

# India: The Macro Opportunity & Generating Alpha in Indian Listed Equities

FOX Roundtable | Tuesday, March 26<sup>th</sup>, 2024

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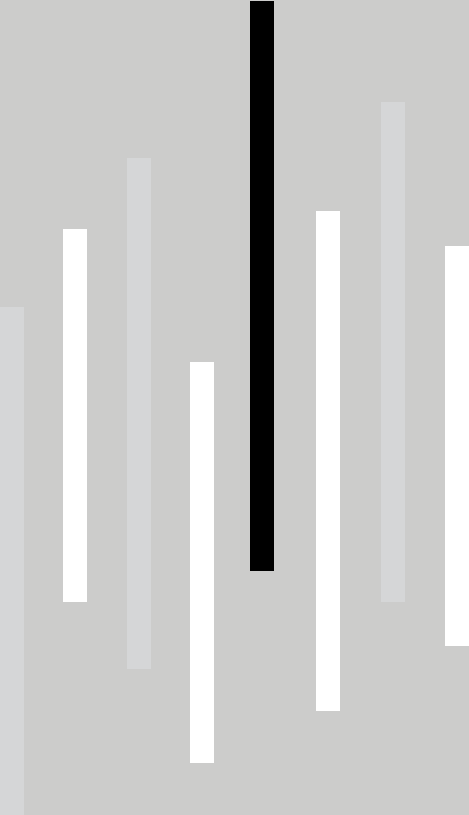
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# Our Firm



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# 360 ONE Asset Team Profiles

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**Mehul Jani**  
**Senior EVP & Fund Manager, Listed Equity**  
**360 ONE Asset**

Mehul Jani is the Senior Executive VP & Fund Manager - Listed Equity at 360 ONE Asset.

Prior to joining 360 ONE Asset, Mr. Jani worked at DSP Blackrock where he was a Fund manager and Analyst. Mehul joined DSP BlackRock in October 2008, as an Analyst in the Equities team.

From 2004 to 2008, he was employed at Morgan Stanley Plc, London as an Associate working with structured product valuations and fund derivatives.

Mehul is a CFA charter holder and holds an MSc. in Banking and International Finance.



**Vikram Chhabra**  
**Senior Economist**  
**360 ONE Asset**

Vikram Chhabra is Senior Economist at 360 ONE Asset Management.

In his current role, he leads the macroeconomic research function for the organisation. Vikram has over eight years of dedicated experience in economic research.

Prior to joining 360 ONE Asset, he worked as an economist at Axis Bank.

Vikram is an alumnus of the Faculty of Management Studies (FMS), University of Delhi.

# Introduction to 360 ONE Wealth & Asset Management

India's First Listed Wealth Management Firm

## WEALTH MANAGEMENT

- Advisory Services
- Broking Services
- Distribution Services
- Lending & Estate Planning

AUM: \$46.3 bn



**CONSOLIDATED  
AUM: \$54.6 bn**

## ASSET MANAGEMENT

- Alternate Investment Funds
- Separately Managed Accounts (Portfolio Management Services)
- Mutual Funds
- Global Asset Management

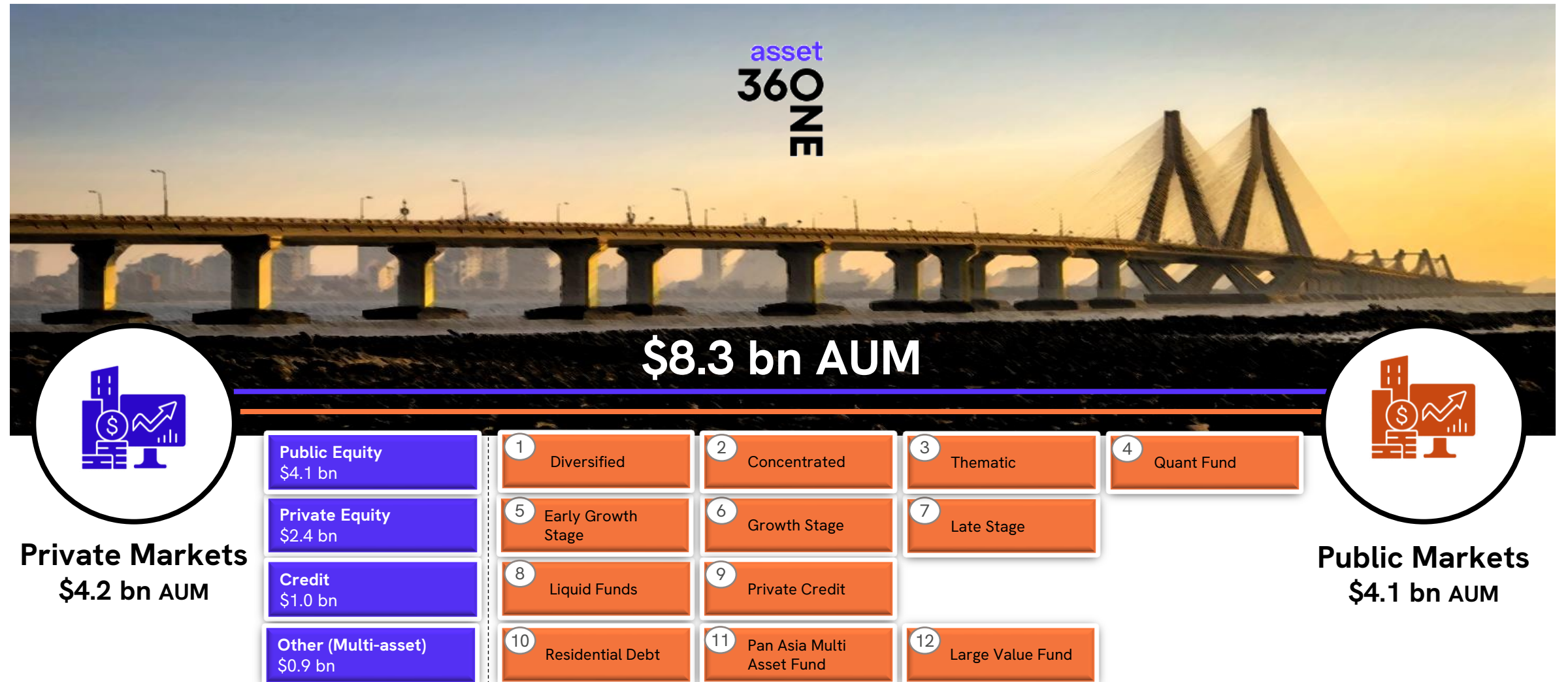
AUM: \$8.3 bn

- 360 ONE WAM Ltd (formerly known as IIFL Wealth Management Ltd) is one of the largest wealth management firms in India managing an **AUM of \$46.3 bn across 6,800 families worldwide**
- 360 ONE WAM Ltd was listed on Sep 19, 2019 as a result of demerger of IIFL Finance Ltd
- The market capitalization of the firm is **~\$3.16 bn**

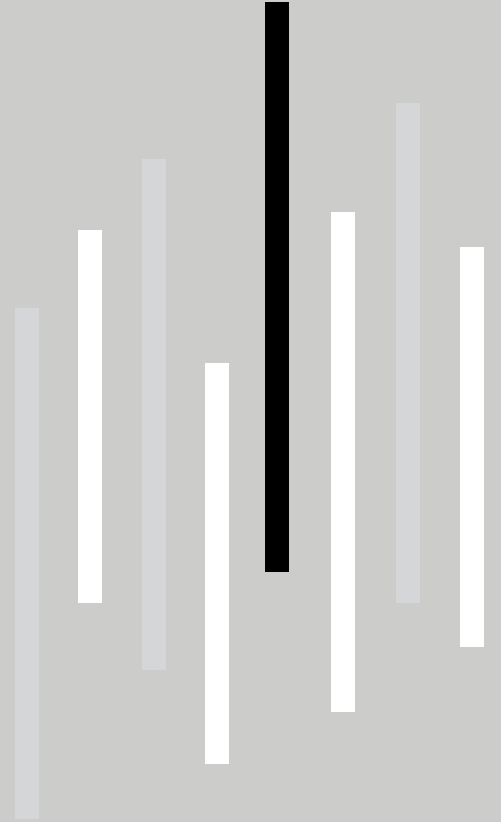
AUM Figures for 360 ONE WAM Ltd includes custody assets and is as on December 31, 2023 and 360 ONE Asset is as on January 31, 2024. Market capitalization as of February 29, 2024. The overall AUM includes AMC assets which have been distributed by 360 ONE WAM. The same has been added and consolidated in the overall AUM

# Asset Management Capabilities

Ability to Partner With Institutions Across Asset Classes



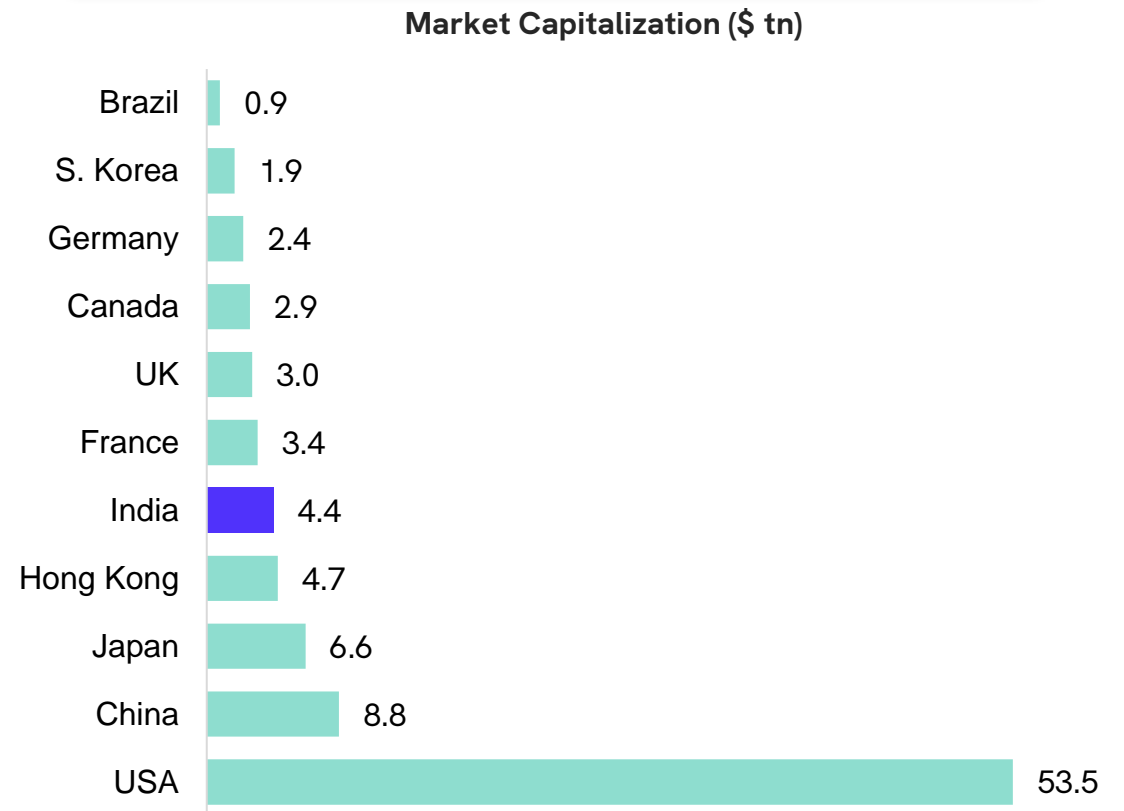
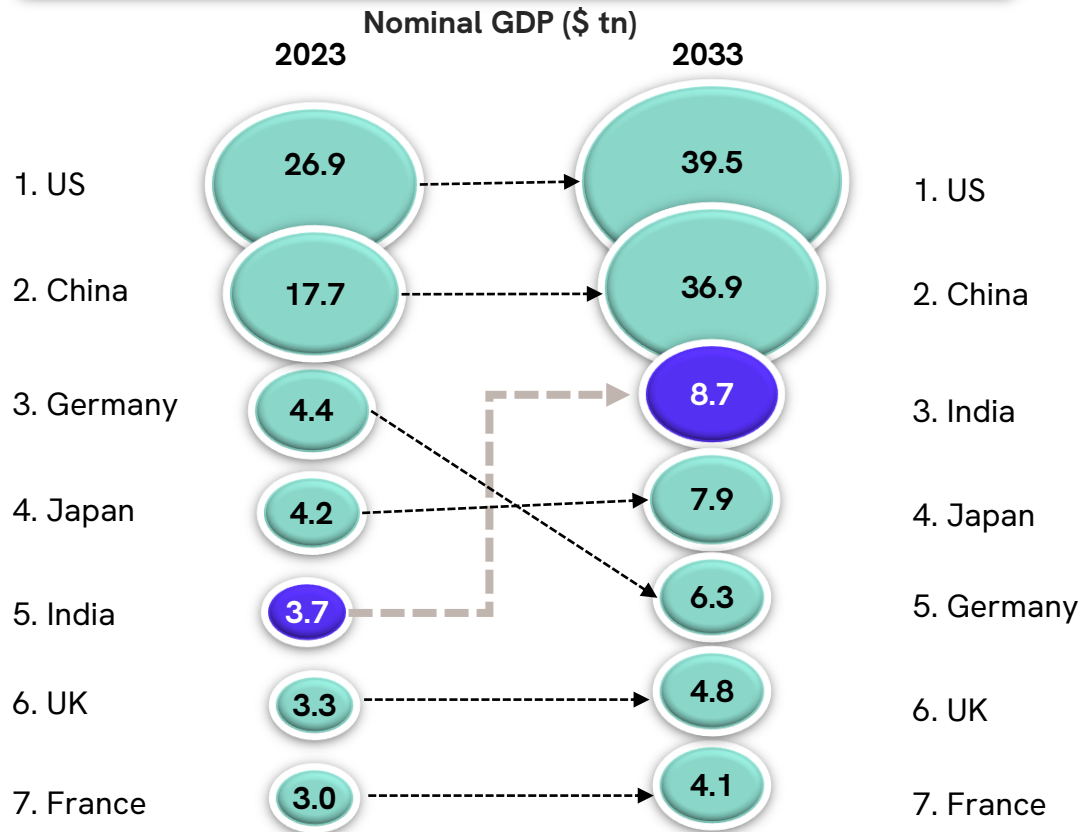
# Why India?



