

Results analysis: Ashoka India Equity

- Ashoka India Equity (AIE) has released its annual results for the year ending 30/06/2026, with another year of outperformance of its benchmark, the MSCI India IMI Index, delivering a NAV total return of -5.9%, versus -8.5% for the index. We note the index return does not account for local capital gains taxation, in contrast to AIE's NAV.
- Despite the near-term pullback, long-term returns remain very strong, with returns since inception in July 2018 of 164%, more than double the 76% of the benchmark, largely driven by good stock selection over multiple periods.
- Stock selection continued to be positive in the year, with a broad range of stocks supporting performance and the top three contributors seeing their share prices more than double over the period. This was led by air-conditioning company TD Power Systems, which saw greater industrial demand, followed by Acutaas Chemicals, which contributed positively after seeing upgraded guidance on good revenue growth, with video and surveillance firm Aditya Infotech completing the top three with better-than-expected operating performance.
- Detractors were equally diverse, with healthcare manufacturer OneSource Specialty Pharma, recruitment firm Info Edge, and telecoms firm Bharti Airtel being the three biggest impacts on performance. OneSource and Bharti are both top three holdings, making them notable detractors.
- Portfolio allocations are driven by bottom-up, stock-specific factors, meaning sector allocations will be an outcome of this. Key new additions include data analytics firm Fractal Analytics and Aye Finance, which lends to small enterprises. Disposals include retail broker Angel One following cost increases and defence firm Bharat Dynamics, which has repeatedly missed expectations. Overall portfolio changes have led to a narrowing of the underweight to the materials and energy sectors, alongside declining overweight allocations to both industrial and communication firms.
- Whilst capital returns are the primary focus of the managers, the trust has generated incidental income during the year, leading to a dividend of 0.6p per share. This is the second consecutive annual dividend although it is not expected to be a regular feature and offers a yield of just 0.24%.
- The trust's rating moved to a discount throughout the year, closing at 4.2%. This contrasts with the premium rating for much of its history, including at the start of the financial year, which enabled 1.1m shares to be issued over the 12-month period.
- The trust also has an annual redemption facility, with requests for 9.4m shares, or 5.5% of total shares in issue, received in September 2026.
- Chairman Andrew Watkins reiterated the investment case for India, saying it "continues to offer one of the most compelling investment opportunities anywhere in the world" and that the "long-term trajectory has consistently exceeded the expectations of most observers" with "no reason why that should not continue".

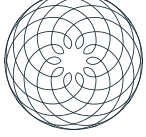
AIE is available on a rare discount, despite another year of outperformance. Ryan Lightfoot-Aminoff
09 October 2026 [View latest version](#)

Kepler View

Whilst returns in absolute terms may not compete with some of the blockbuster numbers of previous financial years, we believe yet another year of outperformance should provide encouragement to [Ashoka India Equity's \(AIE\)](#) shareholders. The outperformance is particularly notable given the management team's focus on small and mid-sized companies amidst the backdrop of falling markets which is typically less supportive of the asset class. As such, these results again demonstrate the managers' strong track record in generating alpha through their impressive stock selection research.

The period is also a reminder that, despite the numerous positive factors in favour of the Indian growth story, that markets don't go up in a straight line. However, with a NAV total return that is more than double that of the index since inception, the managers have demonstrated an ability to produce strong relative performance in a variety of environments, making the trust a very strong contender as a long-term holding in our view.

Whilst the investing environment has been more challenging, the managers highlight several key factors that could indicate the country is on the cusp of a recovery. Corporate earnings are showing early signs of a pickup, with double-digit growth, with smaller companies nearing 20%. Meanwhile, the pullback has led to a softening of valuations, with the Indian market now trading at a discount to its 10-year average on a



forward price-to-earnings basis. Meanwhile, the wider economy has shown good resilience, weathering the headwinds to deliver an expected GDP growth of over 6.5% next year, a figure double what most developed economies would be delighted with.

Further adding to the investment case for AIE at this juncture is the discount. Strong performance has led to a premium rating for much of AIE's existence; however the wider challenges have led to this relenting, with the trust now trading at its most persistent discount in its lifetime. As such, it may provide an attractive entry point for investors wanting to capture the long-term structural growth potential of India, as well as the success of the AIE strategy in capitalising on this.

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