29 Apr 2022

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

USD CAGR Performance as on 29 Apr 2022	1-Year *29-Apr-21*	3-Years *30-Apr-19*	5-Years *28-Apr-17*	8-Years *31-Mar-14*	10-Years *31-Mar-12*	Since Inception *14-Nov-06*
DSP Strategy	8.06%	13.26%	7.03%	15.26%	13.02%	10.98%
Average India UCITS fund	8.69%	9.85%	6.66%	9.80%	8.88%	6.88%
MSCI India USD	16.98%	12.01%	10.27%	9.70%	8.64%	6.74%
20:80 Composite Index	19.69%	16.03%	8.59%	13.39%	10.71%	7.29%

Source: Internal. Please refer footnote for the disclaimers.

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

Investment Area: India Equities

Total Firm Assets (DSP Investment Managers): $16.6 bn as of 29 Apr 2022

Total Sub Fund Assets: ~$9.21 mn as of 09 May 2022*

Strategy AUM: ~US$ 1,812 mn as of 29 Apr 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

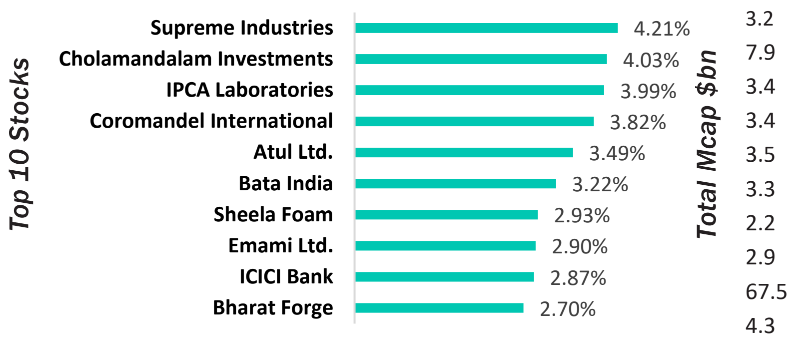
Global Distributor: DSP Global Services (Mauritius) Limited

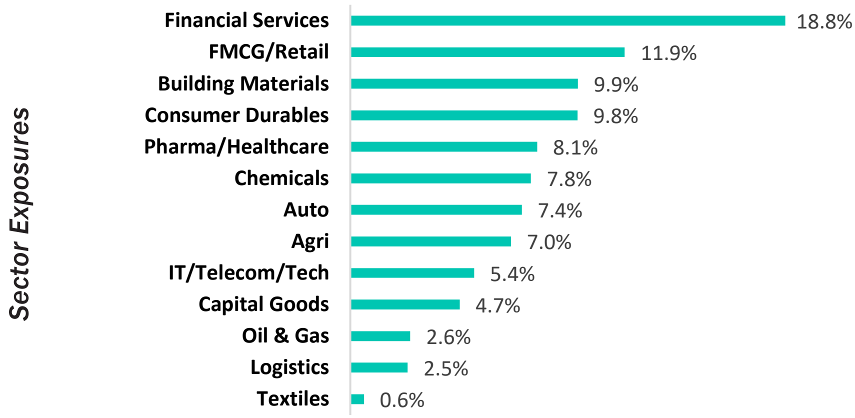
Administrator: HSBC Securities Services (Ireland) DAC

ISIN: IE00BK0WZ337

Bloomberg Ticker: DSPIESU ID EQUITY

PORTFOLIO CHARACTERISTICS





Portfolio Metrics**	FY21	FY22E	FY23E
EPS Growth	15.4%	18.0%	22.4%
P/BV	8.4	6.9	5.9
ROE	18%	17%	19%

Fund Construct	Details
Number of Stocks	54
Portfolio Turnover (last 12m)	31% *(for DSP Strategy)*
Cap-wise split *(for DSP Strategy)*	Small Cap – 73.9%, Mid Cap – 18.5%, Large Cap – 4.8%, Cash – 2.8%

*The Investment Manager (IM) has reinvested US$ 3 MM in the fund on 06 May 2022 (post regulatory approval) which was redeemed on 04 April 2022 in order to technically comply with the Indian Foreign Portfolio Managers Regulations applicable for the financial year 2021-22

**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 whereas the return/performance shown for the DSP Strategy is not subject to such tax.

