

# CHIKARA

## CHIKARA INDIA SUBCONTINENT FUND

*June 2025*

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### QUARTERLY COMMENTARY

This was a quarter of strong performance for both the fund and the broader market, with the fund returning +9.9% and the index rising +9.2%. This consolidates the strong YTD performance and takes the fund's return to +10.5%, compared to +6% for the benchmark.

The resilience in performance this quarter is particularly notable when viewed against the geopolitical backdrop during the period. In May, the two nuclear armed nations India and Pakistan were briefly at war, and shortly thereafter, tensions between Israel and Iran escalated to a point where missile strikes reached as far as a U.S. air base in Qatar. The potential consequences included a blockade of the Strait of Hormuz - through which nearly 20% of global oil supply flows. The India-Pakistan conflict highlighted India's growing economic resilience and the relatively limited impact on its markets and economy. While tensions in the Middle East introduced fresh volatility to global energy markets, diplomatic engagement, particularly by the U.S., appears to be yielding early results. If ongoing negotiations with Iran progress, there is a realistic path to further ceasefires and potentially the reintegration of more sanctioned oil supply. Though we do not position the portfolio on macro forecasts, our approach remains rooted in the belief that trying to time markets during such volatility is extremely difficult. We continue to believe that owning high-quality Indian businesses aligned to structural domestic growth remains the most consistent and rewarding strategy over time.

The broader macro environment for India has turned increasingly supportive. Brent crude has remained below \$70 per barrel, and the U.S. dollar has weakened - both important tailwinds for India's current account and inflation outlook. Following nearly \$25 billion in foreign selling over the prior two quarters, foreign investors returned this quarter with net inflows of \$4.8 billion. Domestic macro data also improved materially: consumer price inflation came in at 2.8%, the lowest level since February 2019. The Reserve Bank of India responded with a 50 basis point cut in the policy rate to 5.5%, alongside a 100 basis point reduction schedule in the cash reserve ratio, which together contributed to a significant easing in domestic liquidity. After a period of tight liquidity from late 2024 through March 2025, the system has shifted to a state of comfortable surplus. While the rupee has not appreciated meaningfully this year, despite the weakening dollar and inflows, the RBI appears to be using this period to rebuild its foreign exchange reserves, now back near all-time highs of approximately \$700 billion. We believe the RBI may prefer to prioritise FX stability over appreciation in order to safeguard export competitiveness especially as trade negotiations are ongoing with the US. India stands to benefit materially from the reorientation of global supply chains in the aftermath of the Trump-era tariffs, and a steady INR - USD with big forex reserves to dampen volatility offers a more predictable environment.

From a portfolio standpoint, the most significant contributors during the quarter were Delhivery (+47%), Narayana Health (+29%), Eternal (formerly Zomato, +25%), Policybazaar (+20%), and HDFC Bank (+18%). In the case of Delhivery, our conviction last quarter around its valuation and potential was rewarded sooner than expected. The company announced the acquisition of Ecom Express for \$165 million - a significant discount to its last private valuation - on the back of Meesho's decision to insource its logistics requirements. This development illustrates the type of investment opportunity aligned with our strategy; sector leaders with strong net cash balance sheets that can consolidate during periods of stress. Delhivery's ability to act decisively amid sector dislocation drove a sharp rerating in its share price.

HDFC Bank was another key contributor, with the stock rebounding after a long period of consolidation post-merger with HDFC Ltd. With the integration now largely complete, the bank is well positioned to accelerate loan growth while preserving margins, aided by a stronger liquidity position. Our overweight position was based on an assessment that the bank's valuation had declined below historical averages relative to its long-term fundamentals. As the valuation recovered and the share price rebounded, we reduced our position.

We caught up with the management teams of several holdings this quarter and the two that stood out were our meetings with Global Health (who operate the Medanta chain of hospitals) and Kotak Bank's Deputy MD. We gained further confidence on the continuing execution of Medanta, which is in the midst of doubling its number of beds over the next 4 years with the bulk of it coming from Delhi NCR, Mumbai and expansions in their existing facilities. Kotak Bank meanwhile has restarted growth in credit cards, 811 account openings and personal loans after a brief hiatus imposed by the RBI to improve their tech infrastructure. This should aid their relative growth and cushion the impact on margins at a time when system loan growth has slowed and margins challenged for most banks as they adjust to lower rates.

