Annual overview | Investment companies

26 June 2018

India Capital Growth

A return to earnings growth

Earnings figures for the companies in India Capital Growth (IGC)'s portfolio are on an upward trajectory as India puts the disruptive effects of demonetisation and the introduction of the Goods and Services Tax (GST) behind it. Rising oil prices may be a headwind but India's domestically focused economy should be relatively sheltered from a global trade war. Gaurav Narain, investment adviser to IGC, thinks we could see companies in his portfolio reporting average earnings growth of at least 20% per annum for the 2019 and 2020 fiscal years.

IGC's focus on mid-and-small-cap companies has allowed it to deliver superior performance to its listed peer group. As present, this is not reflected in its share price. The management team is working hard to narrow IGC's discount, however, and we believe that in time this should bear fruit.

Mid-and-small-cap listed investments in India

IGC's investment objective is to provide long-term capital appreciation by investing (directly or indirectly) in companies based in India. The investment policy permits the company to make investments in a range of Indian equity securities and Indian equity-linked securities. The company's investments are predominantly in listed mid-and-small-cap Indian companies.

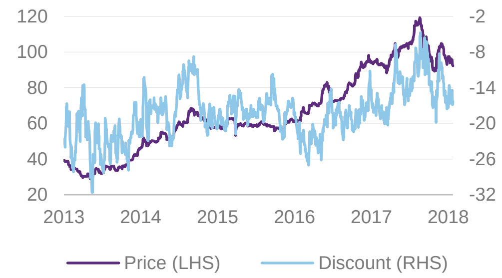
Year ended	Share price total return (%)	NAV total return (%)	Portfolio total return* (%)	S&P BSE Mid Cap TR (%)	MSCI India total return (%)
31/05/14	17.8	13.0	13.0	16.5	3.5
31/05/15	26.8	29.2	40.7	31.0	18.2
31/05/16	4.5	0.9	1.3	7.5	(2.7)
31/05/17	53.3	49.3	58.9	52.6	34.8
31/05/18	2.2	3.8	3.8	2.5	3.5

Source: Morningstar, Marten & Co. * Note rebased NAV returns

Sector	Country specialist – Asia Pacific
Ticker	IGC LN
Base currency	GBP
Price	92.3p
NAV	110.3p
Premium/(discount)	(16.3%)
Yield	Nil

Share price and discount

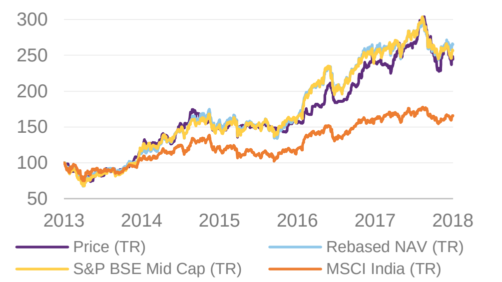
Time period 31/05/2013 to 22/06/2018



Source: Morningstar, Marten & Co

Performance over five years

Time period 31/05/2013 to 31/05/2018



Source: Morningstar, Marten & Co

Domicile	Guernsey
Inception date	22 December 2005
Manager and adviser	David Cornell and Gaurav Narain
Market cap (GBP)	103.8m
Shares outstanding	112.5m
Daily vol. (1-yr. avg.)	443.0k shares
Net cash	3.8%

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Fund profile

Further information is available at www.indiacapitalgrowth.com

IGC is an investment company listed on the Main Market of the London Stock Exchange. It invests in India, predominantly in listed mid-and-small-cap Indian companies. The trust is aiming to generate capital growth for shareholders. IGC has not paid dividends in the past and the manager says it is unlikely to do so in the near future.

Management arrangements

IGC has been managed since 2010 by David Cornell of Ocean Dial. He has been assisted in this, since November 2011, by Gaurav Narain (Gaurav or the adviser) of Ocean Dial Asset Management India Private Limited, which is based in Mumbai. Gaurav has 25 years of experience in Indian capital markets, having started his career as vice president of research for SG Asia.

