



Dear Investors:

Randomness throws off the best of us, and in poor price discovery security markets it often makes one question even the most indisputable facts and often ignore solid empirical evidence. Short-term hindsight, which is anyway clouded because of the noise, is then used to draft narratives that try and make sense of things that had little sense to begin with. Today, the proverbial glass in India is decidedly half full, as Dalal street rejoices actions of domestic brokerage account thrill seekers. Meanwhile, valuations of private assets in India remain even more disconnected with underlying realities. It's therefore best to switch off and reflect. To be clear, we are not proposing that investors disengage. Instead, the intended messaging here is to under-weigh 'hope' and over-weigh 'facts and visibility'.

In C4Q23, *Minerva India Under-served* was up **+2.9%** (net; in INR terms), vs. **+13.6%** (gross; in INR terms) gain in *BSE Smallcap* and **+12.1%** (gross; in INR terms) gain in *BSE 500*. Our offshore vehicle (*Tattva* series) gained **+1.86%** (net¹; in USD) for the quarter. Given our historical positioning, our lags have typically always been prominent during periods of liquidity surges. In the 4 calendars (since our inception) that *Nifty Smallcap50* returned >50%, we have now under paced thrice. That said, our C2023 underperformance was significantly better vs. our prior two lag years when we had under paced broader smallcaps by nearly -40%. Over ~13 years of deployment in institutionally under-owned/orphaned part of listed India, *Minerva India Under-served* is up **+19%** annualized (net; in INR terms), vs. **+12%** annualized gain (gross; in INR terms) in *BSE 500* and **+13%** annualized gain (gross; in INR terms) in *BSE Smallcap*. Importantly, this decade-plus alpha wasn't driven by skewed asset-class driven prints in 2014, 2017, 2021, or 2023. Since-inception annualized volatility for *Minerva India Under-served* has been **21%**, vs. **17%** for *BSE 500* and **23%** for *BSE Smallcap*. For a strategy that has always remained largely camped within the smaller end of India's small cap space, our volatility has remained materially below that of smallcaps, despite our significantly smaller size exposures.

Our biggest gainer in C2023 was a theme park holding (+147%), our 7th biggest position at the beginning of C2023, which incidentally was one of our biggest additions during early days of the pandemic. Our biggest laggard for the year was a packaging name (-20%), which was our third smallest holding at the beginning of the last calendar.

We ended C2023 with nearly 18.5% liquidity, which is our highest liquidity position since mid-2015. This is simply a reflection of our inability (and somewhat reluctance because of lack of unqualified conviction) in adding new exposures (without having to breach our internal risk-management guardrails around single securities and/or industries). At the end of C2023, *Minerva India Under-served* (ex-financials) was trading at 9.8x F2024E (Mar) EBITDA, or ~65% discount vs. *Nifty Smallcap50* (ex-financials), a new discount record in our nearly 13-year history. Over the course of the calendar, our multiple expanded by ~25%, while *Nifty Smallcap50* (ex-financials) witnessed >50% multiple expansion², driving vast majority of the 60%+ gains in the index for the year³. Consequently, we yet again see ourselves in a lonely yet oft-familiar and comfortable position of holding value in an otherwise sea of indiscrimination.

To see our and comparable indices' Information ratio⁴ distribution across historical rolling time frames of different durations, please click [here](#). To view exhaustive cartesian plots that help you appreciate our historical attribution between alpha (arguable 'skill') and beta (arguable 'luck'), please click [here](#).

¹ Our offshore numbers are reported net of all fees and charges. Our onshore performance is reported net of all execution charges and management fees, but before incentive fees (since fee structures differ significantly in SMAs).

² *Minerva India Under-served* began and ended C2023 at 7.8x and 9.8x fwd EBITDA respectively. *Nifty Smallcap50* began and ended C2023 at 18.1x and 27.5x fwd EBITDA respectively.

³ Given the deluge of retail capital flows chasing the smallcap landscape in India, headline components in *Nifty Smallcap50* (representing the biggest smallcaps) expectedly handily outpaced the broader smallcap space in C2023.

⁴ *BSE 500* was used as the benchmark for us and indices, since it's a quasi-composite for India



Mobs and rationality don't co-exist. While tensile strength of materials can be measured within a reasonable range, its infinitesimally more difficult to judge the true tensile strength of mob-driven security prices. This is because mobs do not knowingly embrace a wrong/inaccurate belief. Their entitlement and fearlessness stem from supreme conviction around their beliefs. Beliefs in turn are (though they shouldn't be) shaped by one's ideology, hero worship, friends, family etc, and actions underlying these beliefs can often be unprecedented. Within poor price discovery investing ecosystems that do not incentivize short selling, mobs tend to gather principally in one direction (no prize for guessing the direction!). Inevitably therefore, nearly anything that can be accretive to investment performance outcomes (and then some!) gets priced in swiftly as wave of optimism engulfs this mob. It's therefore reasonable to simmer down and take a more sobering view on what themes/headwinds/structural impediments aren't priced in (and unsurprisingly, none of this is likely to be accretive to performance outcomes of mobs).

