Growing together, with integrity and respect

Chikara Indian Subcontinent Fund: Fund Manager Review – July 2026

This document provides a review of the Chikara Indian Subcontinent Fund based on the information supplied, including the May 2026 fund factsheet, the July 2026 presentation, the analyst notes, and the Chikara website. Data is reflective of information available to 30 June 2026 unless stated otherwise.

Strategy Overview and Objective

The Chikara Indian Subcontinent Fund is a high-conviction, actively managed Indian equity strategy focused on long-term capital growth.

The fund seeks to:

- Capture the long-term growth of India and the Indian subcontinent
- Invest in companies benefiting from domestic demand
- Focus on high-quality, high-growth companies
- Invest in leaders within under-penetrated sectors
- Build a concentrated portfolio of typically 25–40 holdings

The fund is not trying to be a broad emerging market fund.

It is focused on:

Domestic India rather than export-led India

This is important because the fund is positioned around India's internal growth story: rising incomes, urbanisation, consumer spending, financialisation, digital adoption and private-sector market share gains.

Chikara's own description is that the fund seeks to capitalise on rapid growth in domestic demand across India and the wider region, within a UCITS V structure, with a concentrated portfolio of typically 25–40 stocks.

At a Glance

Area	Detail
Fund	Chikara Indian Subcontinent Fund
Structure	Irish OEIC, UCITS V
Launch Date	20 November 2018
Benchmark	MSCI India Net Total Return USD Index
Portfolio Manager	Andy Draycott
Independent Investment Adviser	Abhinav Mehra, ISFCap Strategic Advisors LLP
Fund Size	USD 149m as at May 2026
Active Share	90.5% as at May 2026
Typical Holdings	25-40
OCF	Class S 1.05% Capped
Performance Fee	10% for Class S Share
Base Currency	USD

The May 2026 factsheet describes the fund as "high conviction, index agnostic" and focused on growth and quality leaders in the Indian domestic market. It also confirms the fund size, active share, launch date, benchmark and share class charging structure.

Investment Philosophy & Edge

The philosophy combines three core ideas.

1. India's Domestic Growth Story

The fund is built around the idea that India is at an earlier stage of development across many consumer and financial categories.

The focus is on areas where penetration is still low, but where rising incomes and affordability could drive long-term growth.

Examples include:

- Private banking
- Insurance
- Financial assets
- Housing
- Healthcare
- Travel
- Tourism
- E-commerce
- Digital payments
- Consumer services

The central idea is simple:

As India gets wealthier, certain categories can grow for many years.

2. Market Leaders in Under-Penetrated Sectors

The fund does not simply buy every company exposed to India.

It focuses on:

- Category leaders
- Strong private-sector operators
- Companies gaining market share
- Businesses with balance sheet strength
- Companies with long-term growth runways

This is important because India is not an easy market to invest in passively. There are areas of the market that may look large in the index but may not fit the quality or growth characteristics the team are looking for.

3. High Conviction, Not Benchmark Driven

The fund is deliberately different from the index.

Chikara states that the strategy is structurally underweight exporters such as IT services and pharmaceuticals, and also avoids areas it sees as saturated, such as FMCG. The July 2026 presentation clearly sets out the philosophy: buy high-quality domestic growth companies, focus on under-penetrated sectors, take a rolling three-year view, and do not attempt to predict short-term winners each month or quarter.

In simple terms:

The fund is trying to own the winners of India's domestic development, not the largest companies in the index.

Team & Resources

The strategy is led by:

- Andy Draycott – Portfolio Manager
- Abhinav Mehra – Independent Investment Adviser, based in Delhi

Andy Draycott has been with Chikara since 2008 and has experience across Asian equity markets. Abhinav Mehra has Indian equity experience from Motilal Oswal, Merrill Lynch India and Chikara, and now provides Delhi-based research and advisory support through ISFCap Strategic Advisors LLP.

This gives the strategy a blend of:

- Long-term Asian equity experience
- Indian market knowledge
- Local research presence
- Boutique decision-making
- Direct access to companies

A key strength is that this does not appear to be a large, committee-led process in which conviction is diluted.

The fund has a clear team structure and a clear investment lens.