^THE DSP STRATEGY HAS BEEN IMPLEMENTED SINCE 14 NOV 2006, AUM ~US$ 1.8 BN, AS ON 29 APR 2022 THROUGH CERTAIN PRODUCTS MANAGED BY DSP INVESTMENT MANAGERS PVT. LTD., WHICH ARE NOT AVAILABLE FOR INVESTMENT IN ANY JURISDICTION EXCEPT FOR INDIA.

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DSP INVESTMENT MANAGERS

FUND MANAGER COMMENTARY

In Apr 2022, DSP Strategy is down -0.62% vs. average India focused UICTs -2.78%, benchmark -0.64% and MSCI India index -1.67%. After the recent correction MSCI India small cap is now trading at 29.57x NTM/PE which is down ~15% from its peak (mid Jan-2022).

Q4 results season is underway and how some of our top picks have performed: 1) Supreme Industries: The company reported a healthy revenue growth of ~25% YoY and ~16% YoY volume growth. Considering the optimistic business prospects, Supreme completed ~USD 55m capital expenditure during the year for ramping up capacity as the management expects strong demand driven by housing, agriculture and govt's Jal Jeevan (*Water for life*) mission. It also continues to maintain its leadership position in the premium plastic furniture segment with ~35% market share.
2) Coromandel International: It reported a ~48% YoY growth in revenue and a ~46% YoY jump in EBITDA. The govt. has also announced higher fertilizer subsidy to compensate for higher cost which in turn helps Coromandel to protect its margins. With the expectation of a normal monsoon, the company expects the domestic demand to remain strong.
3) ICICI Bank: The bank reported an excellent ~18% YoY loan growth (vs. industry average loan growth at ~6%), led by 20% in retail and 30% in SME. The bank also achieved an all-time high NIM of ~4%. Further, it posted ~60% YoY earnings growth led by ~20% YoY operating profit growth and ~60% YoY decline in provisions.

We also further increased our positions in i) Coforge – an Indian multinational information technology with highest revenue per client (~USD 1.7m in Q3FY22, versus typical rates of ~USD 1.2m), lowest client concentration (top 10 clients only account for ~36% of revenue) with a strong order book. The stock now has corrected ~10% intra month. ii) Timken India which manufactures bearings and mechanical power transmission products that help global industries, down ~11% during the month iii) Emami Ltd. which is a multinational conglomerate into manufacturing of niche personal and healthcare segment iv) Eclerx services – which is an India IT consulting and outsourcing multinational company providing solutions to fortune 500 companies, down ~10% last month.

As we have mentioned earlier, our sectors weights are purely an outcome of bottom-up stock selection. Financials remains our current top pick by sector weight. Economic activities has picked up sharply across the country and demand growth is expected at higher than pre covid level . As asset quality has shown signs of improvement, credit growth is expected to rise. Private banks are growing much faster than the overall market and higher credit growth are observed in retail and SME segment. Within this sector, we own not just some high-quality banks, but also leading insurance companies, a gold financier, and NBFCs (non-banking financial companies). In the 'Stock Spotlight' section below, this month we have highlighted for you one of the banks we own, viz. ICICI Bank, and why it really excites us.

STOCK SPOTLIGHT

ICICI Bank

- ICICI Bank is the 2nd largest private sector bank (in terms of advances) in India with pan-India presence and in operation now for nearly 3 decades.
- The bank's loan book is growing at ~18% YoY (vs. industry average of ~6%) which depicts the strong footprint of the bank in retail loans, business loans/SME and ample presence in the wholesale segment. .
- It has a loan book CAGR of ~13% and has a track record of delivering a strong PPOP growth of ~14% and earnings growth of ~14% over the last 10 year. For the last quarter, profit was up ~60% YoY mainly due to lower credit cost (at ~3.7%, lowest in the industry).
- The bank is working with more than 130 FinTechs. Over the past two years, it has invested in approximately 15 start-ups, which has created a win-win partnership for the bank. Strong deposit franchise enables the bank to offer competitive lending rates to select customers. It has the top quartile liability franchise with ~49% CASA ratio (vs. industry ~40%).
- The Bank is committed to conducting its business responsibly and promote sustainable environmental practices. It was awarded IGBC Green Champion award for highest number of Green Bank branches in 2021. The bank also undertook CSR initiative to support the healthcare sector with critical care equipment as part of Covid-19 relief efforts.
- The long-term superior track record and our on-ground research and channel checks gives us confidence that the bank is aiming for the 1st pole position in the category. We increased our position in the stock by ~25% in the last 6 months.

