: Phoenix Mills

1

## Idea generation

- a. Phoenix provides relevant real estate space for brands with much higher footfalls. Most of the malls are at prominent destination in key cities
- b. Higher real estate cost & availability of large size land parcel within the city makes it a higher entry barrier business
- c. Per capita grade A malls are significantly lower in India, which provides very high growth visibility in coming years
- d. With rising urban population, rising income levels & aspirations, demand for quality real estate for retail will remain high
- e. Strong unit economics

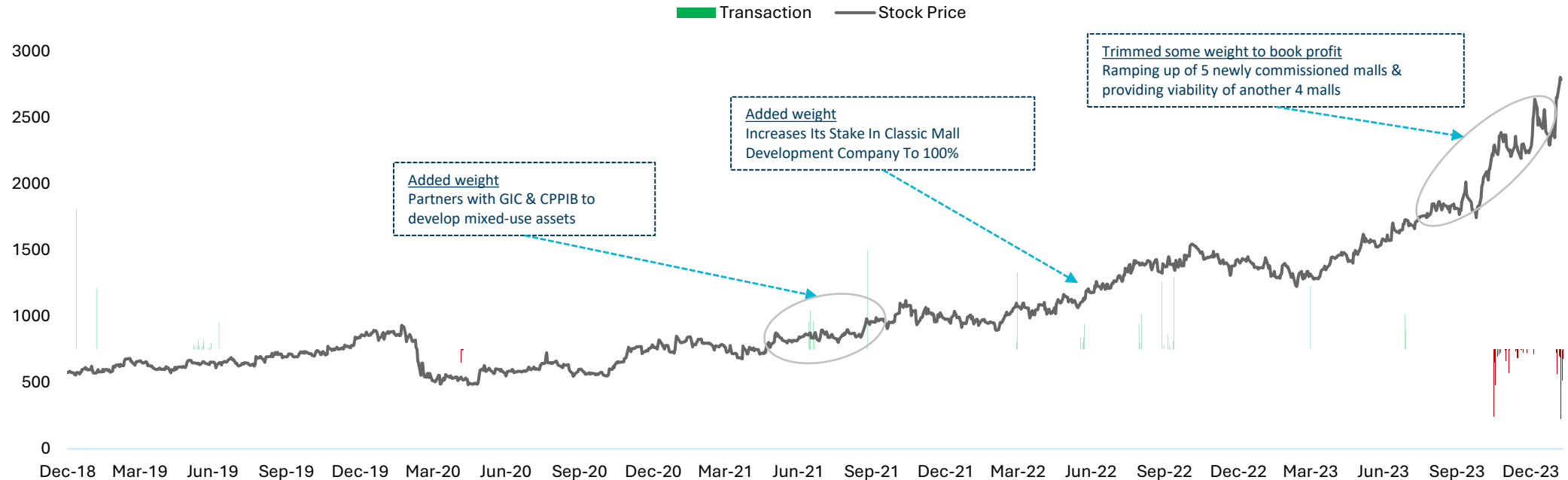
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## In depth company analysis

Business
<ul style="list-style-type: none"> <li>▪ Evolved from a single retail destination in early 2000s to the pioneer of retail-led mixed-use developer in the country</li> <li>▪ India's largest owner and operator of Grade A retail mall with 9 Malls having leasable area of ~10.94 Mn sq ft across 6 cities and 4 in pipeline with 2.3 Mn sq ft.</li> <li>▪ It also has mixed-use assets encompassing commercial space of ~1.4 Mn sq ft and ~1.2 Mn sq ft in pipeline. It has 2 hotels &amp; 1 more is expected in next 2 years.</li> </ul>

Management
<ul style="list-style-type: none"> <li>▪ Mall development is a long gestation business requiring meticulous real estate selection, timely execution, &amp; enduring brand relationships which phoenix has evidently showcased over last 2 decades.</li> <li>▪ Despite growing its real assets at brisk pace, it has maintained its capital structure by getting renowned partners like CPPIB, GIC at SPV level</li> <li>▪ Very high focus on capital efficiency at unit level reflecting in its return ratios of mature malls (40%+ in the flagship mall &amp; 22%+ in the top 4 malls)</li> </ul>

Valuations
<ul style="list-style-type: none"> <li>▪ Strong industry potential coupled with strong free cash flow generation provides good visibility of growth for next many years</li> <li>▪ Better way to play discretionary spend theme across categories &amp; at a relatively reasonable valuations</li> </ul>



# Case Study 4: Supreme Industries

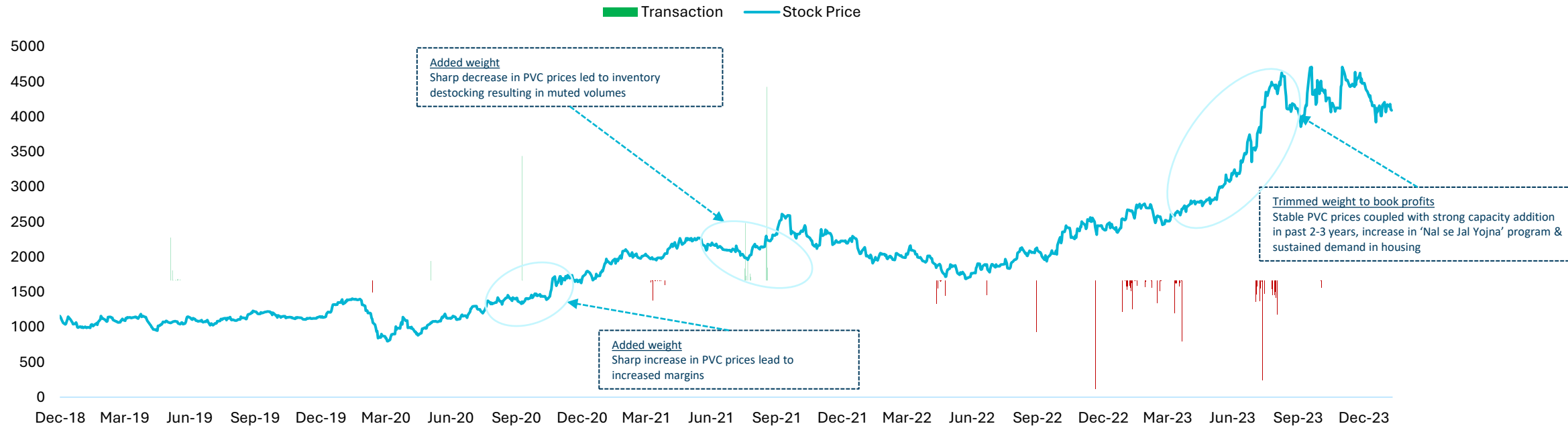
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## Idea generation

- a. Per-capita PVC pipe consumption significantly lower than even world average (11kg vs 30 kg), this demand is set to increase led by high Infra spends, Nal se Jal yojna & sustained demand in housing
- b. PVC pipe industry is very consolidated with the top 5 players contributing ~40% of market share reflected in the strong pricing power
- c. Growth prospects of Pipe industry to be high due to improving completion rate of real estate projects and revival in demand for agri-pipes

2

## In depth company analysis



# Strategy Characteristics, Performance and Risks

# We are differentiated from the typical Indian benchmark (MSCI India)

Not our portfolio! (Large cap / blue chip focus)

Stocks	Total Market Cap in USD Billion	Weight in MSCI India Index
HDFC	158.4	7.85%
Reliance Industries	192.2	5.80%
ICICI Bank	105.7	5.24%
Infosys	91.2	4.90%
Bharti Airtel	111.1	3.19%
TCS	173.1	2.90%
Mahindra & Mahindra	43.7	2.20%
Axis Bank	38.5	1.91%
LARSEN & TOUBRO	58.0	1.91%
Kotak Mahindra Bank	41.5	1.53%

This is our portfolio! (Small and mid-cap focus)

Stocks	Total Market Cap in USD Billion	Weight in DSP Strategy Portfolio
Coforge Ltd	7.5	4.92%
Ipca Laboratories	5.0	3.42%
Bharat Forge	7.3	3.08%
Coromandel International	6.5	3.03%
Power Finance Corporation	17.3	2.98%
Supreme Industries	7.0	2.87%
The Federal Bank	5.7	2.84%
The Phoenix Mills	6.8	2.72%
Au Small Finance Bank Ltd	4.9	2.68%
Max Financial Services	4.5	2.57%

# Capturing India's growth across key themes

Financialization	Consumer - Discretionary	Rural growth	Energy transition	Manufacturing / Infrastructure / China + 1	Offshoring	US Generics/ Healthcare
Federal Bank	Phoenix Mills	Coromandel	PFC	Bharat Forge	Coforge	IPCA Laboratories
Max Financial	Uno Minda	Hero Motocorp	Techno Electric	Balkrishna	Mphasis	Alkem Laboratories
Nippon Life AMC	Voltas	Emami	Oil India	Dixon Technologies		Alembic Pharma
AU Small Finance Bank	Page Industries	Dhanuka Agritech	Gujarat Gas	HAL		
	Hatsun Agro			Atul		
	Jubilant Foodworks			Jubilant Ingrevia		
				Supreme Industries		
9.5%	12.0%	8.2%	6.9%	20.4%	6.1%	7.8%

**Our strategy is designed around multiple emerging themes that capture India's growth story in the upcoming**

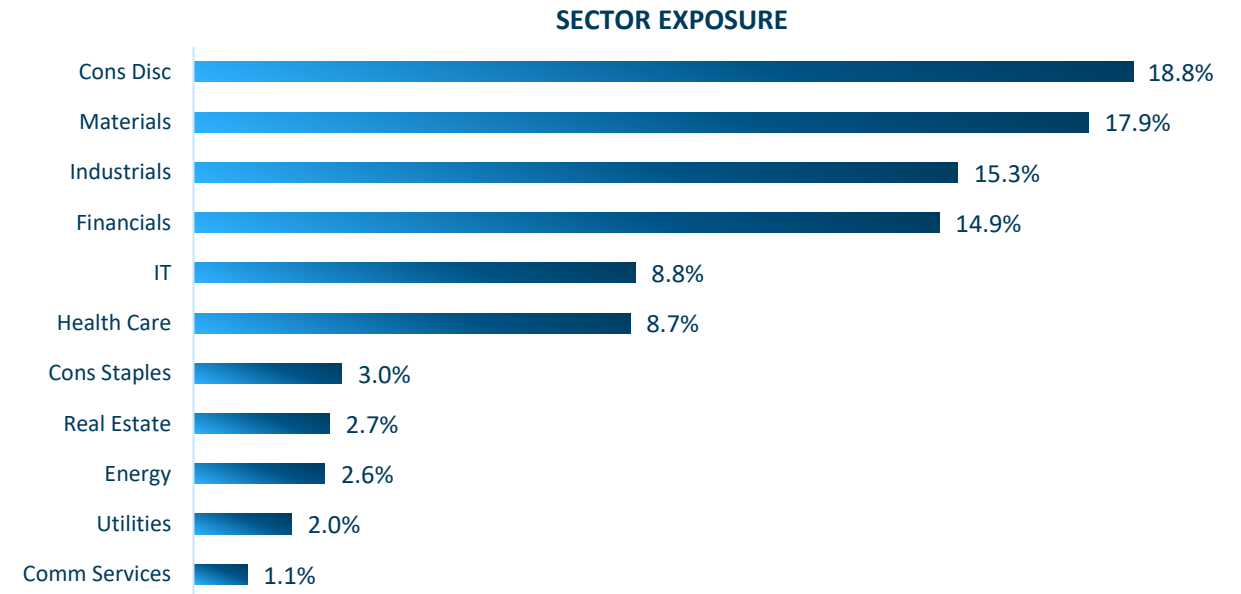


# DSP Strategy Characteristics

Number of Stocks	57
Cap-Wise Split ( <i>DSP Strategy</i> )**	Mid Cap – 69.93%, Small Cap – 17.06%, Large Cap – 8.66%, Cash – 4.35%
Portfolio Turnover (last 12m) ( <i>DSP Strategy</i> )	43%
<b>Strategy AUM</b>	US\$ 2301.8mn.
Weighted Average Market Cap	~USD 6.1bn.
Active Share	~93.4% vs. MSCI India index, ~94.0% vs Benchmark

Portfolio Metrics*	FY24	FY25E	FY26E
EPS Growth (%)	25%	26%	33%
P/E (x)	47.4	40.6	29.7
P/BV	12.9	12.6	8.3
ROE	18%	19%	20%

Metrics (US\$)	5 Years	Since Inception
<b>Return(CAGR)</b>		
Fund	16.29%	11.93%
Benchmark (Nifty Midcap 150)	23.67%	12.07%
MSCI India	12.51%	7.04%
<b>Volatility %</b>		
Fund	21.08%	28.24%
Benchmark (Nifty Midcap 150)	23.62%	31.06%
MSCI India	21.11%	26.12%
<b>Risk Free Rate (3m US Libor)</b>	<b>1.44%</b>	<b>1.05%</b>
<b>Sharpe Ratio</b>		
Fund	0.70	0.39
Benchmark (Nifty Midcap 150)	0.94	0.35
MSCI India	0.52	0.23
Beta	0.88	0.98
Tracking Error	9.48%	11.38%



# DSP Midcap Strategy – Liquidity Analysis

% to Total Mkt Cap	Cur. AUM \$1.77B	Est. AUM \$2B	Est. AUM \$2.5B	Est. AUM \$3B	Est. AUM \$3.5B
<=1%	34%	32%	25%	17%	16%
1-3	60%	62%	47%	53%	49%
3-5	2%	2%	21%	24%	30%
5-7			2%	2%	
7-10					2%
Total	96%	96%	96%		96%

% to Total Mkt Cap	Cur. AUM \$1.77B	Est. AUM \$2B	Est. AUM \$2.5B	Est. AUM \$3B	Est. AUM \$3.5B
1 Day	14%	13%	12%	11%	10%
3 Days	30%	28%	24%	21%	19%
10 Days	58%	54%	49%	45%	41%
20 Days	80%	76%	68%	62%	58%
40 Days	93%	91%	88%	85%	80%
60 Days	97%	96%	93%	91%	89%
90 Days	99%	98%	97%	96%	94%
>90 Days	1%	2%	3%	4%	6%

% to FF Mcap	Cur. AUM \$1.77B	Est. AUM \$2B	Est. AUM \$2.5B	Est. AUM \$3B	Est. AUM \$3.5B
<=10%	94%	91%	89%	84%	84%
10-20	2%	5%	7%	11%	10%
>20			1%	1%	2%
Total	96%	96%	96%	96%	96%

% to Total Mkt Cap	Cur. AUM \$1.77B	Est. AUM \$2B	Est. AUM \$2.5B	Est. AUM \$3B	Est. AUM \$3.5B
1	5%	5%	5%	5%	5%
1-3	6%	6%	4%	0%	0%
3-10	19%	18%	15%	18%	15%
10-20	18%	11%	10%	10%	10%
20-40	31%	38%	37%	27%	20%
40-60	13%	7%	12%	18%	26%
60-90	2%	8%	8%	7%	7%
>90	7%	7%	9%	15%	17%
Total	100%	100%	100%	100%	100%

**Participation Rate – 25%, FX Rate – 82.25, Average Volume – Avg Vol D30**

# DSP Midcap Strategy – Valuation

No. of Companies	Particulars	Total Weights (%)	P/E - FY26E	P/BV - FY26E	ROE-FY26E	Growth-FY26E
13	Less than 20x P/E	22%	13.5	2.0	14.9%	19.7%
11	Between 20x and 30x P/E	18%	24.7	4.1	16.8%	24.0%
34	Above 30x P/E	56%	51.4	12.0	22.3%	28.7%

# A large part of our portfolio consists of category leaders

Company	Segment / Sub-segment
<b>Atul</b>	Largest in several speciality chemicals
<b>Bharat Forge</b>	Largest Forging company
<b>Supreme Industries</b>	Largest plastic pipes player
<b>Alkem Laboratories</b>	Leading in acute category of pharmaceutical industry
<b>Crompton Consumer</b>	Market leader in electrical consumer
<b>Coromandel International</b>	Largest Phosphatic player
<b>Phoenix mills</b>	Largest mill operator
<b>Tata Chemicals</b>	Largest Soda Ash & Salt manufacturer
<b>Jubilant Foods</b>	Largest QSR Player
<b>Balkrishna Industries</b>	Largest exporter off-highway tyre from India
<b>Kajaria</b>	Largest Tiles manufacturer
<b>Polycab</b>	Largest cable player
<b>Dixon</b>	Largest in manufacturing outsourcing
<b>Page Industries</b>	Largest undergarment player (Brand name: Jockey, Speedo)
<b>Hatsun</b>	Leading dairy player
<b>GAIL</b>	Largest gas transmission company.