However, this also creates a consideration:

The strategy is dependent on a small number of key people.

That does not make it unsuitable, but it does mean team stability and succession should be part of ongoing monitoring.

Investment Philosophy Process

The process can be broken down into four stages.

1. Identify Under-Penetrated Sectors

The team starts by looking for areas of the Indian economy where adoption remains low.

The reason is straightforward:

Low penetration can create a long runway for growth.

This is different from buying mature sectors, where most of the growth may already have happened.

2. Identify Market Leaders and Disruptors

The team then looks for companies that can either:

- Lead an existing category
- Gain market share
- Disrupt an inefficient industry
- Benefit from rising affordability
- Build a stronger competitive position over time

This is where the fund's quality bias comes in.

The focus is not just on growth, but on growth that can be captured by strong companies.

3. Qualitative and Quantitative Research

The qualitative work includes:

- Meeting management teams
- Visiting companies
- Understanding competitors
- Looking at governance
- Assessing stewardship
- Reviewing delivery against strategy

The quantitative work includes:

- Revenue growth
- Earnings delivery
- Debt levels
- Return on capital
- Valuation
- Balance sheet strength

4. Stock Selection and Valuation

The team looks to buy when valuation and opportunity align.

This is important because India can be an expensive market. A good company is not always a good investment if the price is too high.

Chikara describes their approach as counter-cyclical, seeking to reduce exposure when valuations are elevated and increase exposure when valuations are more attractive.

In simple terms:

The team want companies with long runways, but they still care about the price paid.

Portfolio Characteristics

As at 30 June 2026, the fund was concentrated in a small number of sectors.

Key exposures were:

- Financials – 32.8%
- Consumer Discretionary – 32.1%
- Real Estate – 9.7%
- Industrials – 9.6%
- Healthcare – 9.0%
- Communication Services – 4.0%
- Consumer Staples – 2.9%

The top 10 holdings represented 61.2% of the fund.

Top holdings included:

- HDFC Bank
- ICICI Bank
- Kotak Mahindra Bank
- Eternal
- Godrej Properties
- MakeMyTrip
- Narayana Hrudayalaya
- Indian Hotels
- Swiggy
- Paytm

This shows a very clear domestic India bias.

The portfolio is heavily exposed to:

- Private banking
- Consumer growth
- Digital platforms
- Property
- Travel
- Healthcare

This is not a diversified India index portfolio.

It is a concentrated expression of the manager’s view on how India may develop.

What the Active Share Tells Us

No tracking error figure was provided in the material reviewed.

However, active share was 90.5% as of May 2026.

Active share measures how different a fund is from its benchmark.

An active share above 90% suggests:

- Meaningful benchmark deviation
- Genuine active management
- High stock-specific conviction
- A portfolio that should behave differently from the index

In practical terms:

This is active enough to matter.

That is positive because investors are paying active fees and, in some share classes, a performance fee.

However, active share is not the same as alpha.

A fund can be highly active and still underperform. It simply means the manager is taking different positions from the index.

The key monitoring point is therefore:

Is the fund’s active positioning adding enough value after fees?

Performance Overview

As of 30 June 2026:

Period	USD S Class	MSCI India Index	Relative
YTD	-10.9%	-9.8%	-1.1%
1 year	-14.5%	-12.7%	-1.8%
3 years	25.0%	18.4%	6.6%
5 years	40.5%	28.5%	12.0%
Since inception	102.7%	87.1%	15.6%

Annualised since inception:

- Fund: 9.7%
- Index: 8.6%
- Relative: 1.1% per annum

The fund has therefore outperformed over three years, five years and since inception, but has underperformed over the shorter YTD and one-year periods.

This is a balanced picture.

Encouragingly:

- Long-term performance is ahead of the benchmark
- Active positioning has added value over longer periods
- The process appears consistent

But:

- Recent performance has been weaker
- The annualised outperformance since inception is positive but not exceptional
- Fees and performance fees need to be justified by continued evidence of value added

In simple terms:

The fund has added value over time, but it still needs monitoring.

Macro Environment & Themes

India remains one of the more attractive long-term structural growth markets.

