Reaping
income in
a growing
market

India Fixed Income Opportunities Fund

ASHBURTON INVESTMENTS

Focused Insight

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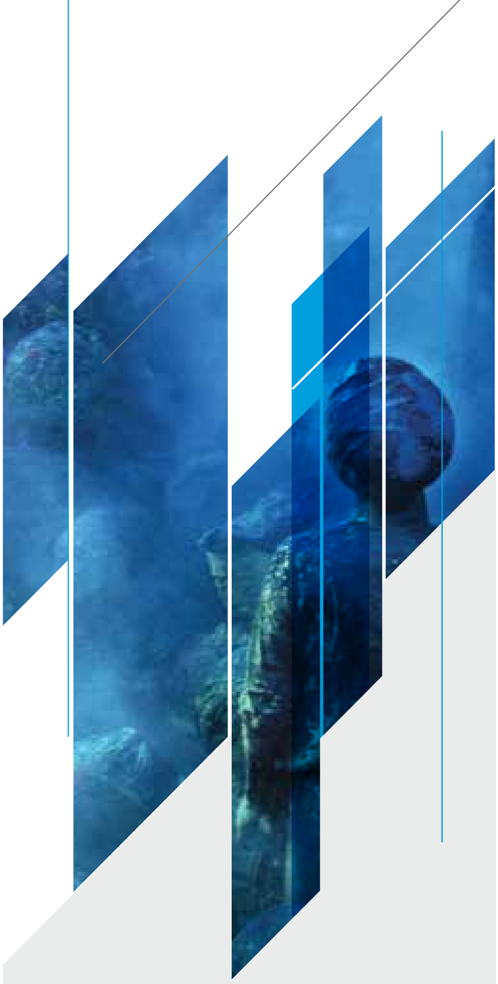
A part of the FirstRand Group



India Fixed Income Opportunities Fund

Fund features

Launch date	3 April 2014
Fund structure	UCITS IV
Domicile	Luxembourg
Fund currency	USD
D and I GBP share classes are available	
Minimum investment	USD10,000 R Class USD100,000 I Class
Dealing	Daily
Annual Management Fee	Max 1.5% - R Class Max 0.75% - I Class

Fund objective

The Ashburton India Fixed Income Opportunities Fund (the "Fund") offers investors access to one of the fastest-growing economies in the world by actively investing in Indian listed fixed income securities.

The Fund aims to generate income and long-term capital gains by investing in rupee and dollar fixed and floating rate instruments issued by the Indian Government, Government-owned entities (PSUs), financial companies and other corporations whose primary source of income is from, or whose major assets are based in India.

Investment approach

The Fund's investment approach is supported by an India and US based integrated investment team, which combines the specialist expertise of the fund managers, credit researchers and quantitative analysts.

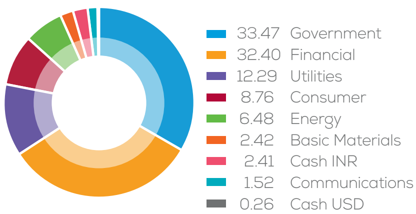
The investment approach is grounded in fundamental research, based on both macro-economic analysis and corporate credit analysis, complemented by proprietary models which help forecast drivers of inflation, interest rate movements and the evolution of credit metrics.

Macro-economic study of the Indian economy and key sectors is accompanied by a quantitative screening process covering 2000 companies and 3000 instruments, enabling the fund manager to filter the investment universe for operating, financial and market metrics. Further intensive valuation takes place on the reduced investment universe, with a focus on operating metrics driving financial projections. These evaluations, along with market metrics, act as key inputs to specific bond selection and allow the fund manager to drive the portfolio's performance through tactical and strategic positioning.

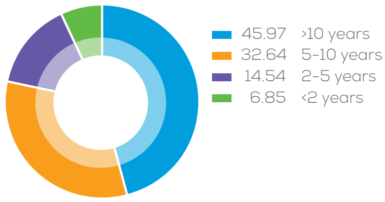
The Fund is registered as, and adheres to the investment requirements of, a UCITS IV fund, and is domiciled in Luxembourg.

Current Fund asset allocation as at 31 December 2015

Sector exposure (%)



Maturity profile (%)



Source: Ashburton Investments

Nearly 80% of bonds within the portfolio are rated AAA by the local rating agencies (CRISIL, CARE and ICRA).

Why invest in India?