# India's Economy – A Global Comparison

**5<sup>th</sup> Largest Country by GDP in 2023**  
**Expected to be the 3<sup>rd</sup> Largest by 2033**

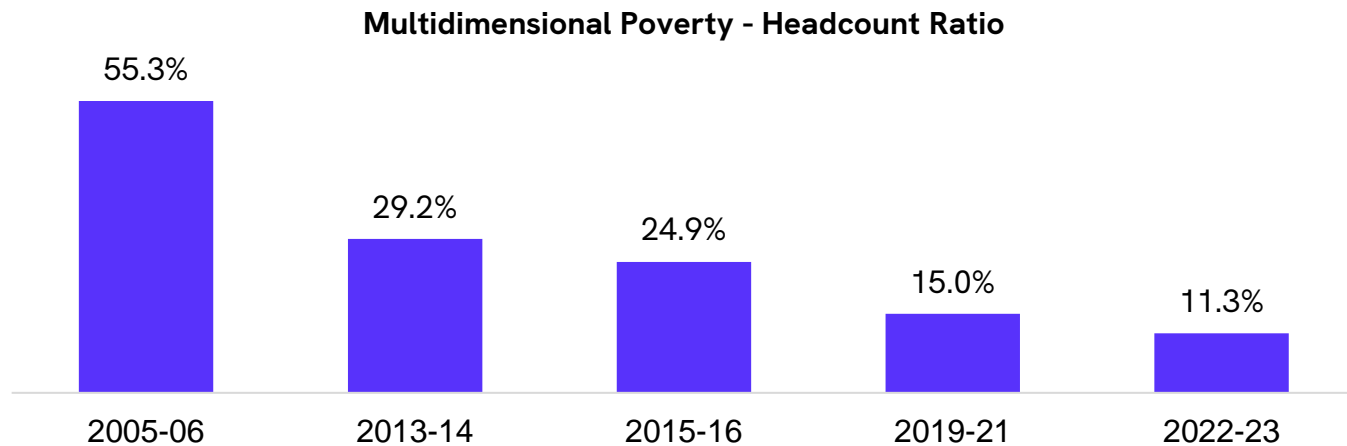
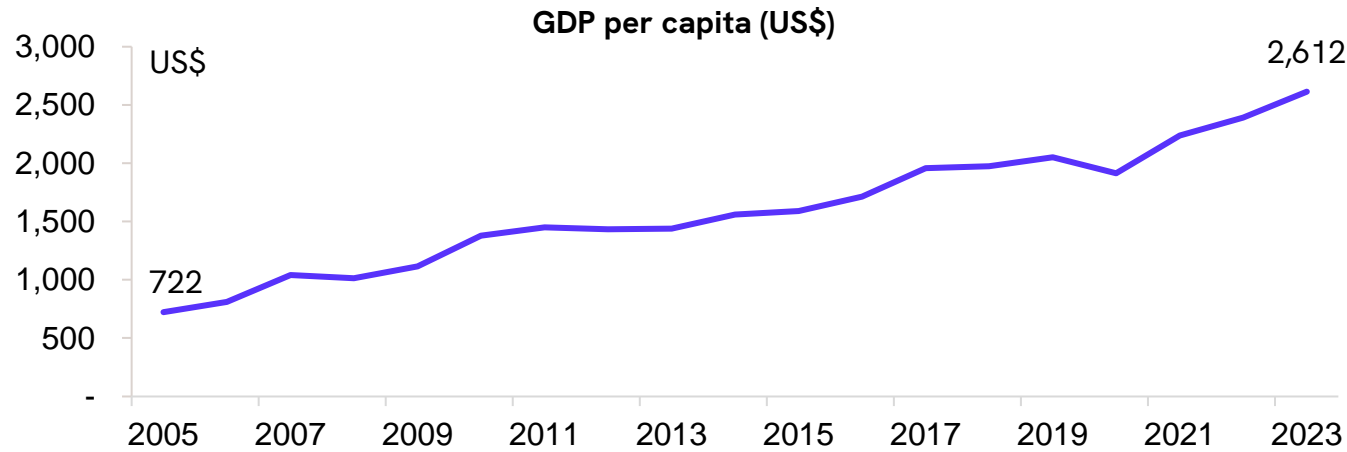
**5<sup>th</sup> Largest Country by Market Capitalization**



Source: For GDP, IMF World Economic Outlook- October 2023. India's GDP is estimated for FY24. GDP values for other nations are estimates for CY2023. For 2033 numbers - CEBR World Economic League Table 2024. For Market Cap data as of February 29, 2024. Historical and past performance are not a guarantee for future performance










# Rising per capita income has led to a fall in poverty and improved access to essential goods & services



Note: Multidimensional Poverty for 2013-14 and 2022-23 are Niti Ayog projections

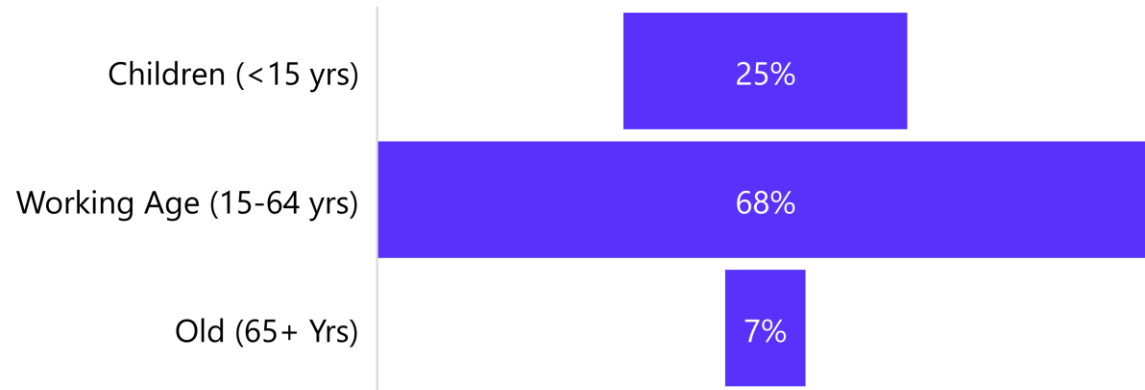
Source: UNDP, National Family Health Surveys, Internal Estimates, 360 ONE Asset Research

## Percentage of households with access to various goods/services

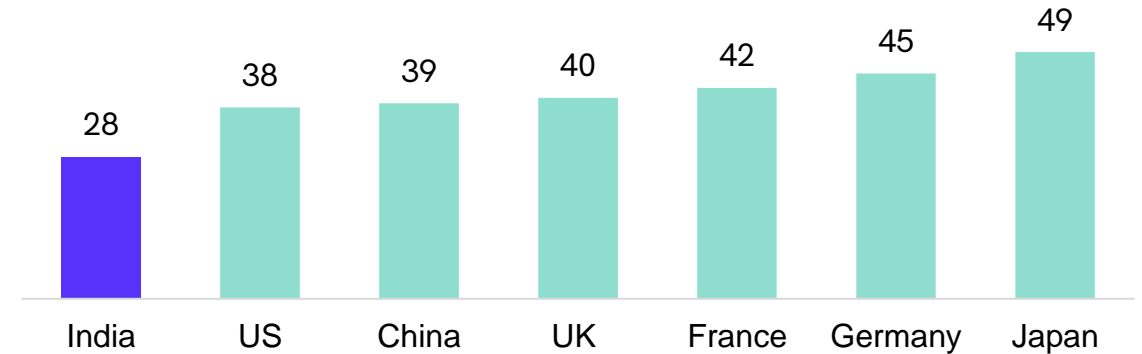
	2006	2021
 Electricity	68%	97%
 Bank Account	40%	96%
 Health Insurance	5%	41%
 Mobile-Phones	17%	93%
 Internet	-	49%
 Two-Wheeler	17%	50%
 Passenger Vehicle	3%	8%

# India is a young country with 1.4 bn people, accounting for 19% of the world's working-age population

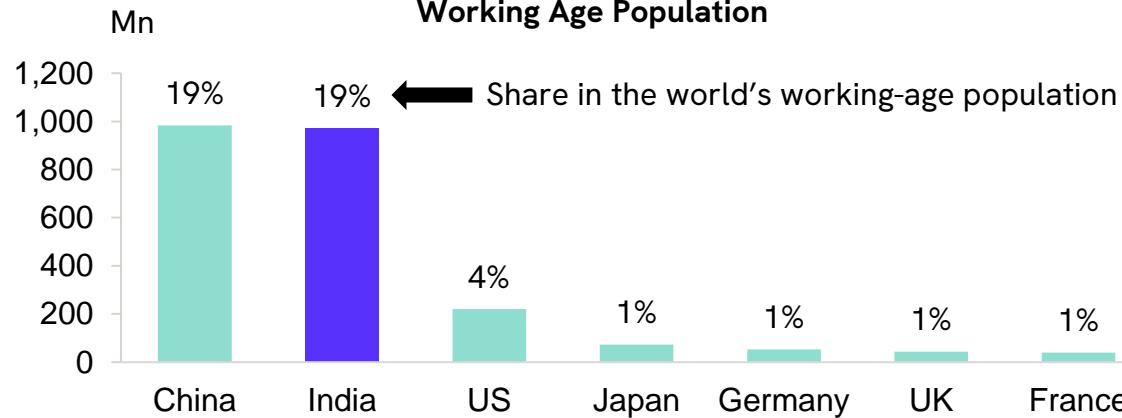
India's Population Distribution



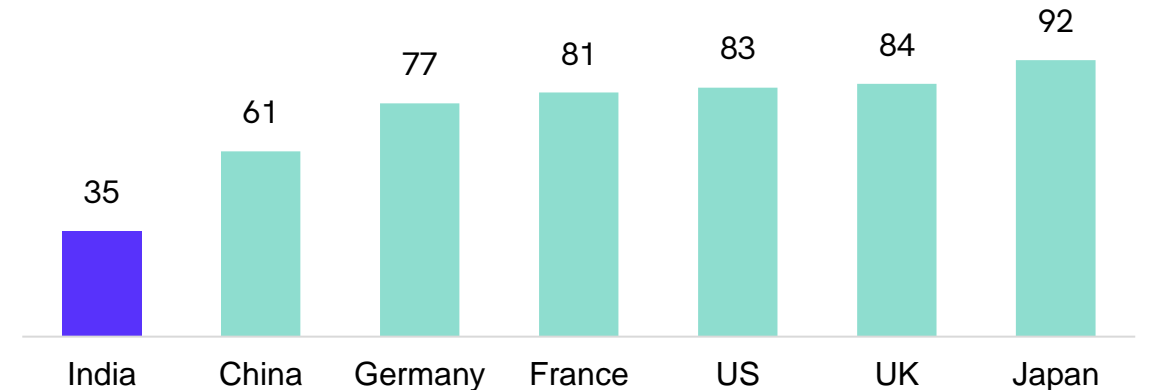
Median Age (years)



Working Age Population



Percentage of Population Residing in Urban Areas

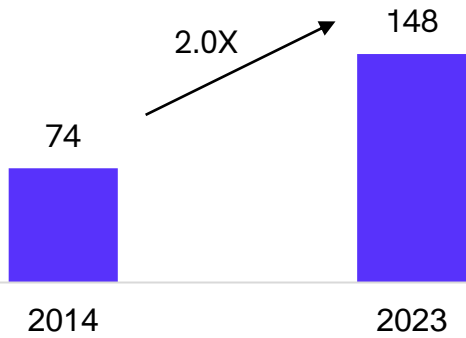


Note: Population distribution, working-age population and median age are 'Medium Variant' estimates for 2023. Percentage of population in urban areas for 2020

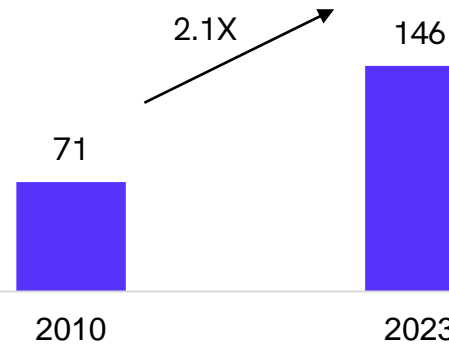
Source: UN World Population Prospects, UN World Urbanization Prospects, 360 ONE Asset Research

# Significant improvement in infrastructure

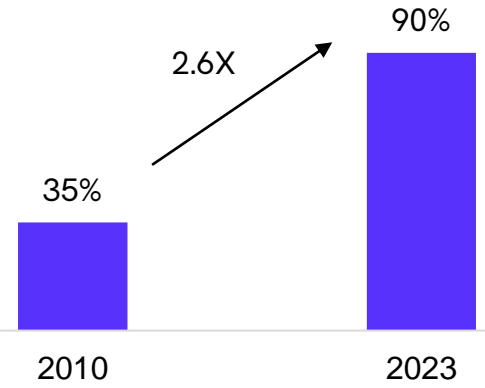
 Number of Airports



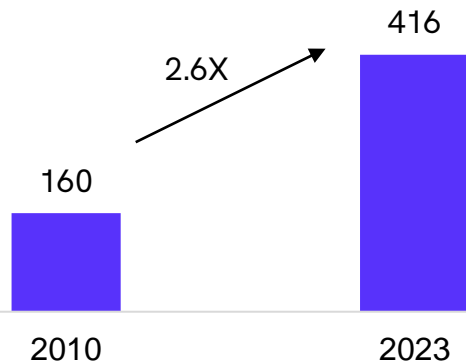
 National Highway Length ('000 Km)



