



Dear Investors:

We write this letter at a time when there has been an undeniable frenzy around us, with several on Dalal street disturbingly stoking this on. While *SEBI* came out with regulations to round up social media influencers, it ignored the far more bombastic narratives that were being peddled on several mainstream Indian media platforms. It's ironic that these "snake oil peddlers" have far wider reach than the social media hatchlings that the regulator has focused on in the recent past. Unsurprisingly, this has driven a surge in DIY investors that has handily outpaced growth in investors who have allocated externally. This never ends well.

It's critical to appreciate that any liquidity driven binge has limited legs, and often the biggest beneficiaries of such indiscriminate run-ups appear the biggest duds once the dust settles. We have repeatedly asked our investors to lay off of narratives that are being drawn around "*India being the finest asset the world could own today*". Hope is never a solid plank of value creation. Sustainable underlying cash flow is!

In C3Q23, *Minerva India Under-served* was up **+15.4%** (net; in INR terms), vs. **+15.2%** (gross; in INR terms) gain in *BSE Smallcap* and **+5.1%** (gross; in INR terms) gain in *BSE 500*. Our offshore vehicle (*Tattva* series) gained **+11.8%** (net¹; in USD) for the quarter. Over 12+ 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. **+11%** annualized gain (gross; in INR terms) in *BSE 500* and **+12%** 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, or 2021. 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.

To see our and comparable indices' Information ratio² distribution across historical rolling time frames of different durations, please click [here](#). To see our historical headline outcomes during 12-month periods of *BSE Smallcap* declines, please click [here](#).

India's listed Cerberuses make historical comparisons largely pointless. 'Cerberus', the guard at the gates of hell, had several identical looking heads, but they were all independent and had distinctly different personalities. Appearance was clearly deceptive here. Likewise, headline components within India's mid and smallcap indices have historically proven to be massive laggards and/or value destructors when invested into at their prior peaks. When many on Dalal street and Indian financial journalists state today that 'we have been here before on valuations', they are essentially showcasing several mid and smallcap 'Cerberuses' that simply aren't comparable with the 'Cerberuses' of 2017 or 2014. Headline indices such as *Nifty Midcap50* or *Nifty Smallcap50* exhibit significant turnover and are therefore barely comparable over a 2-3 year period, let alone vs. measures from >5 years ago. For instance, of the current *Nifty Smallcap50* (ex-financials) components, barely 3 were part of the index at the time of the C2017 valuation peak, making historical comparisons arguably pointless within these indices. Also, since component turnover is high, sectoral representation also changes dramatically within a few years, further clouding index-level headline comparisons. Consider *Nifty Midcap50* components from the C2014 peak - While the index reading suggests compounding at a bit below +15% since then, less than a fourth of C2014 peak index components actually compounded in the double digits and collectively this entire index set barely breached +9%. In fact, there

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

were more components that destroyed value than those that compounded in the double digits. Therefore, to offset noise, headline multiples of these indices require ‘constant’ series and GICS sector-wise comparisons. Garnished headlines here should be sidelined with a ‘meh’. We would highlight the following:

- **The breadth of valuation excesses becomes even more apparent when viewed against same components over time.** *NiftySmallcap50* ended C3Q23 at ~23x TTM EBITDA. At its peak in C2017 (when the index was comprised of a significantly different set), it traded at around 16x TTM EBITDA (adjusted for 3 components³ that greatly skewed the headline), reflecting ~55% premium for the index at this time (see **Exhibit 1b**). We note however that nearly 45% of *NiftySmallcap50* (ex-financials) current components weren’t even public at the time of index’s last valuation peak at the end of C2017. If we were to just consider this set of 20 (and use the same weights, as they stand today, to make them comparable), C3Q23 ending valuation levels of this set were at a significantly higher 44% premium vs. their C2017 peak (see **Exhibit 1d** on next page). Likewise, on a similar comparable basis, September end valuations were at more than twice the peak valuations we saw during C2014 peak, with only Consumer Discretionary names trading at similar levels as in C2014.
- **Current valuation excesses within these mid and smallcaps benchmark names aren’t skewed by certain components/sectors either.** Regardless of whether we compared headline indices as they were, or used ‘constant’ series comparisons, majority of GICS sectors ended C3Q23 at a significant premium over C2014 and C2017 peaks. *Nifty Smallcap50* fared particularly worse on ‘constant’ series comparisons i.e. the breadth and size of valuation premiums expanded when we used ‘constant’ series – Refer to **Exhibit 1d**, which confirms that 6 out of 9 GICS sectors that comprised the index in C2014⁴ ended C3Q23 at material premiums over their C2014 and C2017 peaks.

