



INDIA ADVANTAGE FUND

Key Information

Incorporation Data :
23rd May 1996. Regn No. 16491/2635

Legal Structure :
Company holding Category I Global Business
License under Mauritian Companies Act, 2001

Launch Date :
8th August 1996

Structure :
Open-ended

Minimum Subscription :
US\$ 5,000 exclusive of entry charge

Additional Subscription :
In multiples of US\$ 1,000

Size as on May 31, 2018 :
US\$ 78.70 million

NAV as on May 31, 2018 :
US\$ 350.02

Benchmark Indices :
MSCI (India)

Subscription Charge :
4% Maximum

Redemption Charge :
None

Net Asset Value Days :
All Business Days that are Business days for
banks in Mauritius & Mumbai and any Stock
Exchange in Mumbai

Investment Share Class :
'C' Class Shares

Investment Management Fee :
1.50% p.a

International Investment Manager :
Aditya Birla Sun Life AMC (Mauritius) Ltd.

Sub-Fund :
India Advantage (Offshore) Fund

Administrator, Secretary and Registrar:
SANNE Mauritius

Sub-Fund Investment Manager :
Aditya Birla Sun Life AMC Ltd, India.

Banker :
Barclays Bank Mauritius Limited

Sub-Fund Custodian:
Standard Chartered Bank, Mumbai

Auditors :
Ernst & Young, Mauritius

ISIN Code :
MU0196S00230

CISX Mnemonic Code :
IAFC

Bloomberg Ticker Code :
INDADV:MP

Euroclear Registered :
Available

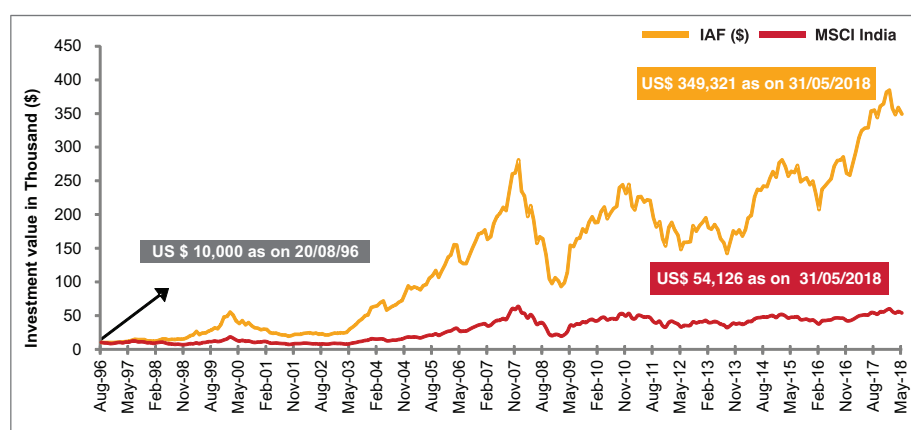
Investment Objective

The principal objective of the Fund is to generate long term capital growth by investing in stocks and securities issued by Indian issuers and provide consistently superior returns over all market cycles as compared to its benchmark index - MSCI (India). The Fund has captured the essence of the exciting India opportunity by investing in a growth oriented diversified portfolio of Large and Midcap stocks using bottom up investing.