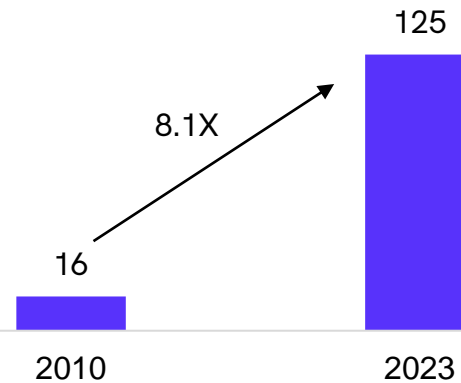
 % of Electrified Raily Route Length



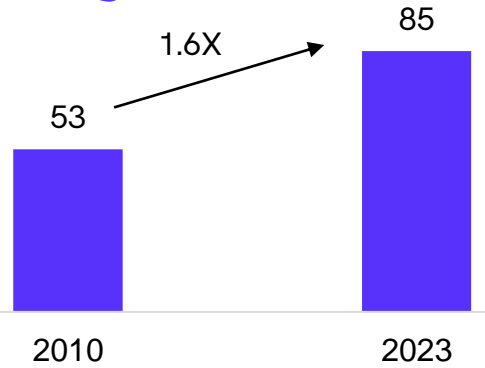
 Installed Plant Capacity ('000 MW)



 Renewal Energy Capacity ('000 MW)



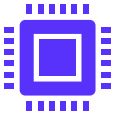


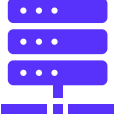

 Teledensity (%)



Note: All data as of financial year end. For ex. 2023 corresponds to March 2023

Source: CMIE, IMF, 360 ONE Asset Research

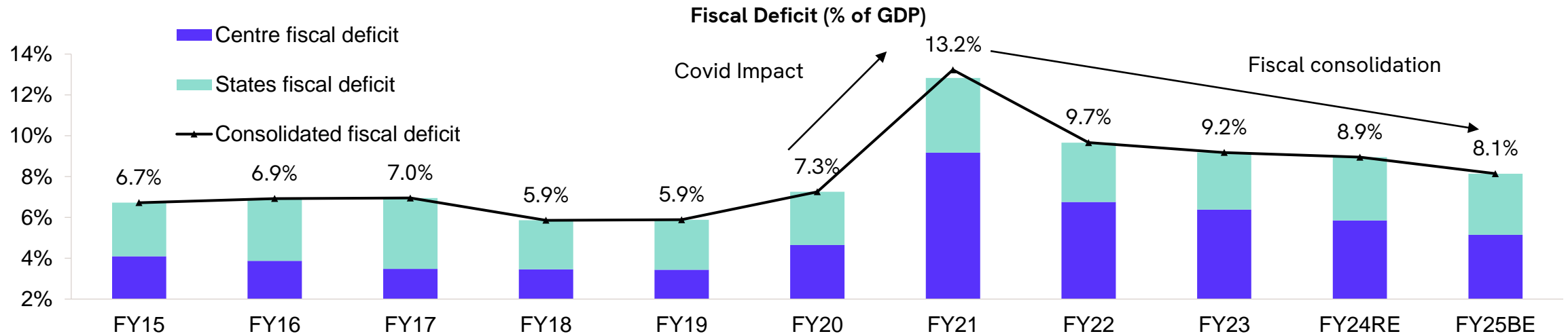
# Key Capex Announcements

	Project Name	Cost (USD Bn)
	Dholera Semiconductor Fab Plant Project (Tata Electronics)	10.9
	Semiconductor Fabrication Unit Project (Tower Semiconductor)	8.0
	Dholera, Khavda & Banaskantha Renewable Power Project (Tata Power Renewable)	8.4
	Gujarat Hybrid Wind Solar Energy Project (Avvada Energy)	4.8
	Maharashtra Green Hydrogen Manufacturing Plant Project (multiple entities)	33.2
	Thoothukudi (TN) Green Hydrogen Plant Project (Sembcorp Green Hydrogen India)	4.4
	Bangalore Data Centre Park Project (Web Werks)	2.4
	Tamil Nadu Hyperscale Data Centre Project (Adaniconnex)	1.6
	A320neo family (210), A350 (40), 737 MAX (190), 787-9 (20), and 777-9 (10) aircraft (Air India)	70.0
	A320, A321 Neo & A321 XLR (500) Aircraft Purchase Project (Interglobe Aviation)	49.4

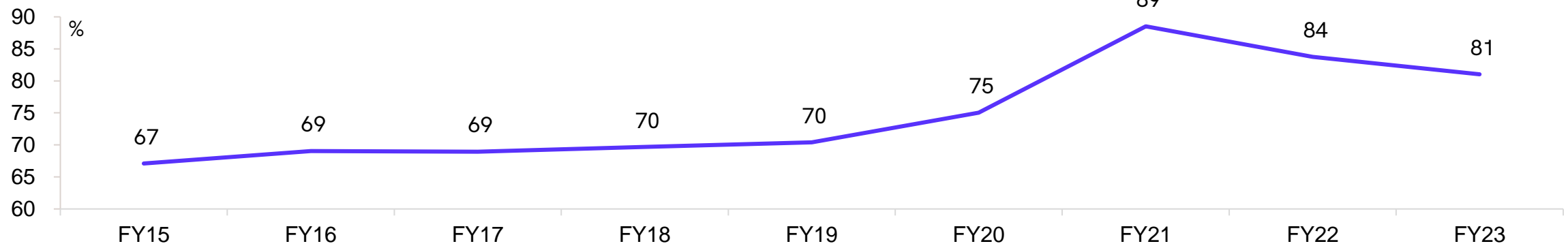
Note: The above projects have been announced in FY24

Source: CMIE, 360 ONE Asset Research

# India remains committed to fiscal consolidation after pandemic related splurge



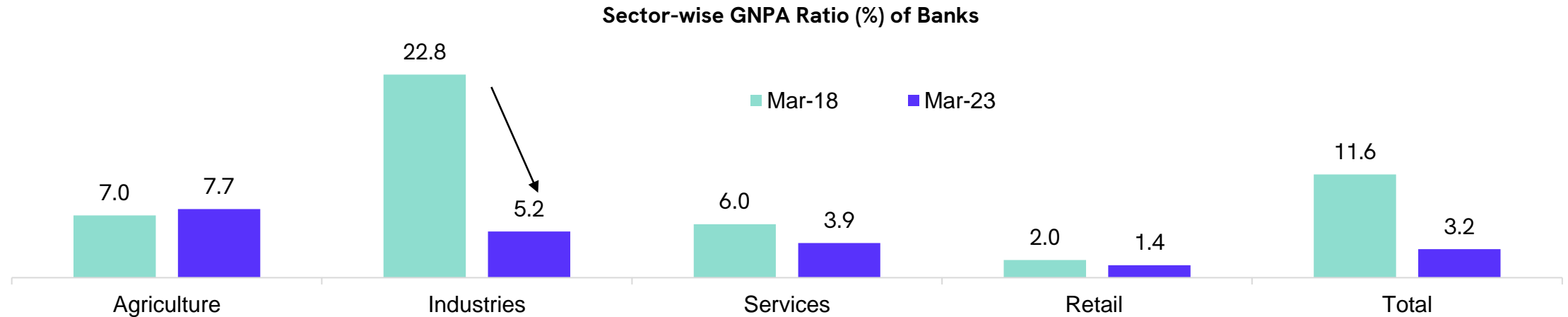
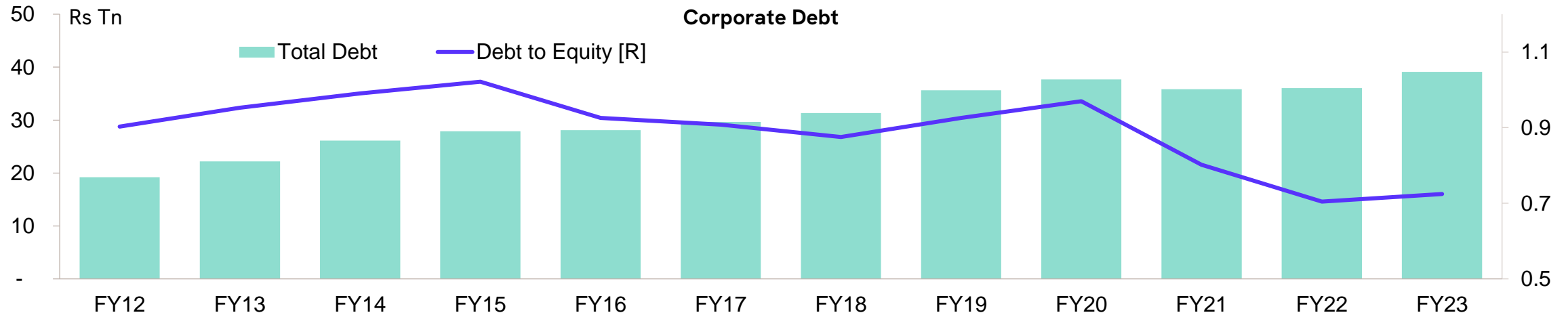
**General Government Debt to GDP**



Note: RE – revised estimates, BE- budget estimates

Source: CMIE, IMF, 360 ONE Asset Research

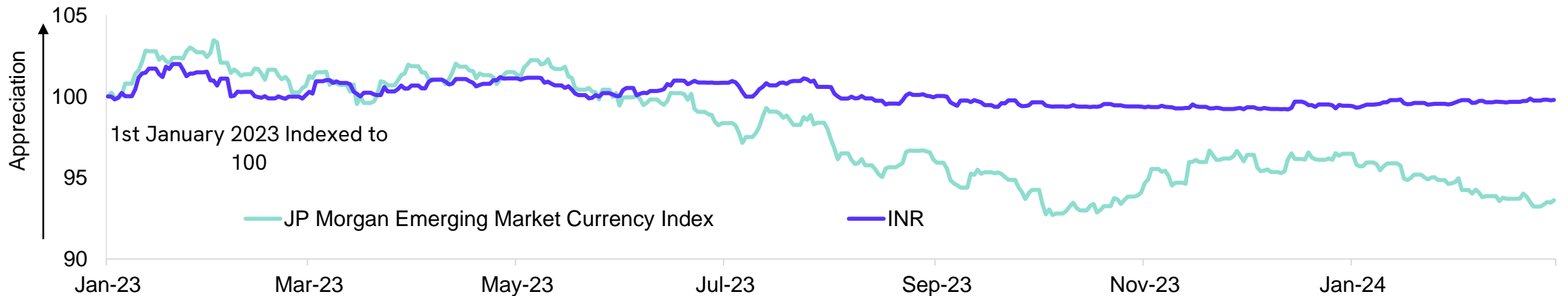
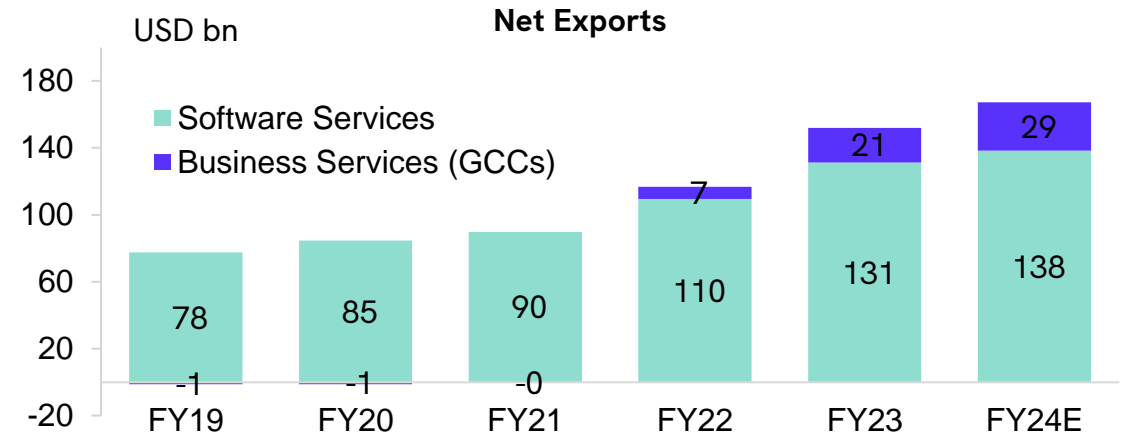
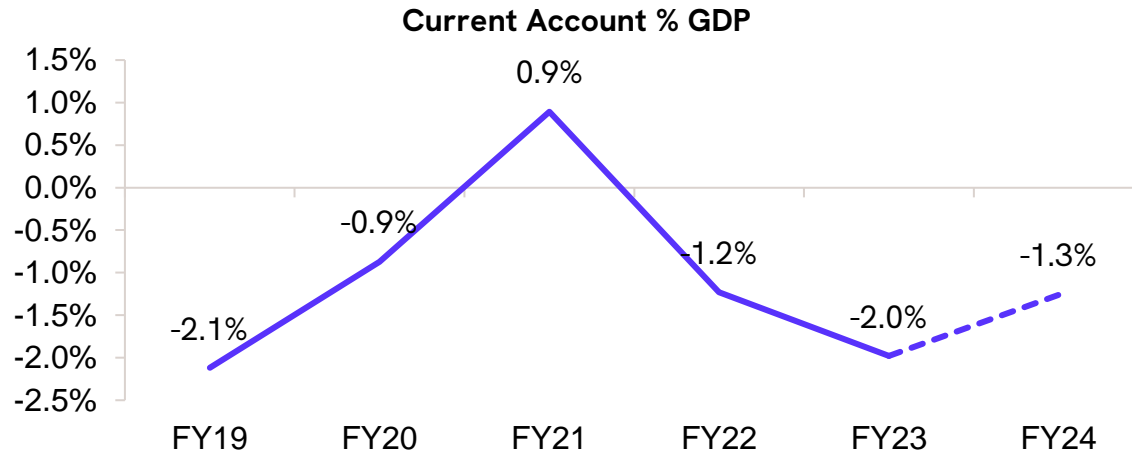
# Twin balance sheet strength: Low corporate leverage and healthy bank balance sheets