- **Strong economic growth profile:** India's dynamic economy has seen trend growth accelerate rapidly in recent decades, demonstrating its remarkable resilience. Both consumption and investment are expected to rise, with over $1 trillion required for India's infrastructure needs over the remainder of the decade.
- **Increasing consumption:** Western-style consumerism is accelerating as more people enter the workforce and join the emerging middle class.
- **Positive underlying structural factors and favourable demographics:** One of the best predictors of the long-term potential of a growing, mostly market-based economy is demographics. By 2040, 70% of India's population is expected to be of working age (15-64), which should contribute to strong economic growth.
- **Domestic-driven economy:** India is the least export-reliant Asian economy. This signals a vibrant domestic economy and strong base from which to grow exports in services and manufactured goods.

A hub of investment opportunity

On a purchasing power parity basis, India's GNI is the third highest in the world. Currently at **6.7%** of global GNI, it is expected to increase to **11%** by 2030.

Despite India's large share of global GNI, it currently attracts less than **2.2%** of investment flows.

A combination of strong economic growth and expanding young urban population is driving significant increases in spending power and consumption. Consumer spending is expected to rise by approximately 80% from about US$ 950 billion in 2010 to US$ $1.7 trillion in 2020.

India's banking industry is expected to become the third largest in the world by 2020.

Source: PWC, World in 2050 The BRICs and beyond, 01/13. IMF, Data Mapper: World Economic Outlook, 04/14 Tracking the growth of India's middle class, McKinsey Global Institute,09/07. KPMG-CII, Maneuvering through Turbulence: Emerging strategies, 09/13. Times of India, Indian banking industry to emerge as world's third largest by 2020: Frost & Sullivan, 01/14. Credit Capital Investments, 03/16.

- **Robust financial regulation:** The Reserve Bank of India (RBI) has implemented a robust regulatory and supervisory framework for banking and financial entities. As a result, the Indian financial system, underpinned by a democratic, mostly capitalistic economy, has been less severely impacted by the sub-prime financial crisis than its counterparts in the developed world.

Why invest in Indian fixed income?

Deep and fast-growing fixed income market: Although underdeveloped in relation to the size of its economy, the Indian bond market has depth and liquidity. Currently valued at ~US$1354, up from US$475 billion in 2009, it is projected to reach US$2.75 trillion in 2020. Moreover, the country offers some of the highest notional and attractive real returns currently available in the global fixed income markets.

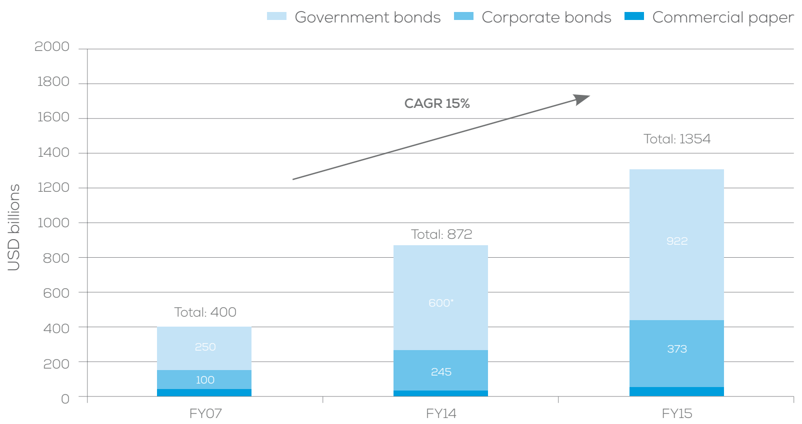
High-quality Indian corporate issuers: World-class companies and internationally-recognised brands such as the Indian Oil Corporation, Housing Development Finance Corporation, ICICI and Tata Motors have seen growth in revenues of between 12% and 25% since 2010, with bond yields currently ranging between 8% and 9%. These corporates have globally-competitive characteristics, which are underpinned by strong credit metrics.

Foreign debt capital inflows: India's foreign investment policy has been progressively liberalised; a steady increase in overall debt limits since 2008, a reduction in withholding tax from 20% to 5%, and the potential inclusion of Indian debt in major emerging market debt benchmarks has stimulated inflows and created unprecedented opportunities for India to achieve accelerated economic growth.

Currency depreciation protection: High yields in the domestic fixed income markets should provide more than adequate protection against a gradual rupee depreciation resulting from higher inflation in India in comparison to its trading partners.