Fund Manager's Report

- Indian equities moved sideways in May on the back of mixed political news, Q4 results and outflows from Foreign Investors. MSCI India (USD) declined by ~4% in May, performing in line with MSCI EM (down 4%). The macro backdrop remained under pressure as oil prices rallied further after President Trump announced that the US will pull out of the Iran deal. The Karnataka state elections saw major political tussle between BJP and Cong-JD(S) combine, with BJP emerging as the single largest party but failing to establish the government.
- Foreign Portfolio Investors (FPI) remained sellers of equities and debt. They sold stock worth US\$2.9bn and US\$1.3bn in the debt and equity markets, respectively. The selling in the debt market was the highest since December 2016. Domestic Mutual Funds (DMF) were buyers for the 22nd consecutive month at ~US\$2.2bn. These are the highest flows in three months. Domestic Insurance companies turned buyers after three months, buying stock worth US\$240mn. YTD, FPIs are now net sellers of US\$169mn in equities, DMFs have bought stock worth US\$9.1bn, while Domestic Insurers have sold stock worth US\$1.7bn.
- Consumer staples was the best performing sector for the fourth month in a row. Healthcare was the worst. The fund is overweight on Financials, Industrials and underweight on Energy and Healthcare.
- India's 1QCY18 quarter GDP growth surprised to the upside, printing at 7.7% YoY, significantly higher than the government's advance estimate of 7.1% YoY. India Meteorological Department (IMD) predicted a 'normal' monsoon in its second stage forecast. CPI inflation rose more than expected to 4.6% oya in April from 4.3% in March. Wholesale price inflation rose 3.18% in April on higher food, fuel inflation. WPI was 2.47% in March 2018 and 3.85% in April 2017. India's April trade deficit printed lower than expected at US\$13.7 billion – similar to March level – mainly due to oil imports. India's manufacturing PMI firmed in April, beginning to catch up with other high-frequency indicators like industrial production and auto sales as the drags from GST and demonetization wane.
- YTD India Equities have lagged peer group performance, dragged down by mean reversion in key macro variables – fiscal and current account deficit and inflation – as global crude oil prices have surged and some political uncertainty on the margin given the substantial political calendar. Currency has depreciated meaningfully but still remains firm at 67.2 levels. Considering the scenario of rising crude and FII selling, rupee has fared well in that context. Bond yields have again begun to spike with 10 yr G-sec now almost touching 8%. This could remain an overhang on our equity markets.
- For FY2019, we believe execution of key economic reforms like GST, Public Sector Bank recapitalisation and Infra investments will address key issues that impacted the Indian economy in the last few years. While these reforms come with associated costs like fiscal slippage in the near term, we expect them to put India on accelerated growth trajectory in the medium term. Earnings growth after remaining benign for the last couple of years is expected to pick-up.
- Amid, expectation of improvement in growth outlook we remain positive on overall markets from medium to long term perspective and shall stick to good quality companies on steady earnings growth trajectory.

Fund Performance (as on May 31, 2018)



Statistical Ratios

Standard Deviation
18.03%

Beta
1.02

Sharpe Ratio#
0.43

Standard Deviation, Sharpe Ratio & Beta are calculated on annualised basis using 3 years history of monthly USD returns.
All statistical ratios w.r.t. MSCI India Index. Risk-free rate assumed to be 1.93% (3 Month US Treasury Bill yield as on 31-May-18)

★★★★★
Morningstar Rating™



"Lipper Ratings – Overall
(Consistent Return)"



INDIA ADVANTAGE FUND

IAF Returns

Period	IAF	MSCI India	Outperformance
1 Month	-2.7%	-3.7%	1.0% ↑
3 Months	-2.3%	-3.5%	1.2% ↑
6 Months	-4.1%	-2.6%	-1.6% ↓
1 year	6.4%	5.2%	1.2% ↑
3 Years	9.7%	4.3%	5.5% ↑
5 Years	14.5%	6.1%	8.3% ↑
10 Years	6.1%	1.6%	4.6% ↑
Since Inception	17.7%	8.1%	9.7% ↑

IAF Calendar Year performance

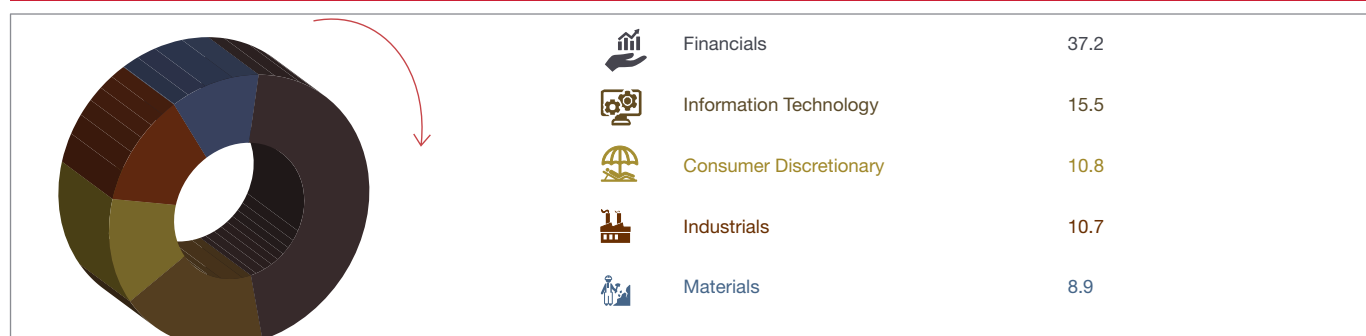
Period	IAF	MSCI India	Outperformance
YTD 2018	-8.5%	-7.1%	-1.4% ↓
2017	47.8%	36.8%	11.0% ↑
2016	3.5%	-2.8%	6.3% ↑
2015	-2.3%	-7.4%	5.1% ↑
2014	43.9%	21.9%	22.0% ↑
2013	-5.9%	-5.3%	-0.6% ↓
2012	23.0%	23.9%	-1.0% ↓
2011	-37.3%	-38.0%	0.6% ↑
2010	24.4%	19.4%	5.0% ↑
2009	84.7%	100.5%	-15.9% ↓
2008	-62.1%	-65.1%	2.9% ↑
2007	62.9%	71.2%	-8.4% ↓

