RNS Number : 2271A
Ashoka India Equity Investment Tst
11 March 2025

Ashoka India Equity (AIE)

11/03/2025

Results analysis from Kepler Trust Intelligence

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%.

The scale of outperformance 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.

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. There are genuine reasons to remain optimistic for India's long-term growth prospects with attendant index-beating investment returns likely for our shareholders."

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. AIE's strong outperformance has helped the trust win a Kepler Growth Rating for 2025.

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.

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.

CLICK HERE TO READ THE FULL REPORT

Visit Kepler Trust Intelligence for more high quality independent investment trust research.

END

NRABDGDXXDBDGUB