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## A chance to ride the wave of Indian growth

**INVESTMENT:** Veteran Indian funds manager John Pereira is taking a second run at pitching an Indian equities fund to local investors, after his last fund was unwound and disbanded seven years ago in the wake of the global financial crisis, believing India's booming economy and rapid modernisation demands a place for Indian companies in any diversified portfolio.

And Mr Pereira has the battle scars to prove he had learned valuable lessons since his ASX-listed India Equities Fund was forced to sell its shares and return capital to shareholders by a horde of activist investors and corporate raiders, including George Long, whose LIM Advisors last week did the same to AMP Capital's China Growth Fund.

But Mr Pereira argues the impressive economic growth in India and reformist agenda of Prime Minister Narendra Modi mean now is the time for Australian investors to enjoy the uplift from an economy that is growing faster than China, with a traditional listed investment company structure the most efficient way to ride the Indian tiger.

"With Chinese growth now falling, India is a logical place for Australians to invest and I think the time is now ripe for the India Fund," Mr Pereira said.

"India offers significant diversification for Australians, with its IT sector, for example, representing a much larger slice of its sharemarket than here in Australia. India is also one of the world's biggest beneficiaries of lower oil prices, which is a newer stimulus to its economy. Add to this the economic reform agenda that is increasing interstate trade and streamlining the tax base."

Mr Pereira, an Indian-born Australian funds manager, is seeking to raise \$50 million for

his new India Fund, with the float already receiving \$16m in commitments from investors. Investors are being offered up to 50 million shares at \$1 each. There is also a free option per share with a strike price of \$1 exercisable by May 31, 2018.

"This fund is a response to where India is today. India simply is going through an inflection point where PM Modi came to power, and his agenda over the last 20 months has been a very successful one.

"He has taken his mandate from the lower house, delivered on what he said he was going to do, attacked corruption ... completely opened up the market to foreign investment, and India is now open for business, which is a dramatic change."

The ASX-listed fund's portfolio will be hand-picked and managed by India's Kotak Mahindra, part of the Kotak Mahindra Bank Group, India's fourth-largest private sector bank with more than \$20 billion of funds under management. The principal fund manager is Nitin Jain, who looked after Mr Pereira's previous ASX-listed India Equities Fund, which was also invested in the local sharemarket by Kotak Mahindra.

There will be a management fee of 1.25 per cent, while both the manager and fund manager are also entitled to a performance fee of 15 per cent of the increase in the portfolio over the benchmark India CNX 500 Index. However, any previous underperformance by the fund against its benchmark must be recouped before any performance fee is paid.

The offer is set to close on August 15, and list on August 31.

**ELI GREENBLAT**



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JOHN PEREIRO, INDIA EQUITIES FUND



STUART McEVOY

**John Pereira in Melbourne yesterday**