



abrdn's Oh on The India Fund, Inc.



Yoojeong Oh, an Investment Director on the Asian Equities Team at abrdn and Portfolio Manager of abrdn's India Fund, talks about the investment landscape in India following the reelection of Prime Minister Narendra Modi. Oh says that while it will likely take time for Modi to put together a new coalition government, his previous government's financial reforms are already making India a better place to invest. Oh talks about abrdn's overall investment strategy in India and the firm's India Fund, an equity-focused closed-end fund with the NYSE ticker

symbol IFN. The fund's objective is long-term capital appreciation, which it seeks to achieve by investing primarily in the equity securities of Indian companies.

Learn more about [The India Fund, Inc](#) and [IFN](#) at [CEFData.com](#)

Find [here](#) the video interview.

Jane King: Yoojeong Oh is the abrdn portfolio manager of the India Fund and an investment director on the Asian equities team at abrdn. She's based in Singapore, but we're fortunate to have you here in New York to share your thoughts with us.

Yoojeong Oh: Thank you so much.

Jane King: So of course this is so timely, just had the elections in India and Modi was reelected, but I think by a slimmer margin than many people had expected. How do you think that election will impact the investment landscape in India?

Yoojeong Oh: Yeah, you're absolutely right. So I think this is the first time he's had to put together a coalition government, so perhaps some of the big block reforms might take a little bit longer, there might be a little bit more friction to get these passed, but I think we shouldn't discount

what that government has already put in place over their term already. There's been big reforms on bankruptcy, on GST tax that everyone pays, so that's really helping the "Make in India" story still, and I think that's going to continue. So I think that big sort of push towards making India an easy place to invest, a better place for corporates to come in as well and build their factories and really manufacturer within India as well, I think that's going to be a story that persists.

Jane King: There's been a lot of excitement about India. I've just been reading over the past year, the investment opportunities there. When you're making investments, what are your objectives, what's the process that you use?

Yoojeong Oh: Yeah, so we're really looking for quality companies, and by that we mean companies that are managed by good quality management teams, so ones that have a track record of delivering and executing on their strategies. But of course we also want businesses that are operating in structural growth themes, so we're looking for companies that can play into that rising middle class story. So companies like Prestige for example, which is a real estate company, are really benefiting from that demand for affordable housing.

So companies that can play people's desire to move into better accommodation, also companies that play into capex themes, because of course "Build in India" is a big theme as well, so we play that through cement companies that supply raw materials to the building of bridges and roads, hospitals, schools, but we also buy companies like Power Grid of India, which is like the national grid transmission network, and they're helping to electrify India and meet those goals as well.

So really a very diverse range of companies that we can find, all going towards that trend, really trying to invest in that trend of the growth that we see in India. So I think there's a lot of scope for investors to find companies that give you capital return over a long period of time.

Jane King: So clearly you think more growth ahead for India, and there's a lot of favorable demographics as well, as you mentioned, the middle class, highly educated. Are there specific segments of the India Fund that you would say is poised for growth more than others?

Yoojeong Oh: Yes, I think India's really home to some of the world's best companies, and I think if I look at sectors, like we discussed, there's the housing side, there's the banking side, we want to improve financial inclusion for all the masses of population as well. I think what we forget is that India is so varied, so it's many states making up the one country, there's lots of different languages. So even if a bank wants to improve their financial inclusion and really reach out to people in some of the more outskirt areas of India, then you've got to think about the different languages, the different consumer preferences, so it's really quite complex.

So a company that can manage to do that and be able to deliver digital banking across all these different states, I think that's a really big competitive advantage that's hard to build up. So we really look for those types of quality businesses that benefit from the general demographic trend, but also have strong financials and also have a very solid management team that have been able to build upon this franchise over the years to make sure that they can serve India going forward as well.

Jane King: Now you and your team are based in Singapore. How often do you get to India and have your feet on the ground, talk to executives?

Yoojeong Oh: Yeah.

Jane King: And how do you perform the due diligence being in another country?

Yoojeong Oh: Yeah, so important I think to meet the companies on the ground and visit the factories and really speak to the experts in the nation as well. So we try to get out about five to six times a year, so that's just over once a quarter, and that's really to catch up with our holdings but also to find new ideas. Because I think again we want to keep our ideas in the portfolio fresh, so we're looking for emerging winners that will be serving new needs of India into tomorrow and the future years as well.

So I think it's super important to make sure that we do get out there and we see the changes ourselves, and we speak to the management teams just to get that trust and relationship built up. Because we've been covering India for two decades plus, so if you think about our relationships and the knowledge network that we've built, then it's really quite wide and deep as well. So it's not just with corporates, it's with industry experts, political experts, so really trying to leverage as much as we can on that competitive strength of having people in Asia covering India.

Jane King: There's still nothing like meeting people in person.

Yoojeong Oh: Yeah, exactly.

Jane King: Even with everything, there's still insight that you get from that. So India, always been a great story for the past year or so, do you think it's overvalued at this point? Is it too late for people to get in if they're interested in investing in India?

Yoojeong Oh: Yeah, it certainly had a very good run, it's been the strongest market in Asia over the past year, but I think there's always opportunity within that. And I think again one of our strengths of having that knowledge of investing in India for close to three decades is that we have quite an active subs bench, I don't know what the sporting analogy is here in the US, but we have a good pipeline of ideas and we have target prices against them. So these are stocks that have passed our quality filters but where we're waiting for the right price or the right valuation.

So if there is a market event like last week's elections where people were slightly disappointed on the day and the market trades down, then we will have our target prices in place, all the quality companies, we'll already know them. And that's an opportunity for someone like us with that long-term horizon, to be able to still buy into India when there are these market volatility that creates opportunity. So I think there's always scope to get in, you just have to be patient and you have to invest with the right partner.

Jane King: Yeah, and with the long term in mind.

Yoojeong Oh: Yeah, exactly. Exactly.

Jane King: And you mentioned you've been working in India for 20 years with this investment, but I'm sure with the gains and the attention that it's getting, there's all kinds of India funds popping up. What separates abrdn, and in particular a closed-end fund, why is that a good option?

Yoojeong Oh: Yeah, so the India Fund that we manage at abrdn, I think this is very attractive because as a closed-end fund we have less liquidity constraints than an open-ended fund might have, and that means that we can work within a wider market cap spectrum. So we're not just looking at the most liquid large cap companies, we use this analyst presence, so that strength of knowledge that I've mentioned already, we really use that to go into the small and mid-cap space as well.

So if you look at this fund, we have about just over 30% in companies with market capitalizations of less than \$10 billion US dollars, versus the benchmark, MSCI India, which has about 10%, so really that under-covered space of new ideas that can hopefully be large caps in 10-20 years' time. I think again one of the benefits that we can provide is having that access to those companies early on.

Jane King: Yeah. Interesting, because that's where the innovation is taking place.

Yoojeong Oh: Yeah, exactly. Yes.

Jane King: Thank you so much for coming in and explaining. It's exciting to hear about what's going on in India.

Yoojeong Oh: Thank you, thank you.

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