Note: Corporate Debt based on a sample of 3100+ listed companies

Source: RBI, Ace Equity, 360 ONE Asset Research

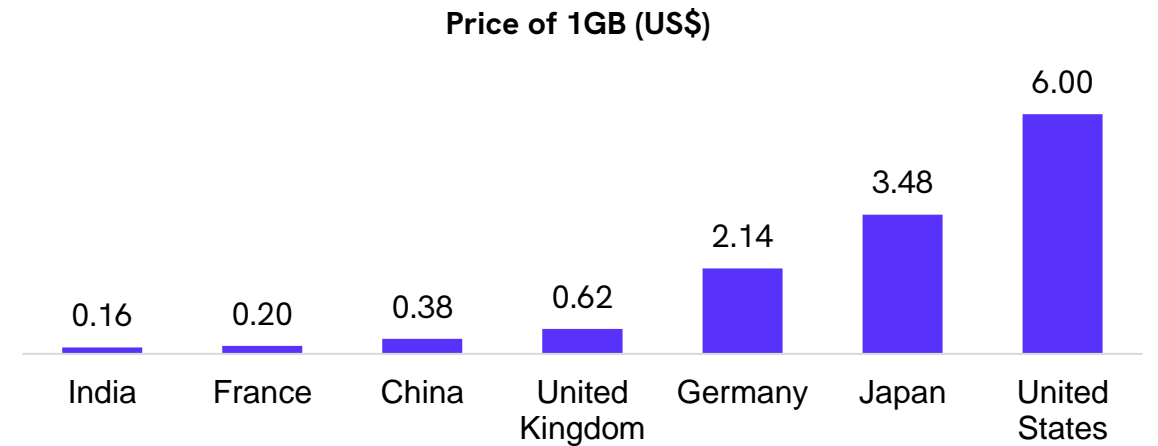
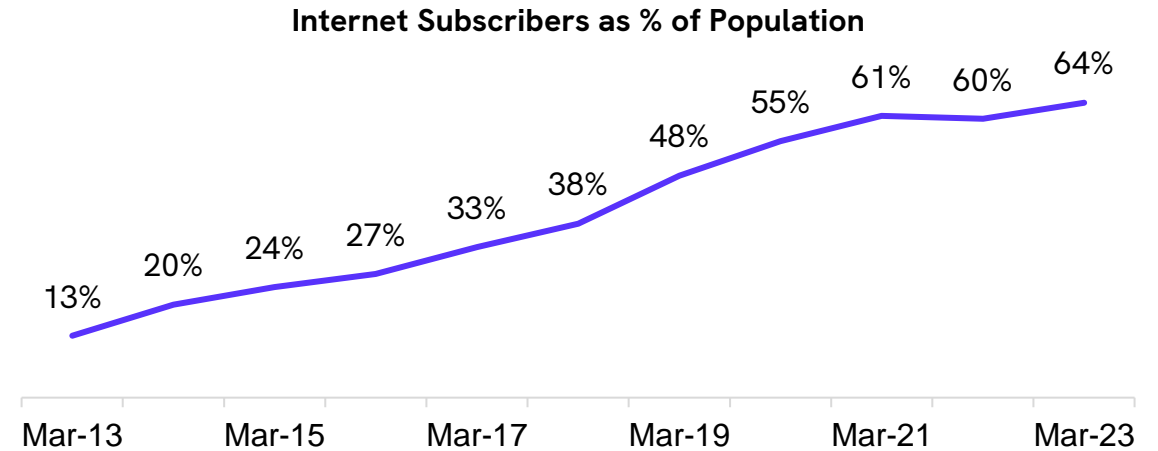
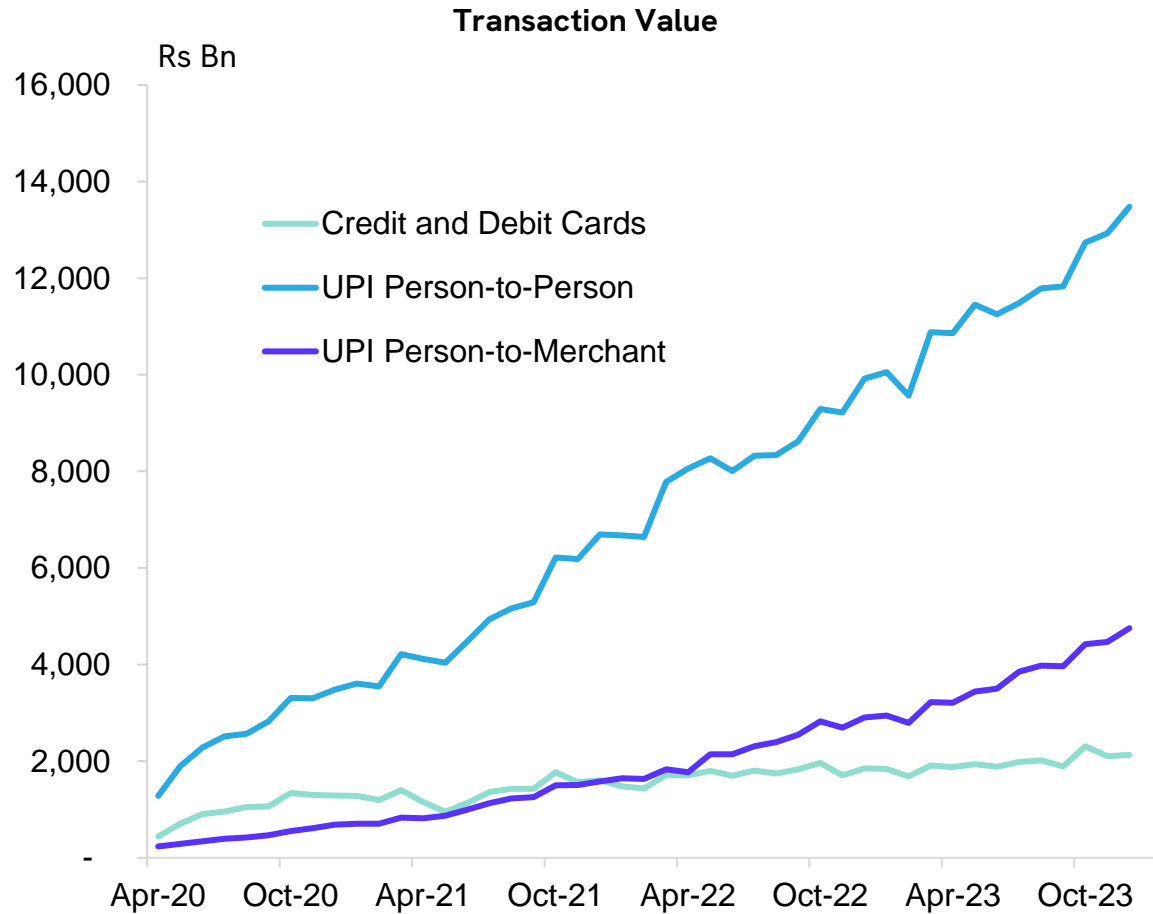
# Current Account Deficit remains manageable and INR stable



Source: RBI, Bloomberg, internal estimates

Note: FY24 net exports and CAD are internal estimates

# India's Digital Revolution: Cheap data, rising internet penetration and Unified Payments Interface (UPI)



Note: Price of 1GB data measured in June-September 2023 period

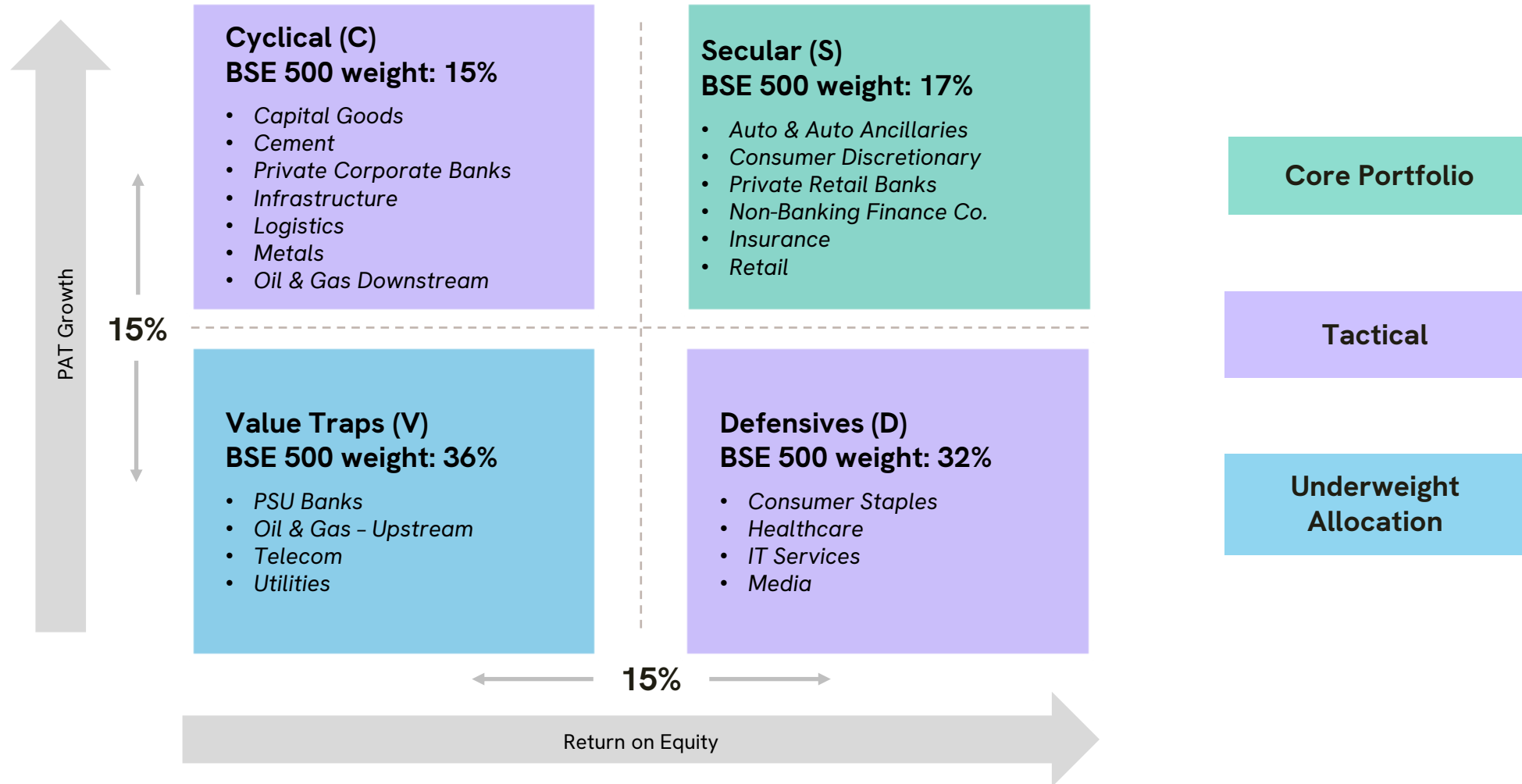
Source: RBI, CMIE, cable.co.uk, 360 ONE Asset Research



# Portfolio Construction: SCDV Investment Framework



# SCDV Framework



Data as on February 29, 2024

# SCDV Historical Performance

Year	Secular	Defensive	Cyclicals	Value Traps	BSE 200 TRI
2007	44.1%	41.8%	69.3%	110.6%	62.3%
2008	-47.2%	-48.5%	-62.5%	-67.7%	-55.9%
2009	123.0%	108.6%	144.2%	118.0%	90.9%
2010	19.6%	23.7%	10.7%	-2.0%	17.8%
2011	-27.7%	-34.3%	-43.7%	-46.5%	-26.0%
2012	35.8%	31.7%	51.7%	51.9%	33.2%
2013	-2.4%	-1.3%	-18.1%	-12.6%	6.1%
2014	53.6%	50.8%	49.7%	34.5%	37.4%
2015	-0.7%	-5.8%	-4.4%	2.6%	-0.2%
2016	9.1%	0.4%	1.3%	2.5%	5.4%
2017	42.9%	36.2%	39.5%	43.8%	35.0%
2018	-7.0%	-4.6%	-14.1%	-23.5%	0.8%
2019	2.1%	3.3%	-6.5%	-10.2%	10.4%
2020	27.5%	14.1%	6.6%	10.9%	17.9%
2021	34.5%	19.3%	62.8%	57.9%	29.1%
2022	-6.3%	-1.3%	0.4%	18.6%	5.7%
2023	28.6%	41.2%	40.1%	40.6%	24.5%
2024*	-3.2%	6.0%	5.3%	12.3%	3.6%
<b>CAGR<sup>^</sup></b>	<b>13.9%</b>	<b>10.9%</b>	<b>9.6%</b>	<b>8.8%</b>	<b>12.4%</b>

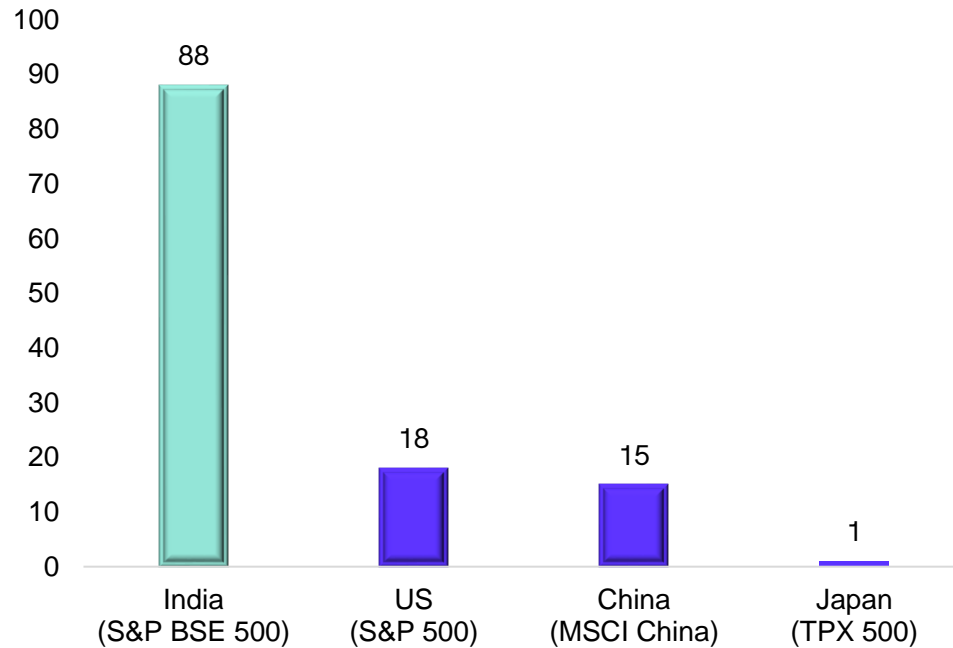
Returns of equal weighted baskets during calendar years for S&P BSE 200 Index. \*Data as on February 29, 2024. ^CAGR is for the period Dec 31, 2006 to Dec 31, 2023. Past Performance may or may not be sustained in future.

