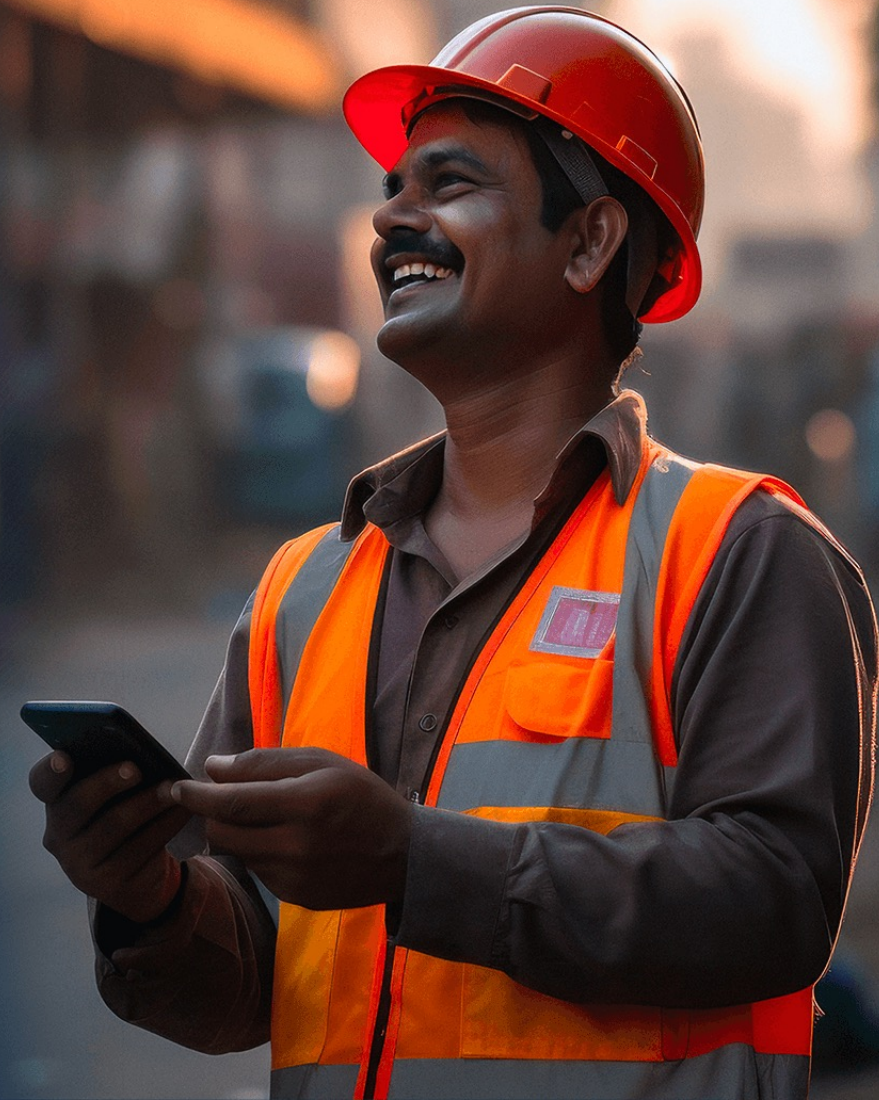




India: This Time Is Different

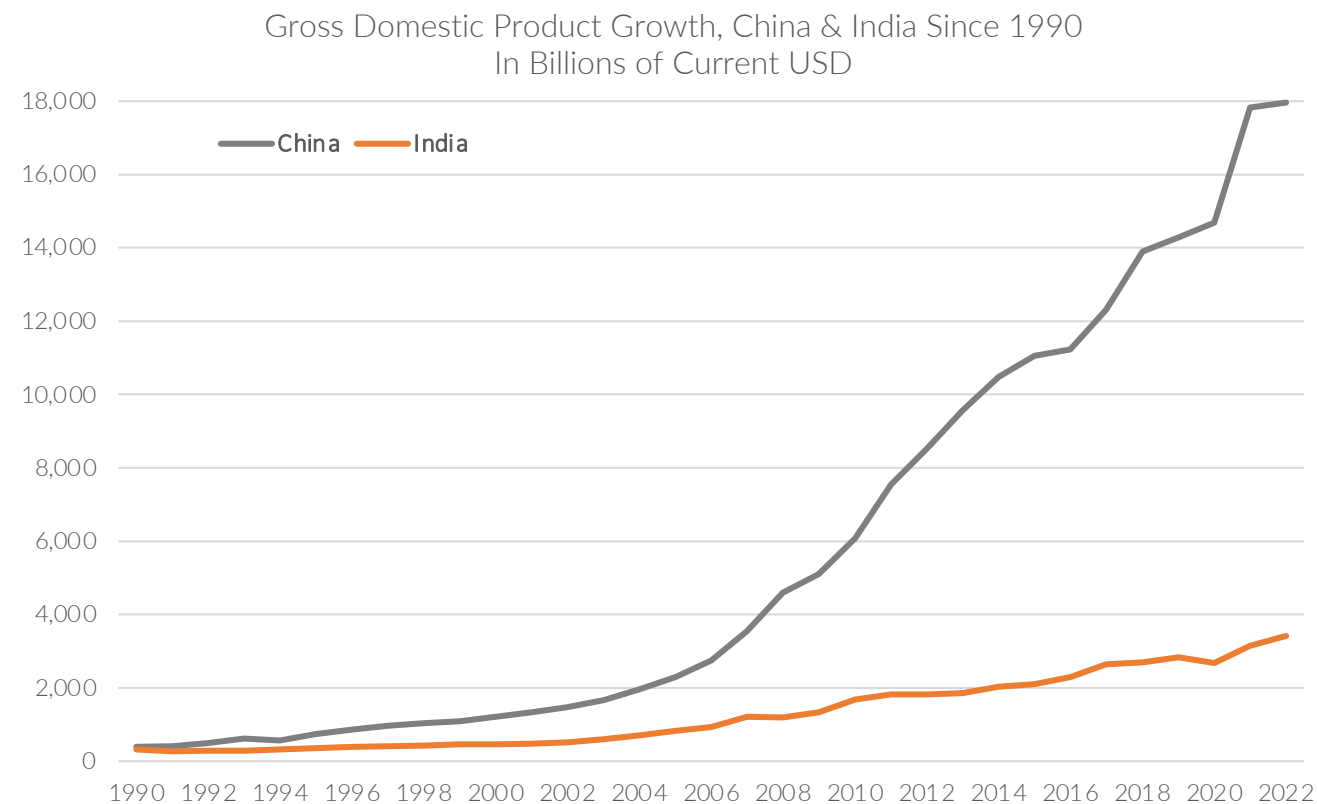
March 2024



India has always been the “country of the future.” Not anymore. India’s moment is now.

“I dream of a young India that is not constrained by any limitations whatsoever. I want the youth of this country to lead a life filled with hope and opportunity.”

