

# DSP INDIA EQUITY FUND

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.

# DSP

## INVESTMENT MANAGERS

### 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 30 September 2022	YTD 01-Jan-22	1-Year 30-Sep-21	3-Years 30-Sep-19	5-Years 29-Sep-17	8-Years 30-Sep-14	10-Years 28-Sep-12	Since Inception 14-Nov-06
DSP India Equity Fund	-8.81%	-10.00%	-	-	-	-	-
DSP Strategy	-	-	12.08%	6.11%	10.24%	11.94%	10.25%
Average India UCITS fund	-13.95%	-14.30%	8.40%	4.71%	6.05%	7.55%	6.08%
MSCI India USD	-9.74%	-9.94%	11.50%	7.97%	6.65%	7.26%	5.96%
20:80 Composite Index	-11.41%	-10.05%	17.63%	6.73%	8.95%	9.86%	6.62%

Source: Internal.

### KEY FUND

#### CHARACTERISTICS

Fund: DSP India Equity Fund

Fund Structure: UCITS ICAV (Sub Fund of DSP Global Funds ICAV)

Investment Manager: DSP Investment Managers Private Limited

Fund Manager: Vinit Sambre

Investment Area: India Equities

Total Firm Assets (DSP Investment Managers): ~\$16 bn as of 30 September 2022

Total Sub Fund Assets: ~\$10 mn as of 30 September 2022

Strategy AUM: ~US\$ 1,745 mn as of 30 September 2022

Share Class: Seed Class

Launch Date: 15 March 2021

Base currency: USD

Currency Classes: Available USD and EUR

Domicile: Ireland, Dealing Day (DD): Daily

Notice (Subscription Redemption): 9:30 pm (Irish time) on the relevant DD

Website: <https://www.dspindia.com/ucits>

Prospectus and KIID: [Link](#)

Settlement (Subscription): After 3 business days from DD

Settlement (Redemption): Within 5 business days from DD

Management Company: KBA Consulting Management Limited

Auditors and Tax Advisors: Grant Thornton

Legal Advisor to the ICAV as to Irish law: Zeidler Legal Services

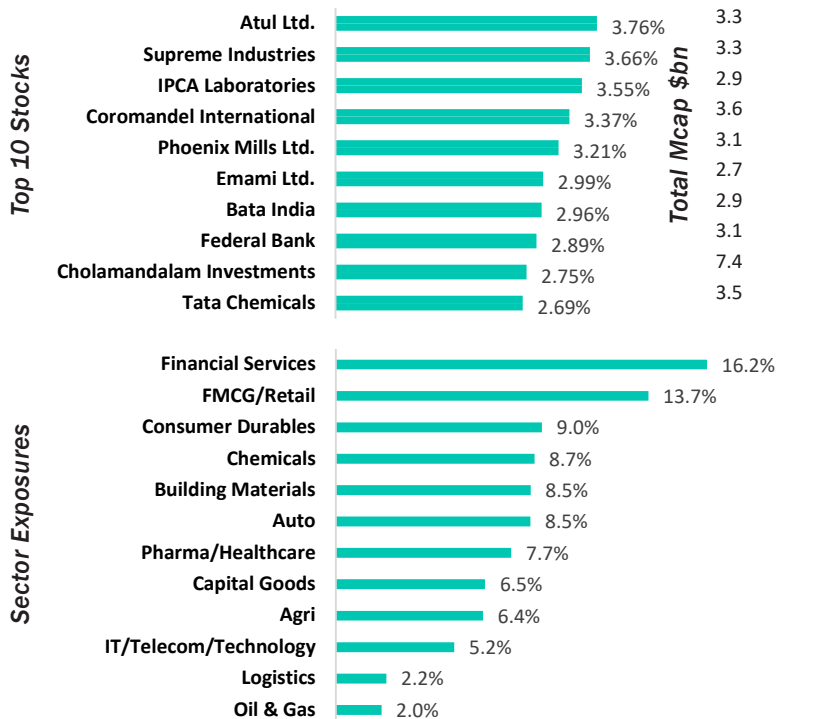
Global Distributor: DSP Global Services (Mauritius) Limited

Administrator: HSBC Securities Services (Ireland) DAC

ISIN: IE00BK0WZ337

Bloomberg Ticker: DSPIESU ID EQUITY

### PORTFOLIO CHARACTERISTICS



Portfolio Metrics**	FY22	FY23E	FY24E
EPS Growth	19%	13.4%	25.4%
P/BV	7.3	6.3	5.4
ROE	18%	18%	19%

