

# 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

## ASSET 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 31 July 2023	YTD 30-Dec-22	1-Year 30-July-22	3-Years 30-July-20	5-Years 29-July-18	8-Years 30-July-15	10-Years 28-July-13	Since Inception 14-Nov-06
DSP India Equity Fund	14.22%	11.02%	-	-	-	-	-
DSP Strategy	-	-	17.37%	8.42%	9.18%	16.79%	10.55%
Average India UCITS fund	10.74%	8.79%	14.97%	5.86%	6.35%	10.26%	6.48%
MSCI India USD	8.25%	7.54%	16.60%	8.02%	7.62%	9.50%	6.28%
20:80 Composite Index	17.91%	18.15%	26.63%	9.61%	9.64%	14.74%	7.26%

Source: Internal.

### KEY FUND

#### CHARACTERISTICS

Fund: DSP India Equity Fund

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 (DSP Asset Managers): ~\$18.3 bn as of 31 July 2023

Total Sub Fund Assets: ~\$12 mn# as of 31 July 2023

Strategy AUM: ~US\$ 1,786 mn as of 31 July 2023

Share Class: Seed Class

Launch Date: 15 March 2021

Base currency: USD

Currency Classes: USD

Domicile: Ireland, Dealing Day (DD): Daily

Notice (Subscription Redemption): 10:00 am (Irish time) on the relevant DD

Website, Prospectus and KIID : <https://www.dspindia.com/ucits>

Settlement (Subscription): After 5 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

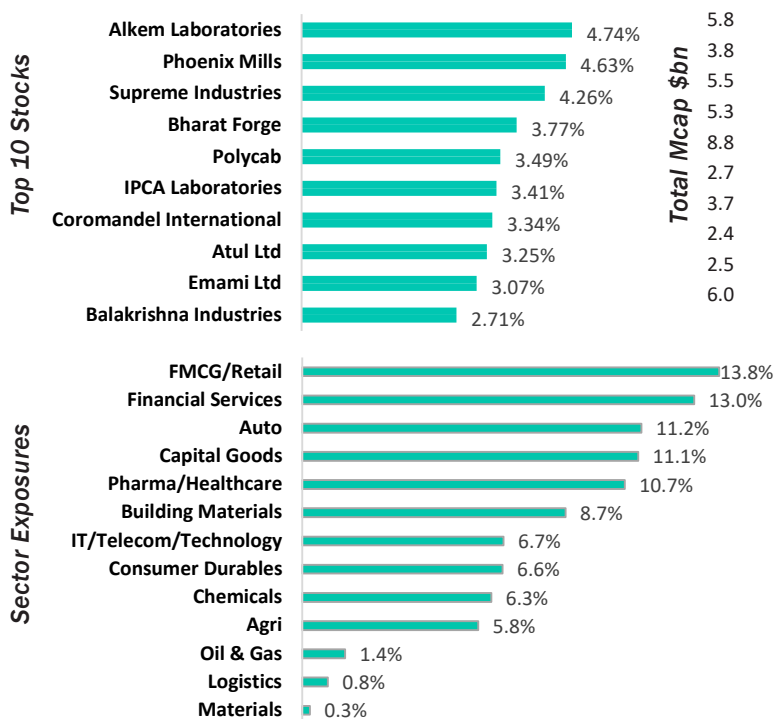
Global Distributor: DSP Global Services (Mauritius) Limited

Administrator: HSBC Securities Services (Ireland) DAC

ISIN: IE00BK0WZ337

Bloomberg Ticker: DSPIESU ID EQUITY

### PORTFOLIO CHARACTERISTICS



Portfolio Metrics**	FY23E	FY24E	FY25E
EPS Growth	6%	31.8%	23.2%
P/BV	7.0	6.0	5.2
P/E (x)	42.5	32.7	26.8
ROE	16%	18%	19%

Fund Construct	Details
Number of Stocks	54
Portfolio Turnover (last 12m)	21% (for DSP Strategy)
Cap-wise split (for DSP Strategy)	Small Cap – 64.01%, Mid Cap – 26.37%, Large Cap – 6.09%, Cash – 3.54%

\*\*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. # Please note that investment managers are awaiting approval from home regulator for the re-introduction of the seed capital of USD 3M (expected in the next few days) which will be added to the existing AUM of the Fund.

\*THE DSP STRATEGY HAS BEEN IMPLEMENTED SINCE 14 NOV 2006, AUM ~US\$ 1.8 BN, AS ON 31 JULY 2023 THROUGH CERTAIN PRODUCTS MANAGED BY DSP ASSET MANAGERS PVT. LTD., WHICH ARE NOT AVAILABLE FOR INVESTMENT IN ANY JURISDICTION EXCEPT FOR INDIA.