Regardless of how one reads current valuations, they are undeniably steeped in giddy optimism at this time, with particular disconnects in spaces such as Real Estate, Chemicals, Construction Supplies, Engineering & Construction, and Consumer Electronics. While this is purely incidental, we note that nearly 90% of our long book at the end of C3Q23 was in Consumer Discretionary, Materials, and Communication Services, all of which trade below their C2017 peak on ‘constant’ series comparisons. Notably, Communication Services, which made about 15% of our book at the end of C3Q23, trades at significant discounts to prior peaks.

Exhibit 1a – Nifty Midcap50 sectors vs ‘14 and ‘17 peaks

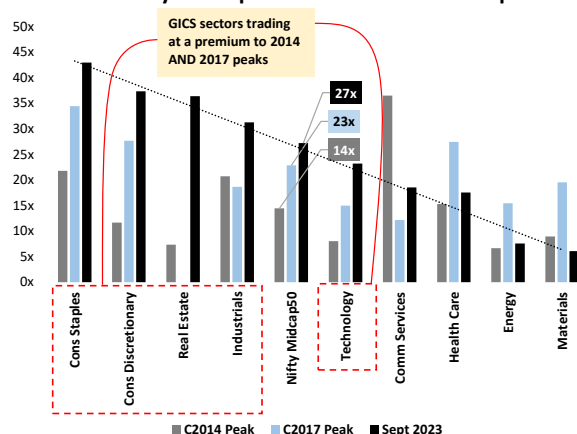
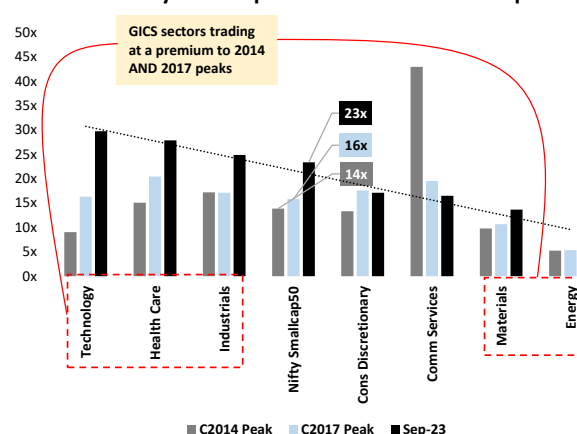


Exhibit 1b – Nifty Smallcap50 sectors vs ‘14 and ‘17 peaks



³ Excluding outliers such as *Future Consumer*, *Reliance Naval and Engineering*, and *Infibeam*, which had massively skewed benchmark’s headline multiple at that time.

⁴ We used the biggest 50 smallcap names in C2014 as a proxy for *Nifty Smallcap50*, because the index hadn’t launched at that time.