Source: Internal, Bloomberg. Returns for BSE 200 TRI is calculated using the index value

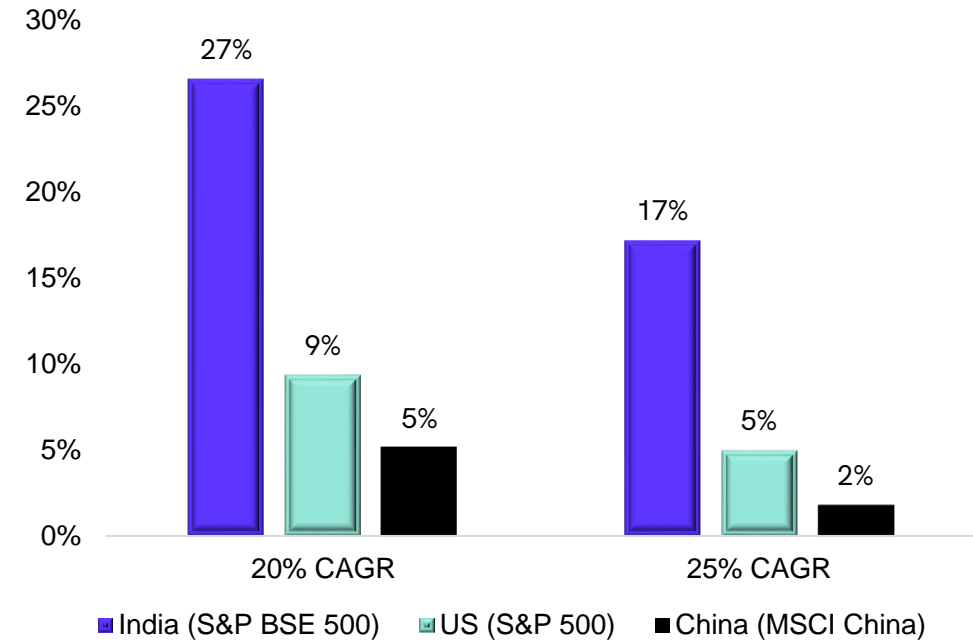
# India's Stock Market – A Compounding Machine

Indian Stocks Have Generated More Long-Term Shareholder Value Relative to Other Major Global Indices

### 20-year 20% Compounding Hit Rate



### 10-year Compounding Hit Rate (%)

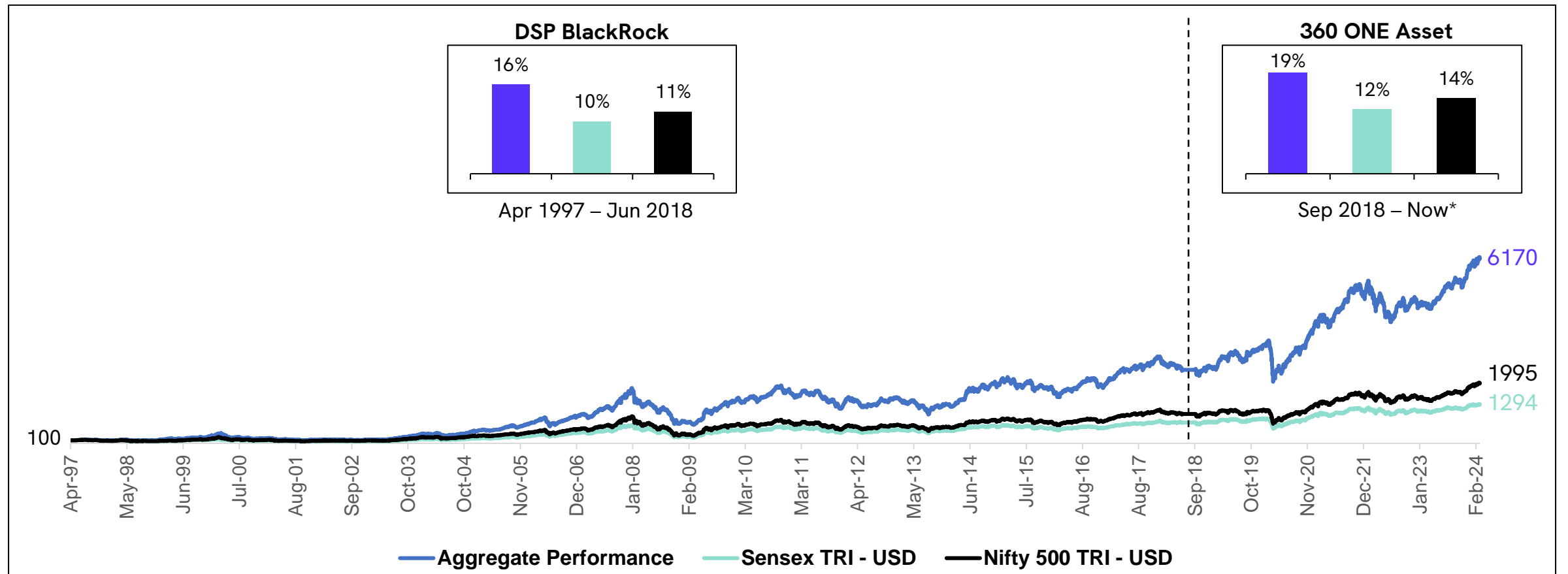


- The importance of investing in compounding stocks is well known
- Indian companies stand out over the long term

Source: Bloomberg. Data as of December 31st, 2023.

As on December 31st, 2023 there were around 663 stocks in the MSCI China index. Past performance is not a guarantee for future returns

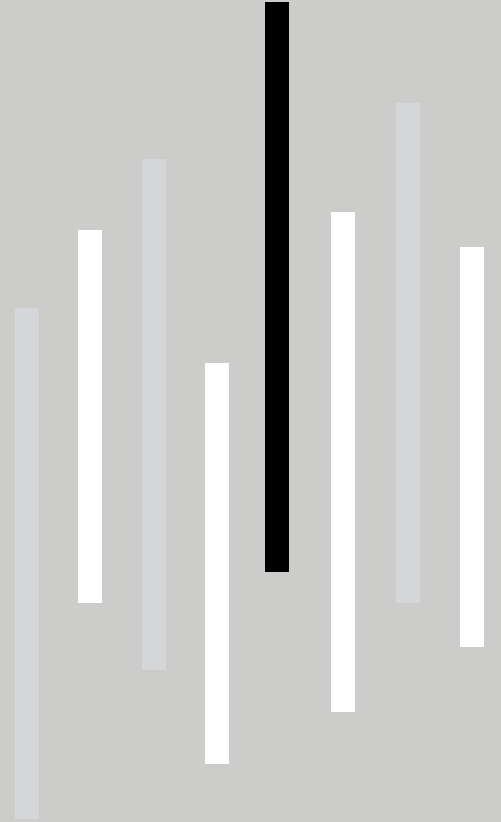
# Performance Track Record



Overall Track Record (April 1997 - Now*)		
Aggregate Performance	Sensex TRI - USD	Nifty 500 TRI - USD
17%	10%	12%

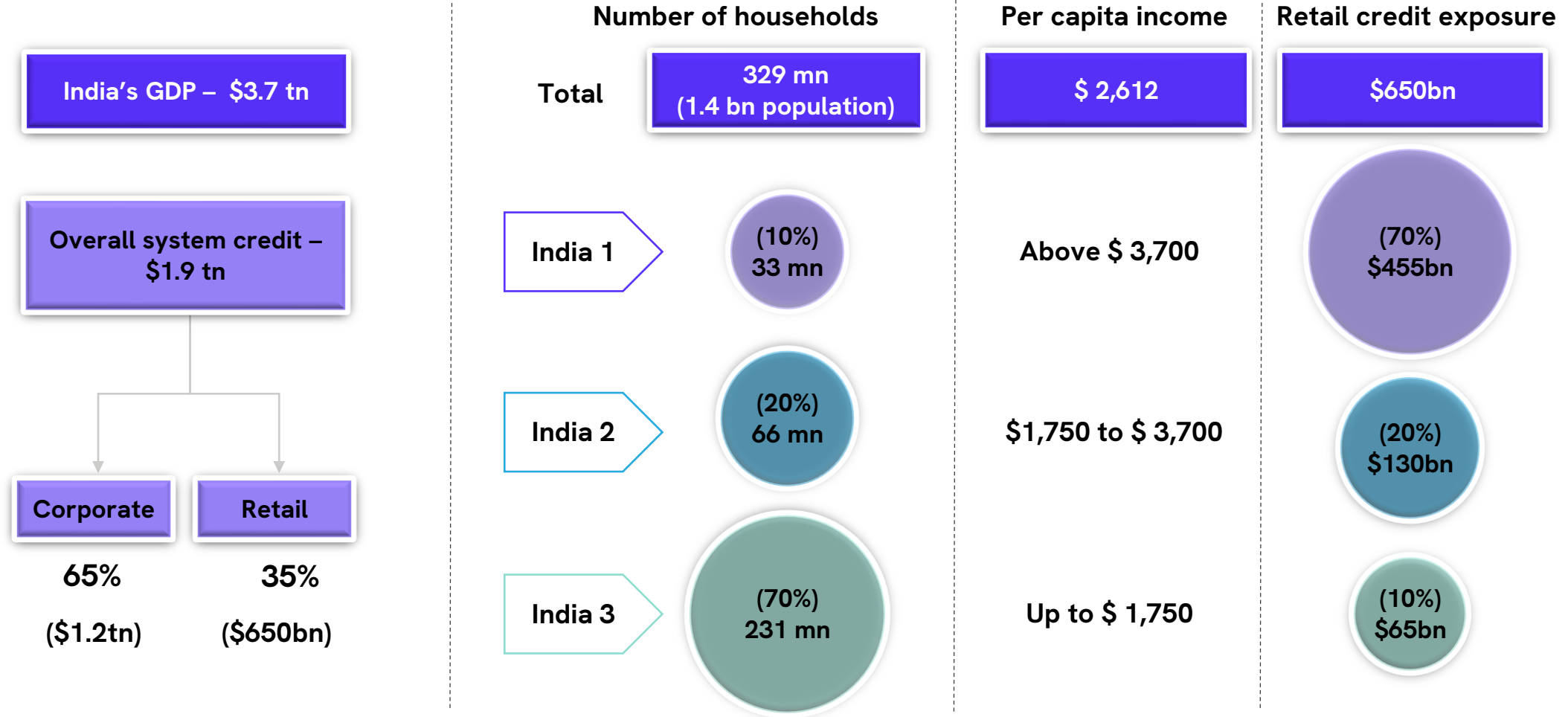
Source: 360 ONE Asset Management Limited, Internal, \*Data as of February 29, 2024. NAVs of the fund & indices were rebased to 100 for 29th April 1997. All values are in USD. All returns are CAGR. Funds considered are DSP Flagship Multi-Cap Equity Fund (now known as DSP Flexi Cap Fund) and 360 ONE Focused Equity Fund (Formerly known as IIFL Focused Equity Fund). The aggregate performance is net of annual expense ratio for the mentioned funds.

# Annexure



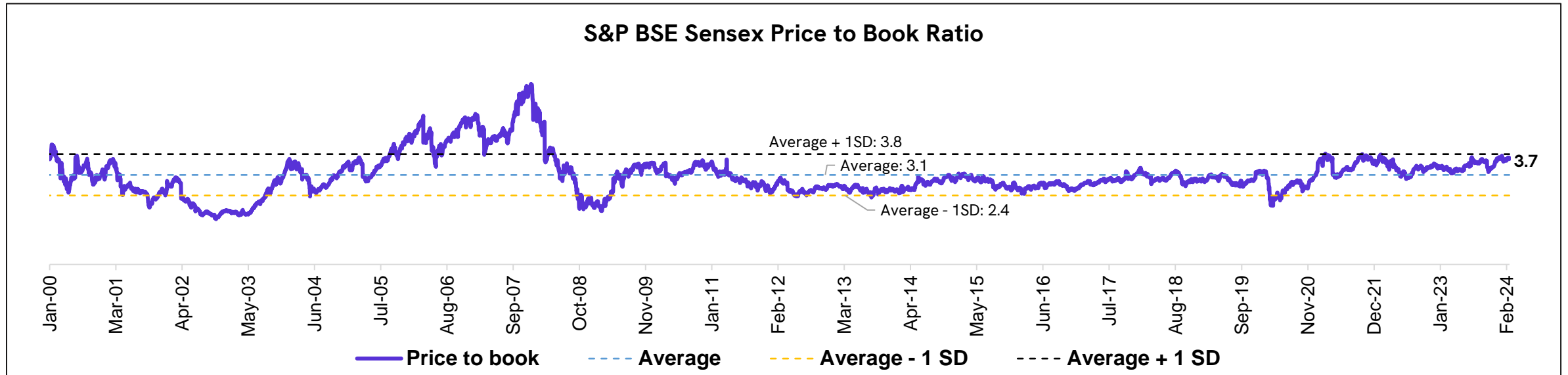
# Consumer Lending Opportunity

Retail Credit Has a Long Runway Ahead



Source: World Inequality Database, UN World Population Prospects 2022, India's GDP as per FY24 Advance Estimates, INR/USD = 82, Internal Estimates