Narendra Modi



Source: World Bank, World Development Indicators

Agenda

1. The economic case for India now
2. Indian stocks through our GARP (growth at a reasonable price) + Quality lens
3. The MarketGrader India All-Cap Growth Leaders Index

The Economic Case for India Now

The case for India now: Three reasons why this time is different

1. Reform is meaningful and consequential
2. Individual empowerment lies at the core of Modi's reform drive
3. Capital markets are maturing alongside the economy

The case for India now: Three reasons why this time is different

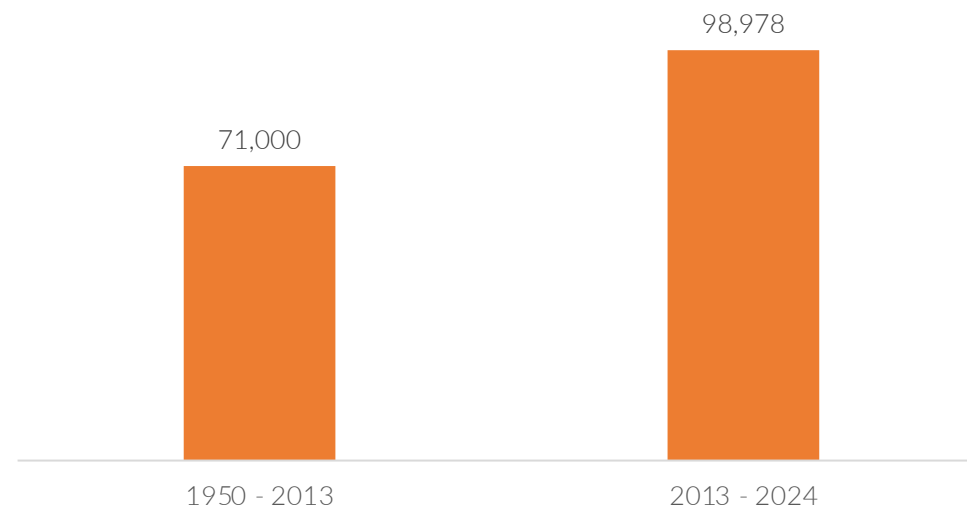
1. Reform is meaningful and consequential
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Reform is meaningful and consequential

Key Features of India's Transformation

1. Digitalization: Designed to unify the country, make economic reform inclusive of all Indians, formalize the economy and improve tax collection.
2. Tax Harmonization: Single national goods and services tax (GST) replaced a complex web of state and federal taxes.
3. Infrastructure: Massive program to build roads, ports, railways, and double the country's number of airports.
4. Repair Fiscal Situation: Improve tax collection, rationalize federal spending, lower current account deficit, and tame inflation.

Length of Roads Built In India for Select Years (km)



Source: Ministry of Road Transport and Highways (India)

India built 1.4 times as many kilometers of roads in the last decade as it did in the previous 63 years.

Reform is meaningful and consequential

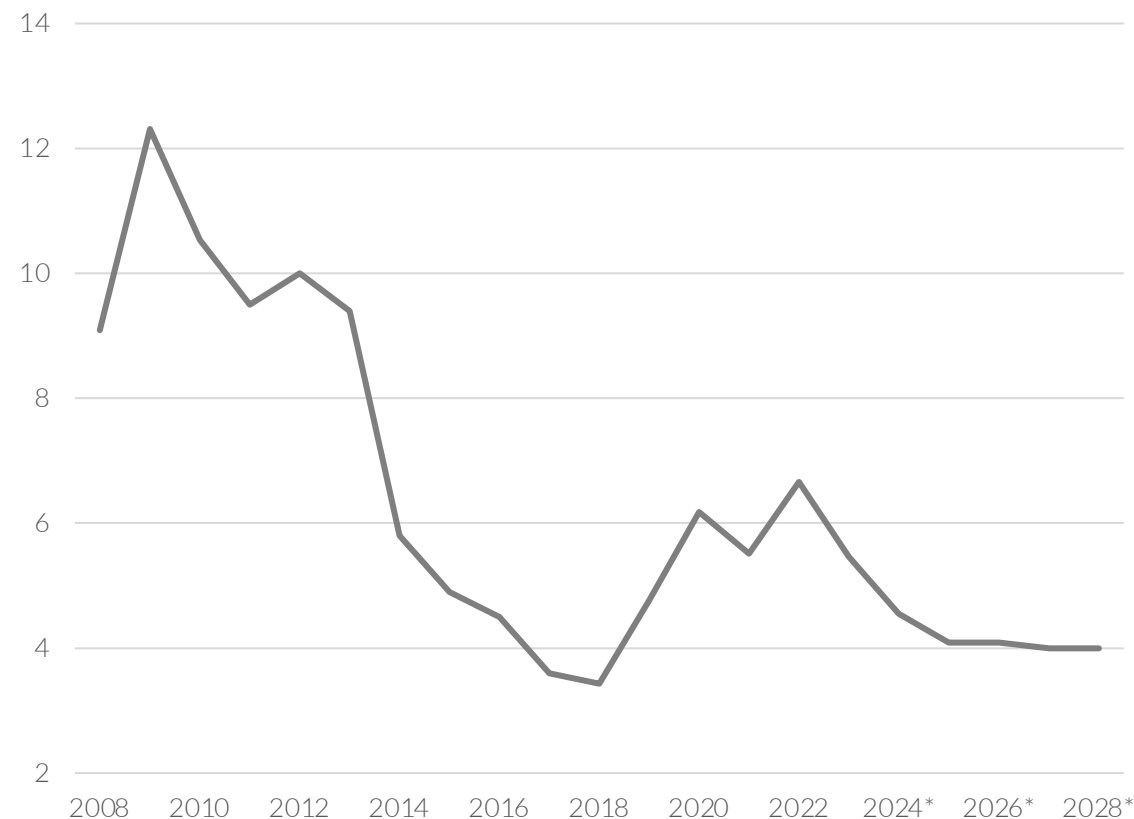
Facts of reform

- Core CPI has fallen from 9% to 3.8% between 2012 and 2024 (1)
- Current account deficit has fallen from 5.1% of GDP in 2012 to 1.1% of GDP in 2024 (1)
- India is the only Asian economy with an investment-to-GDP ratio that is higher today than before the pandemic. (2)
- Capital investment is now 30% of GDP, higher than Taiwan and on par with South Korea. (2)

(1) Source: KKR, "Thoughts From the Road – India," February 2024.

(2) Source: NIKKEI Asia (Opinion) – Richard Yetsenga, February 2024.

India's Inflation Rate In the Last 20 Years



Source: International Monetary Fund, October 2023. Figures for 2024-2028 are IMF estimates.