1. **Nearly any business whose attractiveness largely revolves around low-cost manufacturing should fundamentally have a heavily discounted terminal multiple. Generously paying for present is certain to hurt here.** If anything, the pandemic should have helped us appreciate that that hackneyed phrase of 'pricing power' is as utopian as any other. That said, one can still argue that many businesses are operated on more critical and sustainable planks vs. offering cost at reasonable reliability as a vital proposition. Such businesses are therefore understandably capitalized at higher multiples. It does get farcical though when one sees certain (not all) Materials and Industrials names in India trading at multiples that simply refuse to acknowledge the irrefutable truth that their cost and reliability WILL be matched. It might even take a decade or more, but they will find a match. While underlying cash flow growth can theoretically be fully captured by headline prices, even a +20% earnings compounder that risks its hysterical multiple getting derated in half (and this is disturbingly omnipresent in certain parts of listed India) would struggle to deliver materially above low double-digits to an exuberant owner over a decade. Put another way, even if one can pencil say 20% revenue growth for nearly 2 decades with inexplicable sticky profitability (say mid-teens) in a Chemicals name that trades at >30x F2024E EBITDA, reasonably re-priced lower terminal values suggest that such investments today offer among the most unattractively asymmetrical odds within global listed equities. Similarly, over-rewarding a wires and cables business for reporting elevated levels of L1 wins today, or a real-estate developer for selling into a market that is teeming with speculative buyers today, would likely also yield poor investment outcomes.
2. **Trade restrictiveness simply ends up cocooning enterprises, which then almost never take the step up to compete in more free markets globally.** Accordingly, earnings of businesses that cannot competitively build (and not just sell) in offshore markets cannot be capitalized at same levels as those that can do so. The ambitions of Chinese players like BYD, for instance, to venture into markets such as Japan, which are notoriously impregnable geographies for foreign OEMs, aren't shared by Indian automotive peers⁵. Such ambitions are typically preceded by establishing globally competitive bases locally. Likes of *Becle* or *Alfa SAB* in Mexico, or *Alpargatas* and *WEG* in Brazil weren't created by restricting foreign competition⁶.

⁵ Since 2018, China imposes barely 15% tariff on foreign cars, vs. 60-100% tariffs in India today

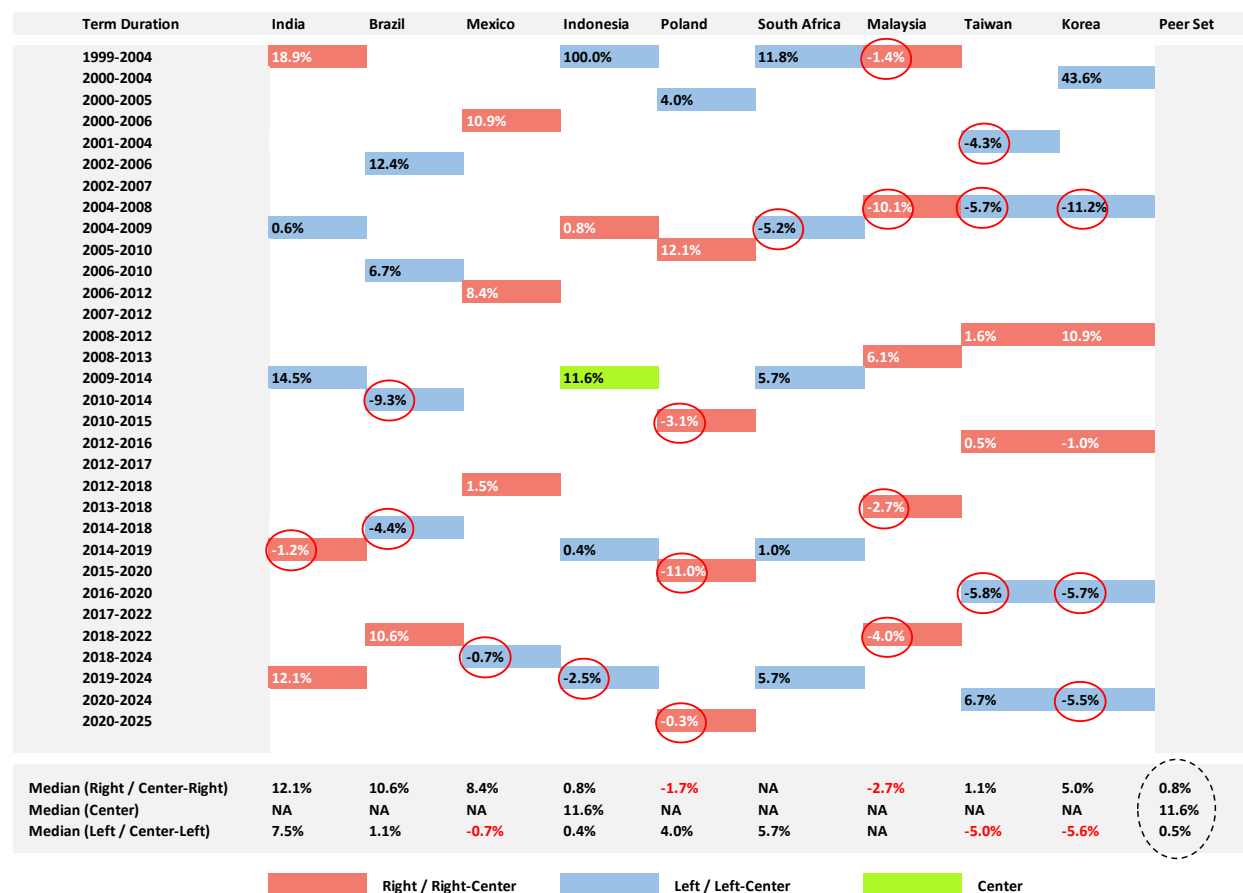
⁶ India has remained one of the most trade restrictive markets within global economies, which ends up restricting our ability to establish businesses that can create global brands. We have studied 'tipping points' for global expansions (defined here as periods when businesses start establishing successful foreign bases). We analyzed correlations between these 'tipping points' and the level of trade restrictiveness, as measured by *Measure of Aggregate Trade Restrictiveness (MATRs)*, in the companies' domiciles during periods before and after these tipping points. In vast majority of cases, successful expansions in international ops were preceded by declines in domestic trade restrictiveness (i.e. there was a decline in *MATR* values in the periods leading up to these 'tipping points').