# Maximum Drawdowns Since 2000

MSCI AC World  
Index

**60%**

MSCI Emerging Market  
Index

**66%**

MSCI India

**73%**

Nifty Midcap 150

**79%**

DSP Strategy\*

**74%**

A drawdowns analysis suggests that an actively managed India small cap fund is not significantly different compared to the large & mid cap index

# Strategy Performance Track Record

USD CAGR Performance as on 31 Dec 2024. Compared with all UCITS funds focused on India.	1-Year	3-Year	5-Year	8-Year	10-Year	Since Inception
	29-Dec-23	31-Dec-21	31-Dec-19	30-Dec-16	31-Dec-14	14-Nov-06
<b>DSP INDIA EQUITY/MIDCAP STRATEGY*</b>	14.60%	9.81%	16.28%	13.65%	11.96%	11.94%
<b>Ranking</b>	<b>32</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>
<i>No. of funds</i>	78	68	60	53	50	21
<i>Quartile Position</i>	2	1	1	1	1	1
MSCI India USD	11.12%	7.33%	12.51%	12.10%	8.72%	7.04%
Nifty MidCap 150 TR	16.74%	7.01%	15.52%	14.29%	12.17%	13.43%

Note: \*Performance <= 1-year given above is for DSP India Equity Fund ( DSPIESU) and for >1yr performance is of Representative Mid Cap Strategy

Rolling Return (Average)				
Index	3-Year	5-Year	7-Year	10-Year
MSCI India Index	6.87%	6.12%	6.30%	6.31%
Nifty Midcap 150	12.18%	10.90%	11.47%	11.78%
DSP Strategy	12.32%	11.48%	12.17%	12.46%
Average India focused UCITS returns	6.62%	6.11%	6.60%	6.76%

Risk adjusted returns (Sharpe ratio)				
Index	3-Year	5-Year	7-Year	10-Year
MSCI India Index	1.0	1.1	1.8	2.0
Nifty Midcap 150	1.1	1.4	2.6	2.6
DSP Strategy	1.2	1.7	3.2	4.1
Average India focused UCITS returns	1.0	1.2	2.5	2.7

Dsp India Equity/Midcap Strategy has beaten average India focused UCITS returns on a 1,3,5,8,10 & Since Inception basis

# ESG / RISK Framework

# Corporate Governance – Regulator & Shareholder Activism

RI Policy & Engagement Policy

Outreach

Our Two-Pronged Responsible Investment Approach	
<p><b>ESG Integration</b></p> <p>To drive robust ESG integration in our investment process via policies, protocols and procedures.</p>	<p><b>Active Ownership</b></p> <p>To drive accountability for adverse impacts on portfolio companies through continuous engagement and monitoring.</p>

- Collaborate with lead investors on CA100+ engagements for three companies in the hard to abate sector.
- Participated in the UNPRI 2022 conference in Barcelona; speaker on ‘Sustainable Palm Oil Dialogue for India’ at India and Sustainability Standards conference organized by CRB in Delhi.
- Media articles: [ESG & Investment Thesis](#), [Climate Risk and Fiduciary Duty](#).
- The investment team, including analysts and portfolio managers, participate in discussions on ESG topics like sector-specific material issues, climate risk, planetary boundaries, energy transitions and food system transitions.

International Networks & Forums

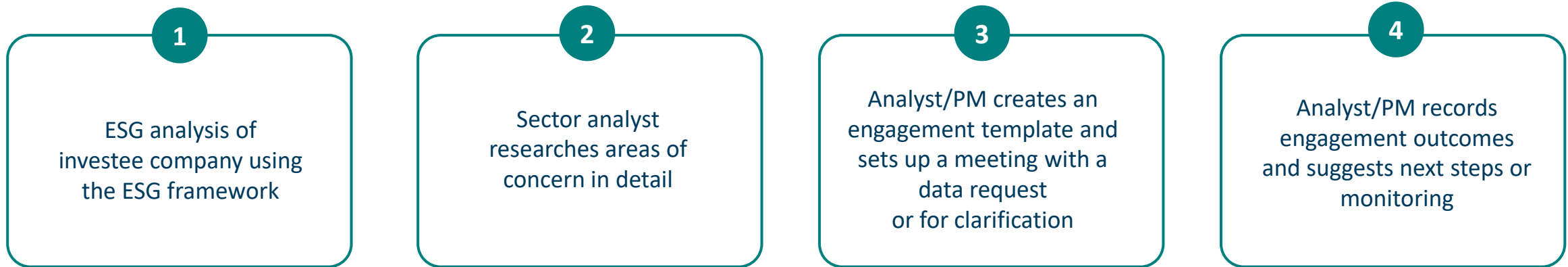
A proud participant of

Signatory of:





# ESG Investment Process



## ESG Framework & Database

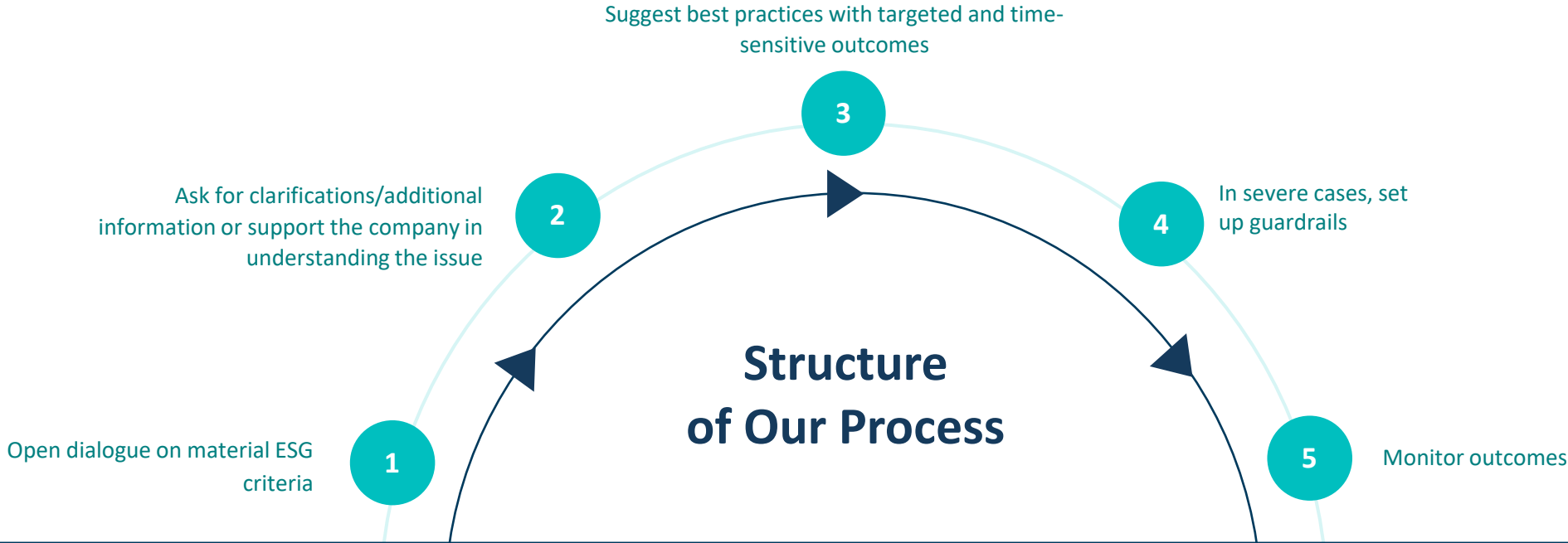
Our ESG framework is integral to our responsible investment approach.

- We develop a proprietary risk-opportunity structure with 45 scored criteria and 60 analytical data points covering a wide range of material, environmental, social and governance topics.
- We collate and analyse data on: stakeholders' environmental/social concerns, greenhouse gas emissions profile, long & short term climate targets, forest land, biodiversity, water & wastewater, energy, circular economy, innovation, human rights, decent work, diversity, human capital management, data privacy, product quality, safety, supplier engagement, selling practices and access and affordability, etc.
- We research governance related topics such as related party transactions, board & key management personnel (KMP) remuneration, board independence, promoters pledging, audit quality, controversies and credit rating parameters, to name a few.

# ESG Investment Process

## Engagement

Our engagement motivations are two-fold: to mitigate risk and generate positive impact.



The engagement process also involves the firm stewardship committee and active voting on company resolutions with help from a proxy voting firm

# Engagement Tracking: The Rationale

<b>Company</b>	Century plywood				
<b>ISIN</b>	INE348B01021				
<b>Macro Economic Sector</b>	Consumer Discretionary				
<b>Sector</b>	Consumer Durables				
<b>Industry</b>	Consumer Durables				
<b>Reporting Frameworks</b>	BRR				
<b>Report Assured</b>	0				
<b>Analyst Reco</b>	Buy				
	<b>Score</b>	<b>%</b>	<b>Engagement Area</b>	<b>Engagement Theme</b>	
E	7	50%		Carbon footprint, Traceability,	GHG emissions reported Emission Reduction plan exists
S	6	75%			DEI strategy
G	8	89%			Gender diversity
ESG	21	68%			Innovation strategy Products services with Environmental or Social objectives Board Oversight
<b>Type of engagement</b>	Meeting				
<b>Engagement Rationale</b>	<p>The company has a focus on providing new product features using innovation, with a focus on product safety. The company has obtained certifications for MDF varieties from FSC, CARB Certification Grade, emission zero. It reports 60% of costs are attributed to raw materials. And the company reports 15% of its raw material is imported. The company does have basic/generic disclosure on sustainable raw material sourcing. The company has an opportunity to improve disclosure on raw material traceability, and information of biodiversity impact of operations. Based on the global industry peer set, companies with over 50% of assets (2020) based in the U.S. or Europe had at least 60% of their products externally certified to sustainable sourcing practices e.g., Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). Currently, the company has certifications for its MDF varieties only. The company is lacking quantitative disclosure on its carbon footprint, safety metrics, and water usage.</p> <p>Being involved in the "forest products" sector and being dependent on a product with bio diversity impacts some of the best practices of responsible operations include</p> <ol style="list-style-type: none"> <li>1. Certification of products on sustainable sourcing practices</li> <li>2. Traceability of raw material</li> <li>3. Commitment to not operate in biodiverse /fragile or ecologically sensitive areas</li> <li>4. Clear targets with regard to land use and reforestation</li> </ol> <p>On Governance front key issues in the past pertained to high loans/ advances by related parties and high managerial remuneration. On related party loans they have improved significantly in FY22. On remuneration, while the ratio seems to be high, financial performance has been good and hence no specific engagement is needed on this front.</p>				
<b>Engagement Outcomes</b>	The company has on boarded a consultant to have a ESG roadmap focusing on strategic material issues to the business. The company plans to disclose on its carbon emissions and strategies on a reduction plan shortly after. Based on the information provided by the IR representative the company only harvests plantation timber. Its exposure to imported timber is concentrated in a single geography due to a structural scheme offered by the country (Gabon). Previously, the company has had exposure to Myanmar. The company has recorded a impairment loss for asset in Gabon. On raw material pricing risk, the company highlighted normal fluctuation from farmers shifting to cash crops, with a favourable ROI. We have requested the company to consider reporting data on raw material import exposure, certification on sustainable sourcing of products, traceability and biodiversity impacts.				
<b>Engagement Milestones</b>	We have requested the company to consider reporting data on raw material import exposure, certification on sustainable sourcing of products, traceability and biodiversity impacts.				
<b>Next steps</b>	TBC				
<b>Monitoring required</b>	Yes				

# Engagement Tracking: Collaboration & Next Steps

**Engagement on key aspects of ESG**

To nehal@centuryply.com

Cc Ghosh, Abhishek (India); Singhania, Rohit (India); Sambre, Vinit (India); Aiya, Nilesch (India); Kothari, Jay (India); Gandhi, Bhavin (India)

This message was sent with High importance.

Hi Nehal,

Thanks for speaking to me last week.

As active investors in India, we firmly believe ESG is an important aspect in building sustainable and scalable businesses of the future. DSP Investment Managers is a signatory to the [UNPRI](#) and we have formally adopted a [Responsible Investment](#) policy. As long-term investors, DSPIM engages in a dialogue with companies. We believe that our long-term success and contribution to sustainable development depend on our engagement and active monitoring of the companies invested in. On behalf of our clients, we have an interest in understanding the corporate governance and sustainability framework of the companies in addition to their operation and strategy.

We use engagement interactions to facilitate an open dialogue, with targeted and time sensitive outcomes that better inform our investment decisions. We realised that issues highlighted by third party agencies do not take business realities and complexities into account while following their “template based” approach to ESG rating. Hence, we have a dedicated team looking at various aspects of ESG. The ESG team works closely with sector experts to arrive at issues that we believe are key to responsible investing. We have conducted detailed research on Century Ply board and we have identified two key issues on which we would appreciate additional information from your end.

**Raw material sourcing, traceability and certification:** Raw material sourcing practices are a material issue to the sector. I appreciate you mentioned the company sources 100% plantation timber. Can you please elaborate on the same and provide the following;

- Certifications: Data on the number of products and types of certification on sustainable sourcing
- Traceability: Data on 15% (timber logs and veneer) imported raw material (the geographies and quantities)
- Insight on future raw material sourcing strategies

Something to consider on the regulation front is that recently a group of 27 countries including Gabon are part of a voluntary partnership, Forest and Climate Leaders’ Partnership ([FCLP](#)), to reverse forest loss and land degradation by 2030. Similarly, Gabon’s government declared to have all forest concessions to be Forest Stewardship Council (FSC) certified by 2022 (or maybe delayed to 2025).

**GHG emissions:** Can you please provide the GHG emission profile of the company including both, operational and supply chain emissions? I appreciate your communication on GHG emissions and emission reduction plans being on the agenda for FY2023-24. I suggest preparing to respond to the Carbon Disclosure Project (CDP) questionnaire, which is a best practice. It is a comprehensive exercise which can help with planning on actions to improve sustainability.

Please keep me posted when you have more insight and direction on your collaboration with the ESG consultant you plan to onboard. I would be happy to connect.

Thank you

Best,  
Chaitra Nayak,  
ESG Analyst - Investments

# Our Sceptical/Forensic Analysis

## The Aim of Forensic Analysis

The value of avoiding an accident is almost always underappreciated until one occurs. Having a specialist in the team helps us avoid most accidents by increasing our rigor on forensic research.

