A postcard from EMO — Kolkata, India

The EMO team visited the unsung heroes of India's industrial scene to track mid-sized companies that are quietly powering India's economic boom. We saw first-hand how India's manufacturers are riding the "China+1" wave. These companies are grabbing domestic market share by replacing foreign goods with homegrown alternatives. Thanks to savvy partnerships with international players, these firms are climbing the value chain by starting from basic components to high-tech solutions proudly "Made in India" but also potentially engineered for the world.

No industrial fairytale in India will be complete without a touch of market mania. Sky-high valuations reflect a mix of retail investor enthusiasm and genuine long-term growth potential. Perhaps this maybe India's industrial version of Bollywood, going global just with less shaking.

Our journey in Kolkata didn't include a palace on wheels, but we did get a full-throttle ride into the future of freight wagons, courtesy of a company that's redefining rails. We believe the company is predictable, profitable, and infused with an inkling of tech. With a dominant market share in the wagon manufacturing oligopoly and engaged in a strategic partnership with one of Europe leaders, we anticipate to see more of their forged wheelsets, braking systems and high-speed tracks with flash-butt welding (yes, that's a real thing).

This company plans to backward integrate the supply chain, boosting revenue growth with a focus on steady ROIC. Investments in rail will be an important long-term capital infrastructure investment for India that we are happy to ride.

Bottom line: On track to extend their stellar track record

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IMPORTANT INFORMATION

Portfolio risks

PRINCIPAL RISKS

Common Stock Risk – Common stock are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues as well as the profitability and viability of the individual company. Equity security prices may decline as a result of adverse changes in these factors, and there is no assurance that a portfolio manager will be able to predict these changes. Some equity markets are more volatile than others and may present higher risks of loss. Common stock represents an equity or ownership interest in an issuer.

Concentration Risk – Concentration risk is the risk of amplified losses that may occur from having a large percentage of your investments in a particular security, issuer, industry, or country. The investments may move in the same direction in reaction to the conditions of the industries, sectors, countries and regions of investment, and a single security or issuer could have a significant impact on the portfolio's risk and returns.

Emerging Markets Risk – Investments in emerging and frontier countries may present risks such as changes in currency exchange rates; less liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks are likely greater relative to developed markets.

ADDITIONAL RISKS

Currency Risk – Active investments in currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Active currency risk may be taken in an absolute, or a benchmark relative basis. Currency markets can be volatile, and may fluctuate over short periods of time.

Liquidity Risk – Investments with low liquidity may experience market value volatility because they are thinly traded (such as small cap and private equity or private placement bonds). Since there is no guarantee that these securities could be sold at fair value, sales may occur at a discount. In the event of a full liquidation, these securities may need to be held after liquidation date.

Smaller Capitalization Stock Risk – The share prices of small and mid-cap companies may exhibit greater volatility than the share prices of larger capitalization companies. In addition, shares of small and mid-cap companies are often less liquid than larger capitalization companies

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