The key drivers include:

- Favourable demographics
- Rising incomes
- Urbanisation
- Domestic consumption
- Financialisation
- Digital payments
- Growth in private-sector companies
- Government reform
- Manufacturing ambitions

The Chikara presentation highlights India's strong demographics, economic expansion, rising consumer demand, digital transformation and structural reforms as key drivers of long-term growth.

The main portfolio themes are:

Rising Household Savings and Credit Penetration

The fund has significant exposure to private-sector banks.

The thesis is that India remains under-penetrated in terms of credit, financial products and household financial assets.

Private-sector banks may continue to gain share from public-sector banks.

E-Commerce and Fintech

The fund has exposure to digital platforms, online consumer behaviour, quick commerce and payments.

This reflects the view that India's digital infrastructure and consumer adoption are still in their early stages.

Property and Housing

The fund has exposure to Godrej Properties.

The thesis is that Indian residential property may be entering a more supportive cycle, with better affordability, lower inventory and scope for long-term demand.

Healthcare and Services

Private healthcare is another area where rising incomes may drive long-term demand.

Travel and Leisure

MakeMyTrip and Indian Hotels reflect the view that discretionary spending on travel and leisure should grow as incomes rise.

India as a Standalone Allocation

This is the key due diligence question.

It is easy to be attracted to the India story.

But the adviser's question is different:

Should India have its own allocation in a client portfolio?

Normally, we might have specific allocations to:

- UK equities
- US equities
- Europe
- Japan
- Emerging markets
- Asia

But we do not usually pick many single countries within emerging markets.

India is therefore a deliberate country call.

That does not mean it is wrong.

It means it must be documented.

The case for a standalone India allocation:

- India is a large and fast-growing economy
- It has a domestic growth story that is different from China
- It may be under-represented in global equity indices relative to its economic potential
- A specialist manager may avoid weaker parts of the benchmark
- The opportunity set may justify a small satellite position

The case against:

- It adds single-country emerging market risk
- India can trade on high valuations
- Currency can materially affect returns
- Political, regulatory and governance risk can be higher
- GDP growth does not automatically translate into shareholder returns
- Clients may already have India exposure through global, EM or Asia funds

In simple terms:

This is not just a fund selection decision.

It is an asset allocation decision.

Strengths

1. Clear and Coherent Philosophy

The fund has a clear view of how it wants to invest.

It is focused on domestic India, under-penetrated sectors and market leaders.

2. Genuine Active Management

The fund's active share of 90.5% suggests it is materially different from the benchmark.

3. Differentiated Portfolio

The fund is meaningfully underweight or absent in areas such as IT services and energy and utilities.

This gives investors something different from passive India exposure.

4. Strong Domestic Growth Alignment

The portfolio is aligned to themes such as financialisation, consumption, travel, healthcare, property and digitalisation.

5. Experienced Team

Andy Draycott and Abhinav Mehra provide a combination of Asian equity experience and local Indian market knowledge.

6. Concentrated but Understandable

The portfolio is focused, but the logic behind the holdings is understandable.

Risks & Considerations

1. Single-Country Risk

This is the main risk.

India is a single emerging market country. A dedicated India fund should be treated as a specialist allocation, not a default equity holding.

2. Valuation Risk

India can be expensive.

Even good companies can disappoint if too much growth is already priced in.

3. Concentration Risk

The fund typically holds 25–40 stocks, and the top 10 holdings represented more than 60% of the portfolio as of 30 June 2026.

This increases the impact of stock-specific mistakes.

4. Sector Risk

The fund is heavily exposed to financials and consumer discretionary.

This creates sensitivity to domestic credit, consumer confidence, property activity and discretionary spending.

5. Style Risk

The fund has a growth bias.

It may struggle when value, exporters, commodities, energy or defensive sectors lead the market.

6. Currency Risk

UK investors are exposed to currency movements.

Currency can materially affect returns, especially over shorter periods.

7. Emerging Market Risk

Emerging markets can involve higher political, legal, regulatory, accounting, governance and liquidity risks.

The fund’s own risk disclosures include liquidity risk, counterparty risk, concentration risk, currency risk, derivatives risk, emerging market risk and sustainability risk.

8. Key Person Risk

The process appears dependent on a small number of individuals.

This needs to be monitored.