Ocean Dial has been owned since November 2017 by Avendus Capital Private Limited, an Indian financial services company backed by Kohlberg Kravis Roberts (KKR). The key members of the Ocean Dial team are incentivised to stay with the business.

In addition to IGC, Ocean Dial manages four open-ended funds, the largest of which, Gateway to India, had AUM of US$312m as at 31 May 2018. The seven-strong investment team is split between London and Mumbai. Each of the analysts is assigned responsibility for a number of industry sectors. The manager is responsible for monitoring portfolio risk and all dealing is done from London.

Three members of Ocean Dial's team hold over 680,000 shares in IGC between them and their interests are clearly aligned with those of IGC's other shareholders.

The board has an oversight role. Its permission must be sought before IGC can take on any permanent borrowings, invest in any unlisted investment or buy back shares. It is worth bearing in mind that the manager says it is highly unlikely that it will take on permanent borrowings or invest in unlisted investments. The board also sets the company's policy on currency hedging.

Changes to the taxation of capital gains

IGC invests through a Mauritian subsidiary (ICG Q Limited) in a portfolio of Indian securities. In India, short-term capital gains attract a capital gains tax (CGT) of 15%. Long term CGT was reintroduced in the February 2018 Budget at a rate of 10% for disposals made after 1 April 2018. Gains made before 31 January 2018 are exempt. A double taxation treaty between Mauritius and India used to allow investors to pay CGT at Mauritian rates (0%). This has been amended so that, between 1 April 2017 and 31 March 2019, Mauritian-based investors pay tax at 50% of Indian CGT rates (for example, 7.5% on short-term gains). Post March 2019, Mauritian-based investors will pay the same rates of CGT as a domestic Indian investor. IGC will accrue any potential CGT liability in its NAV.

Index comparators

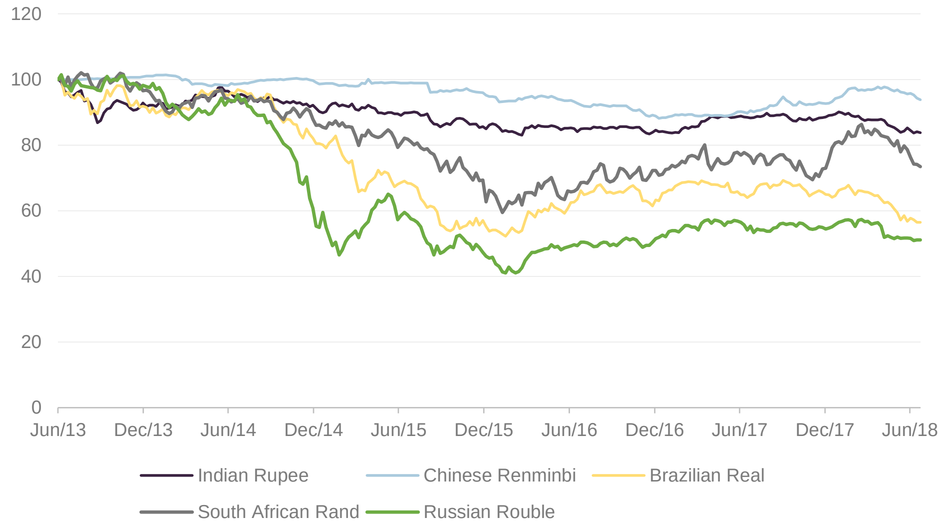
IGC's main focus is on Indian mid-and-small-cap companies, but the fund can and does hold large-cap stocks as well. The board and the manager use the S&P BSE Mid Cap Index (total return) for performance evaluation purposes, although the portfolio is not constructed with reference to this index. Given the portfolio's weighting in large-cap companies (those with a market cap greater than US$7bn represented 13.1% of the portfolio at the end of May 2018), we believe that it is also worth comparing IGC's performance against the MSCI India Index.