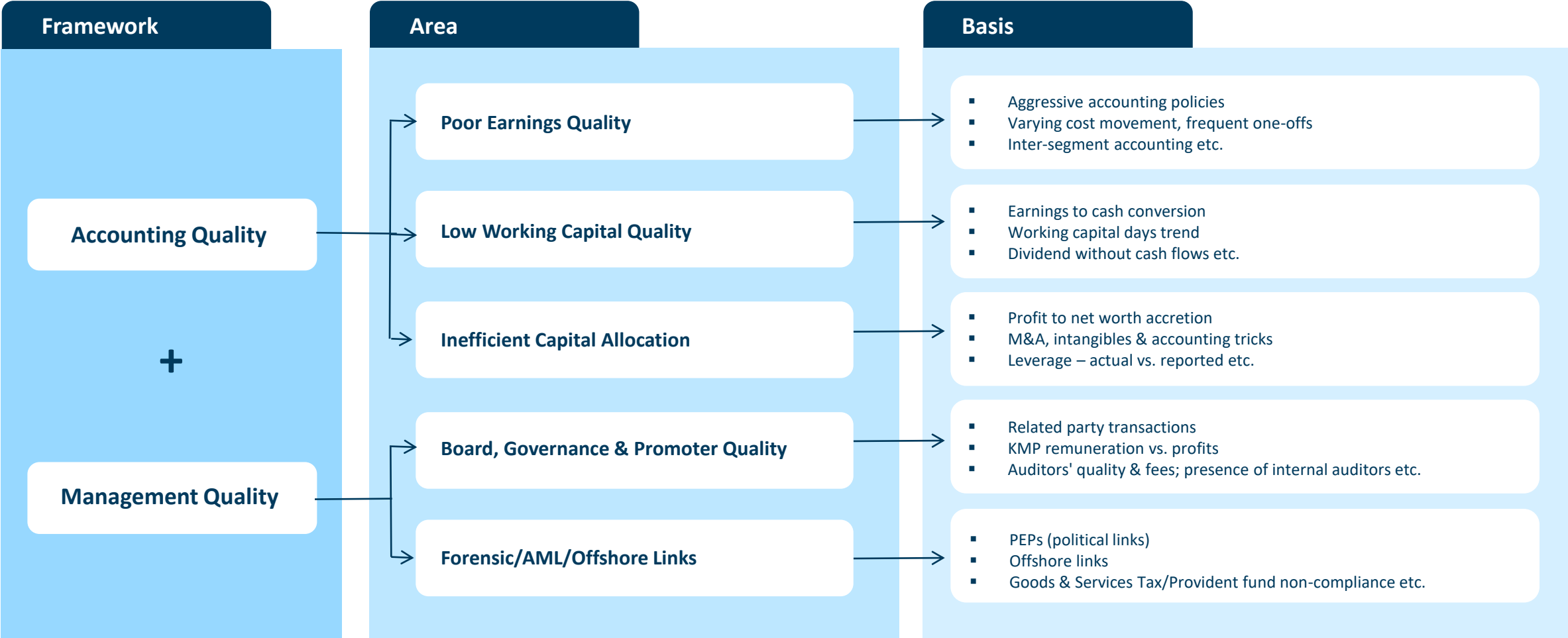
**We aim to identify and avoid companies with these characteristics:**

- Poor earnings quality, aggressive accounting and consistent overstatement of earnings
- Manipulated/unusual cash flows that mask the real picture
- Bad capital allocation and high balance sheet (BS) risk
- Poor board, governance and promoter background/quality



**We manage risks by rigorous forensic research on investee companies**

# Forensic Framework Checklist



# Investment Risk Management at DSP

## Portfolio Risk Monitoring

- Independent Risk & Quantitative Analysis team (RQA)
- Regular Risk meetings to “Hold a Mirror” to portfolio risk
  - Macro stress testing
  - Sector & style exposure & returns monitoring, market trends
  - Tolerance limits for stop losses and drawdown

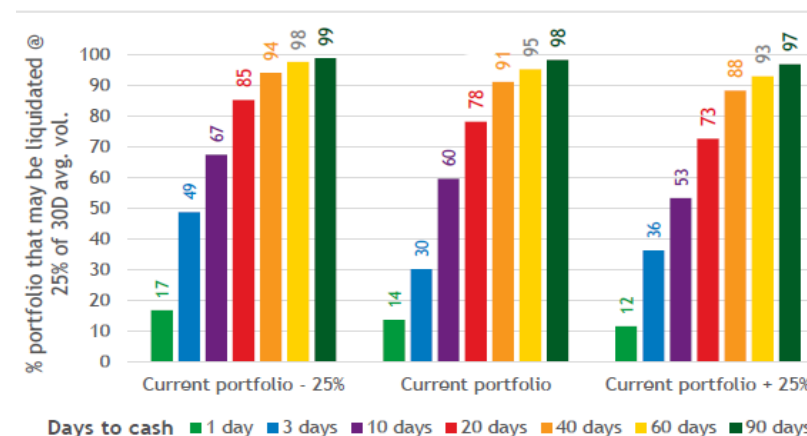
## Key Inputs

- Stock level contribution to risk
- Predicted vs delivered volatility & beta
- Factor risk breakdown of portfolio, including NAV at risk analytics
- Tactical indicators for monitoring reversal risks

## Position Level Monitoring

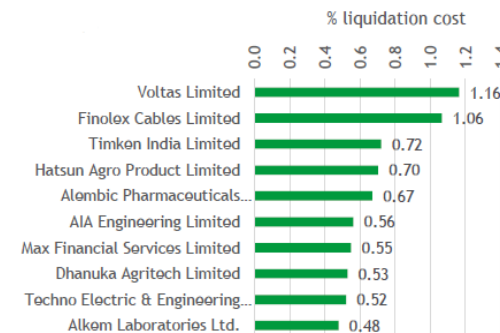
- Constant review of performance: large winners / losers
- Constant monitoring of investment thesis with research team

Indicative: It takes ~10 days to liquidate 60% of the DSP Strategy portfolio



Current portfolio +/-25% refers to the assets (AUM) in the strategy increased or decreased by 25%, as two alternative scenarios, to depict how liquidity of the portfolio could change under these new AUMs

Top 10 scrips by liquidation cost



Worst 3-day drawdowns

n-th worse redemption	3-day redemption	Date	AUM (INR cr)
1	-4.16%	07-Jan-13	1,316.09
2	-3.95%	08-Jan-13	1,320.58
3	-3.89%	04-Jan-13	1,317.74
4	-2.78%	20-Jan-09	434.49
5	-2.68%	16-Jan-09	433.27

Since 01st Jan 2008

# Fund Terms and Structure



# Fund Terms

**Objective\*:** The DSP India Equity Fund (the “Fund”) aims 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.

**Investment philosophy :** Bottom-up approach to stock picking.

**Universe:** It is anticipated that the Fund will invest across the entire range of capitalizations (across large cap, mid cap and small cap), however there will be a focus on mid cap and small cap companies. The Fund is actively managed in reference to Nifty Midcap 150 Index, by virtue of the fact that it uses the Index for performance comparison purposes. However, the Index is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Index.”

**Diversified:** Typically portfolio of ~50 stocks across market capitalization

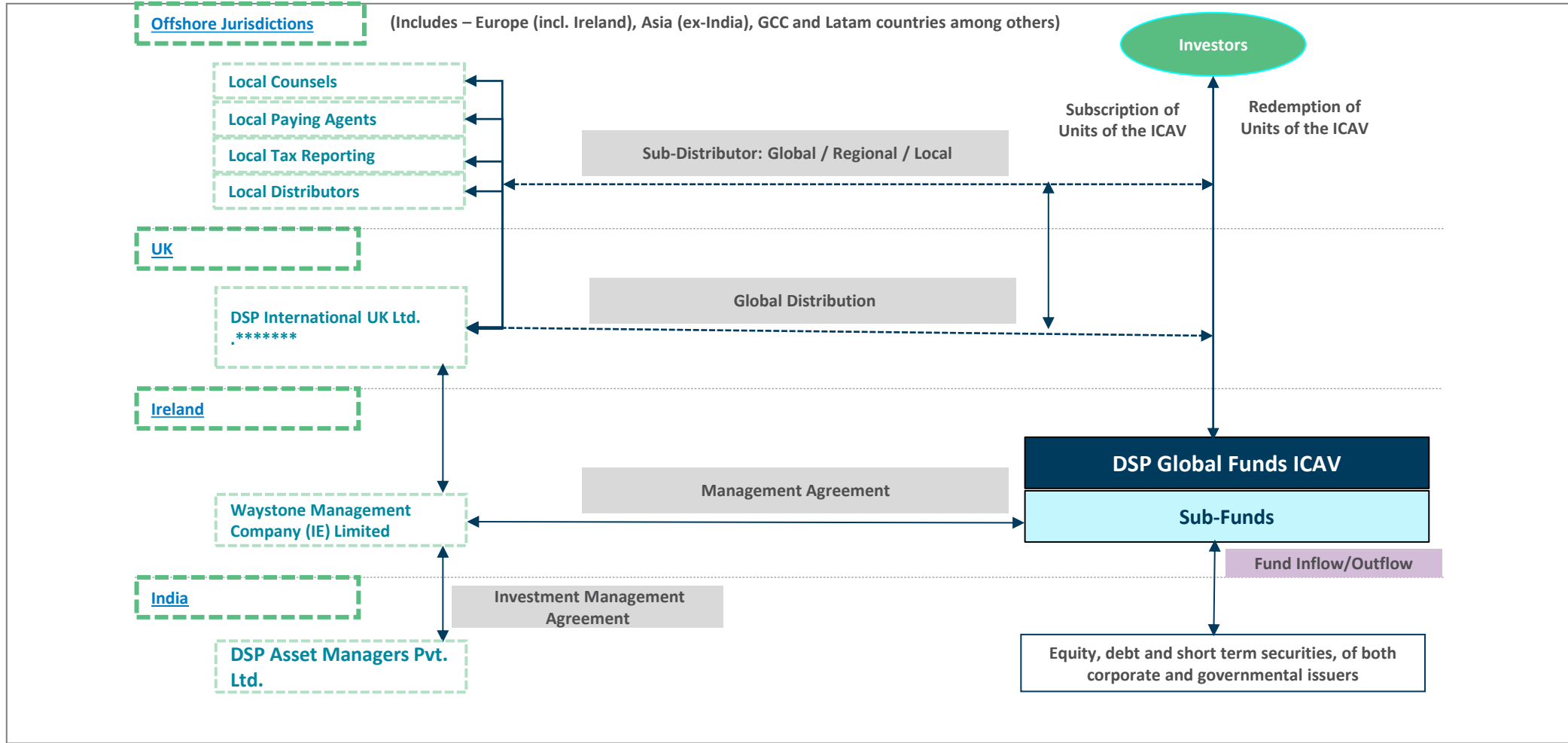
**Risk management:** Governed by a robust risk framework; No leverage;

<b>Fund Structure</b>	DSP India Equity Fund is a compartment of DSP Global Funds ICAV, an umbrella UCITS V compliant ICAV
<b>Share class</b>	Seed Class
<b>ISIN code</b>	IE00BK0WZ337
<b>Investment manager</b>	DSP Asset Managers India Pvt. Ltd.
<b>Domicile</b>	Ireland
<b>Inception Date</b>	15 March 2021
<b>Reference Currency</b>	USD
<b>Dealing and Valuation</b>	Daily
<b>Administrator</b>	HSBC Securities Services (Ireland) DAC
<b>Depository Services</b>	Depository – HSBC France, Dublin Branch
<b>Management Company</b>	Waystone Management Company (IE) Limited
<b>Seed Share Class – Total Fee and Operating Expenses</b>	(i) 0.70% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is up to \$150 million; or (ii) 0.60% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is greater than \$150 million and up to \$300 million; or (iii) 0.40% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is greater than \$300 million
<b>Other fees</b>	As set out in the Prospectus

Note: The Fund’s Net Asset Value may have an elevated volatility due to its investment policy. The fees and charges paid by the Fund will reduce the return on your investment. Certain costs paid by the Fund will be charged in specific currency and exchange rate fluctuations may cause these costs to increase or decrease when converted into local currency of the investor. Source: Internal; \*There is no guarantee that the fund will achieve its objective.

# DSP Global Funds ICAV: Structure

- ▶ DSP GLOBAL FUNDS ICAV - An umbrella type Irish collective asset-management vehicle with segregated liability between Funds



Note: The Fund's Net Asset Value may have an elevated volatility due to its investment policy.

# Seed share class - Pricing



FUND AUM THRESHOLD	Management Fee	Operating expenses*	Total Expense Ratio
US\$ 0 to US\$ 150 mn	45 bps	+ 25 bps	= 70 bps
US\$ 150 to US\$ 300 mn	35 bps	+ 25 bps	= 60 bps
> US\$ 300 mn	15 bps	+ 25# bps	= 40 bps

Step down (between 70 bps and 60 bps)

Step down (between 60 bps and 40 bps)

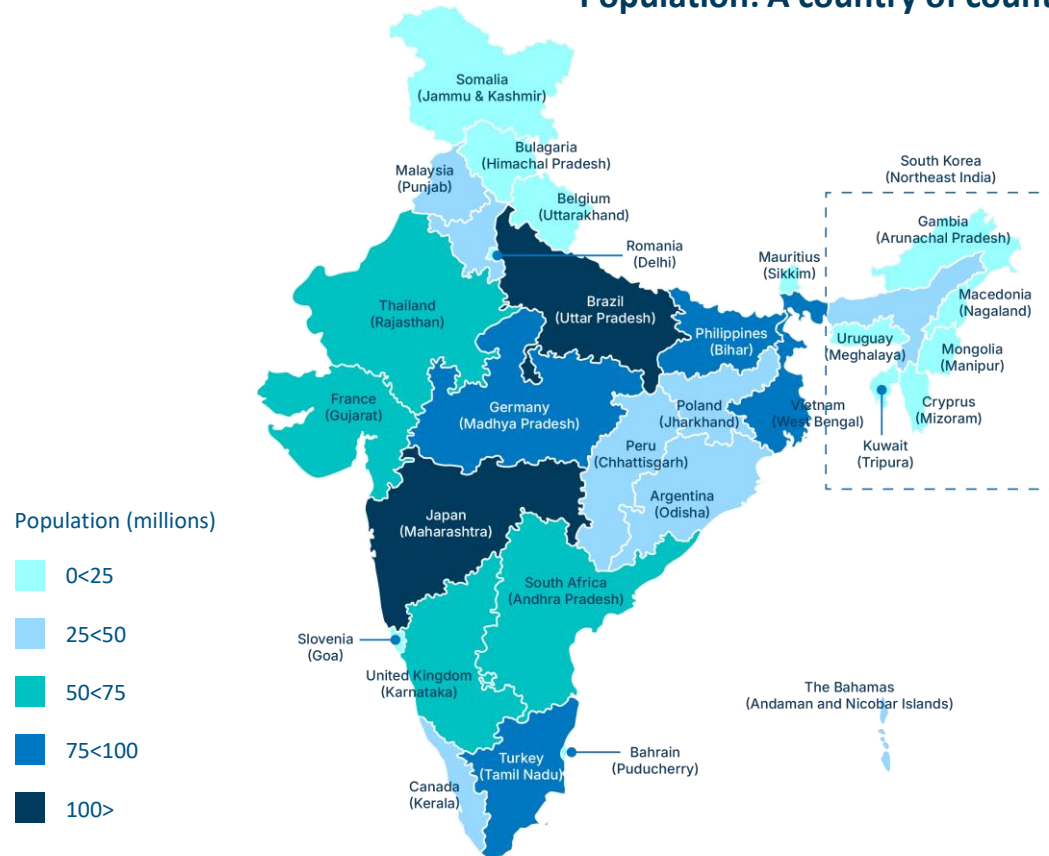
\* Operating expenses are capped at 25 bps, irrespective of AUM. # Operating expenses can reduce over time with economies of scale.  
 Bps = Basis points. AUM = Asset Under Management. Other fees: As set out in the Prospectus, if any