The case for India now: Three reasons why this time is different

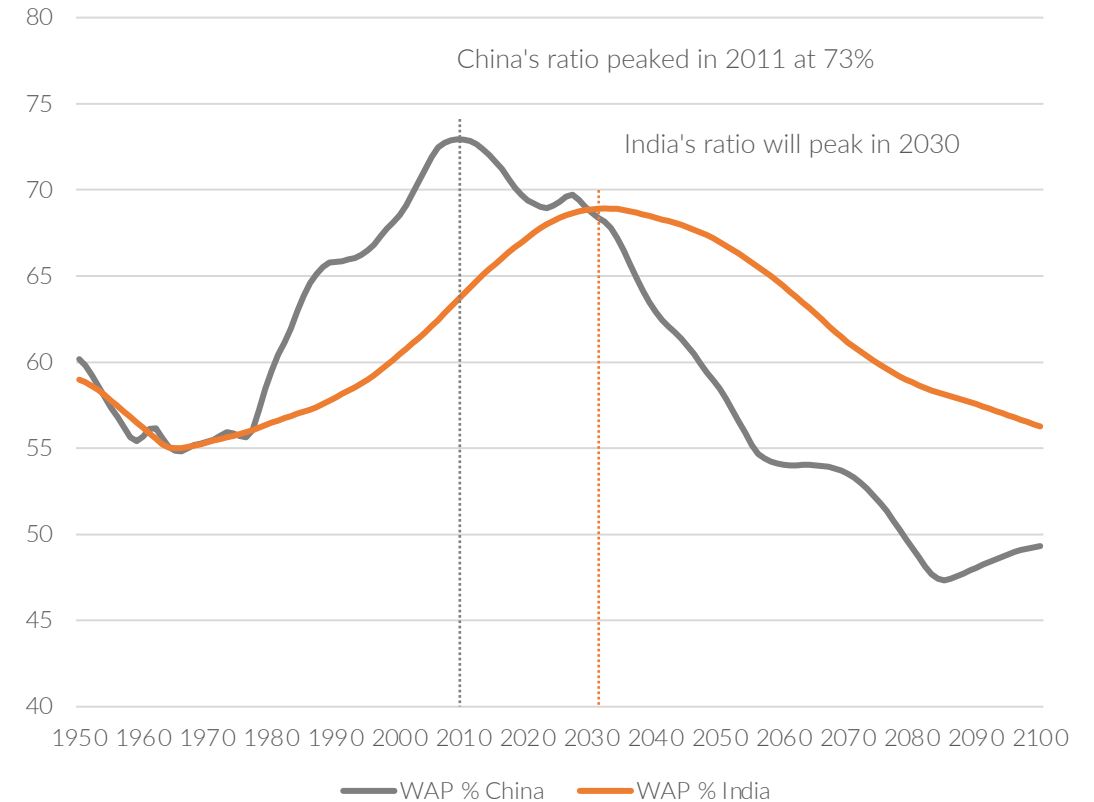
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Reform is meaningful and consequential

Harnessing India's Incredible Demographic Advantage

- Investors have talked for decades about India's "demographic dividend."
 - But until Narendra Modi was elected Prime Minister, there was a real chance that this "dividend" would be wasted.
 - Prime Minister Modi understood that for India to succeed, he had to empower all Indians and ensure that prosperity included everyone.
 - So, while better economic policies were needed—and have been implemented—what makes this moment SUSTAINABLE is the inclusion of all of India in the country's development.
- India's pool of workers will rise to one billion over the next decade.
 - The country's median age of 28 is a decade younger than China and the U.S.

India vs. China: Working Age Population to Total Population Ratio



Source: United Nations, Department of Economic and Social Affairs, Population Division

India's economy is domestically focused and consumer-driven

Digital India

Prime Minister Modi's flagship policy is focused on connecting all Indians across the country and ensuring nobody gets left behind as the economy modernizes.

Three key pillars:

- **Aadhaar:** the world's largest digital ID program
- **Jan Dhan:** digital accounts to connect all Indians to the financial system
- **Mobile:** scaling Aadhaar and Jan Dham

The JAM trinity



India's economy is domestically focused and consumer-driven

Empowering 1.4 billion Indians

- Prior to Aadhaar, 800 million rural residents were excluded from the financial system.
- By April 2018, 1.2 billion Indians were covered by the new system.
- Thanks to Aadhaar adoption, by 2015 Indians were opening 300k new Jan Dhan accounts per day.
- Today Jan Dhan accounts exceed 500 million and by year-end 2023 total assets exceeded 2.1 trillion rupees (USD 25.3 billion)
- Private Final Consumption Expenditure has grown at a CAGR of 11.3% over the last 10 years. The ratio of PFCE to GDP has increased from 55% to 60%.

“India is a youthful country. A country with such a major percentage of youth has the capability to change not only its own but the fate of the entire world.”

Narendra Modi

Sources: <https://www.narendramodi.in/> (Aadhar & Jan Dhan statistics). EY India: Reaping the demographic dividend (PFCE statistics).

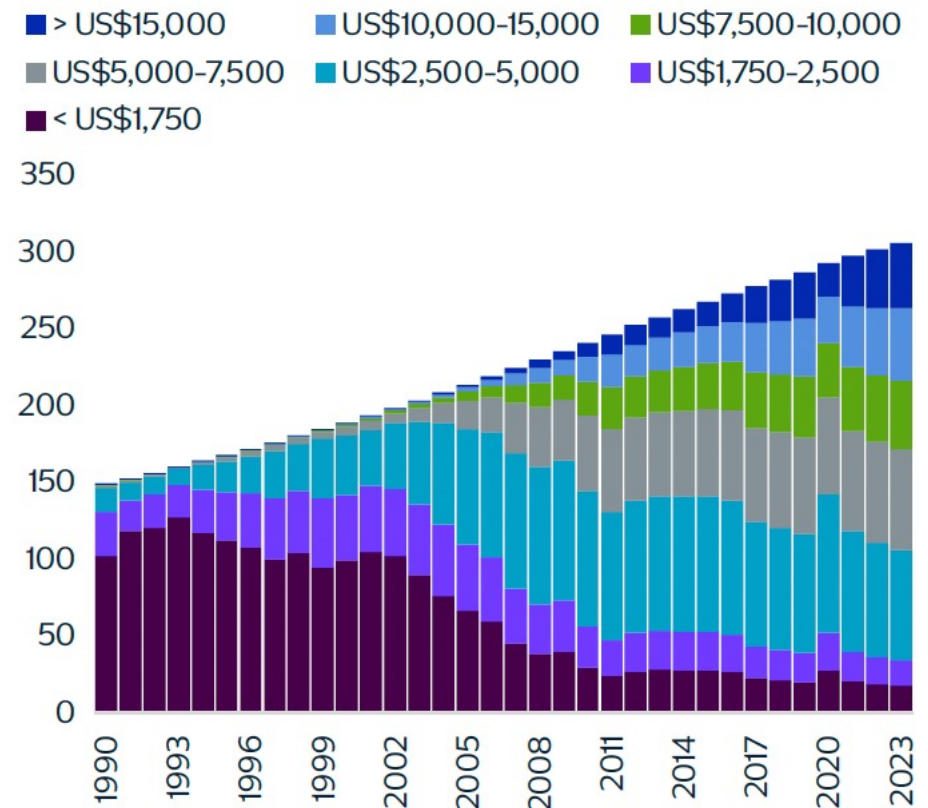
India's economy is domestically focused and consumer-driven

Digital initiatives have improved governance, eliminated waste and corruption, and fostered a digital-first environment that has attracted record levels of foreign direct investment (FDI).