India – a return to growth

Higher oil prices are a headwind to India's economy

After three years or so of a favourable macroeconomic backdrop, India is being impacted by higher oil prices. India imports most of its oil and rising prices weaken its current account, put pressure on its currency and feed into inflation. In May 2018 alone, India's oil import bill was estimated at US$11.5bn. However, it is worth bearing in mind that India has US$413bn of foreign exchange reserves and the currency has been remarkably stable over the past few years as is evident in Figure 1.

Figure 1: BRICS countries exchange rates to US dollar



Source: Bloomberg

There has been no move to reintroduce fuel subsidies

Historically, the government subsidised fuel but, when oil prices fell in 2014, it took the opportunity to eliminate subsidies and raise excise duties. Gaurav feels that there is scope to reverse some of the excise duty rise if the government feels this is necessary. It is adamant that it will not reintroduce subsidies but we are approaching an election year in 2019. This year's Budget included measures designed to improve the lot of the rural poor. Headlines included a new health insurance scheme covering 100m families and floor prices for agricultural produce. In addition, tariffs were increased on some Chinese imports.

Domestic investors are buying stocks but foreigners are selling

US interest rates are climbing, the dollar is strengthening and the Indian equity market is seeing outflows from foreign investors, in common with other emerging markets. Domestic investors are taking up some of the slack however, as money is moved from assets such as gold and physical cash to the stock market, encouraged by demonetisation.

GDP growth is accelerating and India is less exposed to a global trade war than other leading emerging markets

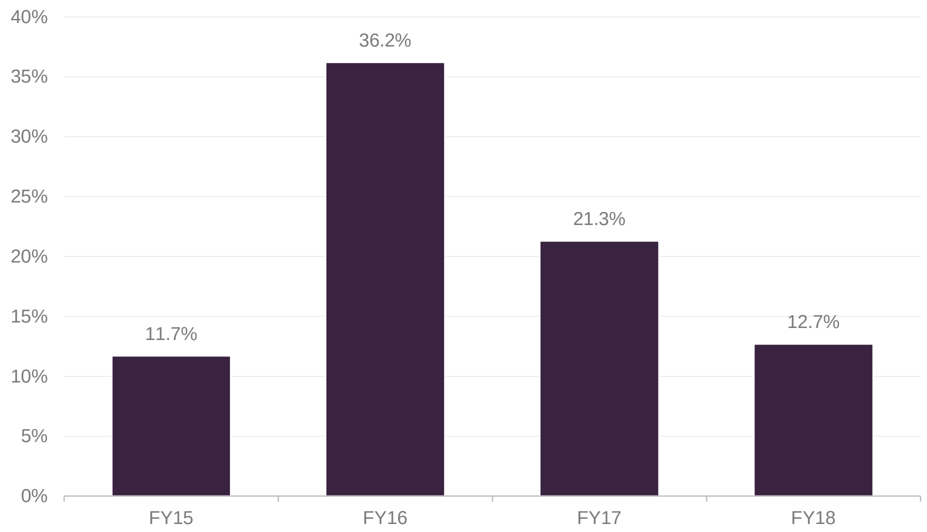
Even if the macroeconomic picture is clouded, the outlook for India's companies is most definitely not. India is bouncing back from the disruption caused by demonetisation and the introduction of GST. What is predicted to be a good monsoon season should also prove beneficial to growth in FY19 as this boosts the rural economy. FY18's Q4 GDP growth came in at an annualised 7.7% and Gaurav thinks that we might see an acceleration of growth from 6.7% in FY18 to 7.5% for FY19. On these numbers, India is growing faster than China. In addition, India's largely domestic-focused economy is less exposed to the threat of a global trade war than other leading emerging markets.

Prospective earnings growth of 20% for two years running

Economic growth is reflected in strong corporate earnings growth; Figure 2 shows Ocean Dial's estimates of earnings growth for the companies in IGC's portfolio. As a comparator, Bloomberg has earnings figures for the S&P BSE Mid Cap Index. Unfortunately, these are for calendar years rather than fiscal years and therefore not directly comparable. However, over the period from 1 January 2014 to 31 December 2018, Bloomberg's figures show annualised earnings growth of 5.0%. This compares to an annualised growth of 20.1% for IGC's portfolio between 1 April 2014 and 31 March 2018 and forecast earnings growth of 40.6% for the year ending 31 March 2019.