# The India Opportunity

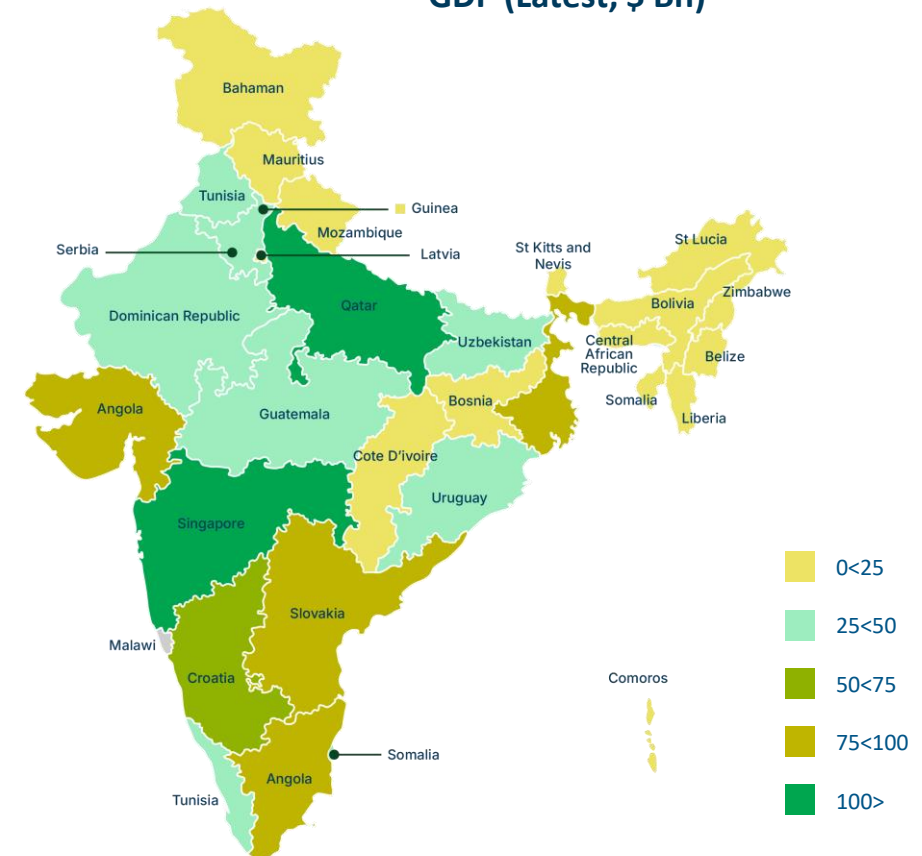
Beyond the Headlines

# Large population + Large domestic market + Rising per capita income = Epicenter of global growth

Population: A country of countries

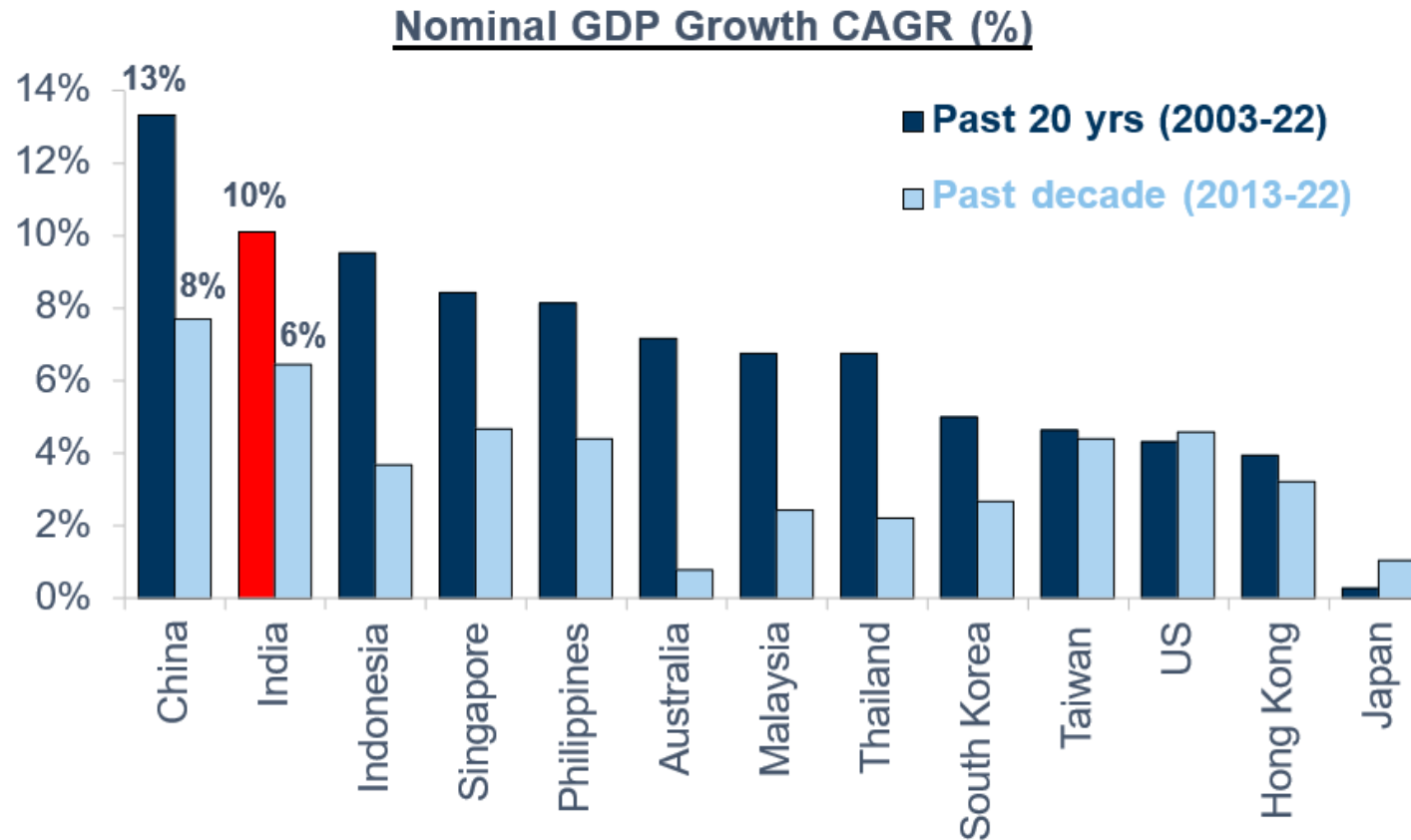


GDP (Latest, \$ Bn)



Large population + large domestic market + rising per capita income = The epicenter of global growth

# India has delivered a nominal GDP CAGR of 10% over the past two decades, second only to China



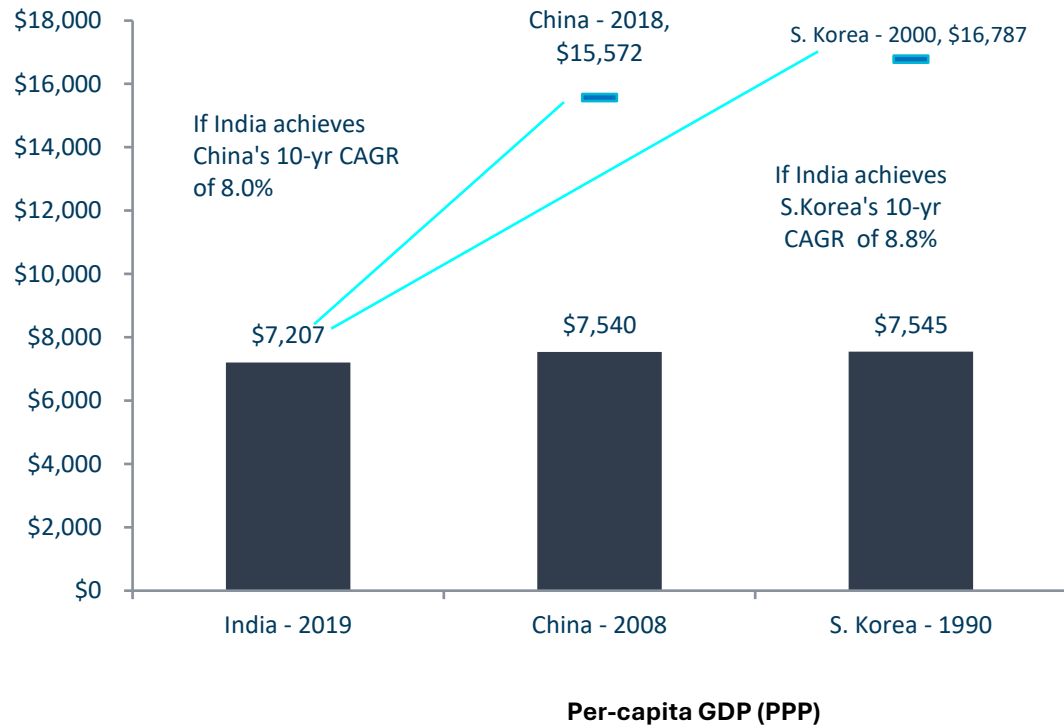
# Economic Growth May Or May Not Result In Commensurate Equity Returns

30 Year Returns For Frontline Equity Indices In Local Currency & Adjusted For Inflation

Country	Real GDP Growth	Local Currency Returns	Real Returns
China	8.6%	0.4%	-3.0%
Philippines	4.7%	3.1%	-1.6%
Hong Kong	2.8%	2.3%	-1.0%
Malaysia	4.8%	1.7%	-0.7%
Indonesia	4.4%	9.3%	0.9%
Korea	4.3%	3.8%	0.9%
UK	2.0%	3.3%	1.0%
Australia	3.1%	4.6%	2.0%
Japan	0.8%	2.3%	2.0%
France	1.5%	4.6%	2.9%
Mexico	2.0%	11.1%	3.0%
Canada	2.3%	5.6%	3.5%
<b>India</b>	<b>6.2%</b>	<b>10.3%</b>	<b>3.6%</b>
United States	2.5%	8.4%	5.9%
Brazil	2.4%	15.9%	9.3%

\*Countries marked in green -> Real returns higher than Real GDP growth

# Is sustained 9 - 10% nominal GDP growth for a large economy even possible?



## 4 key themes which we believe will play out for India going forward

- 1 Penetration of Financial Services
- 2 Consumption story fast forwarded by Digitization
- 3 Infrastructure boom
- 4 Export Opportunities

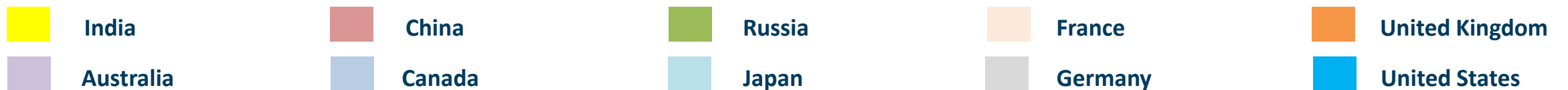
- China/South Korea grew per capita GDP at 8.0% / 8.8%, respectively, for 10 years from levels similar to India's US\$7,207 PPP adjusted 2018 per capita GDP.
- To convert to nominal GDP growth, we factor 1.5% population growth (assumed).
- **So 9 to 10% nominal GDP growth is certainly possible, over a 10 year period or longer.**



# India: A Trillion Dollars Of Annual Investments

Gross Fixed Capital Formation In Current US Dollars (Bn) By Country

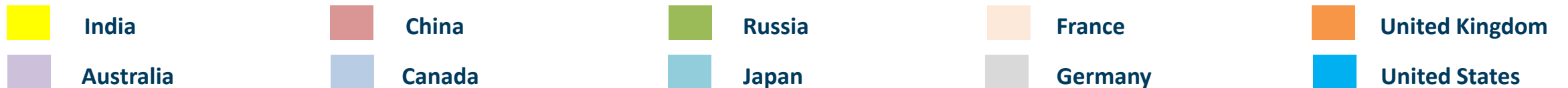
1990	1995	2000	2005	2010	2015	2020	2022	2023	33 Yr-CAGR
1269	1697	2373	2990	2756	4656	6240	7540	8006	14.4%
1114	1594	1415	1251	2674	3778	4602	5476	5774	8.1%
433	609	450	901	1303	1110	1289	1105	1109	4.9%
297	321	395	543	664	672	837	996	1087	4.7%
258	243	297	479	585	604	728	902	979	4.1%
148	238	294	447	557	524	616	700	620	3.3%
129	111	146	269	399	509	471	566	531	2.5%
95	92	122	256	379	371	384	503	490	2.3%
86	91	108	188	330	354	322	464	434	2.2%
84	83	44	136	311	281	301	390	416	-0.1%



# India's Consumption Growth Outpacing Most of its Global Peers

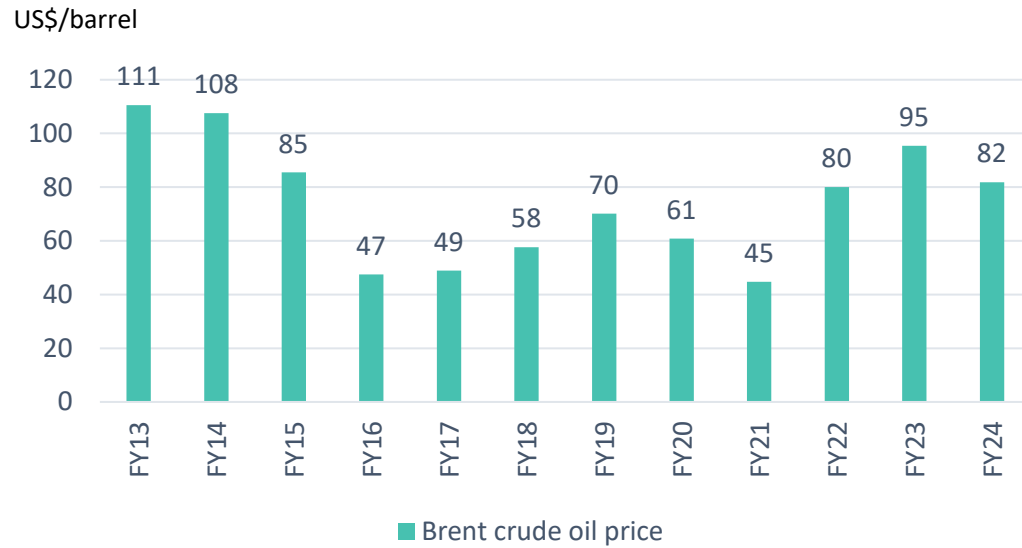
Households Final Consumption Expenditure (US\$ Bn)

1990	1995	2000	2005	2010	2015	2020	2022	2023	33-Year CAGR
3809	4963	6767	8769	10260	12297	14206	17512	185/71	11.7%
1608	2925	2666	2648	3275	4178	5611	6686	6967	<b>7.2%</b>
998	1444	1102	1642	2090	2479	2733	2366	2260	5.0%
726	876	1097	1610	1874	1877	1952	2084	<b>2142</b>	4.9%
701	856	735	1195	1587	1779	<b>1634</b>	<b>2044</b>	2119	4.3%
333	338	566	905	1464	1318	1598	1911	2065	3.9%
253	336	406	637	922	<b>1241</b>	1408	1484	1628	3.2%
<b>215</b>	<b>230</b>	<b>299</b>	<b>471</b>	<b>917</b>	900	941	1163	1182	2.6%
180	211	239	396	785	758	769	1100	1007	2.5%
170	206	120	382	635	718	693	824	856	0.8%

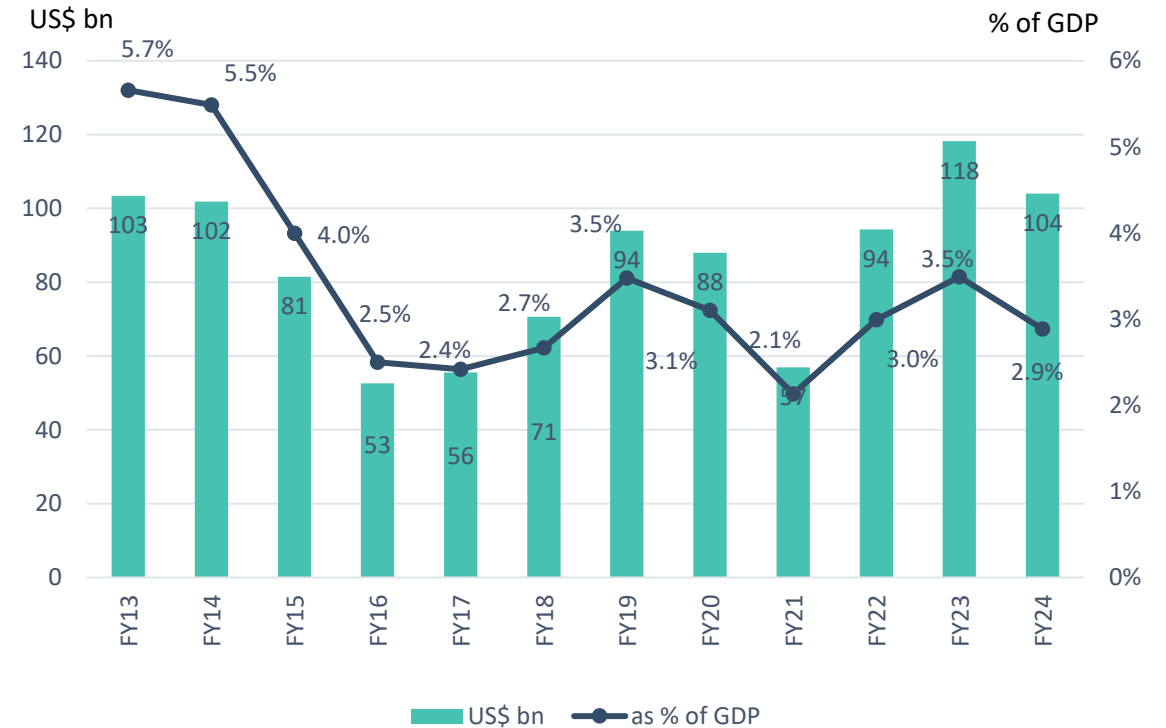


# India's Oil Troubles Are Becoming Smaller, Manageable

Global crude oil prices (average)