Exhibit 1c – Nifty Midcap50 ‘Constant’ vs ‘14 and ‘17 peaks

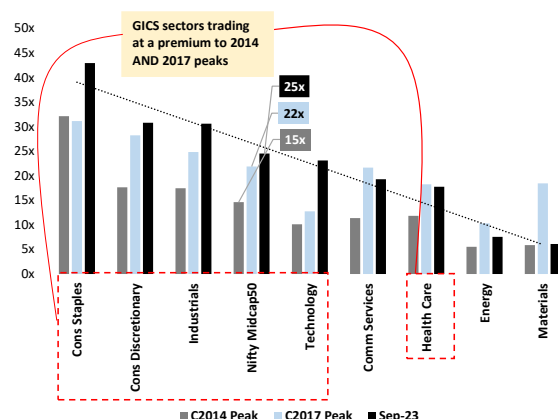
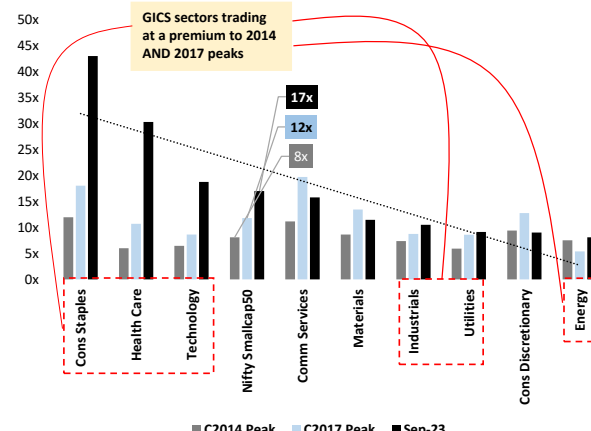


Exhibit 1d – Nifty Smallcap50 ‘Constant’ vs ‘14 and ‘17 peaks



Notes: Only those GICS sectors are considered that had representation in indices during the three periods considered. All multiples are based on trailing 12-month EBITDA. ‘Constant’ multiples in Exhibits 1c and 1d refer to a constant series comparison i.e. we only picked current components that were still public in 2014 and 2017. Nifty Smallcap 50 sector and index multiples are often skewed by certain components. We therefore excluded the following components to make clean comparisons – Fortis Healthcare and Sun Pharma Advanced Research (both in Healthcare) in 2014. Future Consumer (in Consumer Staples), Infibeam (in Technology), and Reliance Naval and Engineering (in Industrials) in 2017, and Shree Renuka Sugars (in Consumer Staples) for September 2023. In 2014, Den Networks was the only component within Communication Services.

Sources: Company Reports; S&P Global Market Intelligence

While Indian headline largecaps aren’t as overheated, Chinese peers appear far more attractive vs. this set (AND are handily incomparable on capital absorption vs. Indian peers) - Significant growth differentials, lower profitability, long cash cycles, worse capital deployment efficiency, and higher leverage vs. Chinese peers collectively make China look like an enticing bargain vs. Indian headline names. At the end of C3Q23, Nifty50 (ex-financials) was trading at ~22% premium over comparable headline China names (top-50 components picked from MSCI China (ex-financials), to make an appropriate comparison), despite having significantly higher representation of Energy, Materials, and Utilities. Intrinsically⁵, we are not only unable to reconcile with such premiums, but our work suggests that this Chinese peer set arguably deserves materially rich premiums over India’s headline names – We note that the comparable Chinese peer set handily leads Nifty50 peers on growth, has demonstrated better capital deployment efficiency, has shorter cash cycles⁶, is slightly more profitable, and is less levered⁷. That many of these Chinese names hold the ability (and are already demonstrating in several cases – BYD and Anta Sports are cases in point⁸) to successfully transcend borders isn’t even being factored in our work. This postulation doesn’t consider a significantly more stable CNY either. Essentially, unless the next decade for this Chinese peer set is entirely disconnected from what we have seen previously, intrinsically we believe that this set should trade at a significant premium (in sharp contrast to prevailing discounts) vs. India’s headline names. In our view, it would take either a Sinophobe or a denier to disregard headline China valuations at this time.

Similar to headline names in China, Korean peers also seem to trade at somewhat higher discounts to Indian peers vs. what we believe is intrinsically tenable (see Exhibit 2 on next page).

