

India Capital Growth Fund

PORTFOLIO AND MARKET UPDATE

Indian equity markets declined sharply in January. The Sensex fell 3.5%, while mid-cap and small-cap indices declined 3.7% and 6.3%. Sector performance was mixed, Metals (+6%) and Banks (+1%) gained, while Realty (-10%), Consumer Staples (-8%), and Consumer Durables (-8%) weakened. Domestic institutional investors remained supportive with net inflows of US\$7.6bn during the month whereas foreign investors were net sellers, with net outflows of US\$3.3bn. The Indian Rupee depreciated 2.2% against the US Dollar. CPI inflation rose to 1.3% in December, from 0.7% in November. The Union Budget balanced fiscal prudence with growth-oriented spending, maintaining the fiscal deficit around 4.3% of GDP and increasing by 12% yoy, allocated toward infrastructure. Markets reacted negatively to increased transaction taxes on futures and options, industry responses broadly welcomed the budget's long-term investment focus. India and the EU signed a landmark Free Trade Agreement, aimed at strengthening bilateral trade and investment ties. Portfolio performance was mixed: Aether Industries (+20%), Multi Commodity Exchange (+16%), and Federal Bank (+8%) gained, while Gokaldas Exports (-25%), Atlanta Electricals (-15%) and Elecon Engineering (-13%) declined.

HOLDING IN FOCUS: DIXON TECHNOLOGIES

Dixon Technologies (India) Limited (Dixon), is the poster child of Electronic Manufacturing Services (EMS) success story in India. It manufacturers Mobile Phones, lighting products, LED TVs, Washing Machines, Refrigerators, Telecom and IT hardware products for some of the leading global brands in India. Over the past five years, the company has recorded CAGR of 55% in revenues and 44% in profits. This impressive trajectory has been primarily driven by mobile phone segment, which have expanded at a CAGR of 122% during the same period. At present, Dixon supplies more than two-thirds of Android smartphones manufactured in India, with this segment contributing over 90% to its total revenues. Key clients include Motorola, Xiaomi, Realme and Google Pixel.

The last year has seen the stock correct amid fears of escalating memory prices and constrained memory availability affecting demand for smartphones. Dixon also benefitted from Government led Production Linked Incentive (PLI) scheme for mobile phones. These schemes are due to expire in March 26, putting pressure on margins.

To offset Dixon has engaged on joint ventures (JVs) and technical collaborations. Management anticipates that these initiatives will elevate value addition from the current 11-12% to approximately 40% by FY28/29, yielding a net margin expansion of 50-60bps. It continues to enter new segments, and would shortly be assembling laptops for four of the top five global manufacturers. Accordingly, we forecast a 28% CAGR in revenues and 30% CAGR in profits over FY25-28.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



1 The Rebased NAV is the fairest representation of the Manager's performance across all periods excluding the dilutive effect of the new ordinary shares issued on 8 August 2016 following the exercise of subscription share rights. Full provision is made for Indian Capital Gains Tax in the Net Asset Value.

PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	(8.5)	(12.7)	(9.7)	(11.4)	28.8	74.2
BSE MidCap TR Index	(7.8)	(11.2)	(8.9)	(10.0)	50.7	108.4

TOPICAL COMMENT

IN THE MEDIA: INVESTMENT WEEK

Dec 2025

IGC Chair Elisabeth Scott on India's 'growth, growth, growth' story

FROM DESIGN HUB TO CHIP CONTENDER

Jan 2026

India's Semiconductor Moment - Investment Team Article

BOOK REVIEW: THE THINKING MACHINE

Jan 2026

Jensen Huang, Nvidia, and the World's Most Coveted Microchip by Stephen Witt

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 30 January 2026 was 171.36 pence. In January the NAV was down 8.51% in Sterling terms, whilst the BSE MidCap TR Index was down 7.83%. In local currency terms, the NAV was down 4.46% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP114.8m
Launch date	22 December 2005
Adviser start	31 December 2011
Fund Manager	River Global Investors
Principal Adviser	Gaurav Narain
Benchmark	S&P BSE MidCap TR
AMC	1.25% of market cap
Share price	154.5p / NAV per share
Discount to NAV	9.8%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap (US\$bn)	\$1.4bn
PE FY26E	21.5
ROE FY26E	16.0%
Tracking Error	5.64%
Active Share	88.30%
CAGR Since 2011 (GBP)	12.14%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/(weaker)]	(2.4)%	(2.4)%
FII Net flows (US\$m)	(3,260.3)	(3,260.3)
DII Net flows (US\$m)	7,617.0	7,617.0
CPI inflation (Dec-25 / 3m avg)	1.3%	0.8%
GDP Q2 FY26		8.2%
Current account/ GDP Q2 FY26		(0.3)%