Net oil imports



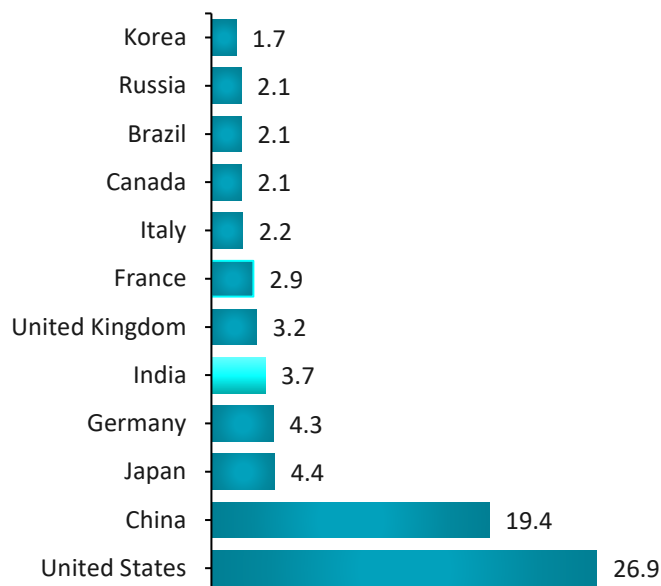
1. A US\$10/bbl average increase in global crude prices would widen India's CAD by cUS\$16bn (0.4% of GDP).
2. India imports 88% of its oil requirement
3. Buoyant services exports and resilient remittance inflow have helped build a buffer against global oil price volatility.
4. We estimate India can sustain global crude oil prices up to US\$90/bbl, all else remaining unchanged

# Greater diversification with direct India exposure (not via EM)

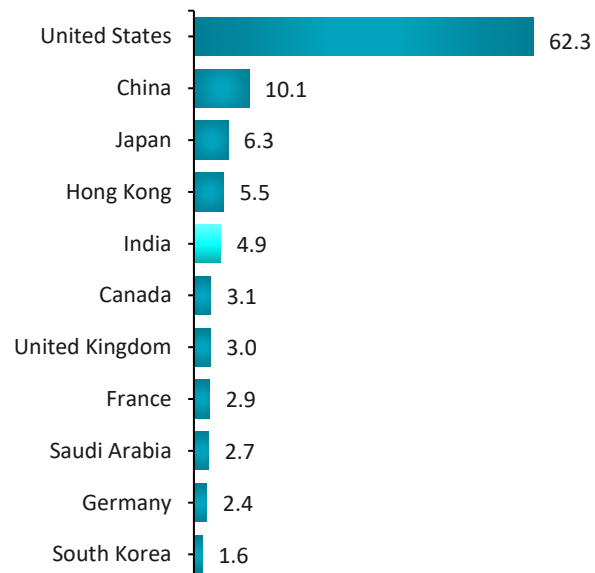
1 India expected to be 3rd largest economy in ten years

2 India has low representation in global indices

RANKED 5TH BY GDP (US\$, Tn)



RANKED 6TH BY MARKET CAP (US\$ Tn)



MSCI ALL COUNTRY WORLD INDEX

Country	Holding
USA	66.6%
Japan	4.8%
UK	3.1%
Canada	2.7%
France	2.3%
India	1.9%
Germany	1.9%
South Korea	0.9%
Others	15.7%

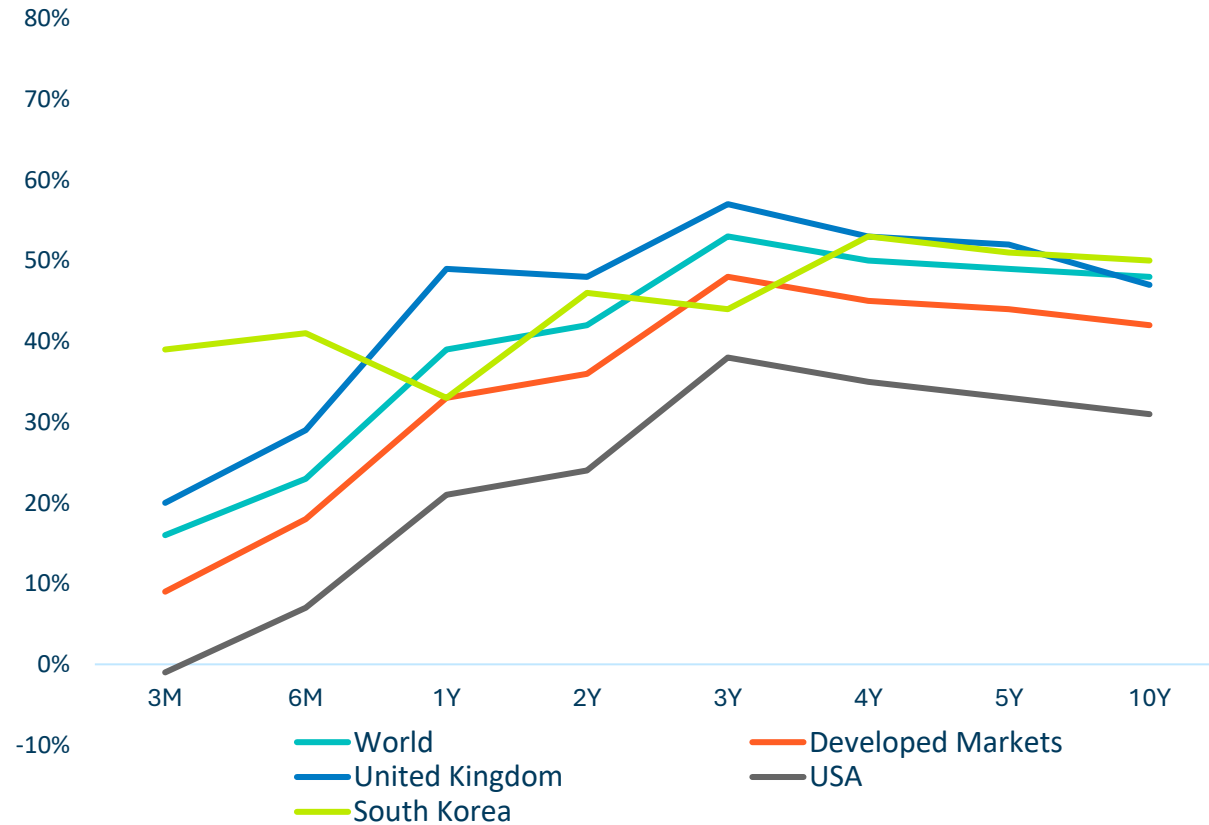
MSCI EMERGING MARKETS INDEX

Country	Holding
China	27.8%
India	19.4%
Taiwan	19.7%
South Korea	9.0%
Others	11.0%
Brazil	4.1%

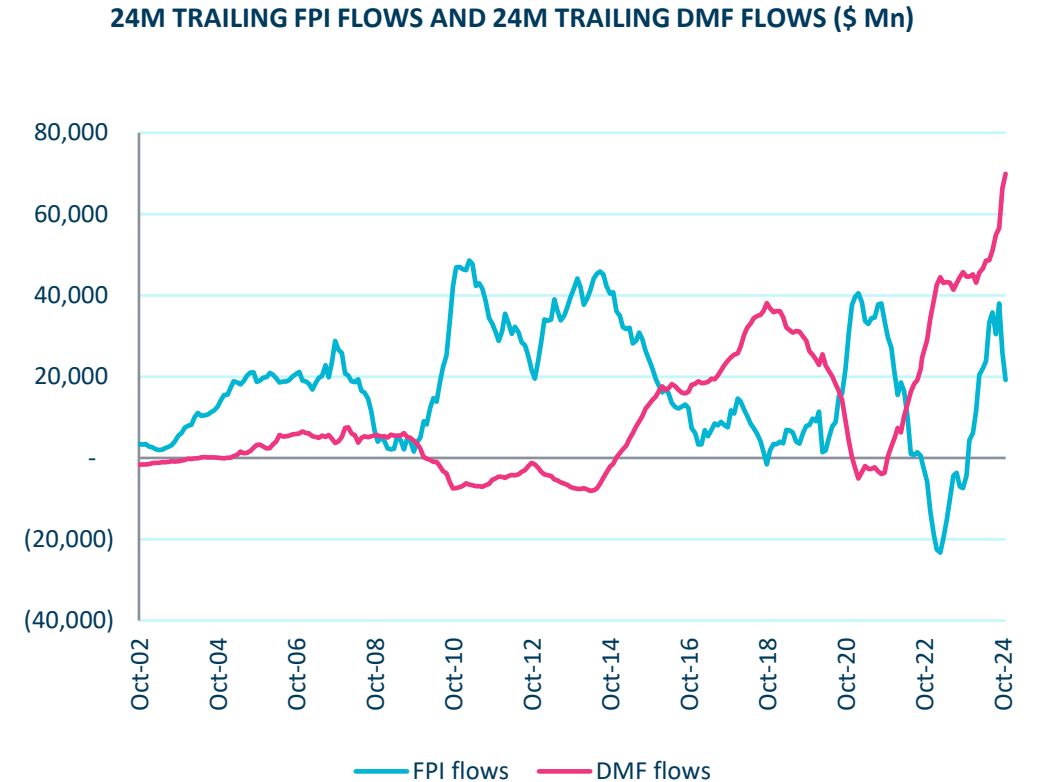
India is only 1.5% of MSCI ACWI, but contributes ~3% to world GDP and market cap

# Greater diversification with direct India exposure (not via EM)

3 Low correlation of India with global markets



4 Strong domestic cushion; domestic flows outpacing foreign flows



# India is well diversified across sectors

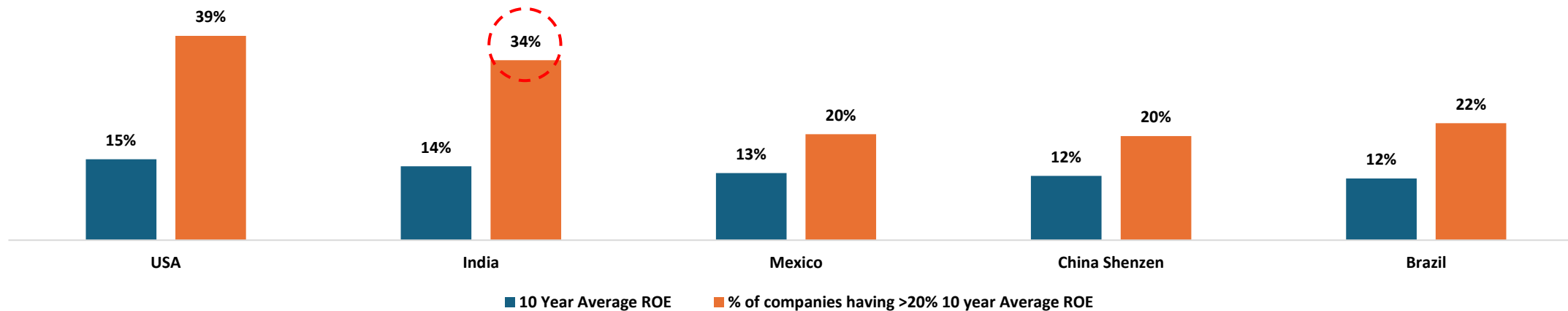
MSCI Sectors	India	China	Korea	Taiwan	Hong Kong	Singapore	Malaysia	Indonesia	Australia
Energy	8%	3%	1%	0%	0%	0%	1%	4%	4%
Materials	7%	3%	4%	2%	0%	0%	6%	9%	18%
Industrials	9%	5%	15%	2%	16%	13%	11%	5%	6%
Consumer Discretionary	13%	30%	9%	1%	5%	1%	4%	4%	7%
Consumer Staples	7%	4%	2%	1%	2%	2%	10%	9%	4%
Financials	27%	18%	12%	11%	47%	54%	42%	60%	39%
Healthcare	6%	3%	8%	0%	0%	0%	3%	2%	10%
Information Technology	12%	8%	42%	80%	0%	0%	2%	0%	2%
Communication Services	4%	22%	6%	2%	1%	21%	7%	7%	3%
Utilities	4%	2%	0%	0%	12%	1%	15%	0%	1%
Real Estate	2%	2%	0%	0%	17%	7%	0%	0%	6%
<b>Top 2 Sector Weights</b>	<b>40.5%</b>	<b>51.8%</b>	<b>56.7%</b>	<b>90.9%</b>	<b>63.7%</b>	<b>75.1%</b>	<b>56.4%</b>	<b>69.2%</b>	<b>57.5%</b>

# Just A Few Winners: Long Term Equity Returns Are An Exception, Not the Norm

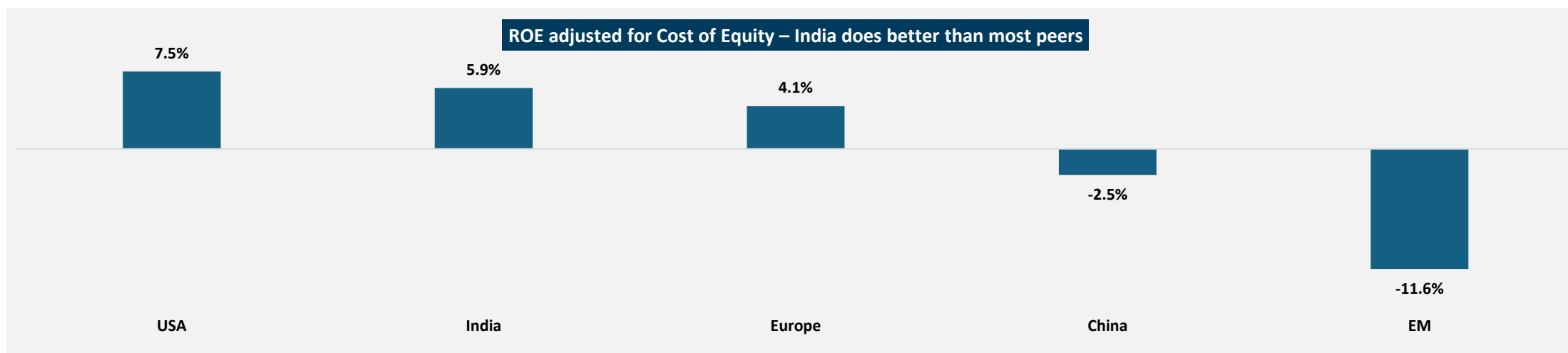
Country	Local Currency returns	Real Returns (LC)	USD	Real Returns (USD)	US Bond Market Index
	CAGR (30 Years)				
Malaysia	2%	-1%	0%	-3%	<b>4.5%</b> <b>(2% real return)</b>
China (HK Listed)	0%	-3%	0%	-2%	
Philippines	3%	-2%	1%	-2%	
Japan	2%	2%	1%	-2%	
Korea	4%	1%	2%	-1%	
Indonesia	9%	1%	2%	0%	
Hong Kong	2%	-1%	2%	0%	
France	5%	3%	2%	0%	
UK	3%	1%	3%	0%	
Australia	5%	2%	4%	2%	
Mexico	11%	3%	5%	3%	
Canada	6%	4%	6%	3%	
China Mainland	5%	2%	6%	3%	
Brazil	16%	9%	6%	3%	
<b>India</b>	<b>10%</b>	<b>4%</b>	<b>7%</b>	<b>4%</b>	
US-S&P 500	8%	6%	8%	6%	