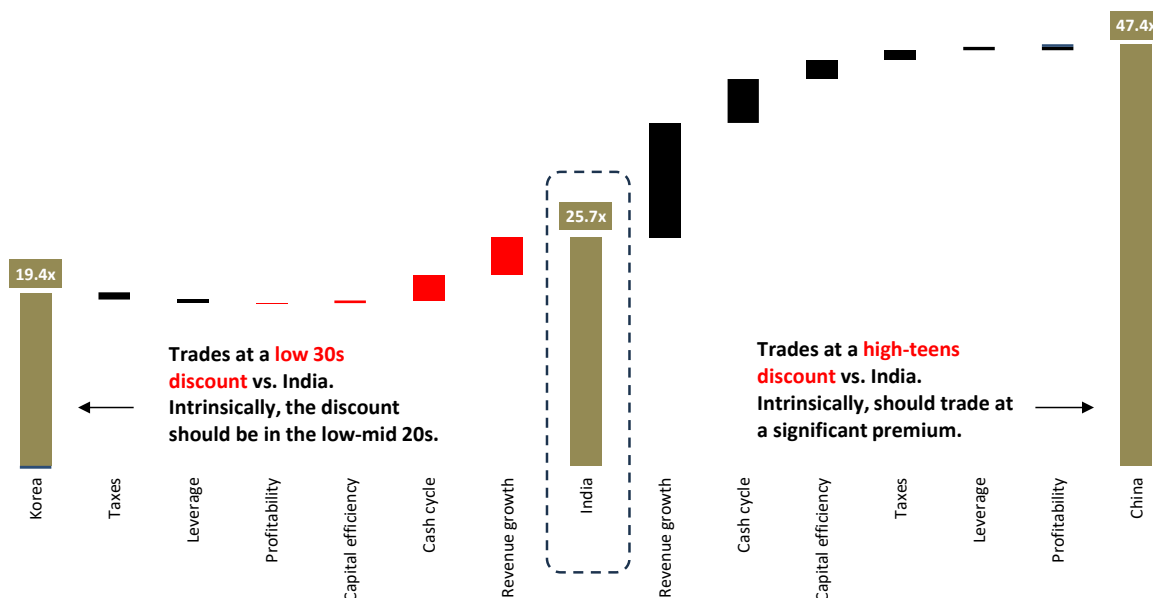
⁵ Using an exhaustive index-level absolute valuation framework

⁶ 40% of these components have negative working capital cycles

⁷ ~3/4th of these components are net cash businesses

⁸ Additional disclosure - Our investment team members have positions in these securities

Exhibit 2 – Value driver walks for China and Korea to calculate intrinsic premiums/discounts (assuming India as the base)



Notes: These 3 markets collectively account for nearly 60% of MSCI EM. This intrinsic value framework was created to evaluate relative valuations of headline largecap indices. In order to make sets comparable, we used the top-50 components from MSCI indices (ex-financials) for all 3 markets. Outliers were excluded. Samsung Electronics' depressed C2023E estimates were skewing Korea's headline multiple for the calendar year and it was therefore normalized by taking C2024E estimates. An allocator in these sets is assumed to target an 11% return on equities (in local currencies).

Sources: Company Reports; S&P Global Market Intelligence

In our view, Indian headline names are neither realistically pricing risk of sustained muted/poor growth globally, nor continued downgrades to underlying estimates. As things stand, in our view, United States is arguably the only large listed equities market⁹ globally that can make Indian listed equities appear significantly attractive at this time. In an otherwise listed landscape that is either undeniably frothy or is relatively stretched, depending on where one looks, our book ended C3Q23 at 8.8x F2024E (Mar) EBITDA, despite significantly better underlying earnings vs. just about any part of headline India, regardless of where one compares in the capitalization spectrum. Underlying earnings expectations for our book aren't draped in fanciful expectations either. We now have ample cash to vigorously engage, if panic were to inexplicably spill over in our book.

We would strongly discourage investors from paying any serious heed to commentary that goes on to spray paint asset attractiveness by size/sector at this time. Not every large animal with stripes is a tiger, and not everything small that flies carry a sting.

Our C2Q23 ending exposure was the lowest since the end of C2015. Over the course of C3Q23, our exposure has declined by 410 bps, driven by a complete exit in a Healthcare (API) name (in C3Q23), complete exit in a Technology name (in C2Q23), a slight cut in a Technology position (in C3Q23), and routine risk-management influenced selling (to cap security-level exposures). This was partly offset by initiating 2 exposures (one in Media and another in Wood products – both in the first half of this calendar), and a slight

⁹ Unremarkable earnings for S&P 500 are still getting capitalized at elevated multiples, with particularly sharp disconnects seen in Consumer Discretionary and Technology names.



