

**Commentary**
**January 2020**

January proved a tough month for Asian stocks, with MSCI Asia Pacific down -4% on the coronavirus outbreak. CC Indian Subcontinent was up 1.2% whilst the benchmark Indian MSCI India was down -0.8%. Encouragingly India has just printed the highest manufacturing PMI in 8 years in January, as the growth outlook appears to be turning up for the first time since the fund's inception. The slowdown of the last two years following the aggressive reforms from this government, and shrinking of credit from the IL&FS insolvency in 2018, finally appears to be coming to an end, with data as per the PMI showing green shoots.

1<sup>st</sup> Feb also saw the announcement of the Indian Budget for the next fiscal year (beginning in April) and to the surprise of many, it had barely anything in the form of any fiscal stimulus. The marginal expansion to the fiscal deficit was more a result of lower revenues from slower growth and the corporation tax cut, than any significant increase in expenditure. The government with this budget has taken an extremely prudent view, that the economy is through the worst of the recent slowdown and that things are improving on the macro front and so there is no reason to 'pump prime' the economy. The Finance Minister chose to retain significant ammunition in the form of additional fiscal headroom and retaining measures such as long term capital gains tax, for a 'rainy day', and instead focussed on minor tweaks with a view to encourage manufacturing in India, the corporate and government bond market and SOE privatisation amongst others. They have also made it amply clear that they would prefer market mechanisms (better run companies pick up the slack/market share) to evolve and help tide over sectoral issues rather than bail out or provide favours to any struggling sectors (NBFCs, airlines, Telecom etc) or stressed corporate groups. Their preference is to continue down the path of structural reform, eg. improvements to the IBC (Insolvency and Bankruptcy Code) to deal with insolvencies, rather than short term solutions like bailouts or stimulus. On a headline basis though, this may rule out hopes of a sharp 'V'- shaped or broad based recovery, however it adds credence to our approach of taking advantage of the ongoing rapid consolidation across sectors – something we believe we are uniquely structurally positioned for.

Highlights for the month came from our positioning being domestic in approach; leading the way was heart hospital Narayana which was up 23% on the month following its stellar jump in earnings with 9 month eps going from 1.09 to 5.27 rupees year over year. We also saw solid performance from our home furnishings company Sheela +16%, and Shree cement jumped +13% following its capital raising as it eyes expansion and posted excellent pricing power in its recent numbers. Lastly Diageo subsidiary United Spirits reported excellent earnings in a weak year, with cost being stripped out leading to margins expanding, and guidance for volumes in their prestige and above category exceed expectations for the next twelve months.

With FX reserves having jumped 15% or \$59bn from Jan 2019, liquidity is abundant, which has historically led to a pick-up in bank lending and investment. With the oil price having corrected so aggressively, and consumer demand showing signs of a revival (as per Maruti's recent car sales) we believe India could stand out in a year where the US trades at near peak multiples and profit margins and trade wars are hampering export dependant economies. Guidance from consumer discretionary categories indicates the worst may well be behind us, and we will spend much of February visiting our holdings, to report back next month.

Book Exposures		Fund Highlights	Investment Objective
	<b>No. Stks</b>	<b>%</b>	
Fundamental Ops	20	81.7	This Fund is a concentrated long only equity portfolio typically investing in between 25-40 stocks in the markets of India, Bangladesh, Sri Lanka, Pakistan and Myanmar ("Indian Subcontinent").
GEM	5	17.6	
Cash & Other	0	0.7	
			To provide investors with long term capital appreciation through an actively managed portfolio of equities of companies, listed or traded, or which conduct a predominant part of their economic activity in the Indian Subcontinent.

Fund Statistics		Cumulative performance (%) <sup>(1)</sup> & Discrete performance (%) full calendar year <sup>(1)</sup>				
<b>Investment Team:</b>	Andy Draycott and Abhinav Mehra		<b>1 mth</b>	<b>YTD</b>	<b>1 Yr</b>	<b>Inception</b>
<b>Investment Manager:</b>	Coupland Cardiff Asset Management LLP	<b>USD S</b>	1.21	1.21	14.28	15.89
<b>Investment Advisor:</b>	Coupland Cardiff Management (Singapore) pte Limited	<b>GBP S</b>	1.18	1.18	12.17	13.30
<b>Fund Size:</b>	USD 14m	<b>Index</b>	-0.77	-0.77	8.86	11.23
<b>Launch Date:</b>	20.11.2018	<b>Country Exposure</b>				
<b>Dealing:</b>	Daily	<b>Country</b>	<b>(%)</b>			
<b>Denomination:</b>	USD	India	92.4			
<b>Benchmark:</b>	M1IN: MSCI India Net Total Return USD Index	Bangladesh	6.9			
<b>Structure:</b>	Irish OEIC, UCITS V	Cash & Other	0.7			
		Pakistan	0.0			
		Sri Lanka	0.0			
		<b>Total</b>	<b>100.0</b>			

Source: Independent returns are calculated weekly by Northern Trust International Fund Administration Services (Ireland) Limited. All performance details shown are net NAV to NAV percentage returns with gross income re-invested. You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves; and some of the investments referred to herein or underlying investments undertaken by issuers may be derivatives and may involve different and more complex risks as compared to listed or other securities. All figures quoted are in USD.