# Why India Outperforms Over The Long Term? It's Not Flows, GDP Growth or The Story...

Nearly one third of companies in India have recorded an ROE of more than 20% consistently



ROE adjusted for Cost of Equity – India does better than most peers



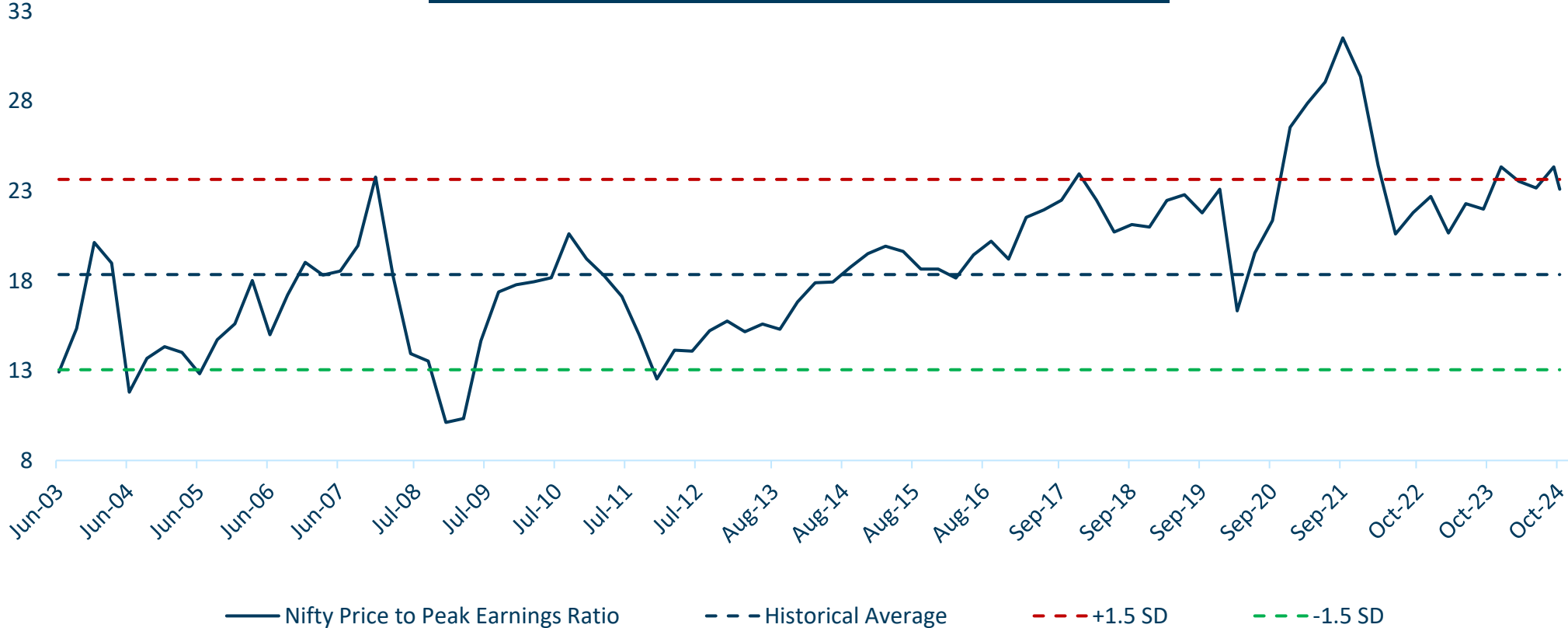


# Indian Firms Have Superior Return Ratios & Earning Growth

Sectors	India Leader	Global Leader	Indian Leader 20 Yr Avg ROE	Global Leader 20 Yr Avg ROE	Indian Leader 20 Yr EPS CAGR	Global Leader 20 Yr EPS CAGR
Aerospace & Defense	Bharat Electronics Ltd	Rtx Corp	21.2	16.4	14%	-1%
Pharmaceuticals & Biotech	Sun Pharmaceuticals	Johnson & Johnson	20.7	24.9	16%	9%
Banks	HDFC Bank Ltd	JPmorgan Chase & Co	17.9	11.1	21%	12%
Automobiles	Tata Motors Ltd	Volkswagen Ag	17.4	11.5	15%	15%
IT - Software	Tata Consultancy Services	Microsoft Corp	43.5	33.5	18%	15%
Ferrous Metals	Tata Steel Ltd	Glencore Plc	14.8	5.0	-1%	-6%
Cement & Cement Products	ULTRATECH CEMENT LTD	Crh Plc	18.0	10.7	29%	4%
Oil	ONGC	Exxon Mobil Corp	17.6	19.5	9%	4%
Construction	Larsen & Toubro Ltd	China State Construction	19.5	18.4	10%	15%
FMCG	Hindustan Unilever Ltd	Nestle Sa-reg	69.3	19.7	11%	5%
Healthcare Services	Apollo Hospitals Enterprise	Tenet Healthcare Corp	10.5	-5.8	15%	4%
Telecom – Services	Bharti Airtel Ltd	Verizon Communications	11.1	30.0	12%	0%
Power	NTPC Ltd	Enel Spa	10.9	12.0	7%	-1%
Insurance	Life Insurance Corp	Ping An Insurance Group	22.8	17.2	98%	15%

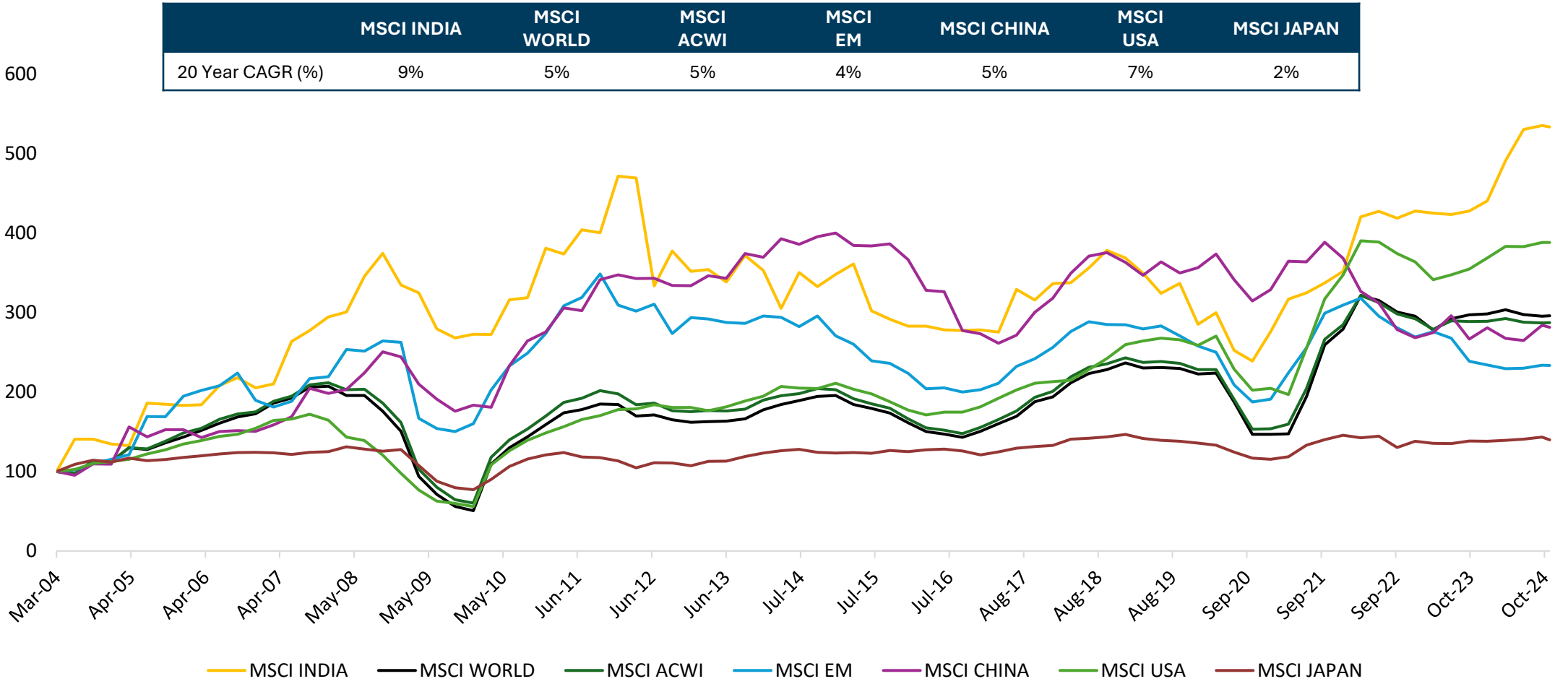
# High Valuation Could Continue To Act As A Headwind

Nifty Price to Peak Earnings At 1.5x Its Long Period Average



# Ignoring India Is A Costly Error of Omission

MSCI Indices EPS (USD)



Rebased to 100

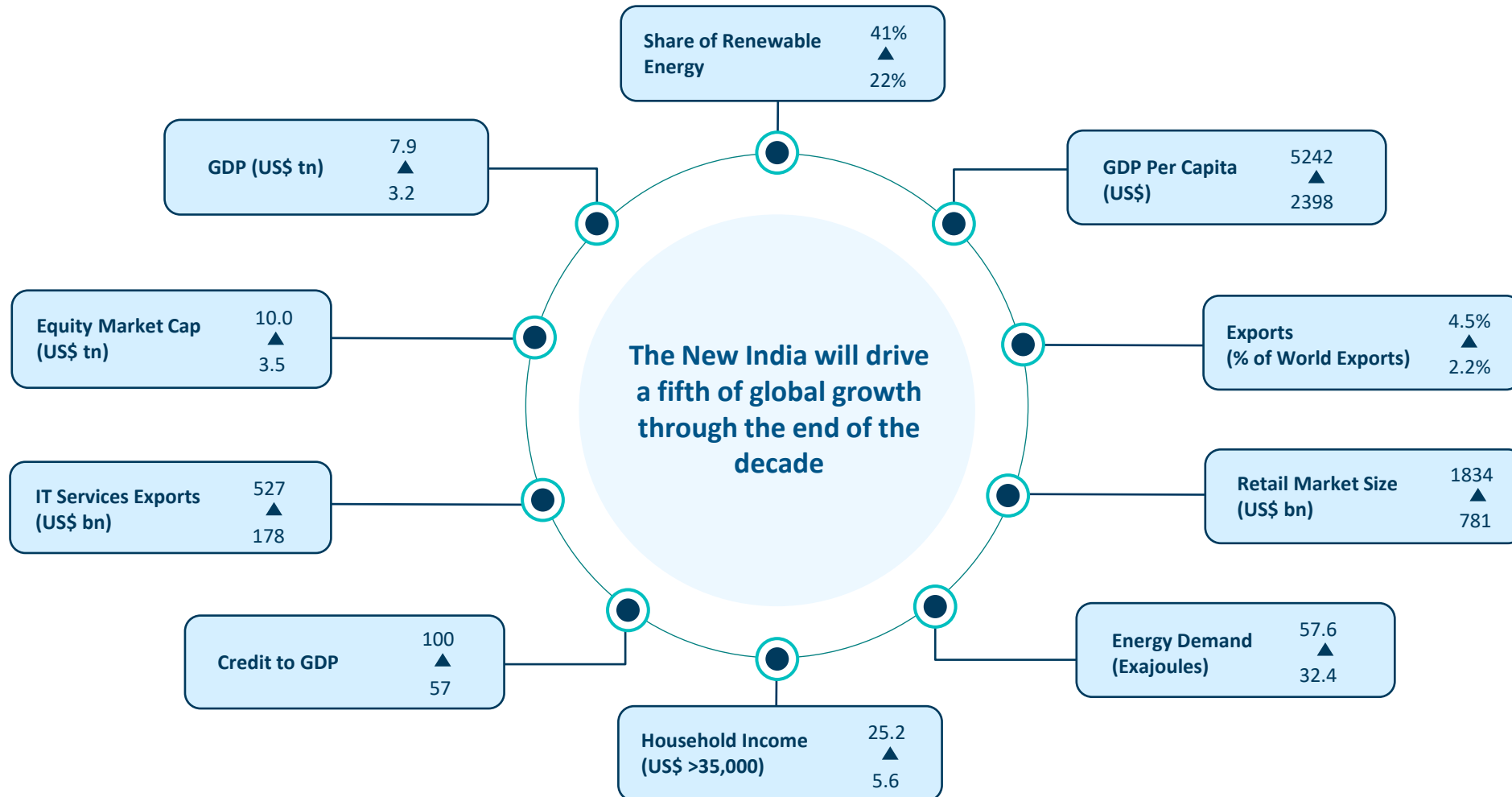
# Risks/challenges

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- Geo-politics/recession led growth slowdown
- Oil prices – above USD 100/bbl will impact, inflation, currency, CAD and BOP
- Consumption (rural) demand continues to be weak
- Implications of Gen AI on different sectors/industry – medium term risk

# India Vision 2030

## India @ 2030: Unleashing Potential, Driving Transformation



# 'Poor Managements Produce Poor Market Prices, Superior Managements Produce...'

Nifty 500 Companies showing growth in Book Value per share over 20 years

Change in Book Value Over The Last 20 Years	No. of Companies	No. of Companies which had growth every year	% of Companies
Growth	309	49	62%
Contraction	64		13%
Merged/Delisted	123		25%

# India's Oil Troubles Are Becoming Smaller, Manageable

Balance of Payment Components (USD, Billions)	FY24	FY23	FY15 to FY12 (average)	FY15	FY14	FY13	FY12
<b>Current Account</b>	<b>-78</b>	<b>-67</b>	<b>-56</b>	<b>-27</b>	<b>-32</b>	<b>-88</b>	<b>-78</b>
Merchandise	-240	-265	-170	-145	-148	-196	-190
<b>Oil Trade Deficit</b>	<b>-96</b>	<b>-112</b>	<b>-96</b>	<b>-81</b>	<b>-102</b>	<b>-103</b>	<b>-99</b>
Oil Trade Deficit (as a % of GDP)	-2.7%	-3.3%	-5.1%	-4.0%	-5.5%	-5.6%	-5.4%
India Crude Oil Basket (avg price \$/BBL)	83	103	103	84	105	108	114
Services	162	143	70	77	73	65	64
Remittance	106	101	65	66	65	64	63
<b>Services + Remittance</b>	<b>268</b>	<b>244</b>	<b>134</b>	<b>142</b>	<b>138</b>	<b>129</b>	<b>128</b>
Services + Remittance as a % of GDP	7.6%	7.2%	7.1%	7.0%	7.4%	7.0%	7.0%
Current Account Balance as a % of GDP	-2.2%	-2.0%	-3.7%	-1.4%	-1.8%	-5.7%	-5.7%

Select components only

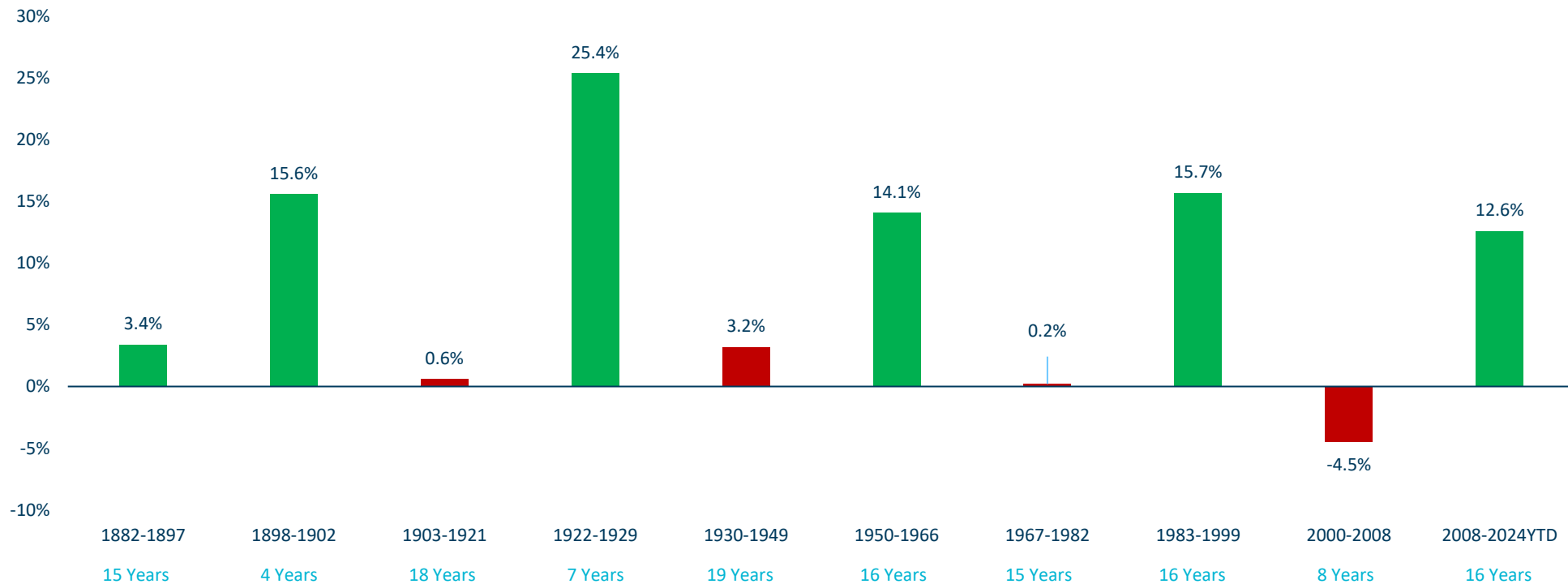


**What could cause India's current account to turn into a surplus** is \$60 crude or lower, a steady pace of growth in India's services exports (5% CAGR), along with a rise in India's electronic goods exports to \$40 billion, from FY23 total of \$24Bn, over the next 5 years. For now, we are far from this goldilocks scenario.