The companies that Gaurav talks to are upbeat in general. He suggests that investors' focus should switch from the big picture, macroeconomic 'story' to more of a micro, company-specific one and believes that the companies in IGC's portfolio can generate earnings growth of at least 20% for each of FY19 and FY20.

Figure 2: IGC earnings growth for portfolio companies



Source: Ocean Dial

The central bank has raised interest rates. Gaurav says that most private sector banks have been able to pass this onto their customers but margins are already high (maybe reflecting the lack of competition from the public-sector banks).

Private sector banks favoured over public sector banks

Problems still persist within the public-sector banks. The government agreed to recapitalise them but the banking regulator stepped up pressure to recognise the true extent of their NPLs. Consequently, most public-sector banks are reporting losses and they are not making new loans. Private sector banks are taking up the slack. Consumer credit is picking up with demand growth of c12%. However, companies are seemingly not looking to borrow to invest. The government is investing in new infrastructure but private sector capex remains depressed; possibly companies have one eye on the forthcoming election.

Elections in 2019 but the BJP's reforms should benefit the economy regardless of the outcome

Recent state elections in Karnataka left the BJP as the largest party but it is in opposition to a coalition of Congress and a local party. Gaurav thinks there is a small chance that this could be repeated at the national level if the BJP fails to get an outright majority. If this came to pass, it could put pressure on the stock market. However, Gaurav thinks that the reforms enacted by the BJP will allow the economy to flourish regardless and that they are unlikely to be reversed. Any post-election jitters could provide a buying opportunity.

A May 2018 poll, carried out by CSDS for ABP, was predicting 274 seats for the BJP led coalition against 164 seats for the coalition centred around the Congress Party and

105 seats for other and regional parties. That could still leave Prime Minister Narendra Modi in charge. The race seems quite finely balanced at this stage, however.

Investment process

Companies exposed to the Indian growth story

Exploit the Indian growth story but stick to well-run companies

The basis of Ocean Dial's investment philosophy is that investors will benefit most, over the long-term, by being invested in those companies best-placed to benefit from the Indian growth story. You also need good, credible management in these companies if they are to make the most of this opportunity.

Bottom-up stock selection

Bottom-up stock picker searching for cash-generative, high ROE companies, with sustainable business models

Gaurav is a bottom-up stock-picker. When he is searching for investments to recommend to the manager, he is looking primarily for stocks that can grow and generate high cash returns on capital employed. Ideally, he wants to find companies that have been generating cash for at least six years, and are exhibiting ROE of 15% to 20%. These companies must also pay dividends and taxes, this demonstrates that they are honest and willing to put shareholders first. Cash generation alone is not enough; the company has to have a USP. He wants to avoid commoditised businesses as he is looking for 'pricing power'. Crucially, the company must also have credible management that he can trust and that is shareholder friendly.

Gaurav aims to identify and invest in these opportunities ahead of the competition. Sometimes, when the fund first buys into a stock, IGC is the only institutional investor. Such stocks may have relatively lower levels of liquidity but, as a closed-end fund, IGC's structure allows it to take a long-term view and get into stocks ahead of a rerating.

Large pool of potential investments

Liquidity test for potential investments

There are well over 5,000 listed companies in India but Gaurav believes only about 400 of these would be suitable for inclusion within IGC's portfolio. From these he is looking to assemble a portfolio of 30-35 stocks. Low liquidity is one of the main criteria that disqualifies stocks as potential investments. The manager monitors how many days it would take to turn the whole portfolio into cash and the proportion of the portfolio that could be sold in a day. Generally, the manager wants to be able to liquidate a position within five dealing days, assuming dealing by IGC accounts for a third or less of average daily volume. Gaurav told us that, were he advising on a $1bn fund, there would still be 100 or so companies that would fit the bill. When he is weighing up the relative merits of stocks, he says he needs to have much stronger conviction on any stock with lower relative liquidity.

