

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 31 January 2023	YTD	1-Year	3-Years	5-Years	8-Years	10-Years	Since Inception
	31-Dec-2022	31-Jan-2022	31-Jan-20	31-Jan-18	30-Jan-15	31-Jan-13	14-Nov-06
DSP India Equity Fund	0.19%	-11.10%	-	-	-	-	-
DSP Strategy	-	-	7.11%	3.16%	7.59%	11.09%	9.83%
Average India UCITS fund	-0.73%	-12.23%	6.49%	2.16%	4.60%	7.00%	5.99%
MSCI India USD	-2.99%	-9.47%	9.49%	4.65%	5.58%	6.58%	5.76%
20:80 Composite Index	-0.99%	-11.57%	13.17%	2.93%	7.13%	9.16%	6.35%

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 31 January 2023

Total Sub Fund Assets: ~\$10 mn as of 31 January 2023

Strategy AUM: ~US\$ 1,660 mn as of 31 January 2023

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

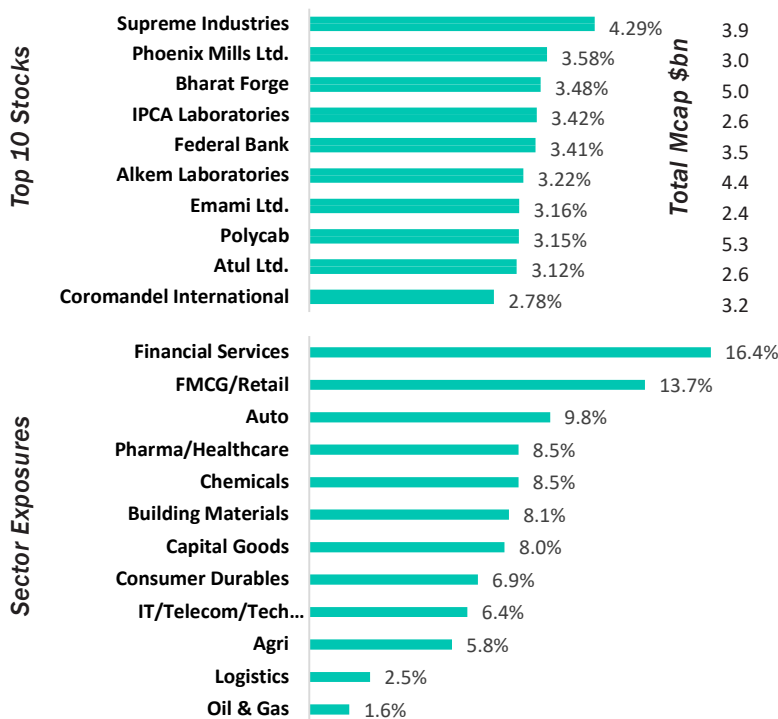
Global Distributor: DSP Global Services (Mauritius) Limited

Administrator: HSBC Securities Services (Ireland) DAC

ISIN: IE00BK0WZ337

Bloomberg Ticker: DSPIESU ID EQUITY

PORTFOLIO CHARACTERISTICS



Portfolio Metrics**	FY22	FY23E	FY24E
EPS Growth	20%	11.5%	25.6%
P/BV	6.4	5.5	4.7
ROE	17%	17%	18%

Fund Construct	Details
Number of Stocks	53
Portfolio Turnover (last 12m)	29% (for DSP Strategy)
Cap-wise split (for DSP Strategy)	Small Cap – 67.56%, Mid Cap – 22.22%, Large Cap – 6.09%, Cash – 4.14%

**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 31 JANUARY 2023 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 Jan 2023, the DSP India Equity Fund (0.19%) outperformed average India focused strategies (-0.73%) by ~100bps. When compared to the MSCI India index USD (-2.99%) the fund has outperformed by ~300bps and MSCI Smallcap Index (-0.49%) by ~70bps. We remain completely bottom-up in our approach and our portfolio positions has stacked up well in the recent quarters.