Looking ahead, we are constructive on the outlook for Indian equities. The impact of recent fiscal and monetary stimulus measures is beginning to materialise, and macro tailwinds - particularly low oil prices, a weaker dollar, and renewed foreign inflows - support the case for stronger growth in the second half of the year. In parallel, India appears to be nearing an interim trade agreement with the United States. Depending on its final contours, this could offer a further boost to export competitiveness and investor sentiment. As always, our focus irrespective of the macro remains on investing in high-quality businesses with structural growth potential and strong balance sheets, which we believe are best placed to outperform across cycles.

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June 2025

A high conviction, index agnostic, concentrated approach to investing in companies that are growth and quality leaders in the Indian domestic market

### FUND STATISTICS

<b>Portfolio Manager:</b>	Andy Draycott
<b>Investment Manager:</b>	Chikara Investments LLP
<b>Independent Investment Advisor:</b>	Abhinav Mehra (ISFCAP Strategic Advisors LLP)
<b>Fund Size:</b>	USD 135m
<b>Active Share <sup>(2)</sup>:</b>	85.6%
<b>Launch Date:</b>	20.11.2018
<b>Dealing:</b>	Daily
<b>Base Currency:</b>	USD
<b>Benchmark <sup>(1)</sup>:</b>	MSCI India Net Total Return USD Index
<b>Structure:</b>	Irish OEIC, UCITS V

### CUMULATIVE PERFORMANCE SINCE INCEPTION (%) <sup>(1)</sup>



### CALENDAR YEAR PERFORMANCE (%) <sup>(1)</sup>

	2024	2023	2022	2021	2020
<b>S USD</b>	19.8	23.7	-10.9	22.5	15.9
<b>S GBP (unhedged)</b>	21.8	17.1	-0.3	23.9	n/a
<b>Index (USD) <sup>(1)</sup></b>	11.2	20.6	-7.7	26.3	15.4

### TOTAL RETURN PERFORMANCE (%) <sup>(1)</sup>

	1 MONTH	YTD	1 YEAR	3 YEARS	5 YEARS	INCEPTION <sup>(1)</sup>
<b>S USD</b>	3.8	10.5	14.2	77.1	147.7	137.0
<b>S GBP (unhedged)</b>	2.1	1.1	5.5	56.8	121.7	152.5
<b>Index (USD) <sup>(1)</sup></b>	3.0	6.0	0.8	54.8	130.3	114.3

**Note:** Past performance does not predict future returns. 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 may be derivatives and may involve different and more complex risks as compared to listed or other securities.

**Source:** Independent returns are calculated daily 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. All figures quoted are in the relevant share class currency.

# STRATEGY OVERVIEW

We aim to provide investors with long term capital appreciation through an actively managed portfolio of equities, listed or traded, or which conduct a predominant part of their economic activity in India.

The portfolio will typically consist of 25-40 companies in the Indian Subcontinent that we consider capable of benefiting from economic transformation of India. In our opinion, the best way to capture India's growth is to focus on companies that are leaders in under-penetrated categories (typically less than 10%).

## TOP 10 HOLDINGS

Holding	(%)
Kotak Mahindra Bank Ltd	9.2
Delhivery Ltd	6.2
HDFC Bank Ltd	5.7
Godrej Properties Ltd	5.6
Eternal Ltd	5.2
Narayana Hrudayalaya Ltd	5.2
ICICI Bank Ltd	4.5
Makemytrip Ltd	4.4
PB Fintech	4.3
Swiggy Ltd	4.3
<b>Total</b>	<b>54.5</b>

## TOP 10 SECTORS

Sector	(%)
Banking	19.4
Internet Media & Services	13.9
Transportation & Logistics	10.2
Health Care Facilities & Services	9.3
Speciality Finance	8.3
Leisure Facilities & Services	6.1
Real Estate Owners & Developers	5.6
Beverages	4.8
Software	4.3
E-Commerce	4.3
<b>Total</b>	<b>86.0</b>

## SHARE CLASS DETAILS

Share Classes	ISIN	Management Fee	Ongoing Charges Figure <sup>(3)</sup>	Performance Fee	Minimum Initial Investment
Class I USD	IE00BG7PPH10	1.00%	1.30% (capped)	15%	\$1,000
Class I GBP (unhedged)	IE00BLDG9R13				£1,000
Class I GBP	IE00BG7PPG03				£1,000
Class S USD	IE00BG7PPL55	0.75%	1.05% (capped)	10%	\$100,000
Class S GBP (unhedged)	IE00BL0BMT20				£100,000
Class S GBP	IE00BG7PPK49				£100,000
Class S EUR	IE00BG7PPM62				€100,000
Class T USD	IE00BJRFW608	0.75%	1.05% (capped)	None	\$2,500,000
Class T GBP (unhedged)	IE000NXM4961				£2,500,000

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland, Sweden, Netherlands, Norway, Denmark and Switzerland, for Institutional Investors only in Belgium and France.