### FUND MANAGER COMMENTARY

In YTD 2023, the DSP India Equity Fund (+14.22%) outperformed the average India dedicated fund (+10.74%) by ~350bps and outperformed the MSCI India index USD (+8.25%) by ~600bps. We remain completely bottom-up in our approach and our portfolio positions have stacked up well in the recent quarters.

Last month we added two new positions i) Schaeffler, a leading manufacturer of roller bearings in India ii) Westlife Foodworks, in Indian fast food restaurants of the McDonald's franchise. We have exited Eicher Motors owing to growth concerns and increasing competition in the segment.

#### Attribution summary for the month of July 2023:

Contributors		Detractors	
Sectors	Active weight	Sectors	Active weight
Industrials	-4.16	Consumer Discretionary	7.28
Health Care	1.06	Financials	-6.31
Consumer Staples	0.58	Communication Services	-2.91
Stocks	Active weight	Stocks	Active weight
Polycab India Ltd.	3.66	Atul Limited	2.85
Alembic Pharmaceuticals Limited	2.08	Jubilant Foodworks Limited	2.18
Alkem Laboratories Ltd.	4.37	J.K. Cement Ltd.	2.08

### Sectoral Preview

- **Industrials:** Capex cycle firmly in place and reflecting in order inflows. With a stable fiscal position, capex spending could continue in CY23, and private capex too is expected to accelerate.
- **Cement:** Demand driver well in place with an increased focus on infrastructure by the government. Key state elections in CY23 and general elections in CY24 have kept the spending from govt on top. Real estate demand has remained strong so far depicting a strong demand environment.
- **Consumer Discretionary:** With pricing-led growth now behind, volume growth will be key to watch out. Earnings growth expectations are now ~18% for FY23-25.
- **Consumer Staples:** Consumer companies are experiencing improved margin profiles with expanding GMs, ramping up ad spends, and urban outperforming rural markets. Recovery in rural demand is expected in FY24.
- **Financials:** Strong asset quality and earnings visibility based on current NIM trends. There remains margin of safety in valuation (1yr Fwd P/B 2.9x now vs. 2.9x/4.1x average/max)
- **Healthcare:** Earnings downgrade cycle now ending with better trends in the US market. Domestic demand has remained stable and supporting Indian business.
- **Agro-chemical:** Margins in the crop protection industry are expected to face pressure amid declining prices of generic agrochemicals. We expect weak results from the crop protection industry due to a challenging environment involving a channel inventory overhang, declining prices of generic products amid severe price competition from China.

#### 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	1000 USD	1000 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.

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### MARKET UPDATE

#### "The Theory of Indian Consumption: A Tale of Extremes: "

The aftermath of the pandemic has cast a shadow over the rural economy in India, struggling to ascend from its pandemic-induced lows. On the flip side, the urban economy has displayed a notable recovery, with India's COVID-19 trade reopening being heralded as one of the world's most successful. Despite nearly two years have elapsed since the pandemic's onset, the demand landscape in rural regions continues to lag behind the norm.

Remarkably, the rural sector, encompassing ~70% of the nation's population, contributes roughly ~50% to the GDP. While reasons for sluggish demand have shifted from one quarter to the next, the central discussion in India's business circles now revolves around the key choice facing the rural economy: Should it prioritize the consumption of essential Staples or indulgent Discretionary products? With a normal monsoon projected this year and a favourable harvest season anticipated, hopes are high that the income levels of the rural economy will regain stability.

India is not an outlier in the trend of heightened consumer demand for premium and luxury categories. Recent survey reports indicate that the Indian luxury market is on track to expand approximately 3.5 times, reaching a staggering ~ USD 200Bn by ~2030. This growth is propelled by the burgeoning entrepreneurship landscape and the ascent of millionaires within the nation. Data underscores the extraordinary growth of the ultra-rich community, which has multiplied by a factor of 11 over the past decade, positioning India as the third-largest nation in terms of billionaire population, trailing only the US and China. In the post-pandemic era, consumption patterns among elite consumers remain robust, particularly in domains like luxury real estate, automobiles, vacations, gourmet dining, and premium food experiences.

**Earnings Flow and Valuations:** In 1QFY24, ~77 out of the total MSCI India companies, accounting for ~78% of the index's market capitalization, have disclosed their financial results. During the period profits have surged by ~56% compared to the same period last year. Among these companies, 4% have outperformed consensus estimates, 19% have reported results in line with expectations, and 37% have fallen short. On average, there have been positive earnings per share (EPS) surprise of ~ 6%. Within this landscape, the sectors that have experienced the highest number of earnings surpassing expectations are Energy and Healthcare. Conversely, the Real Estate and Information Technology (Infotech) sectors have encountered the highest proportion of earnings falling below expectations.

Focusing on the theme of Margin and Cost, it's noteworthy that corporate sentiment is currently at its highest point in the last two years. This assessment is based on the language used in corporate guidance concerning keywords like 'margin,' 'costs,' 'inflation,' and 'commodities.' This positive shift in sentiment is not limited to a specific sector; rather, it's evident across a wide range of sectors. Among these, the Consumer Discretionary sector has exhibited the most substantial improvement in sentiment on a quarter-over-quarter (QoQ) basis.