Source: River Global Investors

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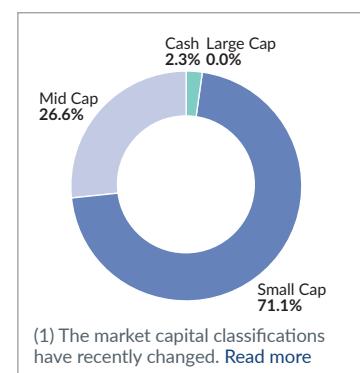
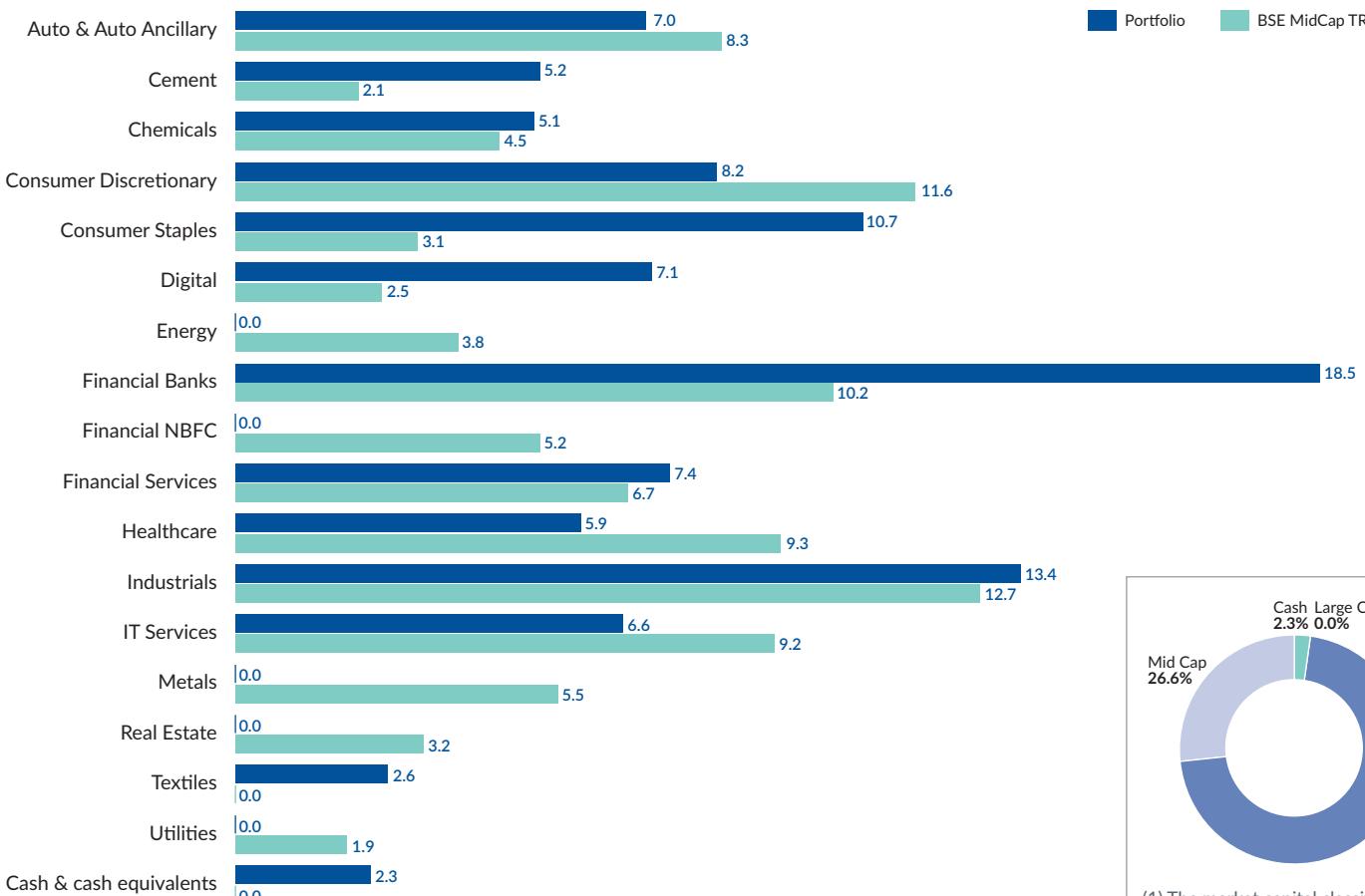
QUARTERLY ATTRIBUTION – 3 MONTHS TO DECEMBER 2025 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Multi Commodity Exchange of India	5.1	0.0	26.3	1.2	Skipper	4.9	0.0	(36.3)	(2.1)
City Union Bank	3.9	0.0	21.8	0.7	Dixon Technologies India	3.7	1.8	(37.8)	(1.6)
Federal Bank	4.9	2.1	12.3	0.5	Neuland Laboratories	4.6	0.0	(25.7)	(1.2)
Aether Industries	2.2	0.0	22.8	0.4	Affle 3i	3.9	0.0	(26.0)	(1.1)
CCL Products India	3.5	0.0	4.2	0.1	Kajaria Ceramics	2.5	0.0	(31.0)	(0.9)