Fund Construct	Details
Number of Stocks	53
Portfolio Turnover (last 12m)	30% (for DSP Strategy)
Cap-wise split (for DSP Strategy)	Small Cap – 67.64%, Mid Cap – 20.58%, Large Cap – 7.90%, Cash – 3.88%

\*\*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. Note: S.I. is Since Inception of DSP Strategy. The 'average India UCITS returns' refers to the average returns of all India focused UCITS equity funds listed on Bloomberg. The Custom 20:80 Composite Index, the benchmark for the ICAV is a customized 20% MSCI India Index and 80% MSCI India Small Cap 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 DSP STRATEGY HAS BEEN IMPLEMENTED SINCE 14 NOV 2006, AUM ~US\$ 1.7 BN, AS ON 30 SEPTEMBER 2022 THROUGH CERTAIN PRODUCTS MANAGED BY DSP INVESTMENT MANAGERS PVT. LTD., WHICH ARE NOT AVAILABLE FOR INVESTMENT IN ANY JURISDICTION EXCEPT FOR INDIA.

### FUND MANAGER COMMENTARY

In YTD 2022, DSP India Equity Fund (-8.81%) has outperformed average India focused UICs (-13.95%) by ~514bps, MSCI India Small cap index (-11.83%) by ~300bps and MSCI India index (-9.74) by ~100bps. MSCI India small cap index is now trading at 26x NTM/PE, down ~25% from its peak (~35x, mid-Jan 2022).

Last month we further increased our positions in i) CG Power, an engineering conglomerate providing power and industrial solutions ii) Chambal Fertilizers- a leading agrochemical manufacturing company, down ~16% intra-month, iii) AU Small Finance bank, a leading retail-focused bank catering mainly to the mid-market segment, iv) Jubilant Foodworks, owner of the Domino's Pizza franchise in India, down ~7% intra month, v) Phoenix Mills, India's largest retail shopping mall developer, down~7% intra month, vi) Persistent Systems, providing digital engineering solutions to global market leaders, down ~30% YTD. We exited Zensar Technologies and Vardhaman Textiles owing to lower risk rewards.

India has a very strong consumption-oriented economy. India's retail market has a huge scope for growth and is projected to grow by ~12% over the next decade. It is estimated that the India's retail industry will be worth ~USD 2 trillion by the year 2035. India's consumption growth is also coming on the back of rising per capita income. There are so many case studies of countries where a per capita income of ~USD 2,000 has led to a non-linear jump in discretionary spending. India as a country is now at an inflexion point now. In fact, the top 11 states in India have already crossed the average mark of ~USD 3,730. These states account for 1/3rd of the population and ~60% of GDP.

With India racing towards the next wave of retail growth, Phoenix mills (*one of our top picks representing ~3.2% of the strategy*) is poised to gain momentum and enjoy the wave of India's consumption growth.

What excites us about the company and how is it poised to grow further?

### STOCK SPOTLIGHT

#### Phoenix Mills

- The Phoenix Mills is a strong mall operator with marquee operating assets. It has nine shopping malls spread across over ~7msf and another six malls (~5msf) in an under-construction stage which is expected to be operational by FY23-26E. It has a strong presence in tier 1 cities and is now catering in tier II cities as well.
- Phoenix has achieved over ~15% consumption CAGR over FY13-20 and ~14% rental income CAGR over the same period. This has been achieved through a prudent tenant mix and across malls with a higher share of foods & beverages and entertainment (movie multiplexes) which has helped to boost consumption and rentals.
- The covid-19 did impact the consumer spending pattern because of the lockdown and limited access to shopping malls but the comeback has been extremely strong. In FY22, revenue grew by ~38% and EBITDA jumped by ~50% from the FY21 level.
- Phoenix's strength has been in mall management, churning out underperforming brands, store relocation and resizing which has differentiated it from other mall operators in India. They have attained a ~98% collection efficiency in FY22.
- Phoenix has also remained focused on its ESG initiatives as well. They have engaged in numerous activities to minimize environmental footprint across water conservations, energy efficiency and waste management fronts. They have also transitioned towards securing power from green sources (solar and wind energy) across the operational asset portfolio.