In YTD23, MSCI India Index returned ~7.5% vs MSCI EM ~9.5% and MSCI DM ~17.7%. FIIs have bought \$19.6bn since March and US\$15bn YTD. DIIs have net bought US\$10bn YTD. Consumer Disc, Financials & Staples have seen the most inflow from Foreigners and conversely, the biggest outflow has been in Energy and Infotech. MSCI India (~19.2x, 2YF) is now trading at ~1SD above MSCI EM and DM while in line with its long-term average.

**Chart of the Month: MSCI India has seen an overall ~1% upgrade so far in Q1FY24. Signs of rural recovery across range of indicators, rural exposed companies expected to perform well in 2H.**

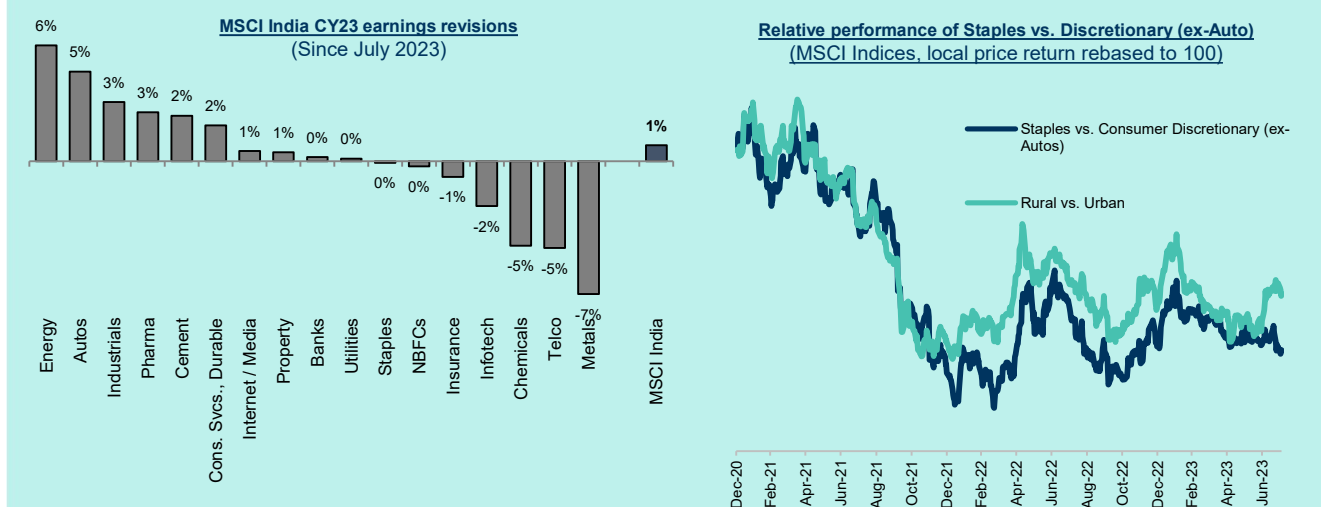


Chart Source: Goldman Sachs Research, Info Sources: Internal, Bloomberg, UBS Research, Goldman Sachs, FII - Foreign Institutional Investor, DII- Domestic Institutional Investor, FY - Financial Year, CY - Calendar Year; YoY is Year over Year, YTD- Year to date, EM- Emerging Markets, DM- Developed Markets, 2YF- Two Year Forward.

## REGULATORY PERFORMANCE DEPICTION

Performance In Prescribed Regulatory Format	29/Jul/2022 to 31/Jul/2023	30/Jul/2021 to 29/Jul/2022	31/Jul/2020 to 30/Jul/2021	31/Jul/2019 to 31/Jul/2020	31/Jul/2018 to 31/Jul/2019
MSCI India Index	7.54%	3.19%	42.87%	(3.39%)	(3.95%)
MSCI India Small Cap Index	20.88%	(5.71%)	88.96%	(8.12%)	(18.55%)
DSP Strategy	11.02%	(9.47%)	57.26%	1.97%	(9.10%)

## 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

In this material DSP Global Funds ICAV (the "Fund") has used information that is publicly available, including information developed in-house. Information gathered and used in this material is believed to be from reliable sources. The Fund however does not warrant the completeness of any information. The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/recommendation. We have included statements opinions recommendations in this document, which contain words, or phrases such as "will", "expect", "should", "believe" and similar expressions or variations of such expressions that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on the Fund and its investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, etc. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). All figures and other data given in this document are as on July 31 2023 (unless otherwise specified) and the same may or may not be relevant in the future and the same should not be considered as a solicitation/recommendation/guarantee of future investments by the Fund or its affiliates.

The Fund is domiciled in Ireland. The prospectus and KIDs 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 KIDs 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, KIDs, 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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**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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