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## Exclusive: Aequitas global value fund in works as India's bull run loses steam

The new fund, Aequitas Global Value, will enable investors to tap high-quality opportunities abroad as Indian equities cool after a post-Covid rally and valuations turn frothy.

BY **PAROMITA DEY**

Aequitas Investments is aiming to launch its global offering, the Aequitas Global Value fund, by the end of 2025, urging investors to look abroad as India's markets show signs of fatigue and frothy valuations after an 'epic' rally.

The Mumbai-based fund house has delivered a compound annual growth rate of about 32% over 12 years in India.

'High-quality companies with global best practices are now available at reasonable valuations in developed markets, while Indian tier-two and tier-three stocks are priced way beyond

intrinsic value,' said Siddhartha Bhaiya, managing director and chief investment officer of Aequitas.

'This is the perfect time for Indian investors to book profits at home and reallocate to better opportunities overseas.'

Unlike the firm's Far East fund, which concentrates on Hong Kong and neighbouring markets, the Global Value fund will scan Europe, the US, South Korea, Singapore and other developed economies for undervalued opportunities.

'For building this fund, our research analysts have looked at companies from a geographical perspective and simultaneously the best-run businesses across sectors. These horizontal and vertical screeners meant we were able to identify the best-of-the-best businesses and narrow down to a research pool of 250-odd stocks out of the 10,000+ screened,' Bhaiya said.

The portfolio will hold 25-30 stocks – punchy, yet more diversified than Aequitas' typical 15-20 name bets – and it will still target long-term 'multi-baggers', in line with its contrarian style.

With a minimum ticket size of \$1m, the fund will be aimed at ultra-high-net-worth individuals, family offices and institutions worldwide. The first close target will be \$100m, with Aequitas itself the largest contributor. There will be no entry or exit loads and no lock-in, but Bhaiya emphasised investors should look at a five-year investment horizon.

The distribution of the fund will be through global fund platforms and collaborations with select advisers.

## India's glow dims

The fund launch follows what Bhaiya calls a 'dream run' for Indian equities since Covid-19, with the Nifty tripling, small caps jumping sixfold, and Aequitas' own fund rallying tenfold. But in the past year to 25 July, dollar returns have turned negative, with the Nifty down 4%, BSE Small Cap off 6%, and BSE Mid Cap sliding 9%.

'In the same period, all major global markets have delivered positive dollar returns while trading at cheaper valuations,' Bhaiya said.

He attributed the reversal partly to a normal market cycle after years of outsized gains, but also to structural strains, with 'most companies listed in India quoting at exorbitant valuations' and promoters cashing out via IPOs and institutional placements.

Bhaiya has been vocal for over a year about the need for caution in India and believes there is still room for further correction. 'Being value investors, it's not justified to keep riding the wave when fundamentals don't match the price,' he said.

By turning its sights to markets where quality meets value, Aequitas will be aiming to position the Global Value fund as a timely alternative for investors seeking both diversification and disciplined growth.

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