- Unified Payments Interface (UPI) (think Venmo for government) has turbocharged the digital economy. Today India accounts for 46% of all global digital transactions.
- “Digital India” enabled the consolidation of welfare benefits into the “Digital Benefit Transfers (DBT)” system.
- Through DBT the government has transferred USD 400 billion to 1 billion beneficiaries in the last 10 years, eliminating USD 33 billion in waste, and helped lift 250 million Indians out of poverty.

Source: <https://www.narendramodi.in/>

India: Number of Household Income, Millions



Source: KKR, “Thoughts From the Road – India,” February 2024. Chart data from Euromonitor socioeconomic database.

The case for India now: Three reasons why this time is different

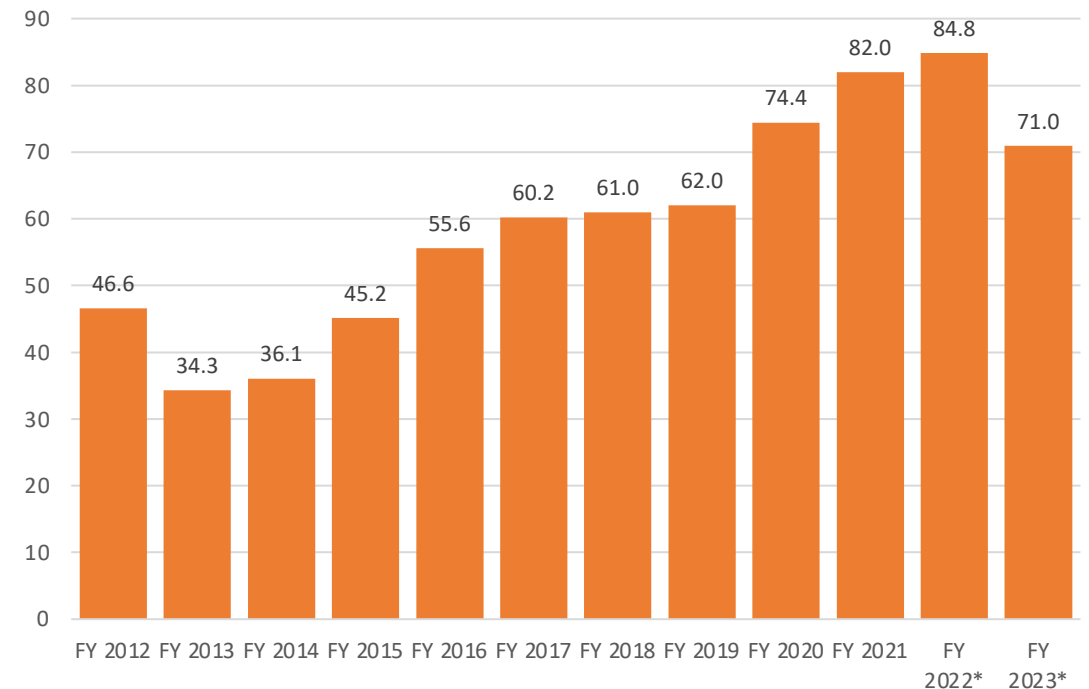
1. Reform is meaningful and consequential
2. Individual empowerment lies at the core of Modi's reform drive
3. Capital markets are maturing alongside the economy

Capital markets are maturing alongside the economy

Maturing Capital Markets Support Growth Story

- As India's markets have matured and grown alongside the economy, confidence in the durability of the country's growth has resulted in record levels of foreign capital flows.
- Domestic savings program (through "Digital India" initiative) is providing a tailwind to Indian equities, adding depth and breadth to the market.

Value of Foreign Direct Investment Flows Into India,
FY 2012-2023 (in billions of USD)

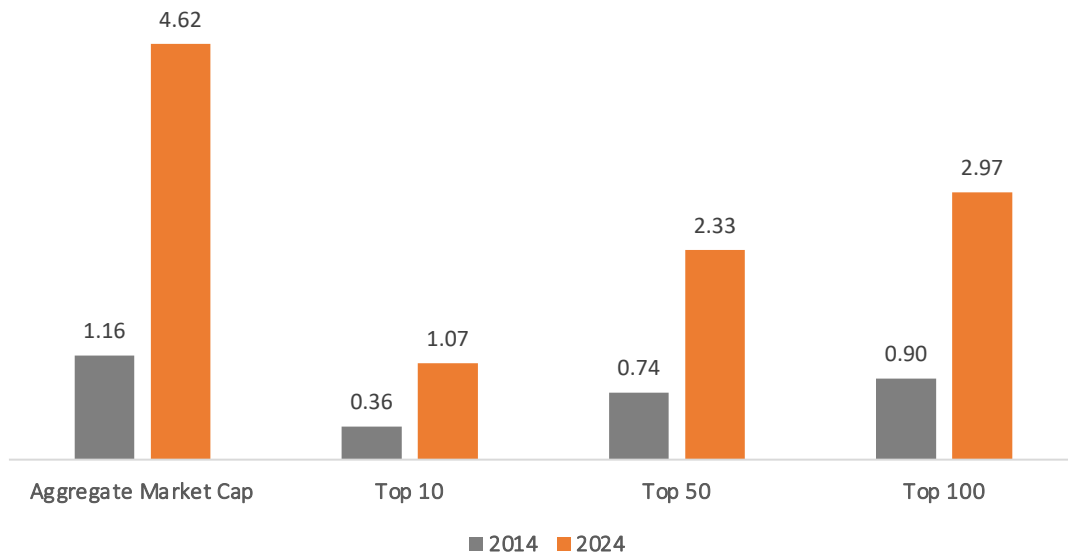


Source: Reserve Bank of India

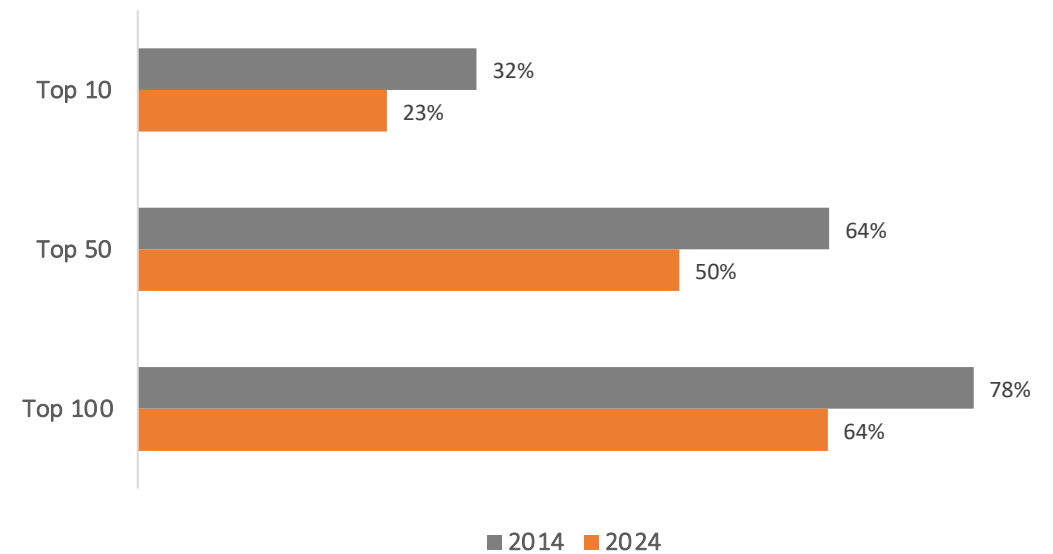
Capital markets are maturing alongside the economy

Signs of a maturing market: While the value of India's equity market has quadrupled in the last decade, concentration in the largest names has diminished, a healthy sign of improved market depth.