# Booms and Busts: The Bulk of Our Investment Life Lies Beyond Our Control

*"I am more afraid of remedies than diseases." — James Grant*

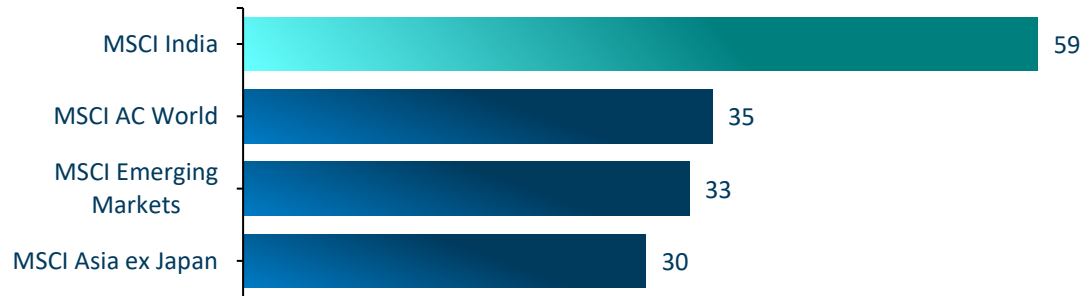
S&P 500 Average Annual Total Real Return



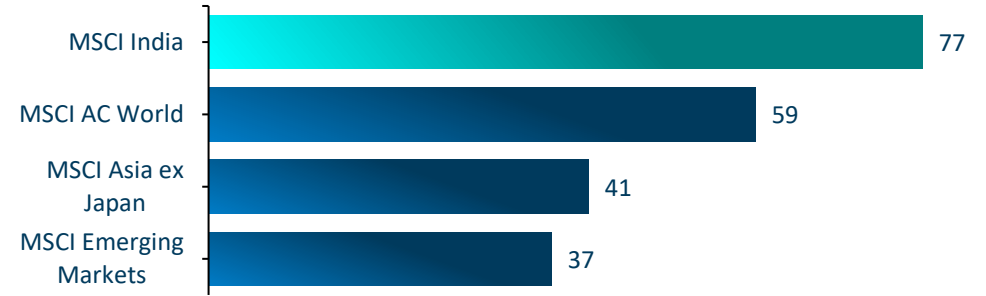


# Indian companies are competitive as per global benchmarks

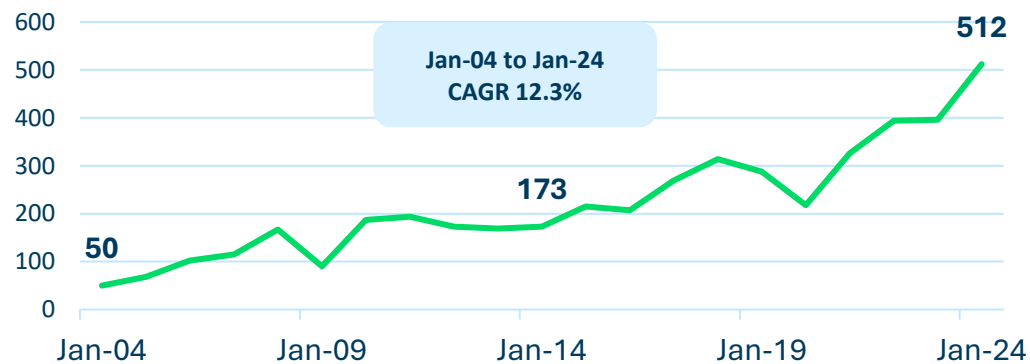
1 % of companies with ROE >15%



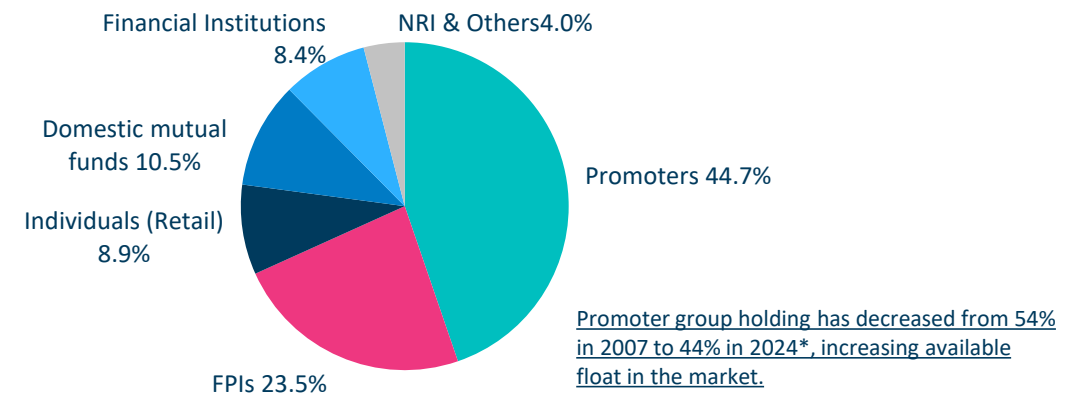
2 % of companies with mcap >US \$10Bn



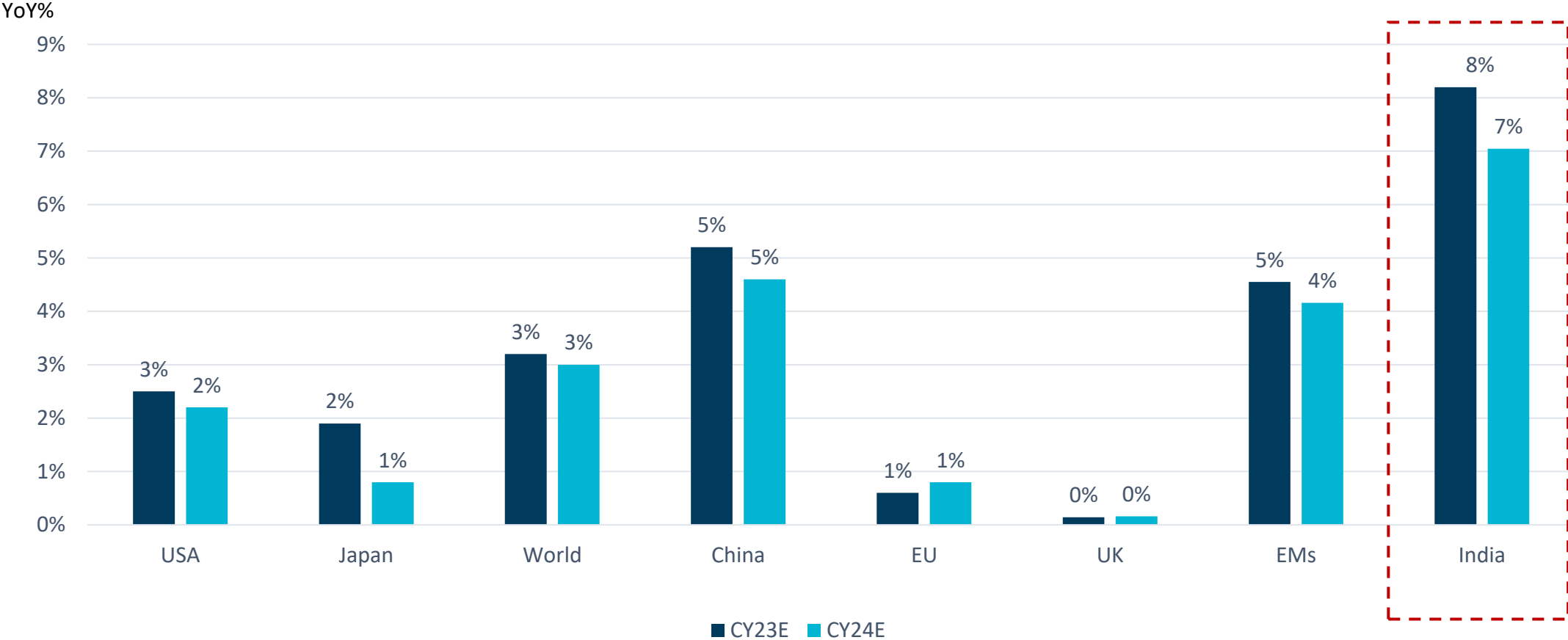
3 No. of billion dollar companies in India (market cap)



4 % Ownership of top 75 Indian companies



# Indian economy to grow by 6.8%YoY in FY25E



# In Conclusion

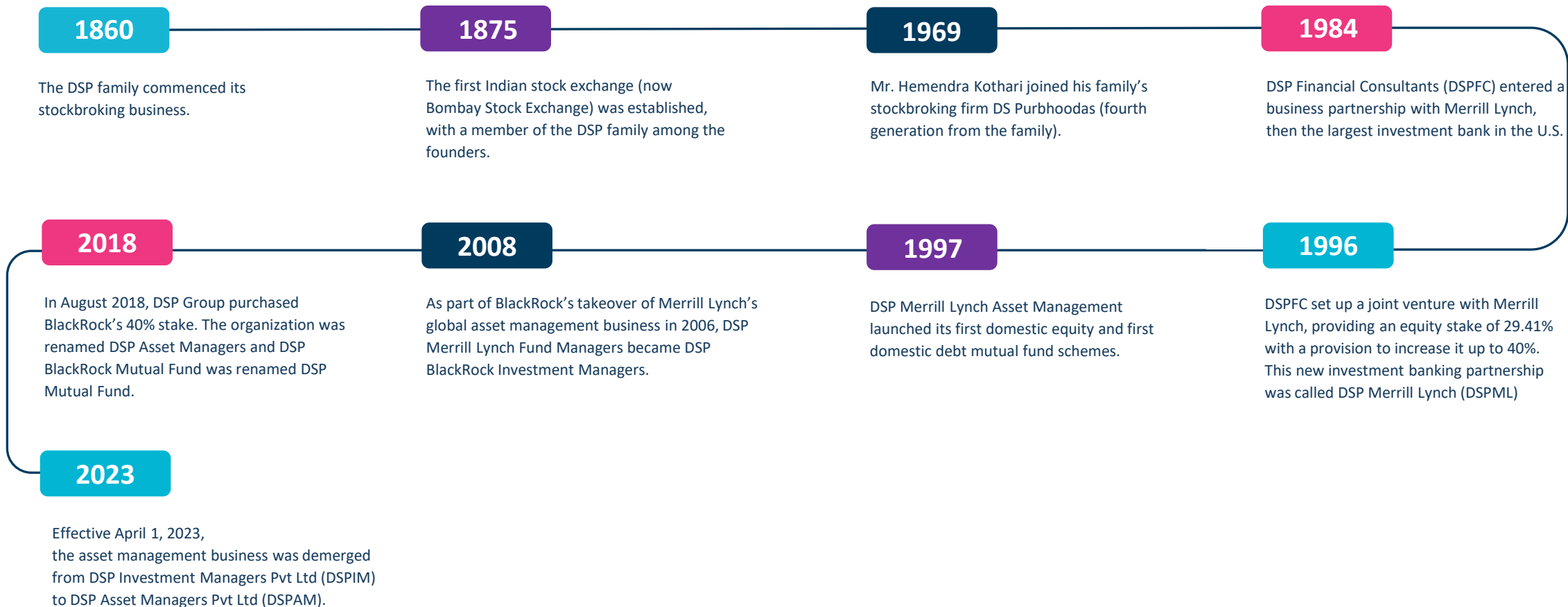
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- We believe India's superior performance is driven by corporate profitability, across cycles. A benign macro-environment is an added benefit
- There are more firms in India which earn attractive returns for shareholders than in most countries
- A carefully built portfolio of Indian businesses based on valuations and quality cash flows could be beneficial for investors looking to create diversified driver of returns

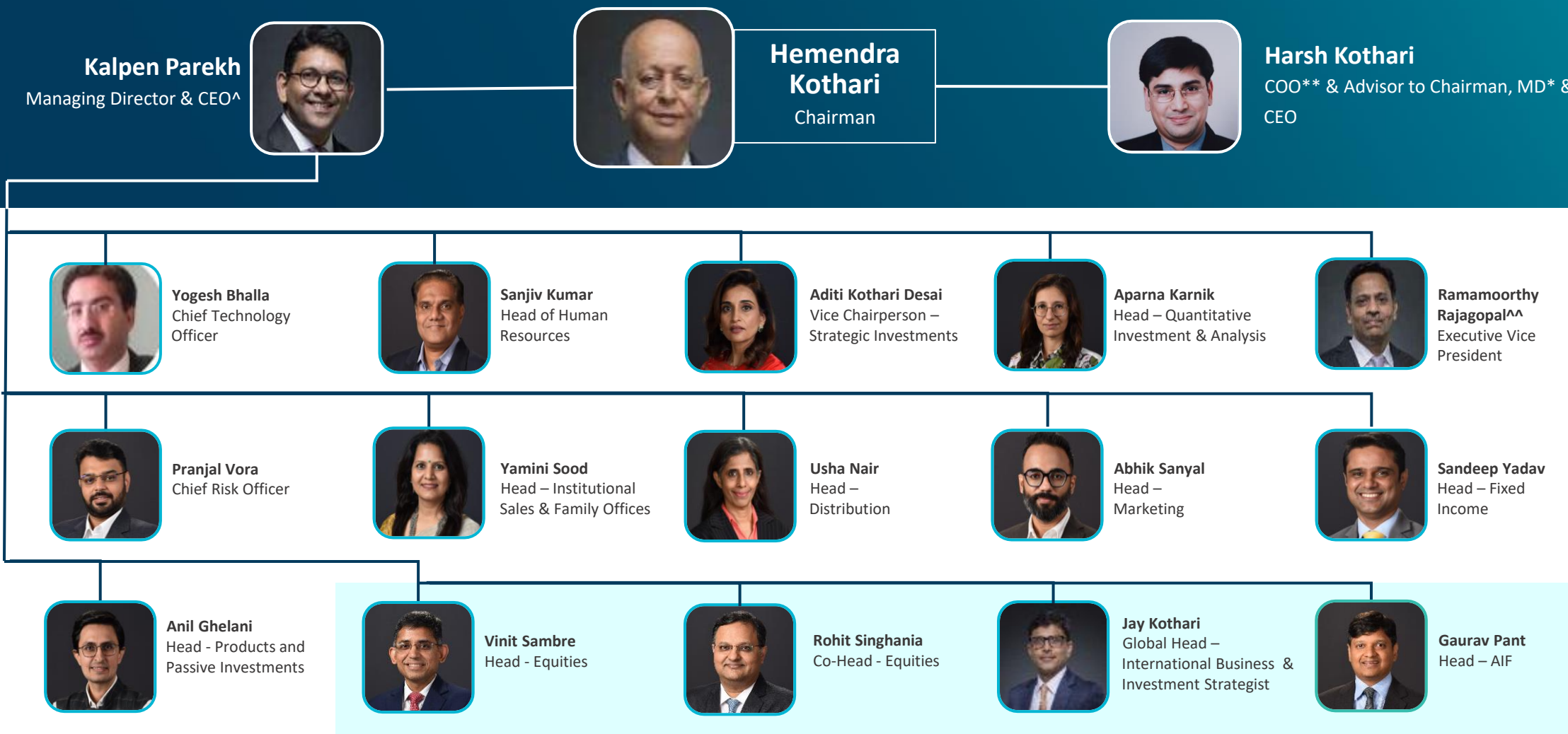
# Appendix

# Evolution of DSP – Indian Roots, Global Partnerships

Founded in 1860, the DSP Group, headed by Mr. Hemendra Kothari, is one of India's oldest financial services firms