Current environment offers an attractive entry point: The market-friendly BJP's convincing victory in the general elections has increased the prospects of the Government clearing several long-stalled infrastructure projects to kick-start investment cycle in the short run and implement many structural reforms in the medium run. The resulting improvement in investor sentiment, together with increasingly easy access to markets, will continue to attract foreign capital and support the Indian rupee.

Deep and fast growing fixed income market



Source: Goldman Sachs, RBI, SEBI, CCI , 03/16.

Risk management

Foreign market insight: Investing in emerging markets entails special consideration of certain risks, including economic and political risks, currency fluctuations, and judicial and regulatory uncertainty. The Fund's investment team is experienced in Indian markets and has existing relationships with core stakeholders.

Liquidity: Liquidity can be a concern when investing in emerging markets, particularly during times of market stress. Investors must understand the liquidity profile of any chosen fund. The Ashburton India Fixed Income Opportunities Fund provides daily liquidity. Furthermore, the Fund's mandate includes liquidity as a key investment criterion.

Local knowledge and expertise: Investors should select experienced fund managers with proven expertise in Indian fixed income investments. The Fund's investment team makes regular visits to the country to witness first-hand the development of Indian industries and also benefits from the resources of the FirstRand Group to potentially access additional in-depth research. Moreover, the team has a highly experienced team of credit analysts based on the ground in India for over a decade who work exclusively on this Fund.

Investment team profile

Dr. Suhas Ketkar

Suhas, who manages the Fund with Varkki, is Head of Macroeconomic Research and Strategy at CCI and a recognized expert on emerging markets. He has 25 years' experience as an economist/strategist at such Wall Street firms as RBS Greenwich Capital, Fidelity Investments, Credit Suisse First Boston, and Marine Midland Bank. He has a proven track record in developing predictive models of investment opportunities and risks, and has an established network of relationships with policy makers in many countries, including India. Suhas, who holds a Ph.D. in Economics from Vanderbilt University, has also served as a consultant to the World Bank on several projects.

Varkki Chacko

Varkki is co-Fund Manager of the Fund and Chief Investment Officer of CCI. He has extensive experience in the global credit markets from 16 years spent at Salomon Brothers and Goldman Sachs. He and his research teams were top ranked in Institutional Investor as well as Euromoney surveys for several years. Varkki completed an M.B.A. in Finance with Distinction from New York University in 1987, a Ph.D. in Polymer Science & Engineering from the University of Massachusetts in 1982, and a B.E. (Hons) and M.S. (Hons) in 1978 from the Birla Institute of Technology and Science, Pilani, India.

Olivier Schmitt

Olivier is Head of Quantitative Analysis at CCI. His nine years' experience in the field includes six years at the World Bank Treasury. He also worked in the Global Credit Strategy Group at Goldman Sachs and held positions at the Ministries of Transportation and Finance in France. Olivier graduated from Ecole Polytechnique in France (2000) and then received an M.S. in Probability and Finance from Université Paris VI (2003) and an M.S. in Economics from the London School of Economics (2003).

Sub-Investment Manager Credit Capital Investments

The management of this Fund is a joint initiative between Ashburton Investments and Credit Capital Investments, who have been trusted partners of the FirstRand Group for more than a decade. The investment team has more than 70 years' combined experience in research, portfolio management and quantitative strategies. CCI have dedicated a team of analysts to the India Fixed Income Opportunities Fund, based on the ground in Pune, India. Blending and leveraging the expertise of both teams provides investors with a unique opportunity to take part in an exciting Indian growth story, managed by a proven, knowledgeable team.

Why Ashburton Investments?

Ashburton Investments is the FirstRand Group's investment management business. We are a new generation investment manager that places our clients at the centre of our thinking.

The strength of our investment proposition is our unique ability to leverage investment thinking and capability across the FirstRand Group to provide investors with access to more sources of return, broader investment capabilities and greater riskmanagement.

Our integrated investment approach blends traditional and non-traditional investment expertise with innovative alternative and customised solutions. Our assets under management exceed ZAR132.3 billion* (US$8.55 billion) and we have extensive geographical reach with offices in South Africa, the United Kingdom, Channel Islands and United Arab Emirates. *As at December 2015.

For more information

For the latest Fund performance, application forms and to find out about similar products offered by Ashburton please visit: **www.ashburtoninvestments.com**

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