Growth In Aggregate Market Cap for Indian Equities, 2014-2024



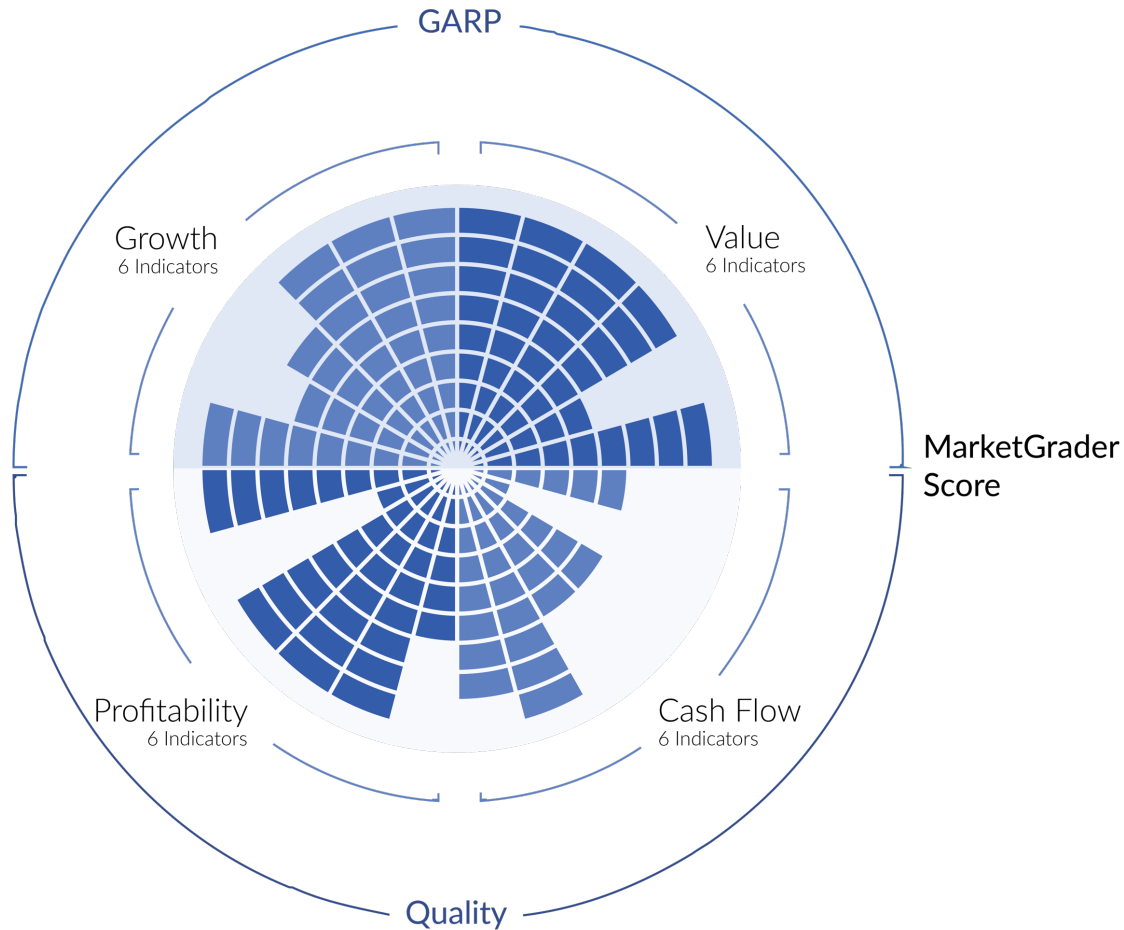
Indian Equities: Concentration in Largest Companies, 2014 vs. 2024



Source: MarketGrader Research

Global Markets Through our GARP + Quality Lens

Our Stock Rating Process: 24 Fundamental Indicators Distilled Into our Overall Grade



Our process begins with the daily analysis of 41,000 companies listed in more than 100 global exchanges

We calculate 24 fundamental indicators for every company under coverage based on our GARP + Quality framework to identify the world's best growth compounders.

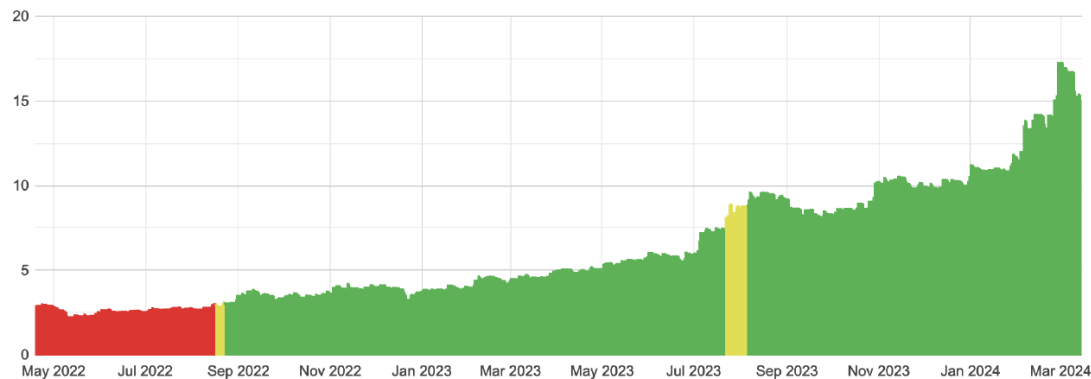
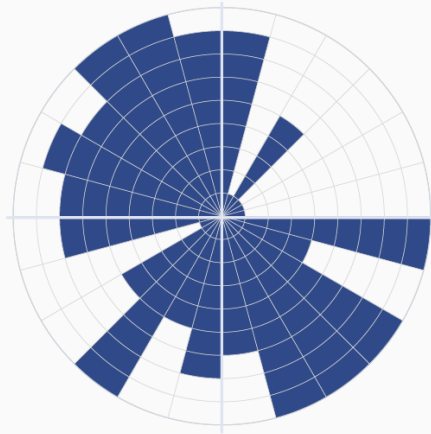
The MarketGrader Overall Grade, a score between zero and 100 derived from these 24 indicators, forms the basis of all our index selections.