3. **Capital flows of any kind (either a result of restrictive capital controls or from momentum/fad chasers) only expand disconnects between underlying earnings and prices.** Domestic capital flows in India today have almost certainly had a hand in expanding disconnects in securities. Further, forcing residents to invest locally at a time when value likely lies elsewhere doesn't do anything to fundamentally alter underlying value. It simply creates a set of shareholders that are set up for potential future distress.
4. **Labor as a resource is getting (increasingly) overrated. Sub-par allocations to education might not be able to preclude India's demographic 'dividend' from turning into a likely tinderbox.** Nearly everywhere we see in India, the marginal efficacy of industrial capex to create jobs is a fraction of what it used to be when we began allocating capital in early 2011. Vast majority of our holdings over the years have managed to expand output meaningfully without concomitant need for labor. Machine handlers and operators are increasingly going dodo. Accordingly, meaningful job creation should come from services. However, India's continued sub-par budgetary allocations to education (including state budgets)⁷ mean that it is restricted in its ability to create a sustainable environment that can create a competitive small business ecosystem that can generate quality jobs.
5. **Drop that 'island' fetish. It doesn't exist.** INR's absolute bludgeoning over the past decade has ensured that we are more exposed to vagaries of the world today than during prior downturns. It is undeniable that prior OECD economic downturns have had a significant subsequent drag on earnings growth trajectory of headline Indian names. It is therefore notable that getting into F2024 (Mar), >43% of Sensex (ex-financials) revenues were generated outside India, significantly higher than ~34% getting into F2002 (Mar) and ~35% getting into F2009 (Mar). Valuations bizarrely don't reflect this though. Accordingly, we struggle to reconcile headline India's absolute and relative valuations with either current underlying growth, or even reasonably optimistic accretive shifts over the next few years.
6. **Wage pressures looming in select geographies as labor shortages get pronounced.** The median unskilled worker in large automotive production states such as Maharashtra, Karnataka, Haryana, and Uttarakhand makes about 8-10% less in real terms today than what he/she was making at the beginning of C2020. Our discussions with labor contractors now suggest prominent indications of labor shortage in most cities in states such as Maharashtra and Karnataka, where minimum wage revisions have materially lagged urban inflation. Overall, however, muted growth in labor requirements nationally and current elevated non-farm unemployment suggests that there isn't a broad-based near-term risk of wage inflation at this time.
7. **Ignore the rhetoric on federal elections.** As we see it, India's 2024 federal elections are little more than noise, and shouldn't be used as a plank to justify current excesses. Across the global EM landscape in the 21st century, there has been insignificant divergence in relative earnings performance between right-of-center, center, and left-of-center political reigns (see **Exhibit 1** on next page). Importantly, across emerging Asia, relative security price performance isn't materially correlated with relative underlying earnings performance during different political terms⁸. At least in part, this can be explained by prices often reflecting election outcomes and subsequent impact on underlying earnings (which isn't material) beforehand. Essentially, pondering over federal election outcomes in India should occupy little more than a fraction of your weekend leisure time.