# DSPAM Organization Structure - Senior Management

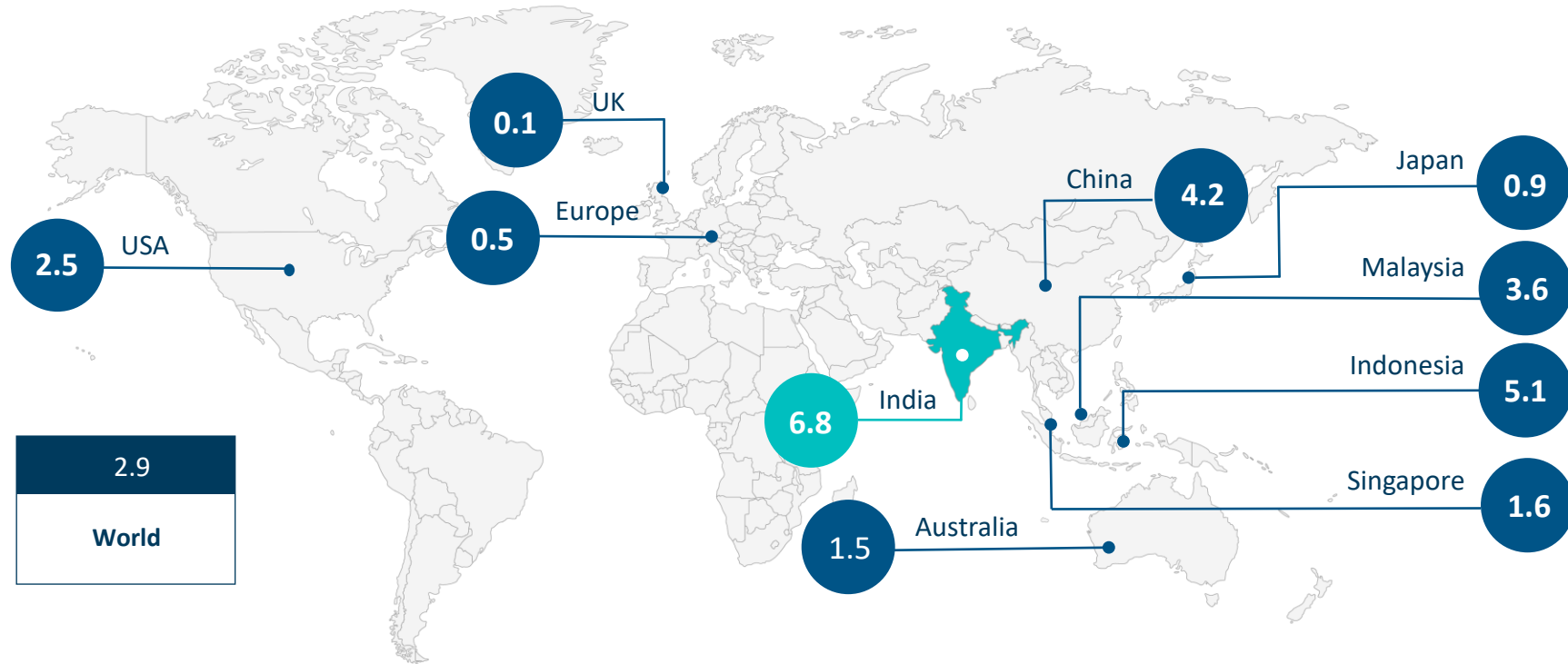


# Incentives aligned to investment objectives

Factors driving performance for <b>Analysts</b>	Share*
Model portfolio outperformance	[ ]%
Research process covering fundamental attributes, thesis, extent of variation on chosen fundamental parameters	[ ]%

Factors driving performance for <b>Portfolio Managers</b>	Share*
Fund performance vs. Benchmark 3Y and 1Y (rolling returns)	[ ]%
Research process and adherence to framework	[ ]%

# India – Among the fastest growing large economies in the world\*

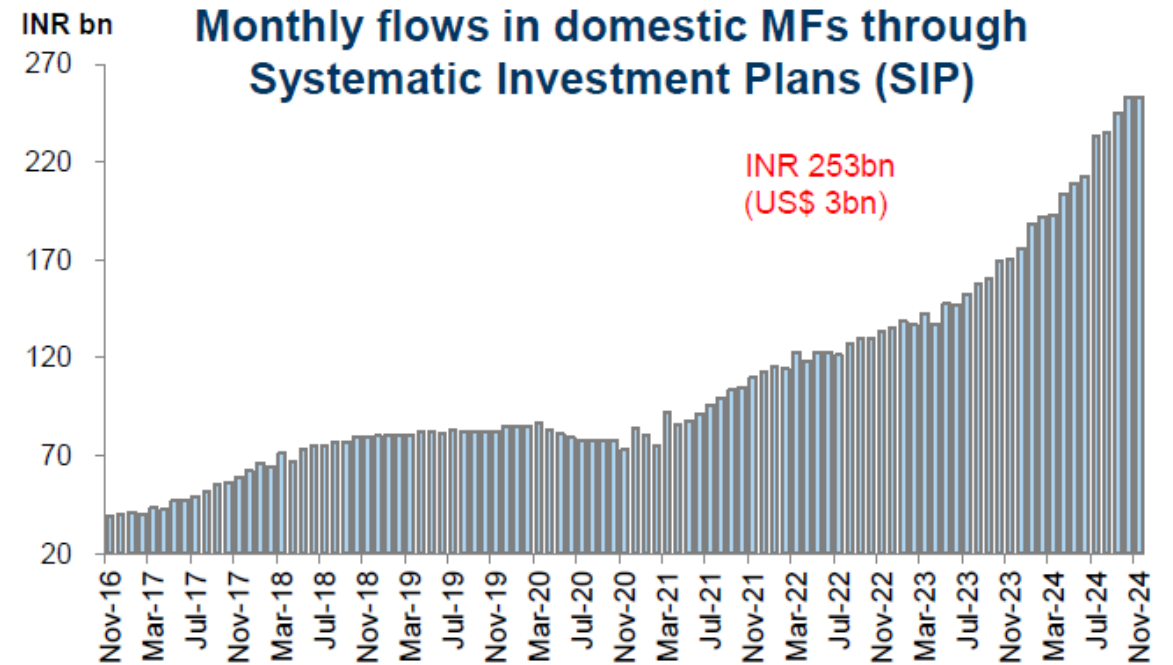
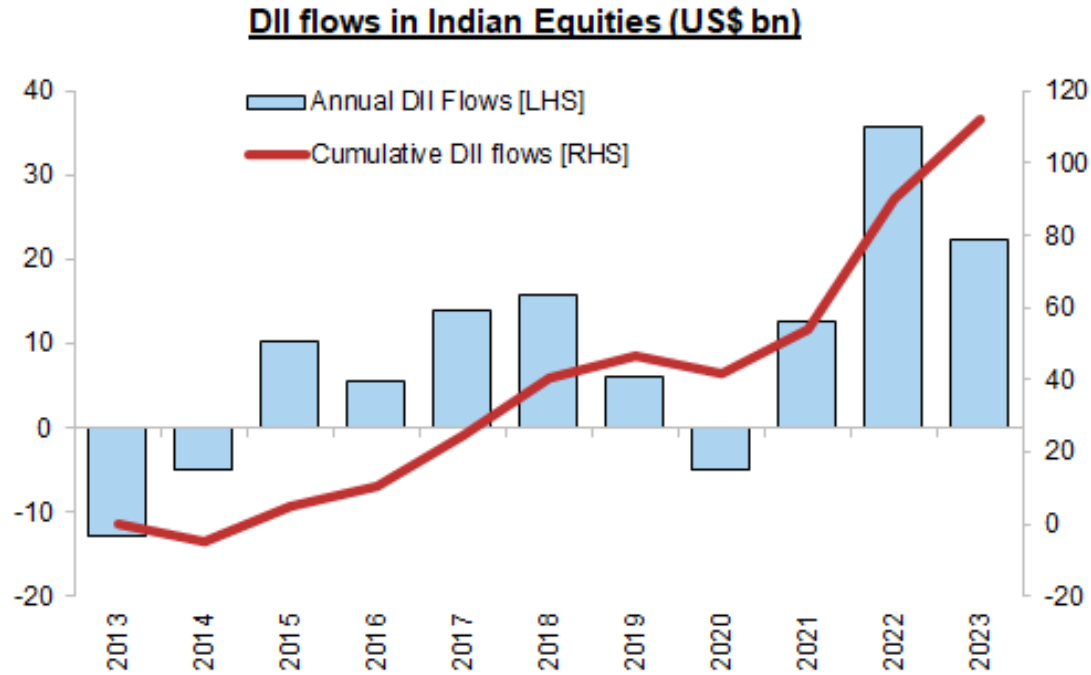


	US	India	Japan	Australia	Europe	UK	Brazil	China	MSCI EM	ACWI World
10Y	12.1%	9.9%	6.5%	4.4%	4.4%	2.9%	1.5%	1.3%	2.9%	8.5%
15Y	14.4%	11.1%	7.3%	8.9%	8.2%	7.5%	2.9%	3.9%	6.1%	11.1%
20Y	9.4%	10.7%	4.3%	7.7%	5.8%	4.8%	7.9%	6.5%	6.4%	7.7%

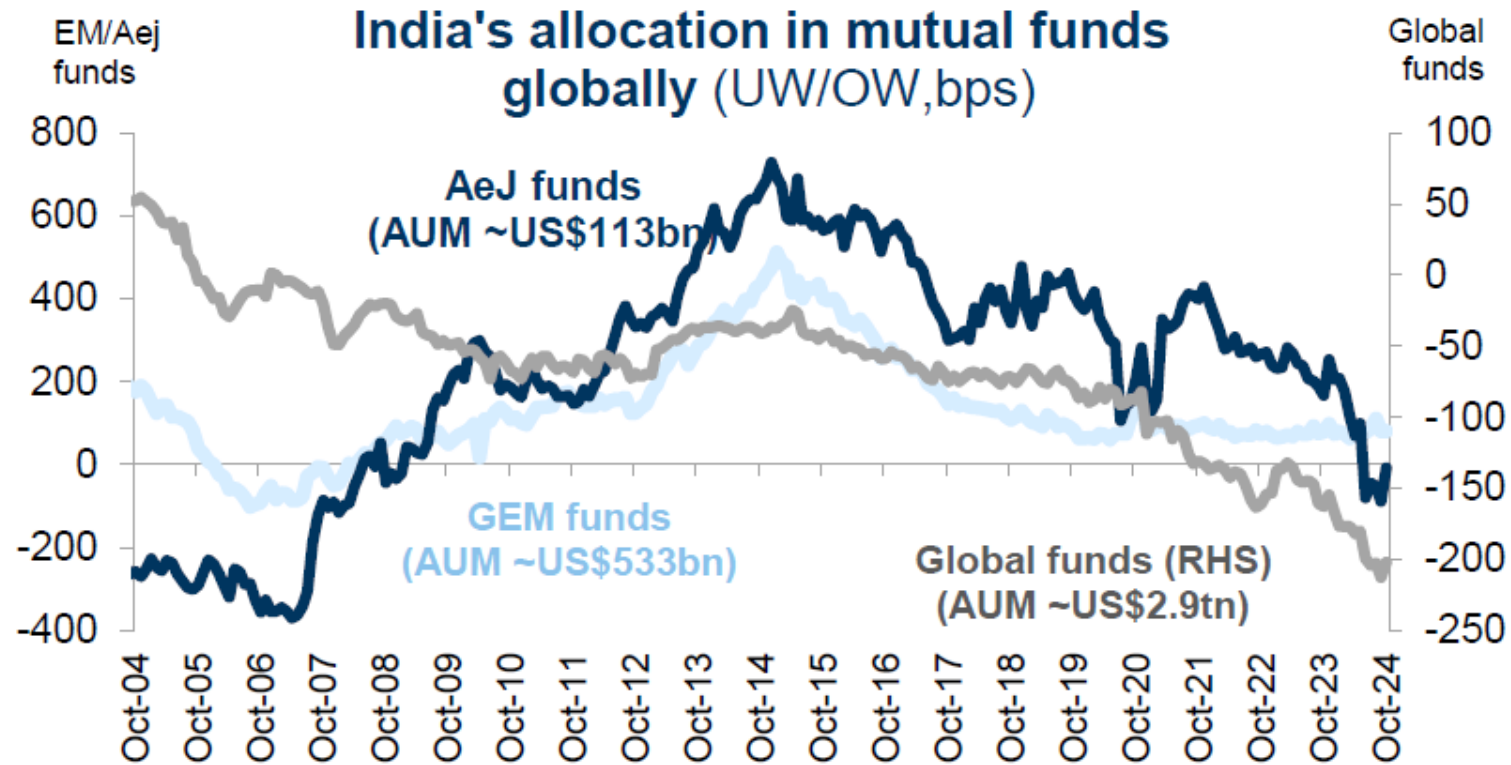
CAGR	10Y	15Y	20Y
US DINR Cross	-3.2%	-3.3%	-3.2%



# Domestic institutional & retail flows remain supportive, amid rapid financialization of household savings in India



# Mutual fund positioning in India remains conservative:



Overall mutual funds AUM = US\$3.6tn; Global funds include global & global ex-USA funds

# Are you late in investing into India? **No, not in our view.**

- Equity returns have matched strong economic performance over past two decades
- Focus on earnings, not just starting P/E - Starting valuations in CY 2023 was like today but markets up ~20%.
- India is likely to see the highest GDP growth in the next 2 years, vs. key global markets
- Capex + Real Estate cycle to drive earnings and upgrades
- Corporates have deleveraged (net debt to equity at 0.5x)
- Corporate profits to GDP ratio improving in recent years
- Foreign flows & positioning remain conservative, suggesting room to increase exposure in medium term
- Domestic flows remain supportive (financialization of household savings in India)

# India – one of the few countries demonstrating an increasing contribution to world economic growth

## 2018-2019

China 28.6%	India 8.5%			United States 14.3%		
	Indonesia 3.6%	Germany 2.2%	Brazil 1.6%	Spain 1.3%	Pakistan 1%	
All Other Economies Combined 22.4%		United Kingdom 1.9%	S.Korea 1.5%	Philippines 1.3%	Thailand 0.9%	
	Russia 2.7%	France 1.9%	Egypt 1.4%	Canada 1.2%	Mexico 0.7%	
			Japan 1.4%	Italy 1%	S.Arabia 0.6%	

## 2023-2024

China 23.4%	India 12.5%			United States 11.1%		
	Indonesia 3.5%	Turkey 2.1%	Brazil 1.7%	France 1.5%	United Kingdom 1.2%	
All Other Economies Combined 25.2%		Germany 1.9%	Mexico 1.6%	S.Korea 1.4%	Philippines 1.2%	
	Japan 2.4%	Russia 1.8%	S.Arabia 1.6%	Vietnam 1.3%	Thailand 1%	
			Bangladesh 1.6%	Egypt 1.2%	Malaysia 0.9%	

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