Indian Equities: More than 3,300 companies analyzed daily through our GARP + Quality Lens

Action Construction Equipment Limited (532762.IN)

India (3348)
Industrials (1088)
Trucks/Construction/Farm Machinery (32)

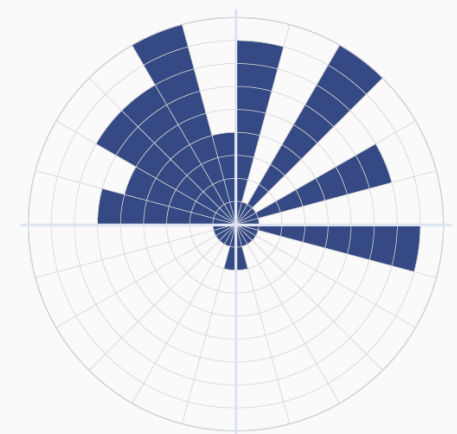
BUY ○ **73.8**
Upgraded from Hold on 08/04/2023



One 97 Communications Ltd. (543396.IN)

India (3348)
Technology (263)
Packaged Software (60)

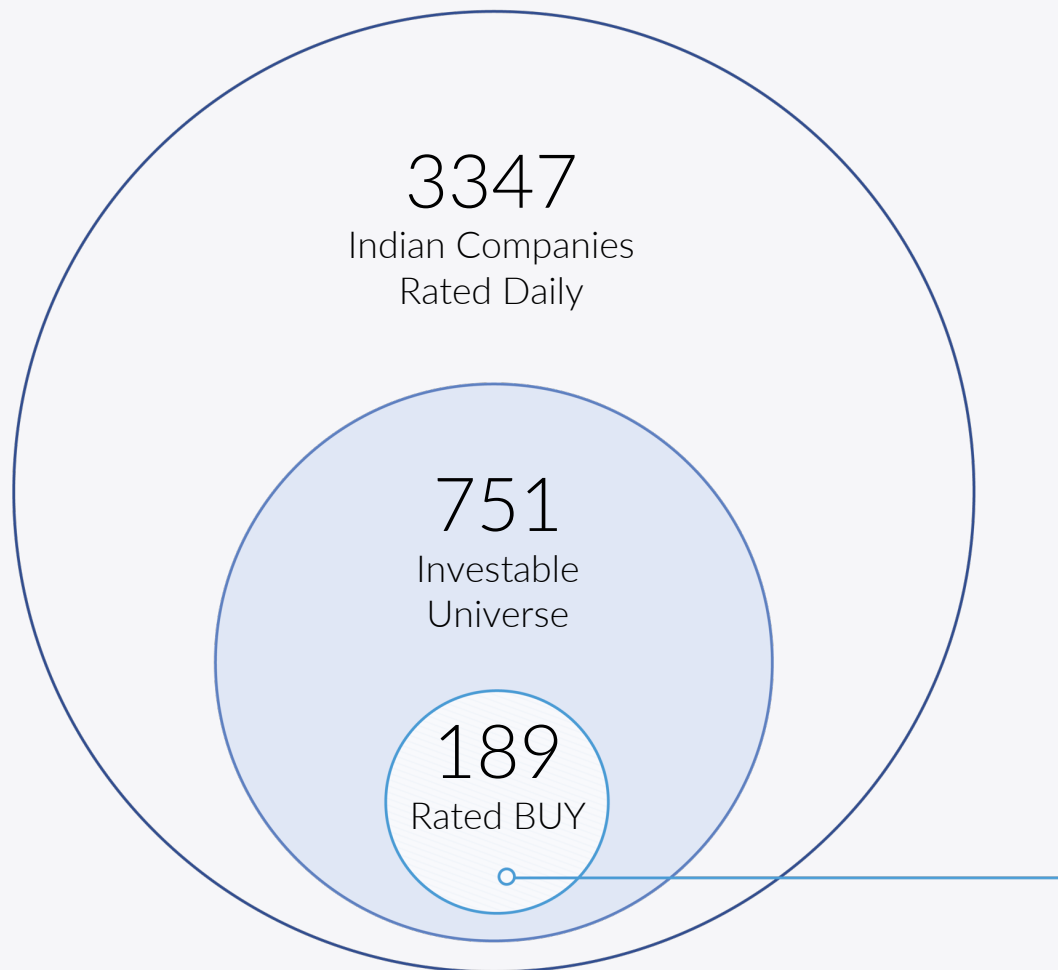
SELL ○ **43.4**
Downgraded from Hold on 05/15/2023



Company grades and ratings as of March 20, 2024. Source: MarketGrader Research

The MarketGrader India All-Cap Growth Leaders Index

Index Construction Process: Stock Selection Through Our GARP + Quality Filter



1. Distillation of our coverage universe down to an investable universe
2. Screening out all companies that don't meet our GARP + Quality criteria
3. Rules-based index methodology defines constituent count, weighting, sector or size caps

Only 5.6% of all companies make the cut

The MarketGrader India All-Cap Growth Leaders Index's 80 constituents represent the top 2.4% of all Indian equities

The MarketGrader India All-Cap Growth Leaders Index

Objective

The MarketGrader India All-Cap Growth Leaders Index consists of the 80 most fundamentally sound Indian companies. It seeks to give investors access to the best compounders of growth in one of the world's fastest growing economies.

Underlying Universe

All companies domiciled in India, listed on the National Stock Exchange (NSE) of India, the Bombay Stock Exchange (BSE), or on National U.S. Exchanges that are covered by MarketGrader Research.

Regulatory Screen

The stock cannot be included in the 'Red Flag List' maintained and published by the National Securities Depository Limited (NDSL) of India, which governs foreign ownership limits of Indian securities.

Base Date & Publication Date

Dec. 31, 2007 & Feb. 21, 2020

Minimum Market Cap USD 150 million

Minimum Liquidity 3-Mo. Avg. Daily Trading Volume of USD 2 million

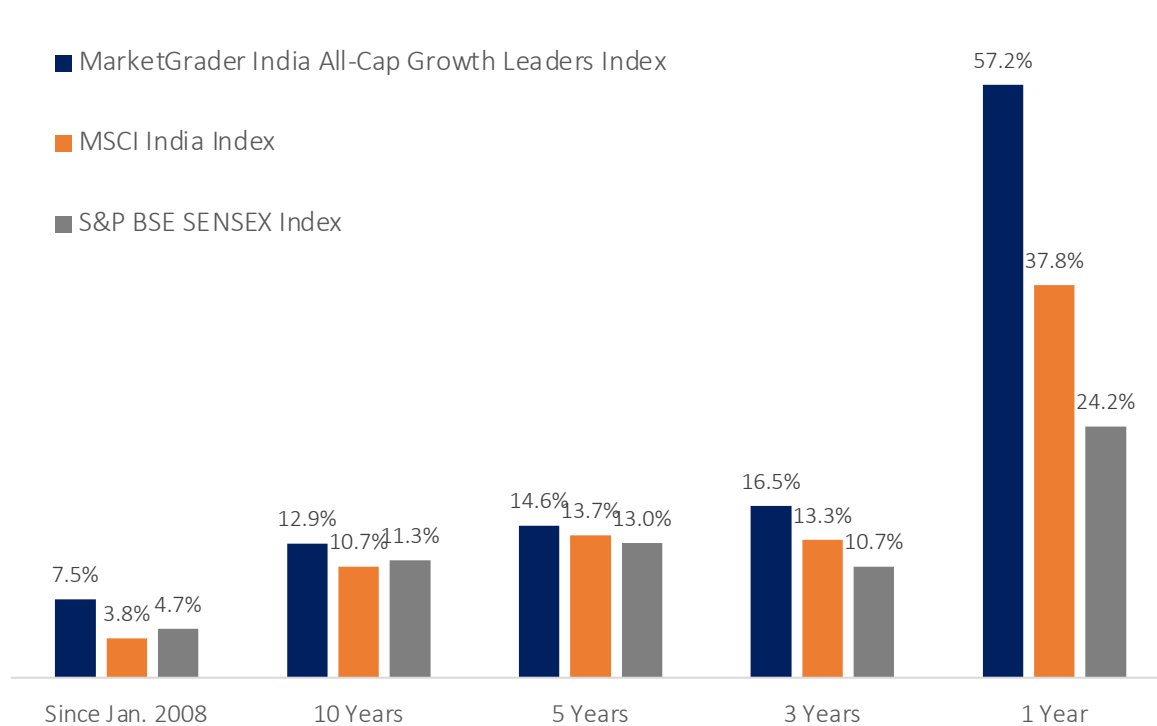
Weighting The index is free-float market cap weighted, with the total weight of any single constituent capped at 5% of the entire index.