⁷ F2023 allocations were just about half of what was planned in India's *National Education Policy 2020*

⁸ We note material correlation in Latin American and Eastern European countries, but almost no correlation in emerging Asia

Exhibit 1 – Relative earnings performance (vs World) across political terms within major EM democracies in the 21st century

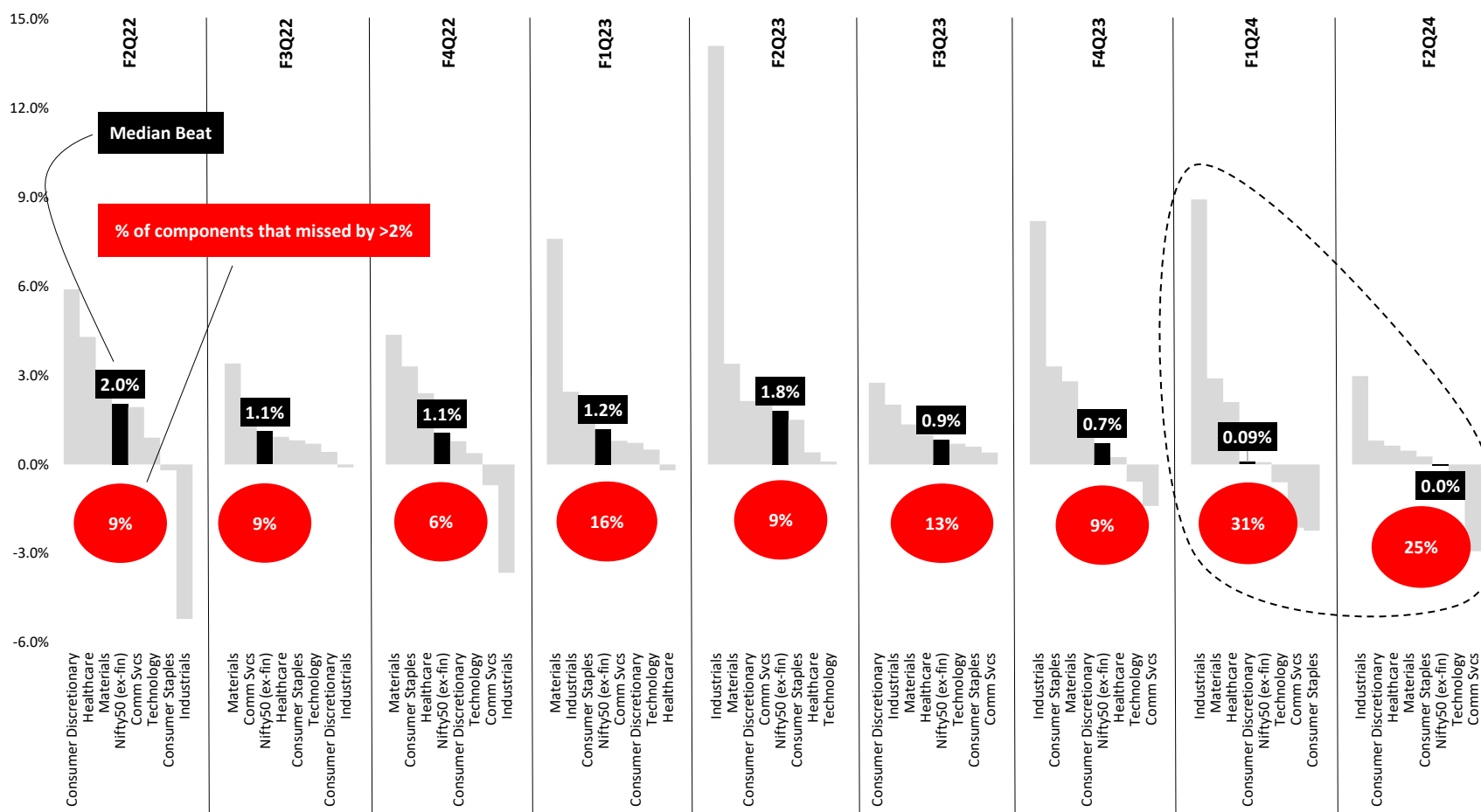
Notes: Only terms starting prior to 2022 were considered. Relative earnings growth was calculated for respective MSCI country indices vs. MSCI World during different political terms. Under-performing periods are circled.

