



Investment Report - May 2009

Fund Profile

Investment objective	Long-term capital growth by investing mainly in equity securities of listed Indian companies
Investment time frame	Long term
Inception date	5 April 2007
Benchmark indices (A\$)	20% Absolute Return and BSE 200 Index
NTA per share* - 31 May	A\$0.81
NTA per share* - 30 Apr	A\$0.65 + 24.6%

* Net Tangible Assets (NTA) per share (before tax) is unaudited and has been calculated in accordance with the requirements of the ASX Listing Rules.

Portfolio Review

At 31 May the Portfolio value was approximately \$61.4 million and consisted of 47 stocks. Equities made up 85.6% of the Portfolio value. During the month five stocks were added to the Portfolio and two removed.

The Portfolio was well positioned following previous rebalancing of sector and stock allocations to profit on the back of the election results. As a consequence the spread between the pre and post tax NTA per share has decreased by 50%. Stocks held in the Materials sector increased significantly over the month along with increases to allocations to the Financials sector. Energy and Information Technology sector exposure was reduced.

Both the cash and short term deposits reduces as increased buying lifted the proportion of equities by over 6%. Hindustan Construction was the best performing stock of the month with a 112.2% return. Cipla was the worst performing stock with a -7.5% return for the month.

A strengthening Australian dollar had an adverse effect on the Portfolio performance. The Australian dollar appreciated against the Indian Rupee by 3.3%

Top 10 Holdings

Security Name	Sector	Mkt Cap A\$ Bn	Holding	% of Portfolio
Reliance Industries	Energy	94.9	—	7.4
ICICI Bank	Financials	21.9	↓	5.2
Bharti Airtel	Telecom Serv	41.4	—	4.5
Larsen & Toubro	Industrials	21.8	↓	3.9
Infosys Technologies	Info Tech	24.4	↓	3.8
ITC	Cons Staples	18.4	—	3.5
HDFC Bank	Financials	16.3	↓	3.2
Oil & Natural Gas Corp	Energy	66.4	—	3.2
Reliance Infrastructure	Utilities	7.6	↑	3.0
State Bank of India	Financials	31.5	↑	2.9
Total				40.6

Holding relates to the change in quantity of respective holdings during the month.

Market Cap Exposure

Large cap (over A\$1 billion)	97.1%
Mid cap (A\$200 million - A\$1 billion)	2.9%
Small cap (under A\$200 million)	0.0%

Investment Strategy

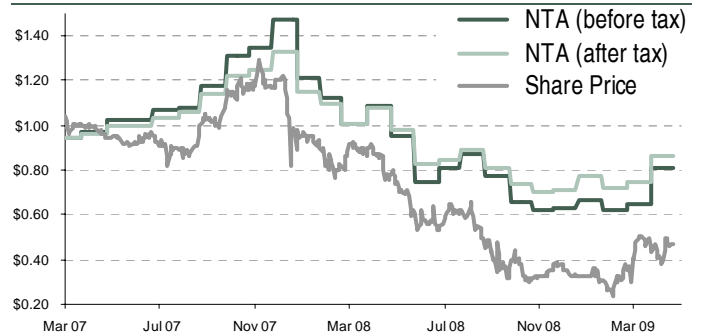
Manager	Olympus Funds Management Pty Ltd	
Investment Manager	Kotak Mahindra (UK) Ltd	
Market Capitalisation	Large	20-70 stocks
	Mid	
	Small	
Style	Top Down	Blend
	Bottom Up	

Performance versus Benchmarks - 31 May 2009

Returns	Portfolio	Absolute*	BSE 200 (A\$)
May 2009	28.3%	1.7%	28.1%
Financial year to date	8.5%	18.3%	18.5%
Rolling 12 months	-12.6%	20.0%	-6.2%
Since portfolio establishment (30 Apr 07)	-8.2%	51.3%	-3.6%
Annualised since establishment	-4.0%	20.0%	-1.7%

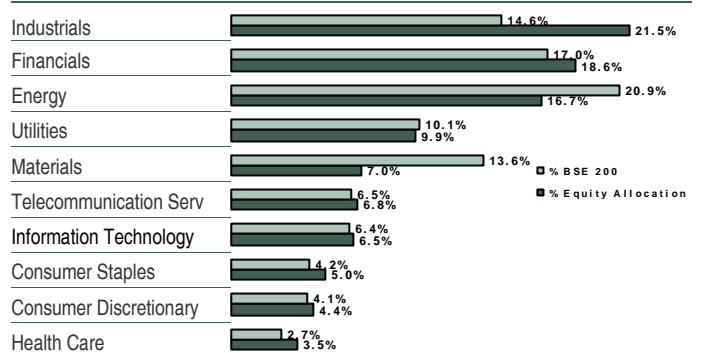
* Absolute Benchmark Return of 20% per annum prorated.
Past performance is not an indicator of future performance.

NTA versus Share Price



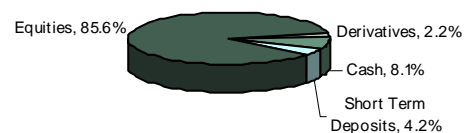
Top 10 Holdings

Sector Allocation (% of Equity Allocation)



Sector data based on MSCI's revised Global Industry Classification Standards.

Portfolio Allocation



Asset allocation is not an indicator of future performance. Rounding error may effect results.