Last month we have added Bharat Electronics, a leading defense electronics equipment manufacturer. Further, we have increased our positions in i) Can Fin Homes, a Pan India-based financial institution mainly focusing on affordable housing loans/mortgages ii) Cholamandalam Investments, a leading vehicle financing company, iii) Jubilant Ingrevia, a leading manufacturer of life science products and iv) JK Cement, one of India's white cement producer.

Attribution summary for Jan 2023:

Sector	<i>Contributors:</i> Materials (o/w 4%), Healthcare (u/w 0.55%), IT (u/w 3%)
	<i>Detractors:</i> Consumer Disc (o/w 7.4%), Industrials (u/w 3.8%), Real estate (o/w 1.4%)
Stock	<i>Top performers:</i> Polycab (o/w 2.3%), Max Financials (o/w 1.2%), Supreme Industries (o/w 3.55%)
	<i>Bottom performers:</i> Atul Ltd (o/w 2.8%), Container corporation (o/w 2.4%), Dixon Technologies (o/w 0.4%)

Budget Sectoral Spotlight

- **Industrials:** Capex spending is up ~22% in FY24 at ~USD16 from FY23. The main driver of capex is in railways, water and roads. Defence sector capex to grow by ~10% in FY24 with the aim of import substitution. The water sector witnesses a strong growth of ~28% to ~USD 8.5bn, mainly driven by Jal Jeevan Mission (water for life). This also acts as a positive catalyst for plastic pipe manufacturers like Supreme Industries (one of our top picks)
- **Consumer Durables:** The recent relaxation in the personal income tax norms is likely to increase the disposable income of consumers and hence a positive momentum for the consumer durable sector. There recent demand environment has remained sluggish and hence this comes as a boost for the future demand environment.
- **Agri Inputs:** The fertilizer subsidy allocation remains a focal point for the govt. Introduction of the “agriculture accelerator fund” to encourage start-ups by entrepreneurs. The fund will aim to bring innovative and affordable solutions for farmers and the agriculture sector. We have remained optimistic about the sector with Coromandel International as one of the top holdings in the strategy.
- **Chemicals:** Emphasis on battery energy storage systems with a capacity of 4,000 MWH. BCD exemption has been extended on imports of silica inputs by two years and on lithium-ion cells. Basic Customer Duty (BCD) on the import of denatured ethyl alcohol used for industrial chemicals has been reduced from 5% to NIL. The chemical sector has remained one of our top sector exposure and is expected to perform positively with recent support from the budget.
- **Banks:** Further allocation of ~USD 1bn to credit guarantee schemes to support lending to medium and small-scale enterprises. Govt. focus on MSME segment is again highlighted by this allocation.
- Govt. focus on **domestic manufacturing** remains at topmost priority and in line with govt. Make in India initiatives.

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

It has been a busy start to 2023 both globally and in India. A sharp uptick in US markets, strong re-opening in China gaining steam and Emerging markets back in focus after a huge underperformance in 2022. The recent news flows have also resulted in increased volatility for Indian markets.

India's relative valuation in a correction phase: MSCI India is now trading at ~18x 2Y forward PE versus EM at ~11x and World at ~14x. MSCI India's premium to World and EM which was trading at 3SD, has now corrected to ~1SD level. This comes on the back of India's relative underperformance to EM and China in the last one month. In Jan 2023, MSCI India USD was down -3.1% while MSCI EM was up ~7.9% and MSCI DM at 7%. The major contributor to MSCI EM has been MSCI China (~+11.7%). India which outperformed MSCI EM and DM in 2022 by an average of ~12.5% is now under pressure on the rotation of flows from India to other Emerging markets.

The central government presented the Union Budget for the Fiscal Year 2023-24 earlier this month which ticks all the essential macro-prudential boxes in our view. This was a balanced (and realistic) budget with a clear focus on fiscal consolidation, capital expenditure for infrastructure development and growth in general.