Sources: Misc sources; S&P Global Market Intelligence; LSEG Datastream

8. **We note fatigue in consensus revenue estimates, which will now likely make the proverbial earnings hoop increasingly harder to jump through.** Nifty50 (ex-financials)'s F2Q24 (Sept) pre-tax earnings were up about +20% on +7% revenue growth. Vast majority of underlying earnings growth was attributable to lower material costs though, which was partially offset by higher non-material costs with little/no evidence of operating leverage. Despite likely increasing wage pressure, and extremely muted job creation, Dalal street is still penciling in material acceleration in both revenue growth and operating leverage in F2025E (Mar). Expectedly then, we have now seen significant increase in revenue consensus misses for Nifty50 for two straight quarters (see **Exhibit 2** on next page).

While material costs are unlikely to be a major headwind in F2025E (Mar), we struggle to identify any reasonable room for most revenue estimates to be revised upwards from here. Accordingly, we remain unable to reconcile reasonable expectations with headline valuations in just about any part of listed India, and particularly within headline midcaps and smallcaps.

Exhibit 2 – GICS sector-wise median revenue beat/miss for Nifty50 components [from F2Q22 to F2Q24]

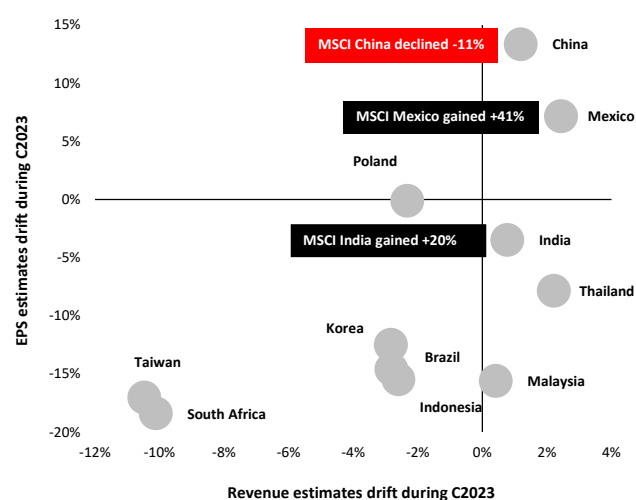


Notes: Financials and Energy components were excluded to eliminate noise from earnings. Results aren't weighted, but we note that the only sector where revenue estimates materially outpaced consensus in F2Q24 (Sept) was Industrials, which made only 10% of the weight within the selected set. Technology, where median component has now missed the consensus for 3 straight quarters, had the biggest weight (27%) within the selected set. Asian Paints was included within Materials and not within Consumer Staples. Even excluding Asian Paints, Consumer Staples weight within the selected set was 20%.

Sources: S&P Global Market Intelligence; Company reports

Limited fiscal room to shore up purchasing power continues to hurt the masses. While both India and Mexico remained tight-fisted in terms of cash transfers during early Covid surges, Mexico has seen steep upward revisions in minimum wages (after decades of tepid/flattish growth) since then and that has somewhat reflected in earnings of Consumer Staples names. In sharp contrast, nearly half of Indian states have seen minimum wage revisions lag urban inflation since the beginning of C2020. In the September quarter, *MSCI Mexico* Staples names reported >7% revenue growth and >50% pre-tax earnings growth, vs. materially lower +4% revenue growth⁹ (and +12% pre-tax earnings growth) for *Nifty50's* Staples¹⁰ components. As things stand, we continue to see reasonable levels of sticky downtrading in staples consumption in India, and this has remained largely unchanged for last couple of quarters. Coupled with the muted jobs environment, it's hard to side with street's current expectations of revenue growth for *Nifty50's* staples components doubling¹¹ in F2025E (Mar).

Exhibit 3 – Global EM EPS and Revenue est drift in C2023



Notes: Country MSCI index components (excluding financials) were included for this exercise. We excluded Samsung Electronics from MSCI Korea, and Naspers from MSCI SA to eliminate the large skew from these components.

Source: S&P Global Market Intelligence

If you can embrace the narrative that headline largecaps in India are 'fairly valued' today, you should strongly argue that parts of the global EM landscape are chockfull of 'slam dunks'. While both *MSCI China* and *MSCI Mexico* stood out in C2023 in terms of upside estimate revisions (see **Exhibit 3**), with earnings estimates being revised upwards by +13% and +7% respectively, China still had the poorest price performance last year (*MSCI China* declined -11%). If investors can unshackle themselves from the noise around trade jingoism and residential real estate, China remains, in our view, arguably the most asymmetrically attractive opportunity within global listed equities today¹².