# Current Valuations



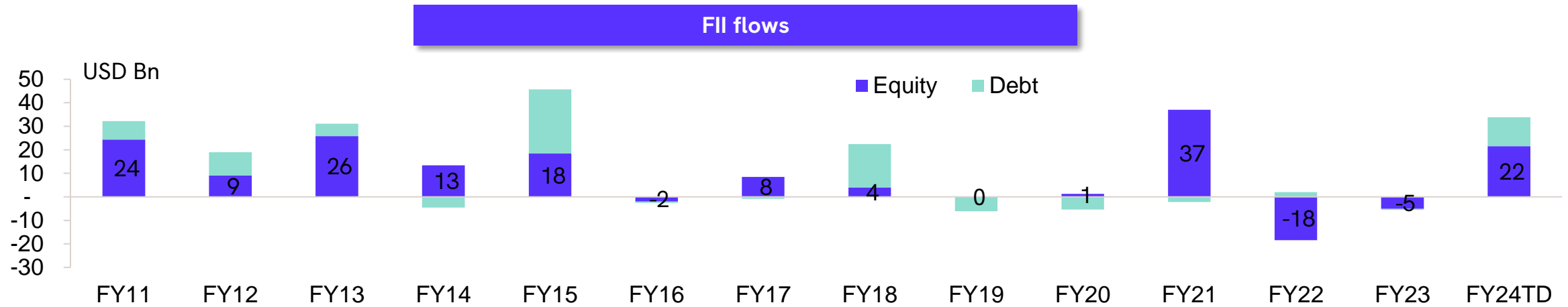
P/B range	5 year returns*	Time spent (%)
Less than 2	40%	4%
Between 2 & 3	13%	46%
Between 3 & 4	11%	40%
Above 4	4%	10%

← Currently, Sensex P/B in this range

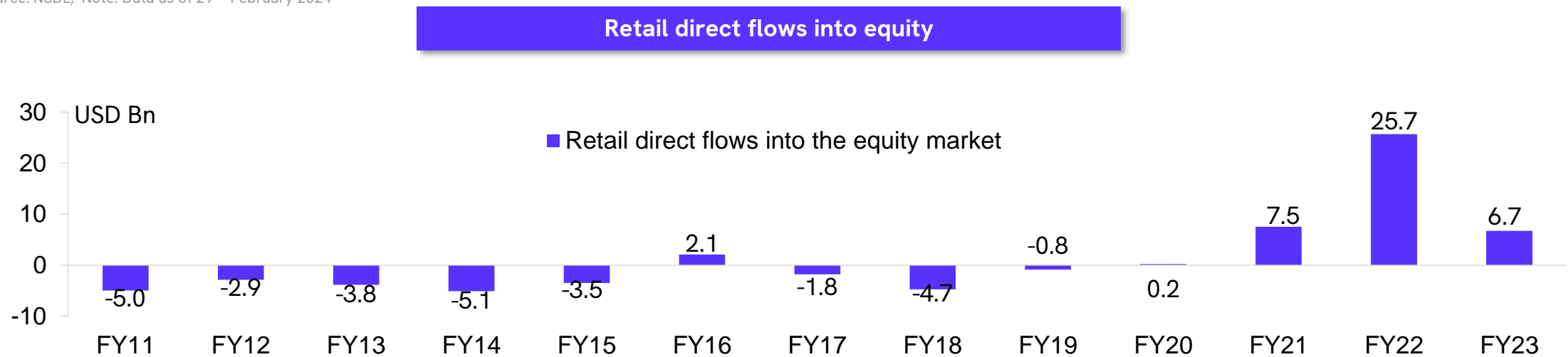
Source: Bloomberg, BSE India. \*Median 5-year CAGR. Data from Jan 2, 2000 to February 29, 2024  
Past performance may or may not be sustained in future.



# Flow Trend

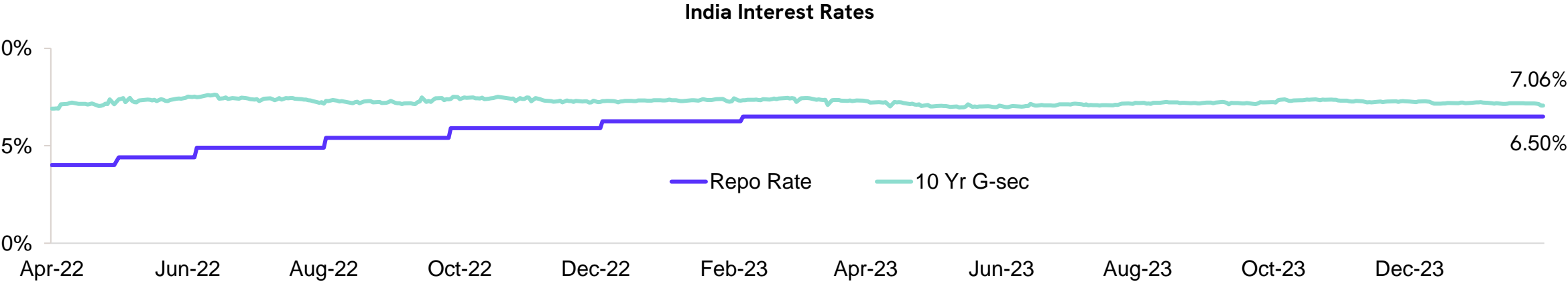
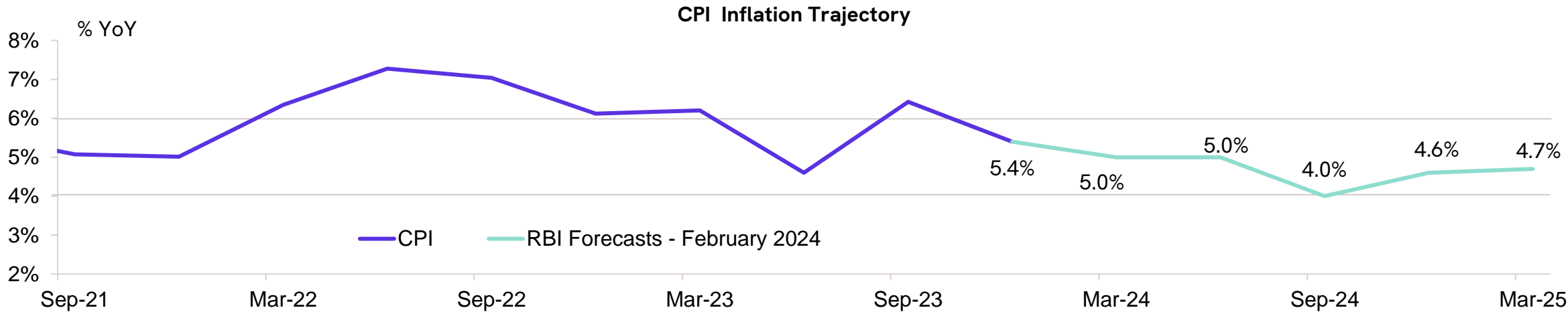


Source: NSDL, Note: Data as of 29<sup>th</sup> February 2024



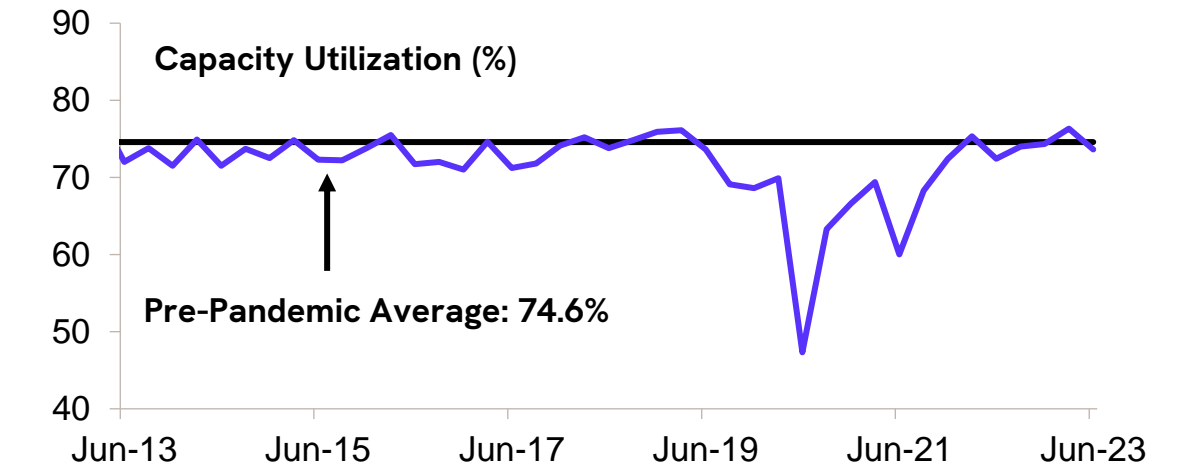
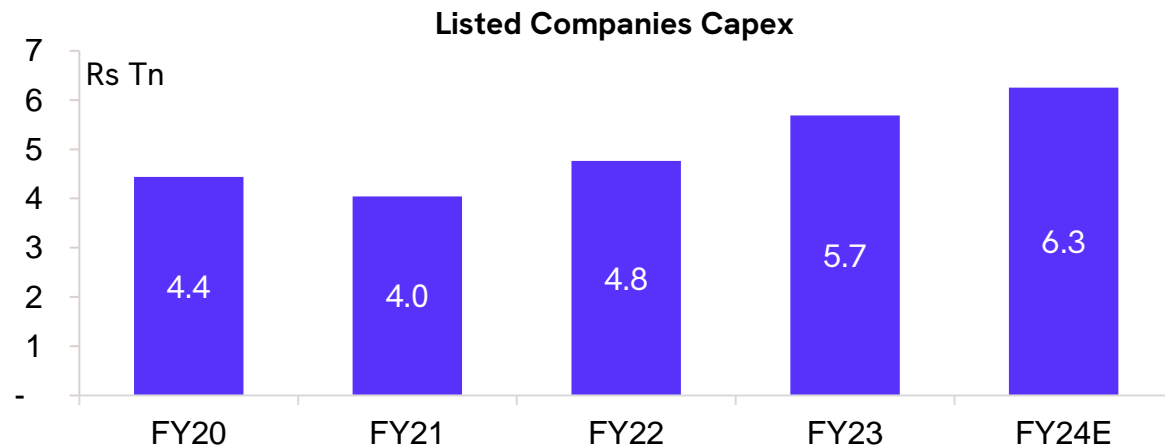
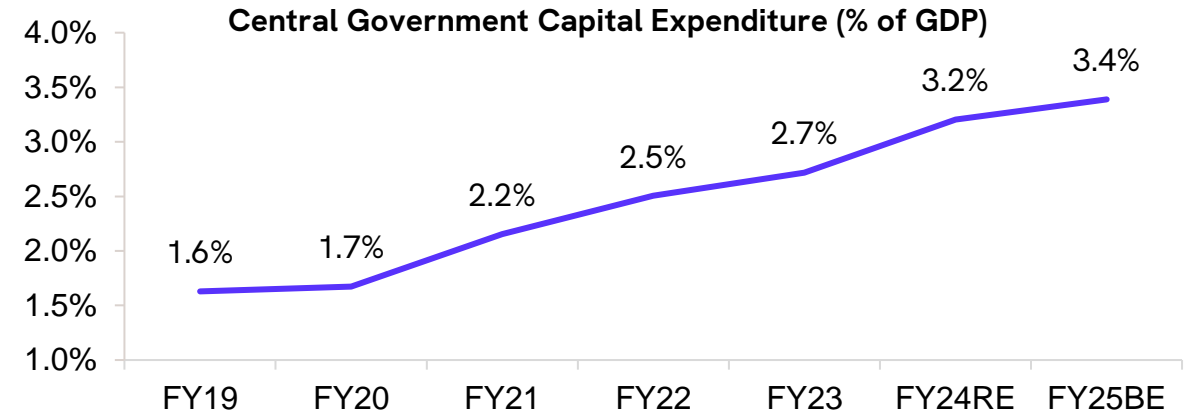
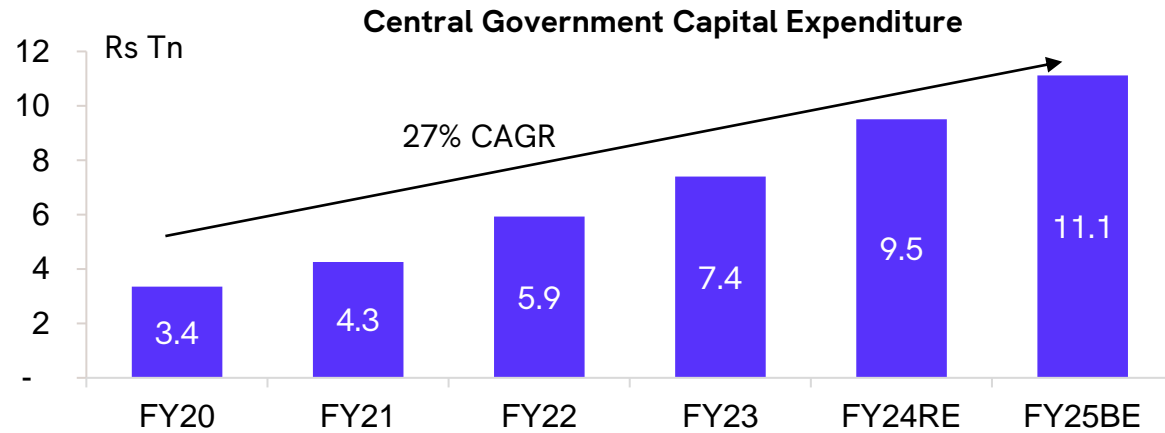
Source: Capitaline, UBS