With India running one of the highest public debt-to-GDP ratios among emerging markets globally, it was expected that there will be firm adherence to the fiscal consolidation path. The fiscal deficit is budgeted for 5.9% of GDP in FY24 down from 6.4% of GDP in FY23, in line with expectations. The long-term target is to bring the fiscal deficit down to 4.5% of GDP by FY26. There was a decadal high allocation of 29% to capital expenditure. Incremental capex growth was driven by Roads (~25% YoY), Railways (+15% YoY) and Water (+28% YoY). The budget further allocated a ~30% higher allocation to state govt capex as well.

Here are a few highlights from the budget:

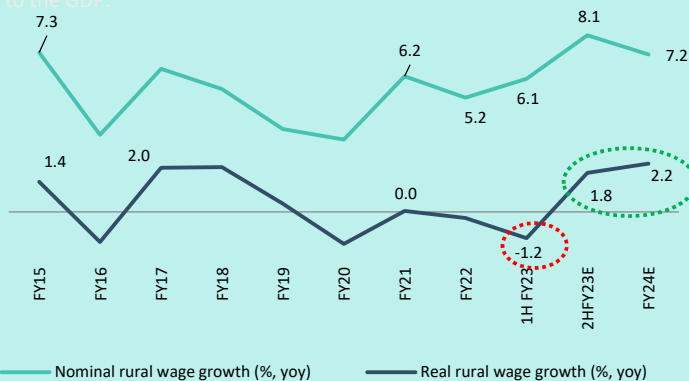
- Energy transmission:** The budget provided ~USD 5bn for priority capital investments toward energy transition, net zero objectives and energy security by the Ministry of Petroleum & Natural Gas.
- Make AI in India and Make AI work for India:** Three centers of excellence for artificial intelligence will be set up in top educational institutions. Leading industry firms will partner in conducting interdisciplinary research and develop cutting-edge applications and scalable problem solutions in agriculture, health, and sustainable cities.
- GOBARDHAN Scheme:** The scheme is established with the objective to promote a circular economy from energy aspects wherein the amount invested is ~USD 1.5bn. Meanwhile, a 5% compressed biogas mandate will be introduced for marketing natural and biogas (clean and green energy initiative)
- Indigenization of goods:** Custom duty has been raised on electronic goods by (~10%) to promote domestic manufacturing.
- Outlay of ~USD 2.5bn under green hydrogen mission to help energy transition and production of 5MMT by 2030.

4QCY22 Earnings season underway: Halfway into the earnings season, 52% of MSCI India Index (40 out of 113 stocks) have reported so far. Out of the 40 stocks that have reported, 31% beat while 51% missed street estimates. Profits grew 15% YoY so far, led by financials. The key monitorable for Indian companies will be sales volume growth from here on. Any contraction in volume growth expectation will lead to earnings downgrades as the growth shock factor is now on the cards.

Rural economy in focus: The rural market has faced difficulties in demand over the past year. Despite this, management remains optimistic about a rebound in the near future, given a normal monsoon season, favourable harvest, rising real wages in rural areas, and increased minimum support prices (*please see chart of the month*). Currently, the rural economy is struggling with the decision between buying staples and discretionary. However, an improvement in cash flow from the sale of Kharif crops suggests a slow but steady improvement in the rural economy.

Chart of the Month: Rural economy showing early signs of recovery^{inflation}.

This may further boost consumption across the rural segment. Rural economy consisting of ~70% of the country's population contributes ~30% to the GDP.



Real Rural wages to turn positive on higher nominal rural wage and falling inflation.

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Chart Source: Spark Research, 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, EPS- Earnings per share, MMT- Million metric tonnes

REGULATORY PERFORMANCE DEPICTION

Performance In Prescribed Regulatory Format	31/01/2022 to 30/01/2023	29/01/2021 to 31/01/2022	31/01/2020 to 29/01/2021	31/01/2019 to 31/01/2020	31/01/2018 to 31/01/2019
MSCI India Index	-9.47%	27.48%	13.76%	8.82%	-12.12%
MSCI India Small Cap Index	-12.09%	46.71%	15.21%	7.79%	-29.36%
DSP Strategy	-11.10%	25.61%	13.77%	20.07%	-20.81%

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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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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