It is critical that we shouldn't let ourselves get blinkered when 'entitlement' gets masqueraded as 'merit', which is arguably the case in India at this time. That being said, as always, we would caution investors from spray painting investment

attractiveness within Indian listed equities by size – Current narratives that paint India's headline large caps as "reasonably priced" are about as ingenuous as ones that postulate that smallcaps are "extremely stretched". It is imperative that investors appreciate that while *Minerva India Under-served* is unfortunately bunched into the highly assorted "smallcap" basket (since investors can't resist the temptation to categorize strategies), which comprises of several inarguably rich headline names, it trades at significant discounts to not only our conservative absolute estimates, but also to our pre-pandemic headline multiples.

⁹ Lag for Indian staples components was even larger in real terms; The median *MSCI Mexico* staples component has compounded pre-tax earnings in the low-teens over the past 5 years, or about 200 bps ahead of the median *Nifty50* staples component's growth. The latter however trades at an unwarranted ~400% premium over the former today.

¹⁰ *Asian Paints* is considered a 'Materials' component in our internal databases, while *Titan Company* is considered a 'Consumer Discretionary' component, which is a departure from how several Indian reports categorize these names.

¹¹ Despite no visible sign of acceleration, F2025E (Mar) median revenue growth for *Nifty50's* staples components is currently pegged at +11%, more than twice F2024E (Mar) expectations for +5% growth. Meanwhile, current C2024E median revenue growth for *MSCI Mexico's* staples components stands at +6.6%, vs. +7.4% for C2023.

¹² Ownership disclaimer: Members of our investment team have exposures in both mainland and HK listed names



We did not initiate any new exposure in C4Q23. Our only 2 part-liquidations during the quarter were a security-exposure caps related selling in our largest holding (an auto parts name) and a small cut in our theme park holding. As a result, available liquidity in the book increased from 16.5% at the end of September to 18.3% at the end of C2023. Following are some incremental insights into some of our major holdings:

Sharp rebound in domestic uncoated cut-size prices. Higher new normal in profitability + compelling valuations in our forestry holding. Impact of higher wood prices is behind us. Our second largest holding was flat in C2023, as domestic uncoated paper prices declined for most of the year. Uncoated cut-size pricing was off 7-8% in the first three calendar quarters of 2023, and Indonesian cut-size grades were retailing at what is a typical 10-15% discount to leading cut-size brands. However, a very strong rebound in global BEK pulp prices drove ~10% increase in domestic uncoated prices in C4Q23 alone. As we write this quarter-end letter, we note yet another round of BEK increases for January¹³, making it the 7th straight month for price increases in China. Concomitantly, prices of chemicals such as caustic soda (down ~20% sequentially), and hydrogen peroxide (down ~50% sequentially), saw sharp cuts in C4Q23. Further, since imported wood chip prices in C4Q23 were also at near parity vs. domestic prices (which had gained 40-50% yoy getting into C4Q23), we expect a sharp improvement in uncoated cut-size margins when this holding reports. However, this should get partly offset by potential contraction in paperboard margins (we note price declines in C4Q23 for FBB, alongside strengthening in global BCTMP prices).

We would like to address two key concerns at this time – 1. Recent concerns around increase in wood prices, and 2. Speculation around trough profitability:

1. **Maturing plantation cycles suggest that a sharp increase in wood supply is imminent.** We estimate that industry-wide MDF production will expand by ~15% in the current fiscal. Further, we note the incremental impact of higher plywood production (about mid-teens growth for organized manufacturers), and decelerated growth in sapling plantation activity in F2021 (partly on account of the early lockdown). Critically, plantation activity has surged since then - We note that agroforestry sapling plantations (including saplings of eucalyptus, casuarina, and subabul) by some leading wood users¹⁴ have grown by nearly +50% since F2021 (Mar), significantly reversing a decline of -23% in the prior 5-year period. By our estimate, given the breakdown of area under plantation¹⁵, weighted average plantation cycle for our holding is little over 3 years, suggesting that F2025E (Mar) wood supply nationally should be ~20% higher, with similar increase likely in F2026E (Mar) as well. Our wood supply model now indicates that the worst impact of Plywood and MDF wood requirements taking away supply is now likely past us – By our estimate, MDF and Plywood production will collectively take away about 31% of available wood supply of eucalyptus, casuarina, and subabul in F2024E. This share would now continue to decline from these levels. Critically, our estimates ignore poplar, which isn't used for pulping, but is used extensively in lower grades of plywood.

¹³ \$10-\$80 per ton increases announced by the likes of *El-Dorado* and *Suzano* for NA and China clients

¹⁴ *Century, ITC, West Coast, Andhra Paper, JK Paper, Greenpanel, Orient, Greenply, Rushil, and Seshasayee.*

¹⁵ Sourcing for our holding's flagship mill in Eastern India is as follows: eucalyptus (55%), casuarina (25%), and subabul (20%). In contrast, subabul accounts for ~70% of sourcing for our holding's mill in Western India.