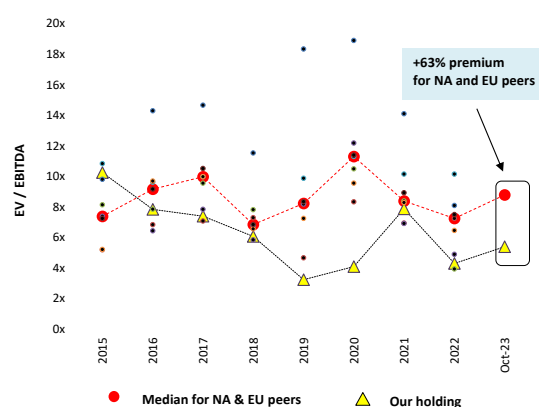
addition to a legacy Forestry position. Over trailing 12-months (ending Sept 2023), *Minerva India Under-served* was a net seller, with ~7% turnover. Over this period, our net exposure declined by 620 bps.

Following are our thoughts on a new exposure, other recent maneuvers in the book, and some recent insights into certain select holdings:

Our two-wheeler parts name is positioned favorably with Japanese OEMs and has largely bucked the muted trends seen at domestic ‘mass OEMs’. Japanese OEMs account for ~55% of our holding’s business. While two-wheeler model launch activity is expected to be flattish in the current fiscal, the Big-4 Japanese OEMs will distinctly buck the trend – Collectively, these four OEMs have 50% more launches in this fiscal vs. last, and will account for nearly 40% of all model launches in F2024E (Mar). This holding of ours has been flattish YTD, but has gained six-fold off of pandemic lows. We believe that between new models under development and upcoming refreshment cycles, the halogen to LED lamp shift will be near complete within the next 5-6 years. At 7x F2024E (Mar) EBITDA, this remains one of the most compelling stories we see in India’s listed auto parts space.

We note continued increases in BEK prices in China. The world’s most efficient producer of BEK¹⁰ (Bleached Eucalyptus Kraft) raised September prices by \$20/ton for Asia and a steeper \$50/ton for clients in Europe and NA. Nearly all LatAm pulp providers have already announced hikes for November too, making it a fifth straight month for BEK price hikes for China deliveries. As we write this quarterly letter, global BEK pulp inventory had dropped to under 50 days. While in our [last investor letter](#) we had emphasized that hardwood pulp prices in China had likely bottomed out, we are now also noting price increases in softwood pulp - Around mid-September, *West Fraser* hiked BCTMP prices to China by \$30/ton. Consistent with BCTMP prices in China, we are beginning to see elevated optimism around packaging board grades across India at this time. Our discussions with pharmaceutical buyers confirm that a low single-digit price increase was taken in September across the country.

Exhibit 3 – Historical valuation vs NA and EU peers



Source: S&P Global Market Intelligence

We also note that prices of India’s uncoated cut-size grades were down about 7-8% in the first 9 months (in INR terms) of the calendar, after about 4% sequential decline in the September quarter. However, a strong pulp market rebound in China likely suggests that domestic cut-size price declines might have seen a bottom. Finally, with Indonesian Rupiah appreciating vs. the USD YTD, vs. about 1.5% INR decline, we are hearing almost no chatter around any acceleration in import intensity¹¹. At the end of C3Q23, NA and EU peers of this forestry position were bizarrely trading at nearly a mid-60s premium (see **Exhibit 3**). Be it in absolute terms, or relative to just about any peer set, we believe that we hold some of the most attractive listed assets at this time.

¹⁰ It’s a Brazilian pulp manufacturer and these increases came despite a mid-dingle digit decline in the Brazilian Real since May.

¹¹ In our view, Indonesian forestry players are the only ones that can competitively sell into India, without getting into the crosshairs of dumping. We note that currently Indonesian cut-size grades are about 10-15% cheaper vs. somewhat comparable domestic grades in Delhi NCR.



We see material value accretion from accelerated deployment (finally!) from a bloating balance sheet of our amusement park holding. This holding was up >130% YTD by the end of C3Q23. Headlines aside, that gain accounts for a lion share of this security's gain over several years since we initiated exposure – Over this period that lasted more than 6 years, it has been though a triple whammy that included tax issues (related to arguments on municipal taxes), an expected near complete standstill during the pandemic (when we added significantly to this position), and delayed approvals related to a new park in Southern India. Accordingly, our value capture thesis here got delayed significantly. The “gut punches” are in distant memory now. This holding is now gearing for a series of park launches over the next 5 years, with its fourth park in Southern India ready to launch by mid-2025. Importantly, most of the other upcoming launches would be on extremely long-term leases (starting with the park in Eastern India¹²), allowing for a quicker ‘land-grab’ than we had initially anticipated.