9. Performance Fee

Some share classes include a performance fee.

This does not make the fund unsuitable, but it does mean the total cost needs to be understood and justified.

10. Client Understanding

Clients may understand “India is growing”.

They may not understand:

- Single-country risk
- Currency risk
- Valuation risk
- Concentration risk
- Why India is being carved out from emerging markets

This needs to be explained clearly if used.

Passive vs Active Context

Passive India

- Broad exposure
- Lower cost
- Reflects current index structure
- Includes large benchmark names
- May include sectors the Chikara team actively avoids

Chikara

- Concentrated
- Higher cost
- Domestic growth focused
- Underweight exporters and mature sectors
- Focused on market leaders in under-penetrated categories
- Relies on stock selection and the India domestic growth thesis

Balanced view:

Passive gives exposure to India as it is today.

Chikara is trying to capture what India may become.

Peer / Portfolio Context

Within the India and emerging market universe:

Passive Emerging Markets

- Broad diversified exposure
- India exposure comes as part of the index
- Lower single-country risk

Passive India

- Direct India exposure
- Lower cost
- Benchmark-led

Active India Growth

- More concentrated
- Higher stock selection risk
- Greater potential to avoid weaker index areas

Chikara

- Domestic India growth
- High active share
- Large and mid-cap quality growth bias
- Under-penetrated sector focus
- Boutique team structure

Overall positioning:

Dimension	Chikara Position
Passive vs active	Highly active
Country exposure	India specialist
Style	Growth / quality growth
Market cap	Large and mid-cap bias
Theme	Domestic consumption and financialisation
Portfolio role	Specialist satellite
Time horizon	Long term

In simple terms:

A differentiated India domestic growth strategy.

Role in a Portfolio

The fund could be used as:

Specialist Satellite Allocation

For portfolios where the investment committee wants a dedicated India allocation.

Complement to Broader Emerging Markets

The fund could sit alongside a broader emerging market fund to provide more focused India exposure.

Long-Term Growth Allocation

The strategy is most appropriate when clients have a sufficient time horizon and the capacity to withstand volatility.

It is less suitable as:

- A core global equity holding
- A replacement for broad emerging markets
- A cautious-risk allocation
- A short-term tactical trade
- A decumulation income strategy

This is a capital growth fund.

It should not be positioned as a retirement income solution.

Key Monitoring Points

The fund should be monitored against the following:

1. India Thesis

Is the domestic India growth story still intact?

2. Portfolio Delivery

Are the companies converting growth into earnings, cash flow and shareholder returns?

3. Active Value Added

Is the fund adding enough value after fees?

4. Concentration

Are the top holdings still justified?

5. Valuation

Has the portfolio become too expensive relative to future growth?

6. Team Stability

Are Andy Draycott and Abhinav Mehra still central to the process?

7. Client Portfolio Fit

Does the allocation remain suitable given the client's overall exposure to India, Asia and emerging markets?

Money Wise UK View

The Chikara Indian Subcontinent Fund is a credible and differentiated Indian equity strategy.

The central idea is clear:

India's domestic growth story can be captured through high-quality companies operating in under-penetrated sectors.

There is a lot to like.

The fund has:

- A clear philosophy
- Genuine active management
- A focused portfolio
- Experienced leadership
- A strong domestic India bias
- Long-term outperformance versus the benchmark

However, this is not a simple fund.

The risks are equally clear:

- Single-country emerging market exposure
- Concentrated portfolio
- Growth bias
- Valuation sensitivity
- Currency risk
- Performance fee
- Key-person risk

The most important point is that this should not be treated as a typical emerging-market allocation.

It is a deliberate India allocation.

That means the investment committee must be comfortable with two decisions:

1. India deserves a standalone place in the portfolio.
2. Chikara is the right way to access that exposure.

A balanced conclusion:

- Not a replacement for broad emerging market exposure
- Not suitable as a core holding for all clients
- But a credible specialist allocation for long-term portfolios where a dedicated India exposure is justified

In simple terms:

This is an interesting fund, but it needs to be used carefully.

The opportunity is India's domestic growth.

The risk is that investors become overly attracted to the story and forget that this is still a concentrated, single-country emerging-market fund.

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