Rebalance Schedule Semi-annually on the third Friday of March and September

Index Codes MGINGROW (price return series)
MGINGRNR (net total return series)
MGINGRTR (gross total return series)

The MarketGrader India All Cap Growth Leaders Index – Performance Overview

Annualized Total Returns vs. Benchmarks



	MarketGrader India All-Cap Growth Leaders Index	MSCI India Index	S&P BSE SENSEX Index
Return/Std. Dev.			
10 Years	0.69	0.56	0.58
5 Years	0.71	0.65	0.61
3 Years	0.93	0.84	0.71
Beta to MSCI India			
10 Years	0.91	1.00	1.00
5 Years	0.92	1.00	1.00
3 Years	1.00	1.00	0.92

Inception date of the MarketGrader India All-Cap Growth Leaders Index was Dec. 31, 2007; all performance figures are through February 2024. Sources: MarketGrader, FactSet.

The MarketGrader India All-Cap Growth Leaders Index – Key Facts

Index Bio

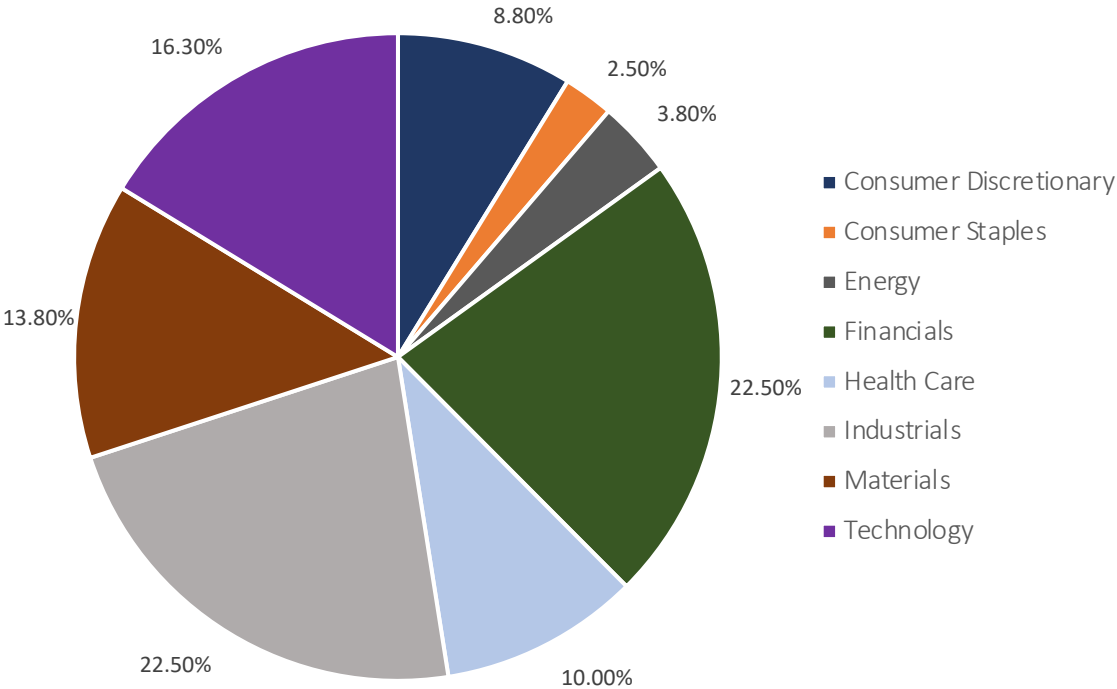
Avg. Market Cap (USD)	\$10 billion
Median Market Cap (USD)	\$1.7 billion
Avg. 3-Mo. USD Trading Volume	\$3.2 million

Index Fundamentals

Trailing P/E	20.6
Forward P/E	20.4
3-Yr. Avg. Sales Growth	107%
3-Yr. Avg. EPS Growth	40%
Avg. Operating Margin	21%

Avg. Return on Equity21%

Sector Breakdown



Index Bio, Index Fundamentals, and Sector Breakdown as of March 21, 2024. Sources, MarketGrader, FactSet

The MarketGrader India All-Cap Growth Leaders Index – Constituent Sample

Ten Companies with Most Index Selections (out of 34 possible)