At the beginning of the current fiscal, this business held ~INR 2.6 billion in cash (net), and would likely generate EBITDA of >INR 5 billion between F2024E (Mar) and F2025E (Mar). Between routine refreshments/additions at existing parks, ongoing work on attached resorts, completion of the new Southern park, and work beginning in a new park in Eastern India, little over INR 4.5 billion would need to be allocated over F2024E and F2025E. At the end of C3Q23, this name was trading at ~10x its operating cash flow run-rate. By our estimate, intrinsically, deployment of excess cash at hand into the two new parks (capitalized at say even 8x) adds between INR 190-210/share to our value estimate. Effectively, despite the YTD run, we remain very comfortable in owning this name at these levels, and would add further if panic elsewhere were to spill over into such holdings.

Domestic alloy rim sales for a key holding of ours take a breather (amidst pending model refreshments and a pullback from consumer on trim upgrades). As we have previously communicated, we do not recall noting such clear hesitancy on the part of the consumer to opt for trim upgrades during car purchases. This however is little more than an expected temporary blip at a time when the consumer is undeniably under stress. *Maruti Suzuki* has been the lone exception, since there is a clear strategy to progress up the value chain at this mass OEM, and accordingly alloys are being priced (and offered) accordingly. Further, with 3 key client model refreshments due early in the next calendar (*Creta*, *XUV300*, and *Thar*), there has been an expected deceleration in volumes for these models. That said, we note that alloy exports will be a significant contributor in F2025E (Mar), with validation already secured at *Stellantis* and *Volkswagen*, alongside shipments to aftermarket channels in US. Effectively, between alloy exports, new wins (*Maruti* likely to get added), and new model refreshments, this holding of ours has every shot to deliver close to 20% revenue growth in the alloys business¹³ in F2025E (Mar).

Elsewhere, we continue to see extremely strong continued share gains in NA for our holding (largely as a result of new deal wins and some gain in share at the expense of an Indian aftermarket supplier). We note that anti-dumping duties imposed on Chinese wheel rims to US still have another 1.5 years before they potentially expire. Also, it's critical to stress that only a fifth of our holding's exports to US are to stressed end-markets (RVs and mobile homes), with trailers making the vast majority of US export revenues. At 9x F2024E (Mar) EBITDA, we believe that we own one of the most attractively valued idiosyncratic stories in listed India.

¹² In mid-2022, our holding had signed an agreement with a state government in Eastern India to build an amusement park over 50 acres (on a 90-year lease). The project is expected to cost INR 1.15 billion, vs. INR 4 billion estimates for the 62-acre park in Southern India.

¹³ Alloys will make about a fourth of the business in F2024E (Mar).



Oppenheimer’s experience demonstrated potential appetite of IMAX screenings in India. While IMAX format screenings made about a fifth of *Oppenheimer’s* global box office, the corresponding contribution of IMAX screenings in India¹⁴ was INR 500 mil, or >30% of *Oppenheimer’s* domestic box office revenues. Critically, we note that IMAX content is coming in faster than screen rollouts – Barely 7 domestic titles were released in IMAX format until the end of C2021, while 10 have been released since then, sharply driving occupancies.

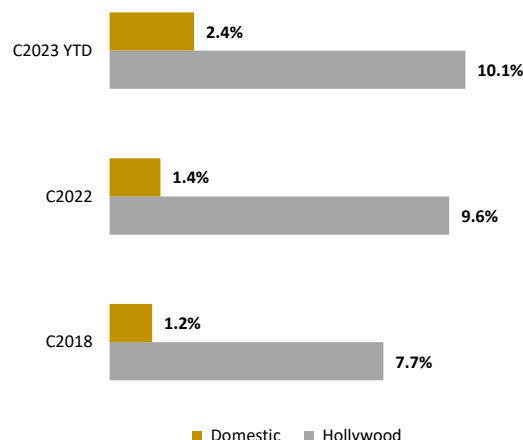
Driven by continued increases in VFX spends¹⁵, we note clearly visible gains globally for IMAX’s Hollywood screenings. Importantly, the traction in India appears markedly greater – While IMAX share of global box office receipts this year has been in the low-mid single digit range, the corresponding share in India has been a much higher 14% (with the median IMAX screening of a Hollywood release accounting for 10% of the movie’s Indian box office receipts).