Despite the size of the Indian stock market, there is no shortage of research available, with around 70 foreign and domestic brokers analysing companies. To make the process more manageable, the adviser first sifts through the market using a series of quantitative based screens.

The data to support this analysis is readily available as all listed stocks are required to submit accounts and these have been compiled into various databases – Ocean Dial use Capitaline. Data is imported into its own proprietary template. Gaurav says it is straightforward to download a detailed financial history of any stock.

The team runs screens to pull out stocks that might be interesting and makes a point of visiting as many of the companies as possible. Gaurav reckons he meets in excess of 300 companies a year and says he is travelling outside Mumbai about once a month.

There are some sectors that he tends to avoid because he believes there is a greater risk of corruption. He cites Infrastructure companies as an example of this as they have to interact substantially with the government, there is less transparency than he would like and he does not trust the balance sheets.

Three-year time horizon

Double your money over three years

When recommending an investment, Gaurav thinks about what is the fair value for the business and sets a price target based on an absolute assessment of value rather than a comparison to similar listed stocks. Gaurav always focuses on the long term. He wants any investment to at least double over three years. He is willing to accept lower returns initially, if a stock is investing for the future or restructuring for example, and it will take a while for the benefits to emerge. Gaurav believes that such stocks are often more attractively priced as short-term investors do not appreciate their long-term potential.

In India, a majority of companies are still controlled by their founding families. Gaurav believes the best of these bring in outside management. He says it is a good sign when the second or third generation within a family is willing to hire outside professionals to run its businesses.

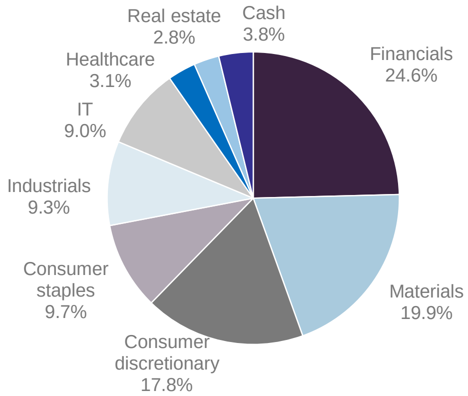
IGC does not tend to own the listed subsidiaries of multinational companies. Gaurav appreciates that they often have good management but thinks they are often stifled by slow decision making and bureaucracy. Instead, he prefers businesses in the same fields that are run by people that used to work for multinational companies. He says that they tend to be nimbler and can have greater potential to add value by improving systems and processes.

Gaurav will recommend the sale of a stock if he loses faith in management or the business case for a company. Otherwise he advises the trimming of holdings when they become significant weights in the portfolio or as they hit his price targets. Price targets are reviewed continually – always in the context of what Gaurav feels the stock can achieve over the coming three years both on a fundamental basis and a valuation basis. Given the long-term time horizon, portfolio turnover is low.

Asset allocation

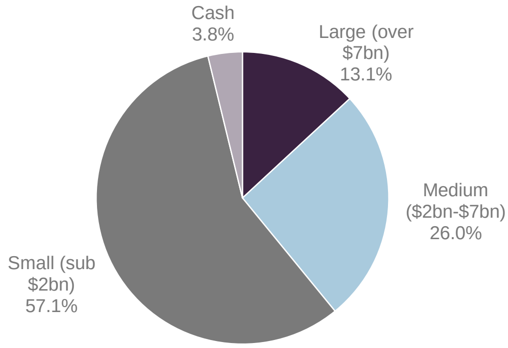
At the end of May 2018, there were 38 holdings in IGC's portfolio. The most pronounced change to IGC's industry sector weighting, over the first five months of 2018, has been a significant increase in the portfolio's exposure to information technology stocks (9.0% versus 5.9%). This has been driven by performance. There is also a little more cash in the portfolio (3.8% versus 2.6%). A number of positions have been top-sliced on valuation grounds and others topped up on weakness but Gaurav has not yet identified a new stock that he would like to add to the portfolio at current valuations. Reflecting Gaurav's long-term time horizon, only one holding has exited the portfolio in 2018.

