

# Fidelity India Fund

## Quarterly report

As at 30/06/2023

### Fund description

Invests in a diversified selection of 30 to 60 Indian companies and draws on the research capabilities of Fidelity's analysts based on the ground in India. Valuation plays a key role in stock selection. Portfolio holdings are continually assessed against new investment ideas.

### Fund facts

**Portfolio manager:** Amit Goel

**Benchmark:** MSCI India Index NR

**Inception date:** 29/09/2005

**Fund size:** AU\$218.43M

**Number of stocks:** 30 to 60

**Management cost:** 1.20% p.a.

**Buy/sell spread:** 0.30%/0.30%

### Portfolio guidelines

**Stocks:** +/-8% from benchmark

**Sector:** +/-10% from benchmark

**Cash:** Target range between 0% and 10%

### Top 10 holdings (%)

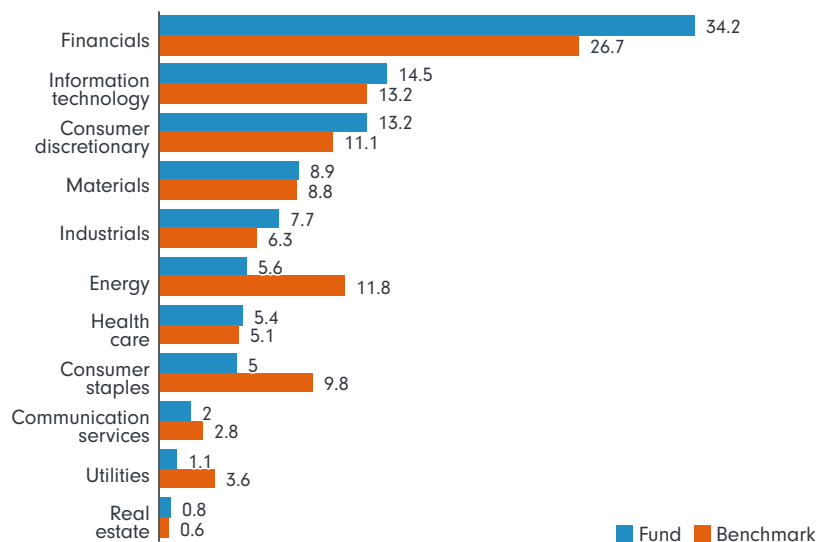
	Fund	B'mark
ICICI Bank Ltd	8.9	6.0
Infosys Ltd	7.6	5.5
HDFC Bank Ltd	7.5	0.0
Axis Bank Ltd	5.8	2.8
Reliance Industries Ltd	5.4	9.7
Hcl Technologies Ltd	5.0	1.4
Eicher Motors Ltd	2.9	0.6
Ultratech Cement Ltd	2.9	1.2
Tata Motors Ltd	2.7	1.2
Marico Ltd	2.7	0.3

### Performance %

	1 mth	3 mth	6 mth	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	10 yrs p.a.	15 yrs p.a.	Since Inception p.a. (29/09/2005)
Fidelity India Fund	1.62	11.47	9.16	19.05	18.60	10.26	11.35	14.30	10.32	10.13
MSCI India Index NR	1.79	12.92	7.08	17.93	20.68	11.05	11.40	12.40	8.98	9.17
<b>Excess return</b>	<b>-0.17</b>	<b>-1.45</b>	<b>2.08</b>	<b>1.12</b>	<b>-2.08</b>	<b>-0.79</b>	<b>-0.05</b>	<b>1.90</b>	<b>1.34</b>	<b>0.96</b>

Total net returns represent past performance only. **Past performance is not a reliable indicator of future performance.** Total returns (net) have been calculated using exit prices and take into account the applicable buy/sell spread and are net of Fidelity's management costs, transactional and operational costs and assumes reinvestment of distributions. No allowance has been made for taxation or for any fees charged by operators of master trusts or wrap accounts through which the products are offered. Returns of more than one year are annualised. Returns of the Fund can be volatile and in some periods may be negative. The return of capital is not guaranteed.