We remain excited about acceleration in roll outs of premium formats nationally and screens in southern India for our theatrical exhibition holding, both of which are materially accretive to underlying earnings and operating returns.

Our spirits holding has a trifecta of idiosyncratic tailwinds at this time – Further penetration in IMFL¹⁶, expected acceleration in ‘value plus’ category across the country, and (potentially) early entry into a fledgling RTD market. The hockey-stick inflection in case of IMFL’s distribution growth in India typically happens around the 3-year mark. In Delhi, West Bengal, and UP, our holding’s shelf presence began about 6 quarters ago. We note that bottling will begin locally in UP by the end of this year, and it is easily the biggest market¹⁷ where they either have a distribution or planning to have one over the next 2 years. Further, Rajasthan, which is comfortably our holding’s biggest market today, hasn’t seen any distribution of IMFL (yet)¹⁸. Therefore, between maturing of distribution channels and imminent launch in Rajasthan, we expect significant acceleration in our holding’s IMFL business by the end of next calendar.

An even larger catalyst (but with somewhat uncontrollable timelines in this case) is what we believe is the inevitable emergence of the ‘value plus’ category across states, including several where our holding doesn’t have a presence yet. As things stand, Rajasthan accounts for nearly 90% of our holding’s ‘value plus’ category

Exhibit 4 – IMAX box-office share in a median movie



Notes: Above box office shares are only for Indian box office. We excluded C2019, C2020, and C2021 because there was either none or 1 domestic IMAX format release in India in these years.

Source: Misc sources

¹⁴ India had fewer than 30 IMAX screens at the time of *Oppenheimer’s* release, with Delhi NCR and Mumbai accounting for more than half of those. ~80% of all screens nationally were owned by our theatrical holding.

¹⁵ The median number of VFX shots/movie for Hollywood content in C2023 YTD has been 2,500, vs. 2,350 in C2022, and closer to 1,700 pre-pandemic (C2019).

¹⁶ Indian made foreign liquor

¹⁷ UP’s IMFL monthly industry run-rate is about 2.1 mil cases, about as large as Delhi and West Bengal combined.

¹⁸ Primarily because of low prices and cartelization in channels within the state



business¹⁹, simply because the category is yet to fully emerge nationally. That said, we see distinct evidence of 1. this category pulling consumers away from discount IMFL, and 2. State excise policymakers embracing the idea of having an intermediate category between country liquor and discount IMFL.

Lastly, over the next decade, no part of the global spirits market will come remotely close to growth in the RTD (pre-mixed) space. It is notable that Indian spirits shelf-space is particularly bare when it comes to RTDs, and we are noting elevated start-up launches in Goa. It's still very early in the RTD journey, but our holding recently incorporated a sub with a majority share – This sub houses a 'mead' brand that was launched in late 2021.

This is undeniably a 'sleeper' holding for us. Why? - As new states get added, initial revenue contribution is skewed towards ethanol or grain neutral alcohol, potentially somewhat depressing margins, and accordingly keeps off street's sensation-seekers. Gradually however, as consumer brands start getting bottled, integrated ops drive significant margin accretion in these facilities. Consider their flagship Rajasthan facility, for instance – Nearly the entire extra neutral alcohol produced at the facility is now used for captive consumption. In contrast, integration levels in their other heavy consumer business states (West Bengal and Haryana) are in single digit and mid-teens respectively. Captive consumption of ENA in these two states could ramp up to reach close to 50% within 5 years. This shift is even more likely in UP, where the bottling operations haven't even started yet. In UP, 'value plus' category is already past the infancy stage, and there is also a reasonable possibility of 'tetra-packs' at least partly replacing 'glass' in 'value plus' offerings. To see a more granular walk-through of margin accretion as mix shifts from 'value' to 'value plus' category, please refer to our [October 2021 investor letter](#).