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Multi Commodity Exchange	5.3%	Commodity exchange, with 95%+ market share	7.0
RBL Bank	5.0%	Private sector bank offering online and branch business banking and financial market operations	2.0
Federal Bank	4.7%	Well run mid-sized private sector bank, attractive valuations	7.7
Skipper	4.6%	Power transmission and distribution company including polymer pipes and fittings segment	0.5
IDFC Bank	4.6%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	7.8
City Union Bank	4.2%	South India based regional bank lending to small and medium enterprises	2.4
Neuland Laboratories	4.0%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	1.8
Affle India	3.9%	Mobile adtech company	2.4
Persistent Systems	3.9%	IT services company benefitting from 'digital transformation' of businesses globally	10.4
CCL Products India	3.6%	World's largest private-label coffee manufacturer	1.4

PORTFOLIO ANALYSIS (%)



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India Capital
GROWTH FUND

PRINCIPAL ADVISER

Gaurav Narain has advised India Capital Growth Fund since November 2011, having been immersed in the Indian equity markets for the previous 21 years. He has held senior positions as both a fund manager and an equities analyst in New Horizon Investments, ING Investment Management India and SG (Asia) Securities India. He holds a Masters degree in Finance and Control and a Bachelor of Economics degree from Delhi University.



INVESTMENT PHILOSOPHY

The investment manager believes that in India, optimal returns will be generated over time by investing in companies that are well placed to benefit from the structural growth potential of the Indian economy, combined with the highest quality of management best able to exploit this opportunity. The fund uses a consistent and disciplined bottom up stock picking process to select investments from our best ideas, unconstrained by a benchmark.

INVESTMENT OBJECTIVE

To provide long term capital appreciation by investing predominantly in listed mid and small cap Indian companies. Investments may also be made in unquoted Indian companies where the Fund Manager believes long-term capital appreciation will be achieved. The Company may hold liquid assets (including cash) pending deployment in suitable investments. It is the Company's declared policy not to hedge exposure to the Indian Rupee.

FUND MANAGER

River Global Investors is authorised and regulated by the Financial Conduct Authority.

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WEBSITE

www.indiacapitalgrowth.com

SOURCES

Source of all performance and portfolio analysis: River Global Investors, Bloomberg.

CAPITAL STRUCTURE

66,974,124 ordinary shares in issue with voting rights.

BOARD

Elisabeth Scott (Chair), Patrick Firth, Lynne Duquemin, Nick Timberlake

OTHER ADVISERS

Administrator: Apex Fund and Corporate Services (Guernsey) Limited

Broker: Shore Capital Stockbrokers Limited

Registrar and CREST Agent: Neville Registrars Limited

IMPORTANT INFORMATION

The information in this document does not constitute or contain an offer or invitation for the sale or purchase of any shares in the Fund in any jurisdiction, is not intended to form the basis of any investment decision, does not constitute any recommendation by the Fund, its directors, agents or advisers, is unaudited and provided for information purposes only and may include information from third party sources which has not been independently verified.

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Past performance is not a guide to future performance and investment markets and conditions can change rapidly. Emerging market equities can be more volatile than those of developed markets and equities in general are more volatile than bonds and cash. The value of your investment may go down as well as up and there is no guarantee that you will get back the amount that you invested. Currency movements may also have an adverse effect on the capital value of your investment. Investing in a country specific fund may

be less liquid and more volatile than investing in a diversified fund in the developed markets. This Fund should be seen as a long term investment and you should read the London Stock Exchange Listing Prospectus published in December 2017 (the "Prospectus") whilst paying particular attention to the risk factors section before making an investment. Please refer to the Prospectus for specific risk factors.

Where reference to a specific Class of security is made, it is for illustrative purposes only and should not be regarded as a recommendation to buy or sell that security. Market index information shown herein such as that of the S&P BSE Midcap TR is included to show relative market performance for the periods indicated and not as standards of comparison, since indices are unmanaged, broadly based and differ in numerous respects from the Fund.

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