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 London for investor meetings this past month. It was our first post-Covid trip, and we felt investor interest in India was palpably higher than in prior travels, probably given the lack of (m)any large-scale structural alternatives. Some common discussion points were inflation, high oil prices and whether value/growth dynamics are at play in the Indian markets as well. On this latter point, here is an interesting *Chart of the Month* for you, showing how the last 1 year of returns in India have been driven by a) momentum (up 35%) and b) the resurgence of value (up 32%). The quality factor has underperformed materially, up only 17%. For the month of Apr 22/YTD, MSCI India USD Index returned ~-1.7%/-3.7%, MSCI India Smallcap Index returned ~0.4%/-7.0%, while other emerging markets dragged down MSCI EM's performance to ~-6%/-13%.

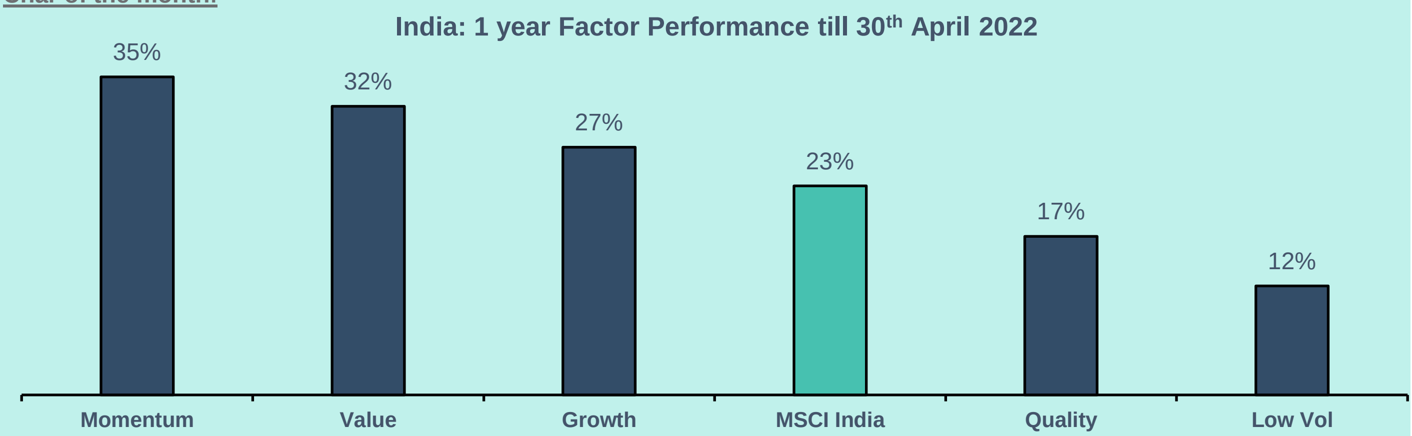
Earnings and valuations: Will rising commodity prices hit Nifty 50 earnings? This remains the most debated question, but we think the commodity price spike may not be a big risk to Nifty EPS estimates. While commodity-impacted sectors have an 18% weight in the free-float market cap of the Nifty, their share of the Nifty's FY22 EPS is a much smaller 12%. In comparison, earnings from commodity producers are a much bigger 22% of the Nifty's EPS despite having only a 9% market cap weight. The remaining 73% by weight in the index (such as financials, IT, pharma etc.) are commodity-impact neutral. Contrary to popular perception, the Nifty's EPS has a small positive sensitivity to commodity prices. Thus, India may continue to remain a leading earnings growth market. On the flip side is valuation. The Nifty 12-month forward PE at ~19.2 is ~16% off the peak (22.9X) and is ~1SD above the long-term average. Relative to EMs, India is at ~85% premium (1Y forward), which is above the 5Y average of 50%. This is at the index level of course, while stock specific opportunities do exist.

Flows: Here is an eye opener. Over the last 1 year, FIIs have sold ~USD 19bn, while the Nifty 50 is *up* ~17%. Someone conversant with Indian markets from a decade ago would react in disbelief, likely unaware that DIIs bought USD 28bn in the same period, balancing any downward market bias. Systematic mutual fund inflows for instance have remained extremely strong at a monthly average of ~USD 1.5bn over the last ~7-8 months.