Figure 3: Portfolio breakdown by industry sector



Source: India Capital Growth Fund, Marten & Co

Figure 4: Portfolio breakdown by size of company



Source: India Capital Growth Fund, Marten & Co

10 largest holdings as at 31 May 2018

At the end of May, the 10 largest holdings in IGC's portfolio accounted for 40.5% of the fund.

Figure 5: 10 largest holdings as at 31 May 2018

Stock	% of total assets 31/05/18	% of total assets 31/12/17	% Change	Sector	Business
Dewan Housing	6.0	5.9	+0.1	Financials	Home loans
NIIT Technologies	5.1	3.2	+1.8	IT	Digital services
Ramkrishna Forgings	4.4	4.9	(0.5)	Materials	Auto components
Tech Mahindra	4.0	2.7	+1.3	IT	IT, networking technology and BPO
Motherson Sumi Systems	3.9	4.6	(0.7)	Consumer discretionary	Automotive
Jyothy Laboratories	3.8	3.2	+0.6	Consumer staples	Household goods
Federal Bank	3.6	4.4	(0.8)	Financials	Private bank
City Union Bank	3.5	3.0	+0.5	Financials	Full service bank
Indusind Bank	3.2	2.6	+0.6	Financials	Private bank
Radico Khaitan	3.0	1.8	+1.2	Consumer staples	Spirits
Total	40.5				

Source: Marten & Co

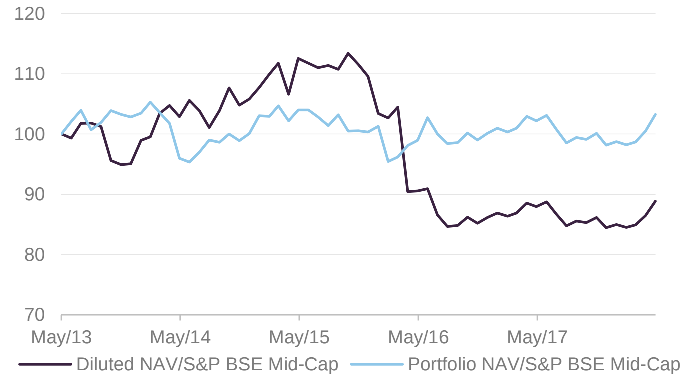
Radico Khaitan, new entrant to top 10

IGC has been invested in Radico Khaitan for about four years. It is the third largest liquor company in India; the top two slots are occupied by United Spirits, part of Diageo, and Pernod Ricard. Radico is a market leader in vodka. Radico has been moving up the value chain, increasing its emphasis on premium brands. However, until recently, it was being held back by rising raw materials prices. Strict liquor laws in some states compromised Radico's ability to pass these on to consumers. Raw materials prices have now gone into reverse – this has benefited Radico's margins greatly and is allowing it to de-lever its balance sheet. Its share price has responded, catapulting it into IGC's list of its top 10 positions.

Japanese drinks giant, Beam Suntory, is said to have had talks about taking a stake in both Radico Khaitan and Allied Blenders and Distillers (which vies with Radico for the no.3 slot and is rumoured to be floating later this year) but, as yet, both remain independent.

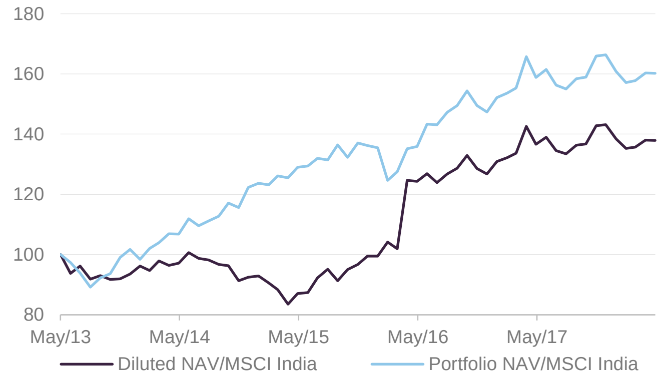
Performance

Figure 6: IGC performance relative to S&P BSE Mid Cap*



Source: Morningstar, Bloomberg, Marten & Co, *Note: monthly data

Figure 7: IGC performance relative to MSCI India*



Source: Morningstar, Bloomberg, Marten & Co. *Note: monthly data

The data in Figures 6, 7 and 8 show returns for both IGC's published NAV and for an adjusted, 'portfolio' NAV. The portfolio NAV removes the dilutive effects of IGC's subscription shares (which were exercised in full in August 2016) and represents the performance generated by the manager and adviser.