# The RBI is expected to initiate monetary easing in 2024, as inflation is projected to remain within the target band



Source: RBI, MOSPI

# Investments are driven by the government, with the private sector expected to follow

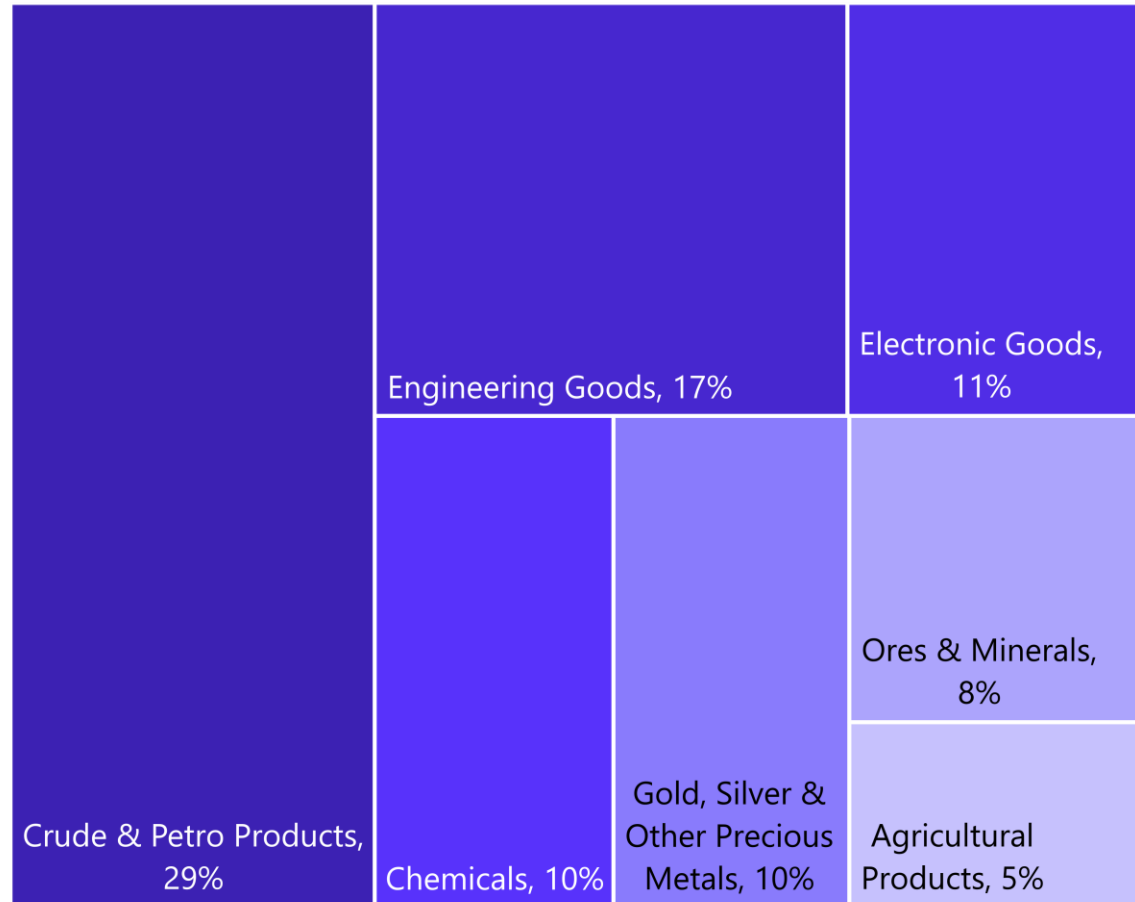


Note: RE – revised estimates, BE- budget estimates, Listed Companies Capex based on a sample of 870+ companies, FY24 Listed Capex internal estimate

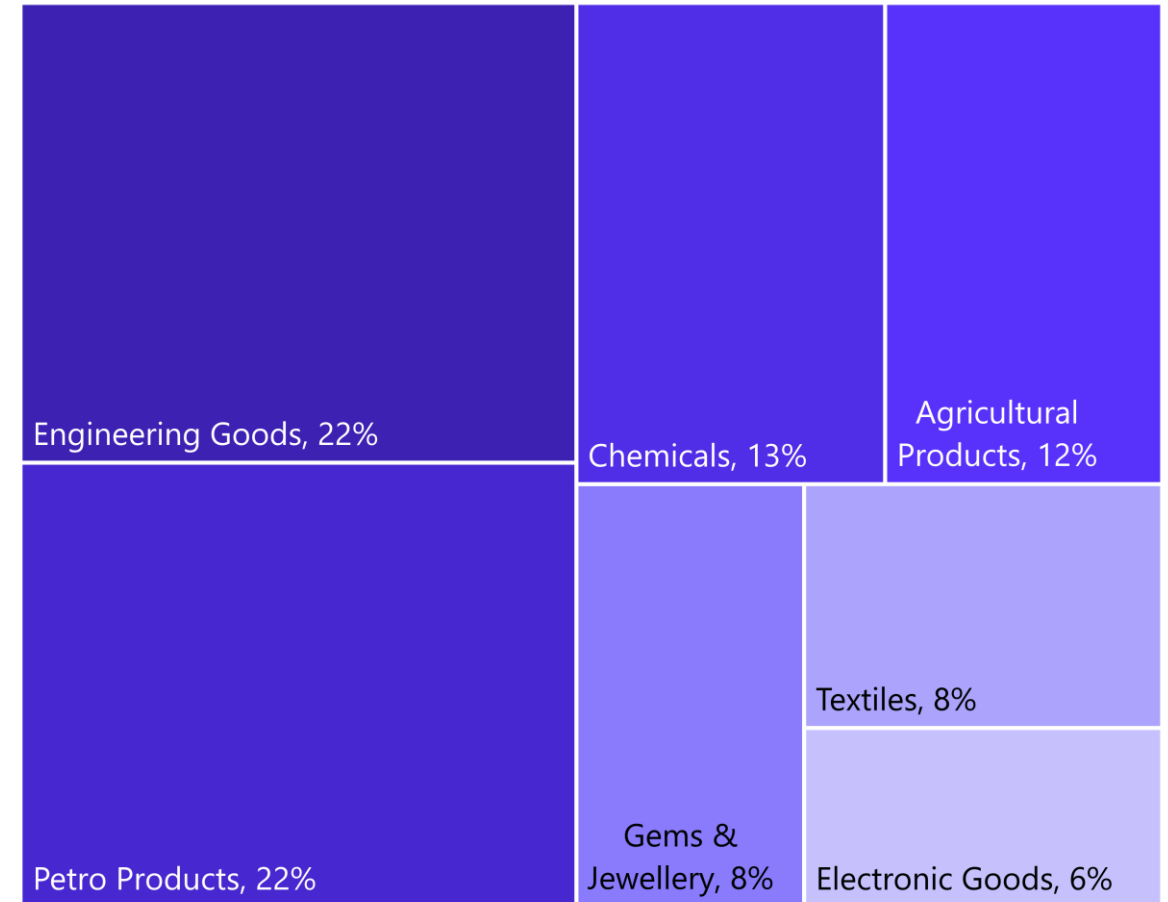
Source: CMIE, MOSPI, ACE Equity, RBI, 360 ONE Asset Research

# Distribution of India's Foreign Trade

FY23 Annual Imports - USD 713 bn



FY23 Annual Exports - USD 450 bn



Note: The shares of other imports and other exports, not mentioned in the above charts, are 8% and 10%, respectively

Source: CMIE, 360 ONE Asset Research

# Factors Underpinning India's Growth

## The Largest Democracy With Strong Institutions

- India is a well-functioning democratic nation with political stability; it has both a political and value system aligned to that of the West
- Free-market system whereby policies aimed at privatisation
- Robust regulatory institutions i.e. RBI, SEBI

## Demographic Tailwinds

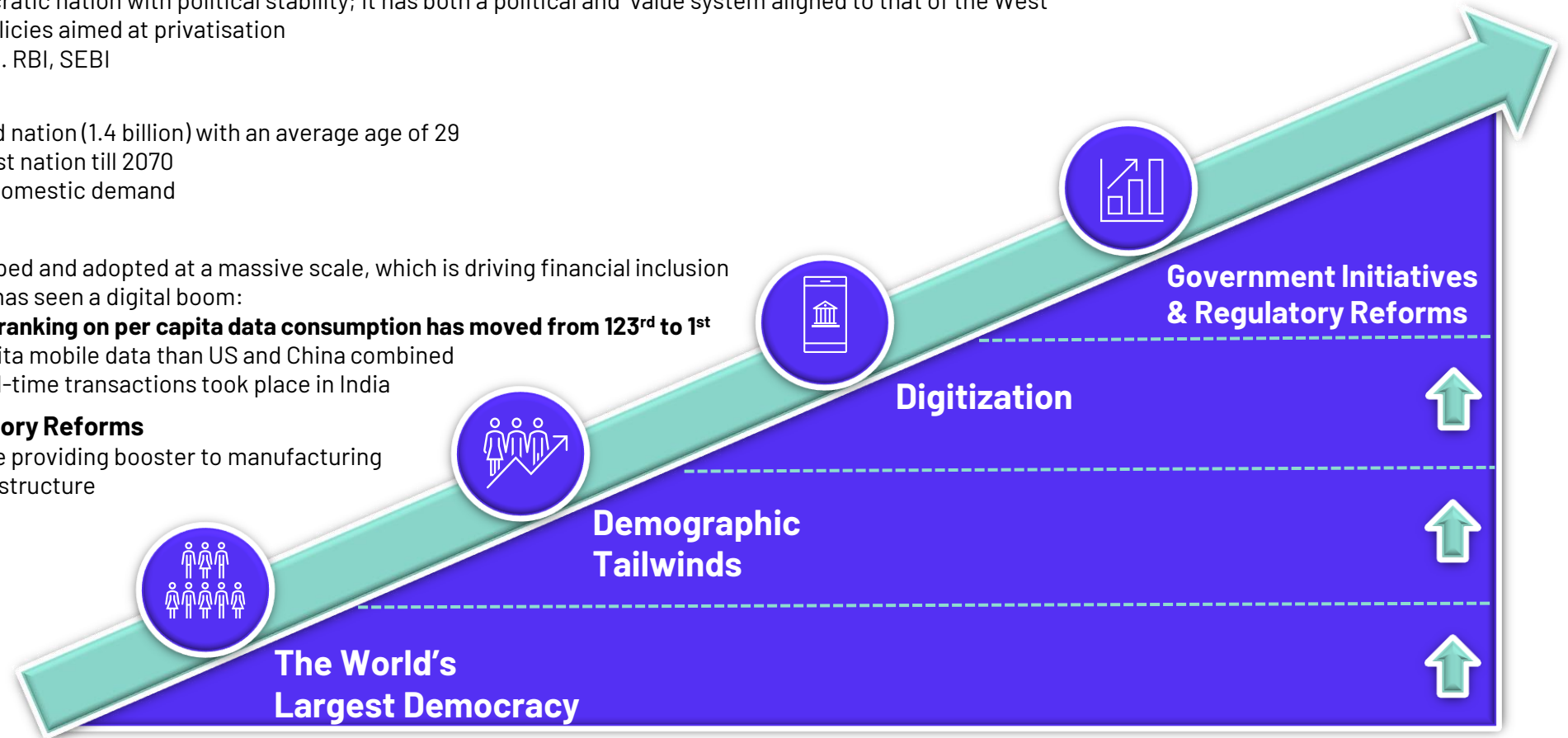
- India became the most populated nation (1.4 billion) with an average age of 29
- Expected to become the youngest nation till 2070
- 2/3rd of India's GDP is driven by domestic demand

## Digitization

- Unique biometric system developed and adopted at a massive scale, which is driving financial inclusion
- In the last couple of years, India has seen a digital boom:
  - a. Since July 2015, **India's global ranking on per capita data consumption has moved from 123<sup>rd</sup> to 1<sup>st</sup>**
  - b. India consumed more per capita mobile data than US and China combined
  - c. In 2021, 41% of the world's real-time transactions took place in India

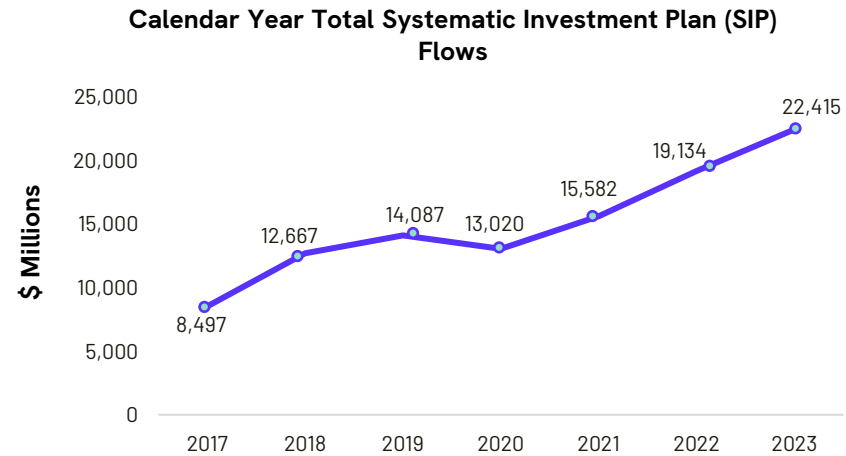
## Government Initiative & Regulatory Reforms

- Strong initiatives like PLI scheme providing booster to manufacturing
- Focus on private capex and infrastructure
- Ease of doing business reforms



# India's 401K Moment

Systematic Investment Plan Flows Further Stabilize Indian Bourses | USD \$2bn of Steady Retail Flows Per Month