With even more profitable IMFL now getting into the mix, in 3 years this holding would bear little semblance to the legacy business of ENA production and distillation of 'value' brands – We note that while ENA and value brands have 15-18% contribution margins (at scale), they are in the 25-28% for 'value plus' and in mid-30s²⁰ for IMFL (at scale).

As we write this investor letter, at 6.9x F2024E (Mar) EBITDA, this business still bizarrely finished C3Q23 at a slight discount to the legacy business' pre-pandemic average. The outsized shift going forward in this holding ensures that we will not only disregard short-term movements in grain availability and price, but would likely add here if such short-term movements in input costs were to drag the stock lower.

We fully exited an API holding in C3Q23. We had initiated exposure in this name in April 2019, and it reached peak exposure of ~11% of the book in May 2020, as street painted nearly anything in Healthcare as a Covid beneficiary²¹. Today, a bit over 60% of the business is APIs²², and Chemicals (ethyl acetate) made the rest. We had cut half of our position in mid-2020, and fully exited this holding in the last quarter. Consequently, we now have no exposure in Healthcare.

At the end of C3Q23, our book was trading at 8.8x F2024E (Mar) EBITDA, or at about a mid-teens discount vs. this book's pre-pandemic averages. Bear in mind that earnings power for a significant part of this book is

¹⁹ Overall, Rajasthan accounts for about half of our holding's EBITDA within bottled spirits (ex-IMFL, a category which is just getting built at our holding).

²⁰ >40% in case of their fast-growing craft gin brand

²¹ Stock had run up nearly 5x in the first 7 months of C2020

²² Ibuprofen made 2/3rd of the APIs business



now significantly larger than what it was a decade ago. Consider the following → Let's begin with our forestry holding (our second biggest position at the end of September). Use of specific clonal saplings have helped reduce consumption of chemicals. Per-ton consumption of water, coal, and power have all been cut between 7-20% since F2018 (Mar), significantly offsetting elevated input costs. Essentially, even at elevated costs and F2018 (Mar) paper realizations and operating rates, our holding's margins today would be ~250 bps higher than where they were 4 years ago (even excluding any impact of better overheads absorption). Our biggest holding (an auto parts name) has also structurally elevated profitability because of a highly accretive underlying mix shift. Ditto for the spirits name we have discussed in this letter.

We therefore argue that at the very least, we expect this book to intrinsically trade at >20% premium vs. pre-pandemic averages, vs. the mid-teens discount we see today.

Before we wrap this letter, we would like to point out that over >12.5 years of deploying capital in India, timing has been a futile exercise when allocating to us. If an allocator had historically picked the highest points of *BSE Smallcap* in each calendar to allocate to us, the resulting CAGRs would suggest that even such consistently poor timings couldn't have meaningfully dragged back the [results](#).

Please let us know if you have any questions.

Thanks,

Piyush Sharma

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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	29%	18%	16%	30%	32%	9%	15%
Trailing 3 yr CAGR	46%	22%	23%	30%	36%	12%	15%
Trailing 5 yr CAGR	25%	13%	14%	17%	21%	10%	8%
Since inception CAGR	19%	10%	10%	12%	12%	7%	8%
2023 YTD	24%	11%	11%	28%	30%	11%	16%
2022	18%	6%	3%	1%	-2%	-9%	-10%
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%	13%	15%	17%	9%	12%
Sharpe Ratio	0.79	0.42	0.44	0.51	0.45	0.22	0.28

Source: BSE, NSE, EurekaHedge, Bloomberg

Note: Returns are until the end of September 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	60%	
Avg. weighted market cap of book (mil)	\$702	>> 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	83%	
Avg. weighted F2024E (Mar) EV/EBITDA	8.8x	>> vs. 21.1x (Nifty Smallcap 50), and 18.8x (Nifty 50)
Avg. weighted F2023A (Mar) P/B	3.0x	
# of positions	13	

Note: Characteristics are as at the end of September 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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