



February 2012

COMGEST GROWTH INDIA FUND

Sub-fund of Irish-domiciled open-ended investment company

Fund owner: Comgest

Fund manager/adviser: Comgest

Named portfolio manager/adviser(s):

Wojciech Stanislawski (since launch)

Peer group: Indian equities

Location: Paris

Launch date: January 2005

Fund size (November 2011): US\$232m

Contact group: +353 76 688 6580 or

www.comgest.com

Further information on S&P's fund coverage can be found at www.FundsInsights.com

Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

Performance statistics

	Three years
Fund	97.6%
Standard & Poor's peer median	88.1%
Index**	85.7%
Fund rank	79/289
Volatility-adjusted ranking	30/289

** S&P/IFCI India USD

Note: returns are cumulative

Risk characteristics

	Three years
Maximum monthly drawdown (%)	-10.5
Volatility	26.5
Correlation	1.0
Beta	0.8

Calendar-year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine with tenth decile as rank one.

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Standard & Poor's opinion (December 2011)

Despite the geographic distance between them, the combination of Wojciech Stanislawski in Paris, Manish Shah and Ketan Shah in Mumbai, and Vincent Houghton in Singapore, continues to generate strong outperformance.

Stanislawski has been investing in Indian equities for over 10 years within global emerging markets mandates. Manish Shah has a successful 17-year track record, including 14 years managing the Aruna Fund. Ketan Shah has been analysing Indian equities for over five years, while Houghton has 11 years' relevant experience.

The fund is run in the typical Comgest approach, focusing on high-quality Indian stocks capable of delivering sustainable, above-average annual growth in earnings per share, regardless of the underlying economic cycle. The process is stock-driven, with the team selecting its highest-conviction ideas on a bottom-up basis to form a portfolio of 25-35 names.

As with other Comgest funds, deep cyclicals and banks tend to be avoided on the basis that they are insufficiently transparent for detailed DCF analysis. Since banks and energy are two of the largest sectors in the Indian equity market, the fund's deviation from index weights is usually significant.

Fund performance reflects the firm's emphasis on high-quality companies and can therefore lag in momentum-driven markets, but then lose far less than most competitors in falling markets. Cumulative returns are impressive, with the fund ranking top-quartile over both three and five years to date. Our high regard for the team and the Comgest approach support the fund's continuing S&P AA rating.

Fund manager & team

Wojciech Stanislawski (fund adviser) and Manish Shah draw on input from Comgest's broader resources, including team head, Vincent Strauss. There is also interaction with managers/analysts in Paris, Hong Kong and Singapore, as well as the analysts in Mumbai. Daily communications result in a consensual approach to investment, although the fund managers have discretion in their portfolios. Research is assigned by country and sector across the team. Those most involved with this fund include:

Wojciech Stanislawski - postgraduate finance (University Panthéon-Assas), joined Comgest in March 1999 and specialises in EMEA, Latin America and India.

Manish Shah - chartered accountant & CFA, started his career in 1989 as an accountant, but worked as a financial journalist from 1991/94. As part of Ican Investment Advisors, he ran the Notz Stucki Aruna Fund for 14 years from September 1994 and has advised Comgest on this fund since January 2005. In 2008 he created his own company, Sunman Investment Advisors, providing research solely for Comgest.

Ketankumar Shah - MBA (NL Dalmia Institute, Mumbai), began his career in February 2007 as an analyst at Tower Capital, before joining Sunman Investment Advisors in June 2009.

Vincent Houghton - MA economics (SOAS, London) joined Comgest in 2009 with prior experience of emerging markets at CLSA (Indonesia) and Merrill Lynch, and managing global equities at HSBC. He moved to the Singapore office in 2011.

Management style

The fund aims to outperform the MSCI India index by way of a focused portfolio of 25-35 holdings, diversified in terms of industry, investment horizon and valuation. The emphasis is largely bottom-up. A universe of over 200 companies capitalised above \$250m is reduced via quantitative and qualitative screens to around 60 companies which are then followed in detail.

Short-listed names should be capable of delivering sustainable above-average net annual growth in earnings per share, almost regardless of the economic cycle. The preferred valuation tool is the dividend discount model, with the risk premium set typically at the long bond rate.

Qualitative criteria focus on companies with sustainable free cashflow and a strong competitive position in an industry with high barriers to entry. Deep cyclicals and banks are unlikely to form a big position in this fund.