Market Review

During May the Indian equity markets had one of the strongest monthly performances in history on the back of the Indian elections. The election victory to the incumbent National Congress Party led by Prime Minister Manmohan Singh signalled the largest single day rise (18% in AUD terms) on the Bombay Stock Exchange since its inception in 1875. It took mere seconds for trading to be halted on the exchange as the circuit breakers were triggered.

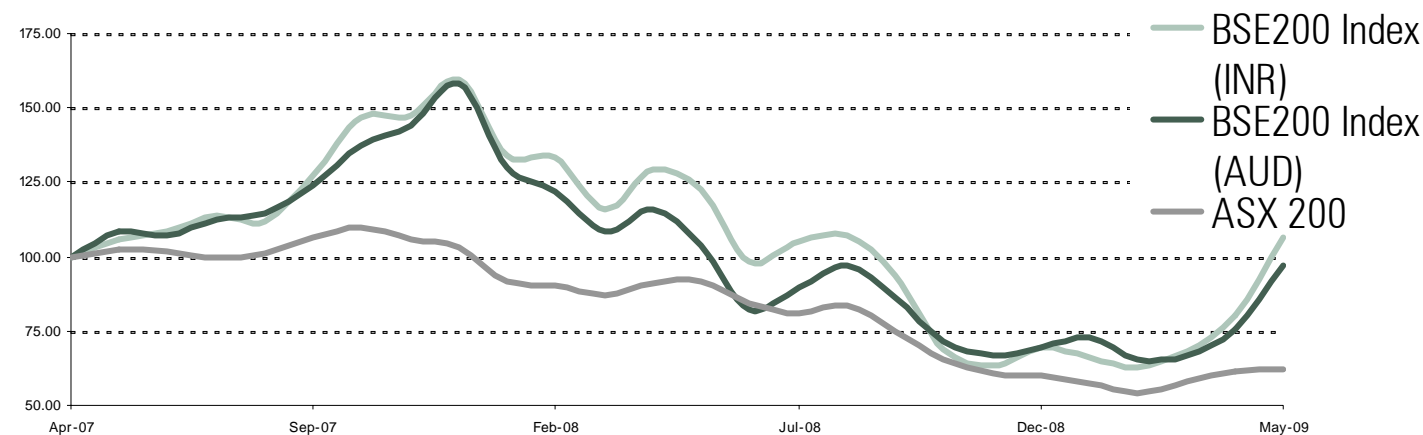
The election result was an outstanding victory for the Congress Party which won 260 out of 543 seats in India's lower house. The party now has a clear mandate to implement a series of economic reforms to open up India to foreign investors which were hampered over the past 5 years due to the blocking of key legislation by the opposition Bharatiya Janata Party. The newly elected Government announced that it seeks to help the economy return an average 8% real GDP growth over the next 20 years to eradicate poverty in India.

The MSCI AC Asia Pacific ex Japan Index showed that the average investor was underweight in their exposure to India during the month which prompted fund managers such as BNP Paribas to increase their ratings on Indian stocks to "overweight" to fully capitalise on the election victory and the re-rating of the Indian equity markets.

With many foreign investors sitting on increased cash positions in the wake of previous uncertainty and volatility in the emerging markets sector, the election results have seen foreign funds flow heavily into the Indian equity markets with an increase of 7.8% for the month as the election results signalled increased stability in the political sphere.

The ongoing worry over the increasing fiscal deficit in India has however seen India's Government Bonds being downgraded to BBB- by Standard & Poor's (the lowest investment grade level). The Reserve Bank of India wary of the growing fiscal deficit has not ruled out further interest rate cuts, however left rates unchanged over the month at 4.75%.

BSE 200 Index - Historical Returns



Note: All indexes are rebased to 100 at 30 April 2007. Past performance is not an indicator of future performance.
Source: Bloomberg

Contact Us

For further information please visit www.indiaequitiesfund.com.au, email info@indiaequitiesfund.com.au or contact one of the company's representatives below.

John Pereira

Chief Executive Officer – India Equities Fund Ltd
Managing Director – Olympus Funds Management Pty Ltd

Nicholas Sitt

Fund Analyst – Olympus Funds Management Pty Ltd

BSE 200 Index Movers

Price Change	Number of Securities
Increased	192
Unchanged	0
Decreased	8

Top BSE 200 Index Gainers & Losers

Gainers	% Chg	Comments
United Breweries Hldgs	+141.2	Q4FY09 net profit INR 127m
NMDC	+127.4	Q4FY09 net profit INR 10.2bn
Patel Engineering	+122.7	Q4FY09 net profit INR results pending
Aban Offshore	+122.3	Q4FY09 net profit INR -930m
Hindustan Construction*	+112.2	Q4FY09 net profit INR 740m
Losers	% Chg	Comments
Tata Communication	-13.8	Q4FY09 net profit INR 214m
Cipla*	-7.5	Q4FY09 net profit INR 3.0bn
Sun Pharmaceuticals*	-5.1	Q4FY09 net profit 18.2bn
ITC*	-2.8	Q4FY09 net profit INR 8.1bn
Hindustan Unilever*	-1.7	Q4FY09 net profit INR 2.5bn

India Equities Fund Ltd may or may not make investments in the above companies. Companies indicated by * were held by India Equities Fund Ltd at 31 May 2009. Past performance is not reliable indicator of future performance.

INDIA
EQUITIES FUND LTD

ASX Code INE . ABN 15 121 415 576
Level 4, 99 Queens Street . Melbourne VIC 3000 . Australia
t +61 3 9629 5895 f +61 3 9602 2874

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