#### 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	1,00,000 USD	1,00,000 USD	None
Class A Unhedged	USD	Accumulation	August 2021	10 USD	1000 USD	1000 USD	None
Class A Unhedged	EUR	Accumulation	-	10 EUR	1000 EUR	1000 EUR	None
Founder Class**	USD	Accumulation	-	10 USD	1,00,000 USD	1,00,000 USD	None

\*The Seed Class is a founders share class and 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.

\*\*The Founders Class is a founders share class and 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.

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## MARKET UPDATE

We were in Singapore last week (not for the Singapore Grand Prix 2022) for client meetings. While the broad investor mood continues to remain sombre owing to the global uncertainties (and rightly so), we continued to see growing interest in India (while being mindful of the relative valuations) given the growth opportunities, stable macro-outlook and demand trends which remain strong. Investors acknowledged India's sharp outperformance compared to DM and EM not just on a calendar YTD or three-year basis but which is now reflected even in 30-year numbers. Discussions revolved around inflation, elevated oil prices and whether India can remain decoupled from a global slowdown. While we think that there are no major India-specific reasons of concern, we reckon India's valuations are expensive (more on a relative basis than absolute) and could see contraction on the back of emerging global risks. MSCI India USD has outperformed MSCI EM by ~18% and DM by ~16% in YTD22. For the month of Sep 22/YTD, MSCI India USD Index was ~-6.3%/-10.3% and MSCI India Small cap Index was ~-2.8%/-12.3%, while MSCI EM's performance was ~-11.9%/-28.9% and MSCI DM ~-9.5%/-26.4%.

**Valuations and Flows:** With the recent correction, MSCI India's 12-month forward PE is now at ~20.9 which is ~9% off the peak of ~22.9X. MSCI India now trades at 1SD above the long-term average and with a premium of ~3 SD above World and EM. India continues to look relatively dear when compared with its emerging peers and similar richness in valuations compared to its own long-term history as well (please see chart of the month). FII outflows YTD is now ~USD 23bn while domestic inflows (mutual funds and insurance flows) have remained extremely strong at ~USD 33bn. The monthly systematic flows into mutual funds have remained on an average ~USD 1.5bn which depicts a change in behavior of retailer investors of investing despite the market volatility and led by higher household savings.

**Aggressive Fed ties RBI's hands:** Compelled by the global monetary tightening cycle and in a bid to rein inflationary pressure, the Reserve Bank of India (RBI) announced another round of rate hike by 50 bps. This now takes the repo rate higher this year by 190bps to 5.9%. We believe the RBI MPC's rate decisions will now be driven by Fed hikes, to protect the INR and defuse 'imported' inflation risks. The Monetary Policy Committee (MPC) kept its stance unchanged and mentioned "to remain focused on the withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting the growth". The real GDP growth expectation now stands at 7% FY23 (from 7.2% earlier) compared to World GDP at ~2.5% and average EM peers at ~3.5%.

**On-the-ground update:** i) September- October are months of festivities including the celebration of Navratri and Diwali across India. This also boosts consumer spending across 2W/4W purchases and consumer durables, including computers/laptops, refrigerators, ACs. ii) Banking sector loan growth is trending at ~16%YoY, which is highest in the last 10 years (10 avg growth ~10%), iii) Public sector spending has seen a strong start to the year led by central government capex (ex-loan) spend, which is up 48% YTD, driven by three key ministries (Railways, Roadways, and Defence account for 86% of total spend), iv) the goods and service tax (GST) collection for Sep 22 stood at ~USD 18bn, up 28% YoY, higher economic activities resulted in the 7th straight monthly GST collection above ~USD 15bn which depicts a resilient domestic economy and positive momentum irrespective of a global slowdown.

