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# Chairman says the time is right for India Fund

Sally Rose

John Pereira is adamant his new India Fund will not succumb to the same fate as its predecessor, which was shut down in 2007 by some of the same hedge fund players who rolled the AMP China Growth Fund last week.

An initial public offer opened on Monday to raise up to \$50 million for the new India Fund Ltd, with an ASX-listing pencilled in for August 31.

The India Fund will be an ASX-listed investment company invested in large-cap Indian companies. Indian Finan-

cial Services giant Kotak Mahindra will manage the fund, with Nitin Jain acting as lead portfolio manager.

India Fund chairman John Pereira said that after a few false starts the time was right for Australians to invest in Indian shares. "India has overtaken China as the world's fastest-growing economy and this will be the only listed investment company giving local investors access to its sharemarket."

The economic reform agenda of Prime Minister Narendra Modi and the growing middle class, which has an average age of 27 currently, are two

forces set to propel India's sharemarket over the next three to five years, he said.

In 2007, just before the global financial crisis hit, Mr Pereira listed a similarly named India Equities Fund.

But within a matter of months that fund was forced into a wind-up following agitation by activist institutional investors unhappy that it was trading at a 35 per cent discount to the underlying value of its assets. That raid was spearheaded by Weiss Asset Management but also featured Hong-Kong based Lim Advisors, the same firm that last week succeeded in forcing the wind-up of the AMP China Growth Fund. Nevertheless Mr Pereira said he was not worried about his new India Fund running into similar problems.

"If communicating with the market was not enough to narrow the discount we would conduct a buyback," he said.

He also stressed that, including dividends, original investors in the India Equities Fund got 98¢ back for every dollar they put in.

A relaunch of the fund has been planned for at least the past three years.

A plan to raise up to \$100 million for a new fund with the capacity to invest in Indian stocks and bonds was announced in early 2015. Then the Greek debt crisis hit and those plans were put on the backburner.

Mr Pereira needs to convince enough investors his India Fund is likely to beat the market by enough of a margin that its fee structure represents good value.

The actively managed listed investment company will be competing with a raft of passive exchange traded funds (ETF) that offer investors an unfiltered exposure to Indian shares for a fee of around 0.25 per cent.