



Results analysis: Ashoka India Equity

AIE has delivered strong returns during a challenging period...

Update
11 March 2025

- Ashoka India Equity (AIE) has released its half-yearly results for the six months ended 31/12/2024. The share price total return for the period was 5.6% and the net asset value (NAV) total return was 5.7%, well outpacing its MSCI India IMI Index, which was down 2.7%.
- AIE's net assets grew by c. 11% to £484.2 million, as the trust issued a total of 8.1 million shares, raising additional gross proceeds of £23.1 million from both existing shareholders and new investors. Shares traded on a premium to NAV of 1.6% at the end of the period and the market capitalisation was £491.9 million.
- The scale of AIE's outperformance over the period, which stood at 8.4 percentage points, reiterates AIE's impressive long-term returns. Since 31/07/2018, the date post-IPO when the Company was fully invested, AIE has delivered 96.7 percentage points of outperformance, with a 197.3% return compared to 100.6% from its benchmark.
- AIE's strong stock selection, particularly within the small- and mid-cap (SMID) segment of the market, has helped to contribute to this outperformance. Key contributors over the half-year period included IKS Health, which helps physicians automate and digitise their more manual tasks and allows them to focus on healthcare delivery; Neuland Laboratories, which manufactures active pharmaceutical ingredients; and Computer Age Management Services, India's largest mutual fund registrar and transfer agent.
- Andrew Watkins, chairman of AIE, said: "The speed of India's growth has led some to question over-inflated valuations and this has had a negative impact on stocks, particularly those in the mid-cap and smaller-cap sectors where this Company has overweight positions. It is difficult to know with any certainty how long this downturn will last but with Prime Minister Modi's re-election firmly in the rear-view mirror and with his plans for continued economic growth in train, there are genuine reasons to remain optimistic for India's long-term growth prospects with attendant index-beating investment returns likely for our shareholders."

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Kepler View

Management, led by WhiteOak Capital Partners' Prashant Khemka and Ayush Abhijeet, continue to deliver stellar returns, providing impressive capital growth, of 5.7% in NAV total return turns, during a period in which the benchmark, the MSCI India IMI Index, saw a negative return of 2.7%. Those figures flatter the benchmark, too, as, unlike **Ashoka India Equity's (AIE)** numbers, they do not deduct taxes.

In our view, these results cement AIE as the sector-leading Indian equity investment trust. NAV total returns of c. 162.7% since inception to 06/03/2025 are well above the sector average, which languishes at c. 46.6%. AIE's strong outperformance has helped the trust win a Kepler Growth Rating for 2025.

The past year has seen a broadening of AIE's investment universe, allowing the managers the flexibility to invest in large caps right down to a



handful of unquoted companies with advanced plans to float on the Indian stock exchange through an IPO. Indeed, in December, the board approved a non-material change to AIE's investment policy that allows exposure to unquoted companies to rise to 12% of gross assets.

Management notes that this exciting area provides ample opportunities for potentially index-beating returns. Certainly, much of AIE's good performance has stemmed from management's ability to exploit and to generate alpha within this under-researched space.

The managers have recently earned approval to increase the trust's maximum number of holdings. This is to take advantage of the expanding universe of smaller companies in India following the country's impressive growth.

Despite a recent pull-back, we believe that India remains one of the stand-out regions globally, benefitting from several tailwinds such as favourable demographics, rising income levels, rapid digitalization and ongoing structural reforms.

AIE's diversification and balanced investment approach, in our view, provides investors with a risk-managed way into what is an exciting region with significant alpha potential.

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