For KID/KIID documents and more information, please visit: [www.chikarainvestments.com](http://www.chikarainvestments.com)

## KEY INVESTMENT 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.

**Sustainability Risk** – Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

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

## NOTES

1. The benchmark performance is that of the MSCI India Net Total Return index in USD (M1IN) based on a midday price consistent with the valuation point. Source: MSCI. Benchmark & all share class performance since 20.11.2018 being the inception date except GBP S (unhedged) performance which is since 06.05.2020.
2. Active Share source: Bloomberg, as at 30.06.2025
3. Ongoing charges figure: Note the OCF for the following classes are currently capped, classes I (GBP), I (USD) and I (GBP unhedged) are capped at 1.3%, classes S (GBP), S (EUR), S (USD), S (GBP unhedged), T (USD) and T (GBP unhedged) are capped at 1.05%, class Q (GBP unhedged) and Q (USD) are capped at 0.95%. The cap may be terminated on 60 days' notice.

All data as at 30.06.2025 unless stated otherwise. All information is sourced from Chikara unless stated otherwise.

## GLOSSARY OF TERMS

**Active Share** – A measure of how much a portfolio's holdings differ from those of its benchmark index.

## IMPORTANT INFORMATION

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 Chikara Indian Subcontinent Fund, (a sub-fund of Chikara 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 1 July 2024 together with the Chikara Indian Subcontinent Fund Supplement dated 1 July 2024 (together the Prospectus) and only in those jurisdictions where it is permitted by law. Chikara, as investment manager, has discretion in managing the investments of the Chikara 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 Chikara 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, Class T and Class Q shares) is calculated in reference to the Benchmark (as defined in the Prospectus), Chikara will select the Fund's investments based entirely on its stock selection techniques, irrespective of whether such stocks are components of the Benchmark.

In particular this document is not intended for distribution in the United States or for the account of U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the Securities Act)) except to persons who are “accredited investors” (as defined in Rule 501(a) under the Securities Act). Chikara Investments LLP (Chikara) is not registered with the United States Securities and Exchange Commission as an investment adviser.

Chikara Indian Subcontinent Fund will not be registered under the Securities Act or the securities laws of any of the states of the United States and shares may not be offered, sold or delivered directly or indirectly into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the registration

## IMPORTANT INFORMATION

requirements of such securities laws. The shares will be subject to restrictions on transferability and resale. Chikara Indian Subcontinent Fund will not be registered under the United States Investment Company Act of 1940. An investment in Chikara Indian Subcontinent Fund is speculative and is not suitable for all investors. It is intended for investors who are willing to bear the risks of the investment which are described in the Prospectus.

**PROSPECTIVE INVESTORS SHOULD REVIEW THE PROSPECTUS, INCLUDING THE RISK FACTORS THEREIN, BEFORE MAKING A DECISION TO INVEST.**

The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Tellco Bank Ltd, Bahnhofstrasse 4, CH-6430 Schwyz. The prospectus, the articles of association, the Key Information Documents, as well as the annual and semi-annual reports in English may be obtained free of charge from the representative. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative.

Chikara Investments LLP is authorised to provide investment services and activities as well as ancillary services on a cross-border basis in Denmark to eligible counterparties and per se professional clients pursuant to Section 41 of the Danish Investment firm and Investment Service and Activities Act.

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Chikara and or Waystone Management Company (IE) Limited (the "Manager") has the ability to terminate arrangements for marketing in accordance with Article 93a of Directive 2009/65/EC.

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Copies of the Prospectus in English, UCITS KIID in English and PRIIPS KID in English, German, French, Dutch and Swedish may be found at [www.fundinfo.com](http://www.fundinfo.com) and copies of the Prospectus and the latest annual report and any subsequent half-yearly report of the Company in English free of charge from Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54 – 62 Townsend Street, Dublin 2 or the Investment Manager, Chikara Investments LLP, 31-32 St James's Street, London SW1A 1HD. Tel : 0207 321 3470. A summary of investor rights is available in English at <https://www.chikarainvestments.com/summary-of-investor-rights>.

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