Additionally, our discussions yield that the paper industry will likely increase its reliance on subabul¹⁶, since it cannot be used for plywood production (because of its curved trunk). This further expands the available wood supply since harvest cycles and pulp yields for subabul are both better. We note that our holding's mill in Western India (near the Gujarat-Maharashtra border) already relies on subabul as the primary source of wood. All said, local wood prices are already at parity with imports and therefore we see insignificant incremental impact from domestic supply issues.

2. ***The new normal of profitability here is incomparable to what we were accustomed to seeing a decade ago.*** Structural decline in operating costs have significantly elevated underlying profitability, be it in terms of clonal saplings improving yields and lowering cutting cycles, or consistent reduction in use of chemicals and water. Further, under our holding's *Leap200* campaign, automation savings between F2020 and F2024 alone accounted for >400 bps structural elevation in margins.

This was the only legacy exposure that we had added to in C2023. This position now trades at 4x what we believe are reasonably achievable F2025E (Mar) expectations, reflecting 55-60% discounts to its pre-pandemic average and to where NA and EU forestry comps trade today. We see material potential unpriced margin tailwinds at this time.

Nothing more than a breather for alloy growth at our biggest auto parts holding. F2025E is up against easier comparisons. Current OEM mix ensures that domestic PV launch calendar is favorably aligned. The two key drivers of our F2025E (Mar) growth expectations here are favorable model launch calendar, and continued growth in exports, which are strongly coming off a depressed post-pandemic base.

1. ***There is nothing structural about the current consumer reluctance to trim upgrades (which has been a headwind for alloy sales in F2024).*** Indian car consumers remain arguably the most value focused major automotive buyers globally. Also, since the pandemic, elevated cost pressures had forced OEMs globally into cost reductions, particularly in base trims. Unsurprisingly, *JD Power* has reported unprecedented back-to-back annual declines in auto consumer satisfaction. Importantly however, while owners are reportedly lukewarm on technology, they have reported higher satisfaction with fuel economy. Given that wheel rims are among the initial targets during light-weighting, it is hard to see how aluminum wheel penetration can decelerate sustainably from here.
2. ***Positioned solidly on F2025E (Mar) facelifts/launches.*** Our holding doesn't supply alloy rims to *Maruti Suzuki* yet, and wouldn't begin servicing the OEM until the tail end of F2025E (Mar). *Maruti Suzuki* suppliers meanwhile expectedly had solid tailwinds in 1HF2024 as the OEM grabbed the lion share of model launches/facelifts in the first half¹⁷. In a swift reversal of this trend in F2025E, we note elevated model launches for our holding's biggest alloy OEM clients. For instance, nearly a fourth of all F2025E (Mar) new launches/facelifts in India will come from our holding's biggest client in alloy rims, *Hyundai*¹⁸. Overall therefore, we now conservatively estimate 12-14% growth in alloy rims for our second biggest holding.

¹⁶ We note that subabul's cutting cycle is ~3 years, vs. 3.5-4 years for eucalyptus. Also, both wood and pulping yields for subabul are higher - Wood yields for subabul are ~85 tons/hectare (vs. 70-75 tons/hectare for eucalyptus). Likewise, pulping yield for subabul is in the 47-52% range (vs. 45-48% for eucalyptus).

¹⁷ In F2024 (Mar), *Maruti Suzuki* would account for ~25% of all launches/facelifts across top-7 OEMs, vs. <10% in the next fiscal.

¹⁸ All 5 launches/facelifts of *Hyundai* in F2025E will be priced at >INR 1 mil, and will have alloy rims as standard fit in the base trims



3. **Export revenues continue to grow off of easier comps; End-markets expected to be significantly better in export markets.** Exports would comprise a mid-teens piece of the overall business in F2024E (Mar). We expect this to increase by >30% in F2025E (Mar), with majority of this growth coming from incremental exports of alloy rims to high-speed trailers. Most of the remaining minority growth would come from already announced wins in the agri-machinery OEM segment.

Assuming very low single digit PV volume growth in India, and significant deceleration in CV and truck markets (say mid-single-digit growth in F2025E), we expect to see high single digit revenue growth and 20-25% pre-tax earnings growth in F2025E in this holding. It's critical to note that our expectations are significantly below current consensus expectations for 30-35% pre-tax earnings growth. On our F2025E (Mar) estimates, our holding trades at just over 8x EBITDA, or a mid-teens discount vs. its pre-pandemic average. Importantly, we don't ascribe any value yet to the fledgling aluminum steering knuckles business¹⁹.

Cash made a fourth to a third of our current media holdings valuations at the beginning of this calendar.