Result update Q4FY22: About 36% of MSCI India's market cap (25 out of 107 companies) have reported earnings so far. Profits are up 23% yoy / 9% qoq, led by financials, excluding which profits are up 5% yoy / 6% qoq. The results have been a bit of a mixed bag as the bigger companies have taken price hikes while smaller ones have seen margin pressures. Key-words in management commentaries have been, 'inflationary pressures', 'price hikes', the occasional 'demand is coming back', and 'deleveraged balance sheet'. To add some more flavor of the earnings season: A top private sector bank reported an excellent ~18% yoy loan growth (vs. industry average loan growth at ~6%), led by 20% in retail and 30% in SME. The bank also achieved an all-time high NIM of ~4%. Further, it posted ~60% yoy earnings growth led by ~20% yoy operating profit growth and ~60% yoy decline in provisions. Separately, higher raw material prices (up ~25% yoy) impacted the margins for one of the largest consumer staples companies. But the company continued to gain market share in ~75% of its product portfolio. It's management also commented that demand in rural India has been low but is now expected to pick up. One of the midcap IT companies reported ~30% yoy growth and is gunning for industry-leading growth (of ~35%) in FY2023E. The higher growth is backed by strong client mining capabilities (90% of revenue comes from 100 focused accounts) and an aggressive deal pipeline. The stock is down ~30% CYTD, but still remains in expensive territory (trading at 30X FY2024E earnings).

On the ground update: Covid is now largely behind us and there is no sign of the 4th wave so far (touch wood!). Strong activities around construction, manufacturing and transportation are being witnessed across the country. Recovery in demand and business pickup led to an all-time high GST collection of ~USD22bn for the month. Hiring in the organized corporate sector continues to remain strong as suggested by the Naukri JobSpeak index, which grew ~16% yoy. A sharp uptick in farm income led by high food prices (up ~7.5% yoy) has also been witnessed which in turn can boost domestic auto (2W), FMCG, agrochemicals, cement and rural financers. These sectors had a tough last 12 months amid sluggish rural demand, which is likely set for a turnaround.

Char of the month:



Note: All above indices are equal weighted.

A quick recap on factors: 1) Momentum: Tendency of winning stocks to continue to perform well; 2) Value: Undervalued stocks tend to generate better returns than the expensive stocks on a risk adjusted basis 3) Growth: Composite growth index is an equal weighted blend of long-term growth, 3-year expected growth and sustainable growth. 4) Quality: High quality stocks with stable earnings, strong balance sheets and higher margins to outperform low-quality stocks over long term horizon. 5) Low Vol: Low volatility stocks are expected to have higher returns over the long–term than higher vol stock

Chart source; Bernstein Research. Sources: Internal, Bloomberg, Elara, Kotak, GS, UBS, FII - Foreign Institutional Investor, DII- Domestic Institutional Investor, FY - Financial Year, CY – Calendar Year; YoY is Year over Year, YTD- Year to date, QoQ- Quarter on quarter EM- Emerging Markets, GST- Goods and service tax, SME- Small and medium enterprises.

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REGULATORY PERFORMANCE DEPICTION

Performance In Prescribed Regulatory Format	30/04/2021 to 29/04/2022	30/04/2020 to 30/04/2021	30/04/2019 to 30/04/2020	30/04/2018 to 30/04/2019	28/04/2017 to 30/04/2018
MSCI India Index	16.98%	50.44%	-20.15%	3.11%	12.60%
MSCI India Small Cap Index	20.36%	90.30%	-30.01%	-19.07%	14.18%
DSP Strategy	8.06%	55.44%	-13.49%	-11.42%	9.15%

POTENTIAL RISKS

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

1. 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).
2. Investment in India: The Fund will invest primarily in India. India is an emerging economy and investment carries with it often substantial risks.
3. 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.
4. Liquidity Risk: The Fund can be invested in financial instruments that may have low levels of liquidity.
5. 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

Within the European Economic Area (“EEA”), and the United Kingdom, this document is intended for professional clients only, as that term is defined in Directive (EU) 2014/65 (“MiFID II”) and section 3.5.2 of the Conduct of Business Sourcebook of the Financial Conduct Authority Handbook, respectively. Within Switzerland, it is intended only for qualified investors, as that term is defined in the Collective Investment Schemes Act of 23 June 2006, as amended from time to time.

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