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland & Sweden. Available to Qualified Investors only in Switzerland and Institutional and Accredited Investors only in Singapore.

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Top 10 Holdings	
Holding	(%)
Godrej Properties	7.6
Narayana Hrudayalaya	7.0
Kotak Mahindra Bank Ltd	6.8
HDFC Bank Ltd	6.1
ICICI Lombard General Insurance	5.5
United Spirits	4.7
HDFC Standard Life Insurance	4.7
United Breweries	4.5
Sheela Foam	4.4
Kajaria Ceramics	4.1
<b>Total</b>	<b>55.4</b>

Top 10 Sectors	
Sector	(%)
Banks	19.7
Beverages	9.2
Automobiles	7.9
Real Estate Owners & Developers	7.6
Health Care Facilities	7.0
Apparel, Footwear & Acc Design	6.6
P&C Insurance	5.5
Internet Based Services	5.5
Life Insurance	4.7
Consumer Finance	4.7
<b>Total</b>	<b>78.4</b>

Share Class Detail	USD S	GBP S	EUR S
NAV	11.589	11.330	Not launched
Currency	USD	GBP	EUR
Launch price	\$10	£10	€10
Dealing Frequency	Daily	Daily	Daily
Management Fee	0.75%	0.75%	0.75%
Ongoing Charges Figure (incl Mgmt Fee) <sup>(2)</sup>	1.05%	1.05%	1.05%
Performance Fee	10%	10%	10%
Minimum Investment	\$5,000,000	GBP equivalent of \$5m	EUR equivalent of \$5m
Launch date	20.11.2018	20.11.2018	Not launched
Sedol	BG7PPL5	BG7PPK4	BG7PPM6
ISIN	IE00BG7PPL55	IE00BG7PPK49	IE00BG7PPM62
Bloomberg	CCINSSU ID	CCINSSG ID	CCINSSE ID

## Key Risks

**Liquidity risk** – The Fund may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

**Credit and counterparty risks** – the Fund may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.

**Concentration risk** – This Fund holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Fund's value than if the Fund held a larger number of investments.

**Currency risk** – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations.

**Derivatives** – the Fund may use derivatives as investments or to manage the risk profile of the Fund. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.

**Emerging market risk** – Investment in emerging markets may be considered speculative. Commonly legal and accounting regimes can offer less protection to investors than in developed markets.

The Fund prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

## Important Information

- 1) The benchmark performance is that of the MSCI India Net Total Return index in US\$ (M1IN) based on a midday price consistent with the valuation point.
- 2) Ongoing charges figure: Note the OCF for the following classes are currently capped, classes I (EUR), I (GBP) and I (USD) are capped at 1.3%, classes S (GBP), S (EUR), S (USD), and T (USD) are capped at 1.05% and classes A, B and C are capped at 1.8%. The cap may be terminated on 60 days' notice.

All data as at 31.01.2020 unless stated otherwise. All information is sourced from CCAM unless stated otherwise.

All performance details shown are net NAV to NAV percentage returns with gross income re-invested. You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves: and some of the investments referred to herein or underlying by issuers may be derivatives and may involve different and more complex risks as compared to listed or other securities. All figures quoted are in USD. Source: independent returns are calculated daily by Northern Trust International Fund Administration Service (Ireland) Limited.

This document does not purport to provide investment advice and should not be relied on for the purposes of any investment decision. It is not an offer to sell or the solicitation of an offer to purchase shares in CC Indian Subcontinent Fund, (a sub-fund of Coupland Cardiff Funds plc, an open ended investment company with variable capital incorporated in Ireland and authorised by the Central Bank of Ireland as a UCITS pursuant to the UCITS Regulations). Any such offer or solicitation can only be made by means of the formal subscription documentation and the related Prospectus dated 29th November 2019 together with the CC Indian Subcontinent Fund Supplement dated 29th November 2019 (together the Prospectus) and only in those jurisdictions where it is permitted by law. CCAM, as investment manager, has discretion in managing the investments of the CC Indian Subcontinent Fund (the "Fund") and selects equities through research using fundamental, bottom-up stock selection techniques. The Fund is actively managed, which means that CCAM has discretion over the composition of the Fund's portfolio, subject to the Fund's stated investment objective and policy. Accordingly, although the performance fee of the shares (except for Class D and Class T shares) is calculated in reference to the Benchmark (as defined in the Prospectus), CCAM will select the Fund's investments based entirely on its stock selection techniques, irrespective of whether such stocks are components of the Benchmark.

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Please note that, in Switzerland, the distribution of the Fund is restricted to Qualified Investors only, as per Collective Investment Scheme Act ("CISA"), article 10 para 3. The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Tellco Ltd, Bahnhofstrasse 4, CH-6430 Schwyz. The principal documents of the Fund being the prospectus, the relevant supplements, the key investor information documents, the articles of association and the annual and semi-annual reports may be obtained from the Representative by Qualified Investors only, free of charge. In respect of shares distributed in or from Switzerland to Qualified Investors, the place of performance and jurisdiction is at the registered office of the Representative.

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Copies of the Prospectus and the latest annual report and any subsequent half-yearly report of the Company in English, may be obtained free of charge from the Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54 – 62 Townsend Street, Dublin 2 or the Investment Manager, Coupland Cardiff Asset Management LLP, 31-32 St James's Street, London SW1A 1HD. Tel : 0207 321 3470.

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