### Industry breakdown %



### Major contributors (%)

As at 30/06/2023	Active pos.	Contribution
Shriram Finance Ltd	1.6	0.4
Tata Consultancy Services Ltd	-4.0	0.4
Astral Ltd	1.0	0.3
ICICI Securities Limited	1.0	0.3
Tata Motors Ltd	1.1	0.3

### Major detractors (%)

As at 30/06/2023	Active pos.	Contribution
HDFC Bank Ltd	6.9	-0.4
Infosys Ltd	1.5	-0.4
Srf Ltd	1.7	-0.3
Mahindra & Mahindra Ltd	-1.5	-0.2
Embassy Office Parks Reit	1.0	-0.2

**Fidelity funds are available on platforms and mastertrusts via financial advisers. Investors who wish to place at least \$25,000 in a single fund can invest with us directly. For further information, please visit [www.fidelity.com.au](http://www.fidelity.com.au) or call Client Services on 1800 044 922.**

This Fund is unhedged and is subject to the risk of fluctuations in international stock markets and currencies. Management costs and the buy/sell spread are current as at the date shown above but may be subject to change in the future. Management costs include GST and exclude abnormal expenses and transactional and operational costs. Investors accessing the Fund through a master trust or wrap account will also bear any fees charged by the operator of such master trust or wrap account. Any apparent discrepancies in the numbers are due to rounding.

# Quarterly report

## Market performance

Indian equities ended the quarter in positive territory amid an ongoing foreign investor inflow into the country. Encouragingly, both foreign institutional investors and domestic institutional investors were net buyers of Indian equities and recorded positive flows for the quarter. On the economic front, inflation eased to below 5% in May. The inflation reading was slightly lower than market expectations and remained in the central bank's 2-6% tolerance band, following a further fall in food inflation and a favourable base effect. The S&P Global India services Purchasing Managers' Index (PMI) declined in May after soaring in April. The latest reading was above market expectations and remained in expansionary territory, supported by sustained growth of new business on the back of positive demand trends. GDP for the March quarter came in at 6.1%, beating market expectations, led by stronger agriculture, manufacturing, investments and exports. The Reserve Bank of India (RBI) kept the repo rate (the rate at which the RBI lends to banks) unchanged at 6.5%. RBI's monetary policy committee (MPC) maintained an accommodative stance, targeting growth through policy support by expanding its money supply. It also declared its intention to move towards a neutral policy stance later in the year. All sectors ended the quarter in positive territory, with real estate, consumer discretionary and industrials advancing the

most.

## Fund performance

The holding in Shriram Finance proved rewarding as it maintains a strong capital position, adequate liquidity and improving asset quality levels. It also remains on track to achieve double-digit growth in its assets under management and earnings, with an ever-increasing demand for commercial vehicles in India. Shares in Astral advanced as it posted a strong set of earnings for the March quarter, buoyed by low-cost inventories. Moreover, the outlook remains healthy with robust growth across segments, aided by new product launches and geographical expansion. The holding in Tata Motors supported performance on the back of improved global electronic vehicle (EV) business. The company exhibits an adaptive product development strategy that is in sync with market readiness. It has a competitive advantage compared to its peers as it has developed custom made products for India, balancing accessibility and features. Many information technology (IT) services companies struggled amid heightened recession fears across the globe. Consequently, an overweight allocation to Infosys held back gains. The position in HDFC Bank detracted as its merger with HDFC would cause the net interest margin and return on equity to drop this year. The exposure to SRF weighed on returns as its technical textiles and packaging film segments have not been performing well in light of weaker demand and higher input costs.

## Fund positioning

We favour businesses that are market leaders in sectors that benefit from India's structural growth opportunities and are run by strong management teams and are available at reasonable valuations. The focus is on quality businesses within these sectors. We believe this style is well-suited in the current environment. Over the quarter, we bought a new position in Laurus Labs. The leading player in the anti-retro viral space globally is focussed on expanding and building strong capability in areas such as bio-catalysis and high-pressure reactions. The company also has new projects in the pipeline, which has ramped up investor expectations. Within financials, the allocation to private sector banks HDFC Bank, ICICI Bank and Axis Bank was increased. We are adjusting the positioning in the sector by trimming the exposure to Shriram Finance given its recent strength. Within IT, the exposure to Infosys and Mphasis was increased. We believe that these stocks are now trading at a much more reasonable valuation. Within materials, the position in SRF was increased. It is a domestic leader in refrigerants with a huge market share and a complete product portfolio to cater to rising demand in India and globally. Meanwhile, holdings in Vijaya Diagnostics, Teamlease and Reliance Industries were sold for better opportunities elsewhere.

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