

# Global Equities

September 2025 review



## Liontrust India Fund



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### Key highlights

- Mixed market trends continue, with utilities and industrials performing strongly but technology weakening on US visa concerns.
- Kaynes Technology and Eicher Motors lead the contributors
- Although India underperformed wider emerging markets, valuations have now compressed to four-year lows and there is plenty of scope for sentiment to improve from bearish levels.

### Performance

The Liontrust India Fund returned 0.6% in sterling terms during September, compared with the MSCI India Index return of 0.9% and the -0.1% average return in the IA India sector (both of which are comparator benchmarks).

### Commentary

September saw a continuation of mixed market trends, with the MSCI India rising over 3% mid-month to finish in positive territory. Utilities and industrials performed strongly whilst technology and consumer staples were weak. Technology was specifically impacted by the US government new rules on H-1B visas – seen as negative for Indian companies operating in the US.

Macroeconomic data signalled stability with inflation easing and the RBI holding interest rates steady, but this was offset by continued outflows from foreign institutional investors.

### Fund review

The Fund's holdings in consumer discretionary and financials sectors were the largest contributors to returns in September. Healthcare and consumer staples were drags.

The holding in **Kaynes Technology** (+1.5% in sterling terms), an electronic components manufacturer, performed strongly over the month on upbeat CEO comments on the timing of chip deliveries, a key element of the growth story for the company. **Eicher Motors** (+1.4%) was also a strong performer following the government's downward revision of sales tax (GST rate) on motorcycles, which was quickly followed by better-than-expected unit sales numbers, leading to several broker upgrades for the stock.

Negative contributions came from **Avenue Supermarkets** (-6.1%) which retraced some of the ebullient gains made in August. **Rainbow Children's Medicare** (-1.0%) was also weaker without a newsflow catalyst, suggesting sector rotations at play.

## Portfolio changes

We have been underweight IT services and further reduced exposure by selling out of **Tata Consultancy** and mid-cap names **Persistent** and **Coforge**. Weaker cyclical growth coupled with the perceived long-term threat from AI is further being exacerbated by the recent changes to US H-1B visas and we felt capital could be better deployed elsewhere.

We initiated a position in **Ashok Leyland**, a manufacturer of medium/heavy duty commercial vehicles. The group's exposure to the growing trucking/haulage & logistics is attractive, as are its aftermarket solutions. The commercial vehicle sector in India has been in a down market for 2.5yrs now, in-line with the longest down-cycles historically. We see potential for a positive replacement cycle as an increasingly organised logistics sector in India requires more up-to-date trucks which should drive better top line growth for Ashok. Margins have been impressively resilient through the down-cycle which suggests greater operational leverage once this growth resumes.

We also added **KEI Industries**, which is an integrated wires/cables manufacturer across voltages, including high-margin extra-high voltage. We see a good growth runway for the name given its exposure to broad infrastructure and industrial demand to areas which are seeing strong capital investment such as power transmission & distribution, real estate/housing, transportation (rail/metro) and renewables.

## Outlook

Despite India posting the biggest quarterly underperformance versus the broader emerging market index in 14 years, we would argue that there are still plenty of positives to focus on as we look through the end of 2025 and into 2026.

The market itself is broadly flat year-to-date in US dollar terms, which demonstrates the resilience of the domestic market given the headwinds of geopolitics, tariffs and dominance of the AI theme, which is largely viewed as negative.

Valuations have compressed, with the price/earnings premium to emerging markets now at four-year lows. The CLSA India sentiment reader has moved into the extreme bearish zone. Foreign investors are 6% long, 94% short on index futures which is a record short position

Given the headwinds facing India in terms of tariffs and geopolitics, domestic consumption has returned to focus and could be an important growth driver for the economy. The recent GST rate cut and the central bank reduction of bank asset risk-weights are both signs in our view that the government acknowledges this and is willing to intervene with policy to stimulate domestic demand. The Fund is well positioned to take advantage of this and, whilst we remain vigilant for ongoing risks, we are confident of the high-quality growth potential of the portfolio's current holdings.

Discrete years' performance (%) to previous quarter-end:

	Sep-25	Sep-24	Sep-23	Sep-22	Sep-21
Liontrust India C Acc GBP	-14.6%	23.7%	5.2%	4.0%	59.3%
MSCI India	-13.5%	27.7%	0.7%	8.8%	46.8%
IA India/Indian Subcontinent	-10.5%	23.9%	3.0%	5.8%	48.6%
Quartile	4	2	1	3	1

Source: FE Analytics, as at 30.09.25, primary share class, total return, net of fees and income reinvested.

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## Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. We recommend any fund is held long term (minimum period of 5 years). We recommend that you hold funds as part of a diversified portfolio of investments.

Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.

This Fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.

The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the fund over the short term.

Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

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