Around 12% of the book at year-end was allocated in Communication Services names, with a theatrical exhibition holding alone accounting for more than half of this allocation. The other two names are deep value media holdings, where disruption is more than priced in. At year-end, net cash accounted for more than a fourth of our television broadcasting holding's value, and about a third of our radio broadcasting holding's valuation. We remain extremely constructive on names that design and control their broadcasted content. We stress that these businesses will always remain in a position to change the broadcast medium with little/no dilution in messaging's efficacy (as long as they can design and control the content). We believe that this small allocation in these two media names could be a material contributor to our book over the next 3-5 years and is among the most likely place of our next somewhat 'violent recoil'.

Please let us know if you have any questions/concerns.

Thanks,

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Minerva India Under-served

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¹⁹ We note that global aluminum CPV growth in chassis parts, which are among the most cost-effective light-weighting parts, is among the highest within PV components. By our estimate, aluminum would account for well more than half of all steering knuckles in China today, and >85% in NA.



Performance benchmarking

	Minerva India Under-served	Nifty 50	S&P BSE 500	S&P BSE Midcap	S&P BSE Smallcap	Eurekahedge India	India-focused CE Funds*
Trailing 1 year	28%	22%	25%	46%	48%	18%	26%
Trailing 3 yr CAGR	43%	17%	19%	27%	33%	11%	11%
Trailing 5 yr CAGR	25%	16%	16%	19%	24%	10%	9%
Since inception CAGR	19%	11%	12%	14%	13%	7%	9%
2023	28%	13%	16%	35%	40%	14%	19%
2022	18%	6%	3%	1%	-2%	-7%	-2%
2021	92%	23%	30%	39%	63%	25%	20%
2020	18%	15%	17%	20%	32%	20%	12%
2019	-10%	12%	8%	-3%	-7%	1%	3%
2018	-6%	3%	-3%	-13%	-22%	-7%	-5%
2017	17%	29%	36%	48%	60%	29%	31%
2016	9%	3%	4%	8%	2%	3%	1%
2015	22%	-4%	-1%	7%	7%	6%	-1%
2014	34%	31%	37%	55%	69%	39%	49%
2013	21%	7%	3%	-6%	-11%	-6%	6%
2012	39%	28%	31%	38%	33%	14%	28%
2011	-11%	-25%	-27%	-34%	-43%	-25%	-31%
Annualized Volatility	21%	17%	17%	20%	23%	13%	16%
Annualized Volatility (+ve)	15%	11%	11%	12%	14%	8%	9%
Annualized Volatility (-ve)	15%	12%	12%	15%	17%	9%	12%
Sharpe Ratio	0.79	0.42	0.45	0.52	0.47	0.23	0.29

Source: BSE, NSE, EurekaHedge, Bloomberg

Note: Returns are until the end of December 2023; Our performance is net of execution charges and mgmt. fees, but before incentive fees; Our management fees are accrued monthly for reporting purposes. Since the fee is actually charged and calculated quarterly, compounding of the fee charge leads to us conservatively reporting slightly lower returns vs. client actuals; Sharpe was calculated by using since-inception monthly returns and is based on an Rf of 5%. Sortino was 1.11.

*US-based close-ended funds, with returns adjusted for INR/USD movements.

Strategy Snapshot

Characteristic	Notes	
Top 5 positions as % of book	57%	
Avg. weighted market cap of book (mil)	\$700	>> Median holding's market cap is \$493 mil
Avg. weighted institutional ownership	14%	>> Median institutional ownership of current holdings is 11%
Avg. weighted free float of book	40%	>> Median free float is 45%
Net Exposure	82%	
Avg. weighted F2024E (Mar) EV/EBITDA	9.8x	>> vs. 27.5x (Nifty Smallcap 50), and 20.5x (Nifty 50)
Avg. weighted F2023A (Mar) P/B	2.9x	
# of positions	13	

Note: Characteristics are as at the end of December 2023



Meet your investment manager

Piyush Sharma, born and raised in India, has been running the Minerva India Under-served strategy across offshore and onshore structures since early 2011. The strategy focuses on investing in uncrowded and institutionally under-owned/orphaned situations within Indian micro and smaller smallcaps. Essentially, strategy's focus is on poor price discovery pockets. Having spent time with Citigroup and Bombay Stock Exchange in India, he moved to United States in early 2000s, where he covered stocks within Business Services, Autos, Consumer Products and Financials with Sanford Bernstein, Longbow Research, and Avondale Partners, working in teams that received accolades from leading institutional research arbiters, including Institutional Investor (II) and Greenwich Associates. Piyush received an MBA from University of North Carolina at Chapel Hill, MS from MNNIT, and BS in Accounting from University of Allahabad.

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