Period	IAF	MSCI India	Outperformance
2006	37.5%	49.0%	-11.4% ↓
2005	33.4%	35.4%	-2.0% ↓
2004	51.5%	16.5%	35.1% ↑
2003	153.0%	73.9%	79.1% ↑
2002	10.5%	5.9%	4.5% ↑
2001	-24.3%	-21.2%	-3.1% ↓
2000	-39.2%	-22.8%	-16.4% ↓
1999	179.4%	84.7%	94.8% ↑
1998	36.1%	-22.9%	58.9% ↑
1997	24.2%	9.6%	14.6% ↑
1996*	2.3%	-13.6%	15.9% ↑

*Fund inception on 8th August 1996

Returns are net of expenses. Returns are in % and absolute returns for period less than 1 year & CAGR for period 1 year or more. The returns for IAF & MSCI (India) are in US Dollars. Gross returns for the period shown do not reflect sales charges. Past performance is not indicative of future results. Shares of the Fund are offered only pursuant to the Fund's current offering document and this summary should not be constructed as an offer to sell or for solicitation of an offer to buy or a recommendation for the securities of the Fund. MSCI- Morgan Stanley Capital International. CAGR - Compounded Annualised Growth Rate.

Top 5 Sectors (as on May 31, 2018)



Top 10 Holdings (as on May 31, 2018)

NAME OF THE SECURITY	% OF PORTFOLIO
HDFC Bank	8.7%
Infosys	7.3%
Maruti Suzuki India	6.0%
Yes Bank	5.4%
Tata Consultancy Services	4.3%

NAME OF THE SECURITY	% OF PORTFOLIO
Housing Development Finance Corporation	4.2%
ICICI Bank	3.7%
Larsen & Toubro	3.0%
Indusind Bank	2.9%
Reliance Industries	2.5%

The above industry classification follows GICS Sector Classification.

Investment via Sub-Fund, India Advantage (Offshore) Fund, is stated at market/ fair value at the date of determination. Securities Listed on a recognised stock exchange are Aat the last quoted closing price on the principal exchange on which the security is traded Non-traded securities are valued at amortised cost and/or fair value as determined in good faith by Birla Sun Life Asset Management Company Limited, India

Morningstar Rating

The rating is based on the current information furnished to Morningstar. For the methodology used refer to www.morningstar.com

Lipper Leaders Rating

Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders, and '1' representing the lowest rated funds

INDIA ADVANTAGE FUND**Fund Administrator**

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INDIA ADVANTAGE FUND LTD.

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Risk Factor: (a) The investment returns and principal value of an investment in the fund will fluctuate as the prices of the individual in which it invests fluctuate, so that 'C' class shares, when redeemed, may be worth more or less than their original cost. (b) Substantially all the fund's assets will/are invested in securities of Indian companies whose securities are denominated in a currency (i.e Indian Rupees) other than the US dollar which may magnify these fluctuations due to international exchange rates. (c) There is the possibility of substantial volatility due to various factors including political and economic uncertainties in countries where the fund may invest. (d) Where the fund invests principally in common stocks and other equity securities, in order to achieve its investment objectives, the fund may at times use certain types of instruments involving risks different from, and in certain cases, greater than the risks presented by more traditional investment. These and other India specific risks are hopefully described in the Fund's offering document.

Disclaimers:

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For further details on Charges refer to the Prospectus and Supplement of the Fund.