The portfolio has a core of high-conviction names with weights of up to 6%, where the team's attention to valuation is at its strongest, surrounded by relatively higher-risk names. Positioning is entirely index-agnostic. A combined 10% may be invested in Pakistan, Bangladesh and Sri Lanka. Cash is usually under 7%.

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STANDARD & POOR'S



Portfolio & performance analysis (December 2011)

Following a disappointing second half in 2010, this fund enjoyed a very strong run of outperformance between April and October 2011, sufficient to secure a borderline top-quartile cumulative return over three years to date and a comfortably top-quartile return over five years.

As ever, returns have reflected the fund's value bias, albeit less pronounced in this fund compared to other Comgest portfolios to accommodate the differences in the Indian equity market compared to the more developed European markets.

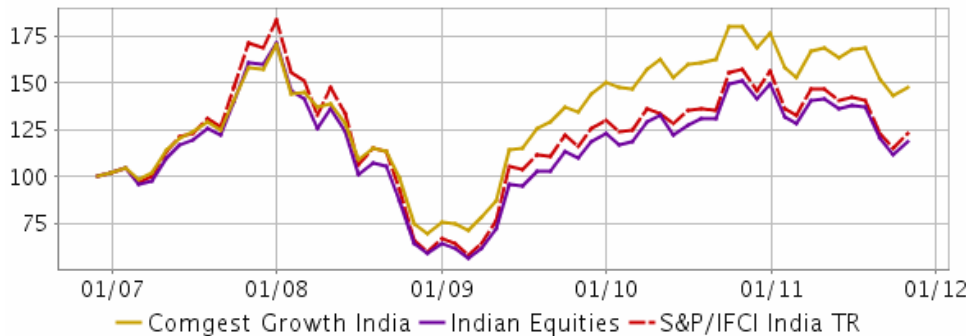
Even so, the fund is managed in the house style, in terms of being a relatively focused portfolio (30 holdings), with a very short tail and a strong bias towards high-quality companies with solid fundamentals. The current cash position reflects a large cash investment received only days before interview and awaiting investment. Cash has been kept at operating levels of around 5% throughout the past year.

As with other Comgest funds, certain sectors in which the managers cannot build an accurate DCF model, are sparsely represented. Financials, for example, account for only 9% of the fund, against an index weighting of 28% and excludes any exposure to banks. This means the omission of both ICICI and SBI, along with the key index heavyweight Reliance Industries.

At sector level, the key underweights have been energy, at 4% through Indian Oil Corporation and Jyoti against an index weighting of 13%, and IT at 5% and all through Infosys against 17% in the index.

Success in 2011 has been driven by a broad range of stocks including industrials stocks Bosch and FAG Bearings, cigarette company ITC and FMCG companies Hindustan Lever and Colgate.

Cumulative performance



Calendar year performance

	2007		2008		2009		2010		YTD November 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	66.8	102/194	-55.6	13/234	99.0	79/291	17.4	241/312	-16.6	68/347
Index**	80.4		-63.7		95.1		19.8		-21.1	
Median	67.5		-63.6		90.7		20.4		-20.6	

** S&P/IFCI India USD

Fund benchmark: MSCI India

Share class screened: IE00B03DF997 (Ord)

Portfolio characteristics (November 2011)

No. of holdings	30
% in top 10	42.4
Turnover ratio (%)	68

Top 10 holdings

Company	%
NTPC	5.5
Infosys	5.1
Jagran Prakashan *	4.8
Bharat Heavy Electricals *	4.4
Container Corp. of India *	4.4
GAIL (India) *	3.8
Hindustan Unilever	3.7
Max India	3.6
GlaxoSmithKline Pharmaceuticals	3.6
Maharashtra Seamless	3.5

* In top 10 holdings a year ago

Sector allocation

Sector	%
Consumer discretionary	14.0
Consumer staples	8.0
Energy	4.0
Financials	8.5
Healthcare	6.0
Industrials	23.0
Information technology	5.0
Materials	5.0
Telecommunication services	4.0
Utilities	12.0
Cash	11.0

STANDARD & POOR'S

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Symbols and Definitions

Long-only fund ratings

- AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-hedge-funds ratings

Absolute return fund ratings

Specialist fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (UR) Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.
- (New) Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

- V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.
- V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.
- V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.
- V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.
- V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.
- V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.