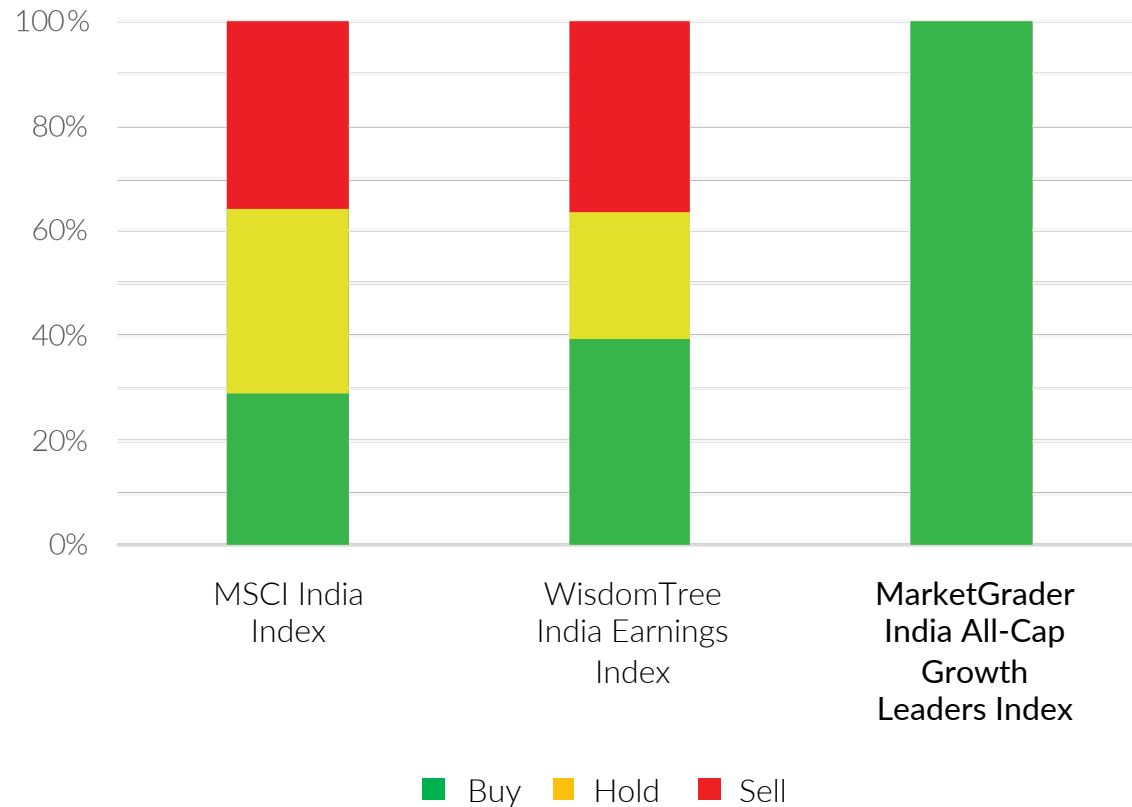
Symbol	Name	# Selections
532540.IN	Tata Consultancy Services Limited	32
532281.IN	HCL Technologies Limited	27
500124.IN	Dr. Reddy's Laboratories Limited	22
INFY	Infosys Limited	19
500480.IN	Cummins India Limited	16
532187.IN	IndusInd Bank Ltd.	16
532733.IN	Sun TV Network Limited	16
532466.IN	Oracle Financial Services Software Ltd.	15
532321.IN	Zydus Lifesciences Limited	14
505200.IN	Eicher Motors Limited	13

Top 10 MarketGrader Overall Grades (out of 100)

Symbol	Name	Grade
524816.IN	NATCO Pharma Limited	● 82.0
524558.IN	Neuland Laboratories	● 80.5
540725.IN	Share India Securities	● 78.7
532368	Brightcom Group Limited	● 78.2
533339.IN	Zen Technologies Limited	● 77.9
512455.IN	Lloyds Metals & Energy Ltd.	● 77.5
590003.IN	Karur Vysya Bank Ltd.	● 77.4
533333.IN	Fineotex Chemical Limited	● 76.4
532375.IN	Tips Industries Limited	● 76.1
526371.IN	NMDC Limited	● 76.0

Companies with the most selections to the Index and Top 10 Grades as of March 21, 2024. Source: MarketGrader.

Percentage of Companies by MarketGrader Rating



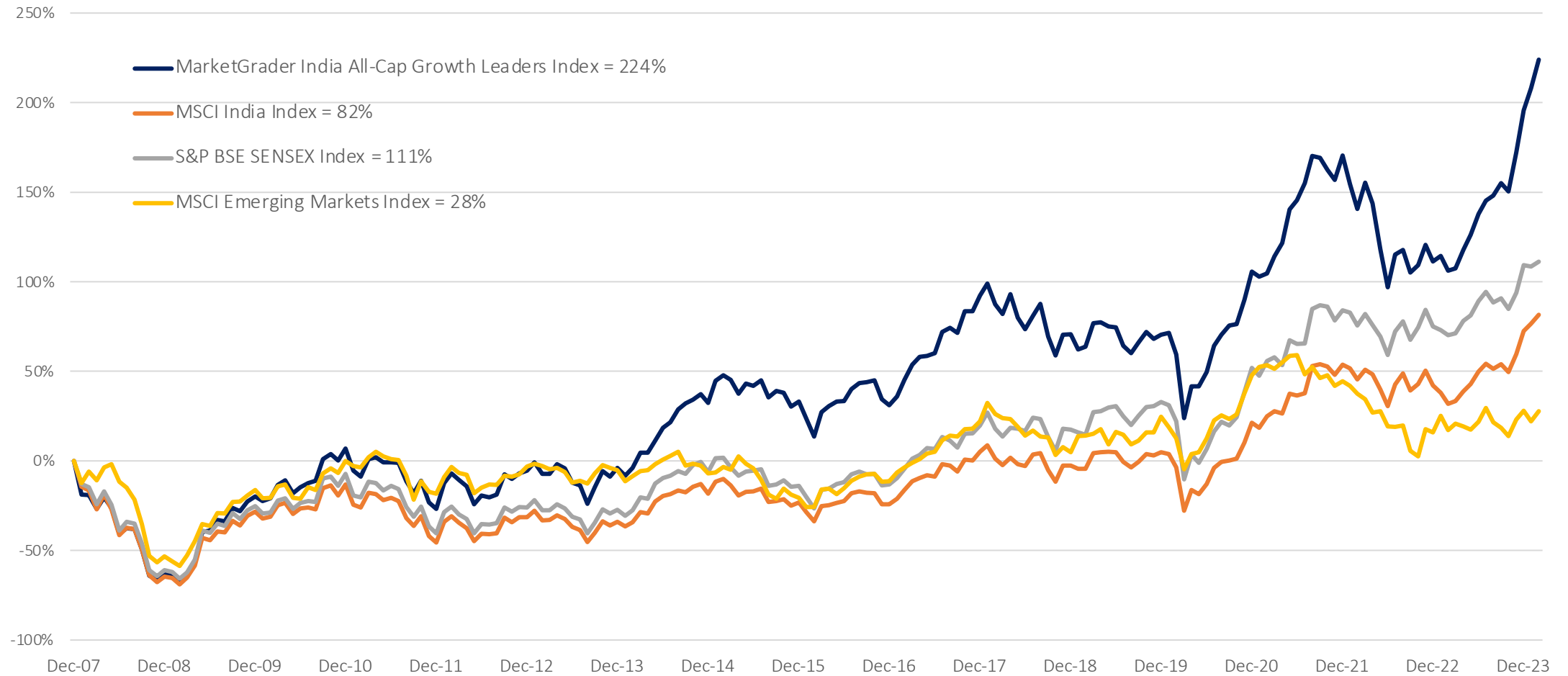
Breakdown of index constituents by MarketGrader rating as of March 21, 2024. Source: MarketGrader.

The MarketGrader Difference

Our GARP + Quality analysis ensures that only the companies with the best fundamentals are selected to our MarketGrader India All-Cap Growth Leaders Index.

The MarketGrader India All-Cap Growth Leaders Index

Cumulative Total Return (USD) vs. Benchmarks, Dec. 31, 2007 – February 29, 2024



All figures are total returns in USD through February 2024. Sources: MarketGrader, FactSet.



Key Takeaways

1. India has a unique opportunity to grow as a consumer-driven economy and a trade-oriented manufacturing economy. Emerging economies are seldom able to pursue both concurrently.
2. The empowerment of the individual, at the center of India's reform drive, has been underestimated. It could be the world's most powerful economic force this century.
3. Contrary to what is often the case for investors in the equity markets of other emerging economies, in India public company investors are likely to reap the benefits of the country's macroeconomic growth.