**~\$22bn**  
Total contribution to flows from SIPs in CY23 (on pace for ~\$25bn in CY24)

**~76mn**  
The number of active SIP accounts as of FYTD 24

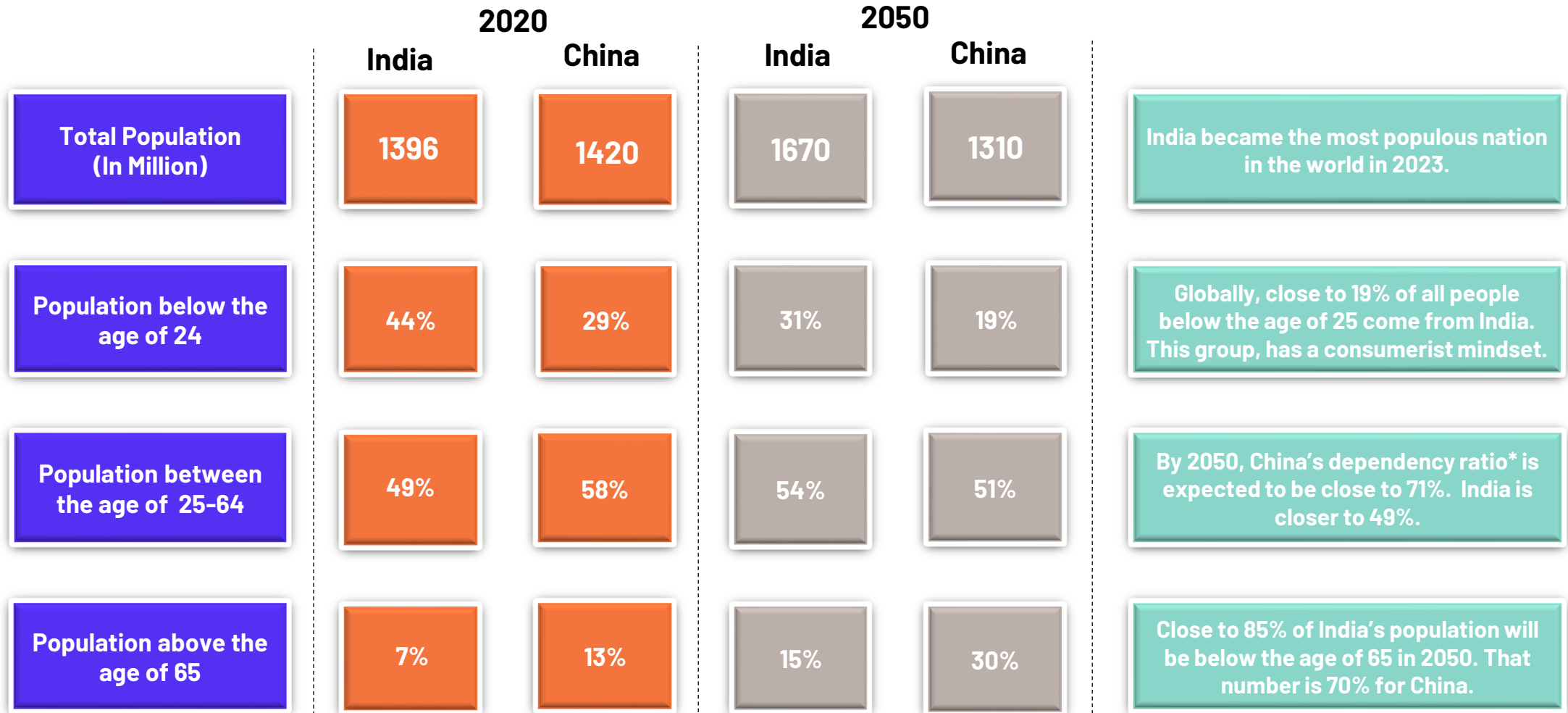
**~21% CAGR**  
The pace at which SIP contributions have grown from 2017 to 2023 in \$ terms

**Education Drive**  
Employing India's Most Popular Figures to Educate & Spread Awareness About Investing in the Stock Market

- SIP flows can offset the impact of FII selling in times of uncertainty & we have seen this play out during the volatility caused by the pandemic
- For the 6<sup>th</sup> consecutive month, SIP contributions reached an all-time high in INR terms (as of December 2023)
- Nearly one-fifth of the industry's total AUM is backed by inflows through SIPs

# Demographic Edge

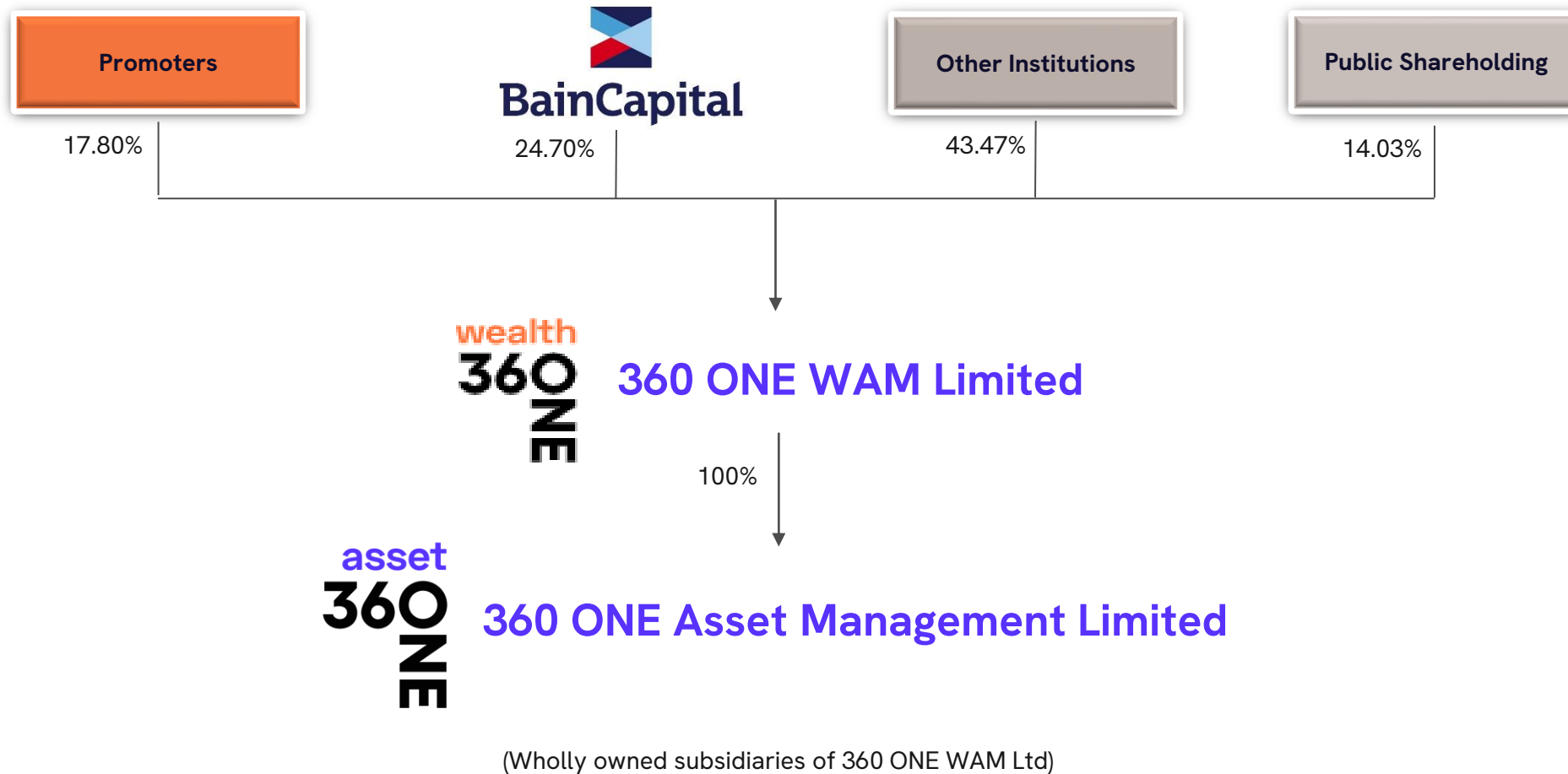
India vs. China



Source: United Nations - Population Division (2022). Projections are based on the UN's medium population scenario  
 31\*Age Dependency = Number of people below the age of 15 and above the age of 65/Population aged between 15-64

# Shareholding

Strong Governance Culture – Quality Institutional



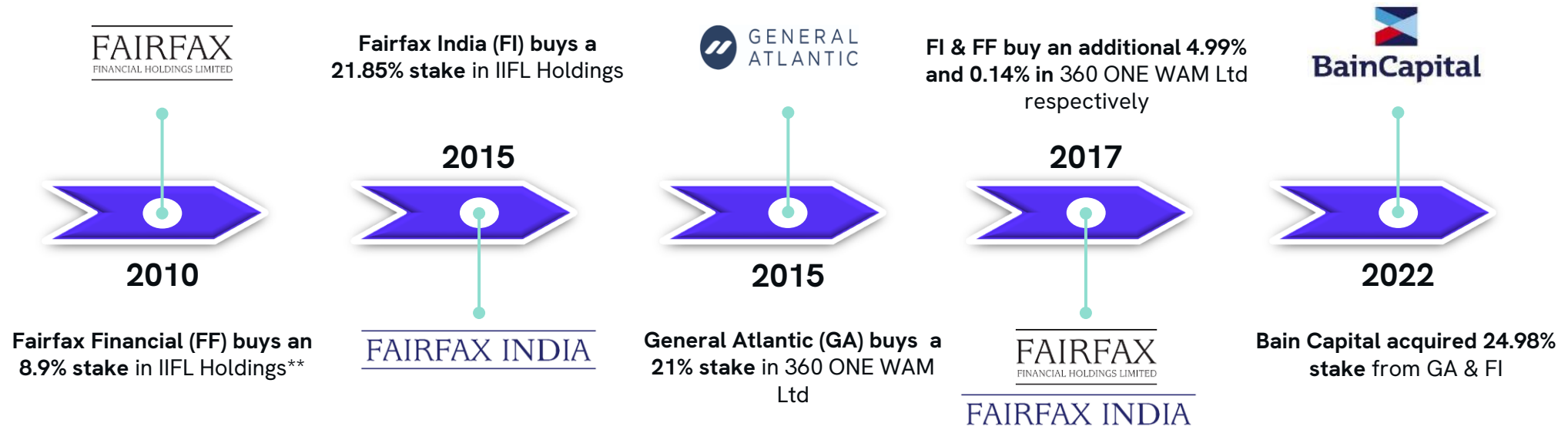
Shareholding on actual basis as of December 31, 2023.









# Shareholding History

Strong Governance Culture - Backed by High Quality Institutions Since Inception

Fairfax & General Atlantic were investors for 12+ & 7+ years respectively; Bain Capital completed deal in November 2022



		
 <b>FAIRFAX INDIA</b>	 <b>FAIRFAX INDIA</b>	 <b>BainCapital</b>
<p>Fairfax Financial &amp; Fairfax India owned a combined <b>35.39% stake in IIFL Holdings</b> prior to the demerger in <b>2019</b></p>	<p>Post Demerger, <b>General Atlantic and Fairfax's 360 ONE WAM stakes were ~21% and ~18%</b> respectively</p>	<p><b>Bain Capital acquired ~24.98% stake</b> from GA and Fairfax in 2022</p>

# Trusted Partner

## What Differentiates Us

Trusted Fiduciary | Collaborative Culture | Consistent Track Record



### Strong Fiduciary

Quality institutional investors for over a decade in Fairfax & General Atlantic and now, Bain Capital. No compromise on ethics with aligned interests with partners



### Asset Class Presence

Manage assets across public markets, private equity, private credit, and real estate. Cross learnings across asset classes enhance investment capability



### Collaborative Culture

Culture of transparency, based on collaboration, respect, and integrity



### Deep Domain Knowledge

Asset class presence allows us to provide our partners with strong access to strategies across the investment spectrum and better educate on India investment opportunities



### Return Consistency

1<sup>st</sup> quartile returns in listed equities across market cycles, driven by disciplined investment process and framework



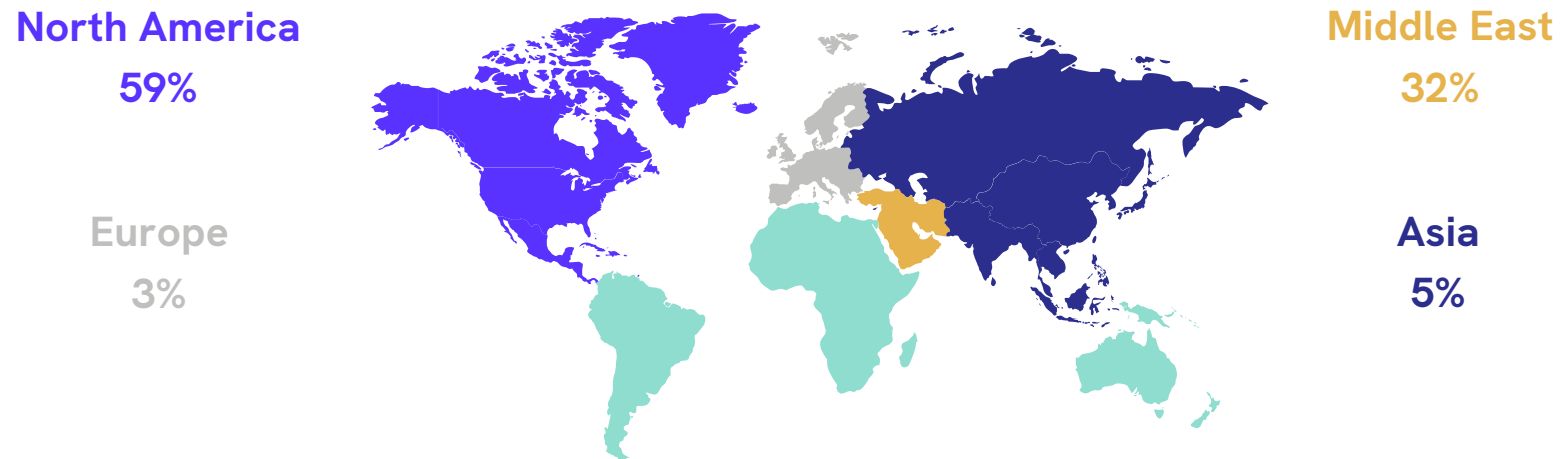
### Extensive Network

Relationship with India's leading wealth creators, as one of India's largest wealth management firms, provides insights on corporate governance and better access to transactions

# Offshore Institutional Presence

Manage Capital for Several Global Institutional Investors

Institutional Offshore AUM ~\$2.5bn | ~\$2.3bn in Equity Mandates



Note: Percentages denote the proportion of the total offshore AUM by region as of December 31<sup>st</sup>, 2023. Percentages have been rounded off to the nearest integer. Numbers in USD

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