**Chart of the Month: India's premium ~45-90% versus World-EM, based on 2Y forward P/E**

Market	EPS Growth			ROE		P/E			P/B		P/CF		Performance (\$)	
	NTMA	STMA	2Y Fwd CAGR	LTMA	NTMA	LTMA	NTMA	STMA	NTMA	NTMA	YTD	3Y		
India	17%	17%	17%	14.2%	14.9%	25.0x	21.5x	18.3x	3.2x	13.5x	-9%	40%		
Emerging Markets	0%	10%	5%	13.7%	13.1%	11.2x	10.4x	9.5x	1.4x	7.2x	-27%	-5%		
<i>India premium vs EM</i>						<i>123%</i>	<i>107%</i>	<i>94%</i>	<i>132%</i>	<i>88%</i>				
World	5%	7%	6%	16.3%	16.2%	14.8x	13.3x	12.4x	2.1x	9.7x	-25%	13%		
<i>India premium vs World</i>						<i>69%</i>	<i>62%</i>	<i>48%</i>	<i>48%</i>	<i>39%</i>				
MSCI China	12%	14%	13%	11.2%	11.6%	11.4x	9.6x	8.4x	1.1x	8.6x	-31%	-20%		
MSCI Korea	-6%	13%	3%	10.6%	9.2%	8.6x	8.5x	7.5x	0.8x	4.6x	-40%	-9%		
MSCI Taiwan	-2%	6%	2%	18.8%	17.1%	11.0x	10.2x	9.7x	1.7x	6.9x	-35%	37%		
MSCI Brazil	-10%	-4%	-7%	27.0%	22.1%	6.0x	6.5x	6.8x	1.4x	4.0x	12%	-14%		
MSCI South Africa	14%	7%	10%	16.7%	16.9%	9.4x	7.8x	7.3x	1.3x	6.0x	-18%	-7%		
MSCI Thailand	10%	13%	12%	10.5%	10.9%	18.7x	16.8x	14.9x	1.8x	8.9x	-9%	-21%		
MSCI Malaysia	9%	7%	8%	9.7%	10.2%	14.4x	12.8x	11.9x	1.3x	6.6x	-17%	-17%		
MSCI Indonesia	10%	6%	8%	16.4%	16.6%	15.6x	14.2x	13.4x	2.4x	na	8%	10%		
MSCI USA	8%	8%	8%	21.0%	20.8%	17.6x	15.4x	14.2x	3.2x	11.7x	-25%	26%		

Chart Source: Macquarie Research, Sources: Internal, Bloomberg, UBS Research FII - Foreign Institutional Investor, DII- Domestic Institutional Investor, FY - Financial Year, CY - Calendar Year; YoY is Year over Year, YTD- Year to date, EM- Emerging Markets, DM- Developed Markets, 2W/4W- Two/Four wheelers, NTMA; Net 12M moving average, STMA; Second 12M moving average, LTMA; Last 12M moving average

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### REGULATORY PERFORMANCE DEPICTION

Performance In Prescribed Regulatory Format	30/09/2021 to 30/09/2022	30/09/2020 to 30/09/2021	30/09/2019 to 30/09/2020	28/09/2018 to 30/09/2019	29/09/2017 to 28/09/2018
MSCI India Index	-9.94%	53.12%	0.54%	4.73%	1.09%
MSCI India Small Cap Index	-10.07%	78.99%	5.19%	-3.48%	-16.47%
DSP Strategy	-10.00%	49.03%	9.28%	10.28%	-13.36%

### 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 carries with it often 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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The Fund is domiciled in Ireland. The prospectus and KIIDs for the Fund are available at DSP Global Funds ICAV, 5, George's Dock, IFSC, Dublin 1, Ireland. The prospectus is available in English and the KIIDs are available in English and Swedish. Further, a summary of investors rights (in English language) is available on Link. The Fund has appointed KBA Consulting Management Limited as its Management Company. The Swiss representative is Carnegie Fund Services S.A., having its registered office at 11, rue du Général-Dufour, 1204 Geneva, Switzerland. The Swiss paying agent is Banque Cantonale de Genève, having its registered office at 17, quai de l'île, 1204 Geneva, Switzerland. The prospectus, KIIDs, instrument of incorporation and annual and semi-annual report can be obtained from the Swiss representative, with respect to the Fund's shares that are distributed in Switzerland. The distribution of this material in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this material in such jurisdictions are required to inform themselves about, and to observe any such restrictions.

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Notwithstanding the above, should an investor contact the fund manager, or any of its agents on its own exclusive initiative, with the intention to subscribe for shares in the Fund, the fund manager provide all necessary information about the Fund and consider such subscription request, it being understood, however, that no other information shall be provided outside of the scope of the investor's original request. Where doing so would result in the breach of any applicable law or regulation in a given jurisdiction, the is entitled to refuse to provide information in response to such a request. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of shares, and any foreign exchange restrictions that may be relevant thereto.

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**Disclaimer: Investments in funds are subject to risk Past performance is no guarantee of future returns The money invested in a fund can increase and decrease in value and there is no guarantee that you will get back the full amount invested**

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