

First Modi Budget Sets the Stage for Accelerated Economic Growth in India

Mississauga, Ontario: July 10th, 2014: Excel Funds Management Inc. (“Excel Funds”), manager of the Excel India Fund, the largest and longest running India mutual fund in Canada, announced today that the country’s first general budget under the administration of new Prime Minister, Narendra Modi, has set the stage for accelerated economic growth in the world’s largest democracy.

As Bhim D. Asdhir, President and CEO of Excel Funds points out, “by the middle of the 21st century, there will be three major economies in the world, China, the USA and India. Of these, India has the biggest potential in terms of return on investment.”

Modi has declared that the “time has come to take tough decisions in the interest of the nation, whatever decisions we take will be solely guided by national interests”. In that vein, Finance Minister Arun Jaitley is already increasing expectations, saying that 7% to 8% economic growth is three to four years away. David Kunselman, Senior Portfolio Manager of Excel Funds, adds that “this is important. The government is spending to reaccelerate the economy. Higher growth will lead to an increase in tax revenues and reduce India’s fiscal deficit.”

Among the key budgetary measures introduced in the July 10th, 2014 budget are: (i) increased infrastructure spending; (ii) reforms to various subsidy programs to improve efficiency and redistribute the benefits of subsidies; and (iii) revisions to the country’s fragmented tax system to make it more efficient and to generate higher tax revenues.

The budget has allocated more to infrastructure spending, with an emphasis on rural development, including higher outlays for irrigation, housing, roads, and related infrastructure. During his election campaign, Modi promised to create 100 new smart cities and the budget has taken the initial steps to bring this promise to fruition.

The budget also laid the groundwork to replace India’s current complex tax system with the Goods and Services Tax (GST). The implementation of a national GST is expected to enhance the efficiency of the tax system, broaden the tax base, increase compliance, improve competitiveness of domestic manufacturing, and support GDP growth.

Other budgetary measures focus on controlling inflation, which would eventually lead to lower interest rates; the creation of manufacturing zones with tax and duty concessions; the removal of restrictions on foreign ownership of local companies, including defense and insurance companies; increased spending on healthcare and defense; and the development of low cost housing. The budget also proposed renewable projects to improve energy efficiency.

The Sensex Index has increased 21% in local terms this year, the best performer among the world's 10 biggest markets. India's benchmark stock index has gained 6% since Modi's win on May 16th, 2014.

The budget bodes very well for investors in India and is exactly what discerning foreign investors were expecting to drive India's equity market higher. The Associated Chambers of Commerce and Industry of India projects foreign investment inflows, both Foreign Direct Investment and Foreign Institutional Investment, of USD 60 billion in the current financial year. In Mr. Kunselman's opinion, "Now is the time to invest in India."

About Excel Funds

Established in 1998, Excel Funds Management Inc. is a pioneer in emerging markets investing in Canada, offering the widest selection of emerging market funds to Canadian investors. Excel Funds is Canada's only mutual fund company that is solely focused on investing in emerging markets. Through its network of sub-advisors, Excel Funds gives its investors access to the knowledge base and expertise of over 200 local portfolio managers and analysts around the world. Excel Funds on-the ground sub-advisors, proprietary asset allocation model and best-in-class portfolio managers contribute to the firm being recognized as "Your Authority in Emerging Markets" in Canada.

The Excel India Fund, the largest and longest running India mutual fund in Canada, is sub-advised by Birla Sun Life AMC Ltd., one of the largest and most respected asset managers in India.

Media Contacts:

David Kunselman, Senior Portfolio Manager and Chief Compliance Officer;

david.kunselman@excelfunds.com

(905) 624-7730

Christine Tan, Portfolio Manager;

christine.tan@excelfunds.com

(905) 624-7731