Figure 8: Cumulative total return performance for periods ending 31 May 2018

Heading	1 month	3 months	6 months	1 year	3 years	5 years
India Capital Growth NAV (diluted)	(0.8)	2.2	(5.7)	3.8	56.5	128.5
India Capital Growth NAV (portfolio)	(0.8)	2.2	(5.7)	3.8	67.1	165.6
India Capital Growth share price	(8.2)	(4.4)	(8.8)	2.2	63.6	144.3
S&P BSE Mid Cap	(3.6)	(3.0)	(7.7)	2.5	68.0	156.5
MSCI India	(0.2)	0.5	(0.2)	3.5	35.7	66.1

Source: Morningstar, Bloomberg, Marten & Co

Figure 6 demonstrates that IGC has outperformed the S&P BSE Mid Cap Index over the five years to the end of May 2018. As the chart shows, IGC's recent relative performance has been strong and the reasons for this are outlined below.

Figure 7 demonstrates the superior performance that IGC has generated relative to the MSCI Indian Index, which is dominated by large cap companies. These are the focus of IGC's peers and, as we show on page 11, IGC has outperformed these by a significant margin.

Performance attribution

Ocean Dial kindly supplied us with performance attribution data covering the period from 1 January 2018 to 31 May 2018.

Figure 9: Top five positive contributors to return Jan-May 2018

Company	Average portfolio weight (%)	Total return (%)	Contribution to return (%)
NIIT Technologies	4.48	+73.2	2.37
Tech Mahindra	3.41	+41.3	1.10
Radico Khaitan	2.38	+56.6	1.06
IndusInd Bank	2.84	+18.6	0.48
Exide Industries	2.35	+16.3	0.38

Source: Bloomberg

The standout contributor to IGC's performance year to date has been NIIT Technologies, a stock that we discussed in our January 2018 note. NIIT and fellow technology company, Tech Mahindra, have been beneficiaries of the global strength in the IT sector. They also generate a high percentage of their earnings from non-domestic sources and so are helped by a falling rupee. Gaurav believes that both companies have repositioned themselves to benefit from the growth of digital services and are now reaping the rewards.

Private sector banks such as IndusInd continue to take share from public sector banks as they are unhindered by NPLs. IndusInd has just secured approval for its merger with leading microfinance company, Bharat Financial Inclusion.

Leading battery maker, Exide Industries, reported revenue growth of 25.8% for Q4 FY18, helped by growth in the automotive and motorcycle market. The company has been growing ahead of the market as it has been gaining market share across segments such as automotive and telecommunications.

Figure 10: Top five negative contributors to return Jan-May 2018

Company	Average portfolio weight (%)	Total return (%)	Contribution to return (%)
Manpasand Beverages	2.03	(49.0)	(1.05)
Federal Bank	4.05	(21.8)	(0.95)
Skipper	2.51	(32.4)	(0.93)
Motherson Sumi	4.26	(18.2)	(0.83)
Kitex Garments	1.48	(46.2)	(0.82)

Source: Bloomberg

Manpasand Beverages, which featured in our note of March 2017, fell sharply after its auditor resigned. Indian auditors may be adopting a stricter line than they have historically after one of the 'big four' audit companies fell foul of the regulator. The auditor says it did not receive all the information it asked for in time to complete its audit. Manpasand has a new auditor and, if there is an underlying problem, it should uncover it. Gaurav is adopting a 'wait-and-see' stance. Auditors have resigned from a number of other stocks. One of the worst affected was a technology company, Vakrangee. IGC did not hold this stock and this helped its performance relative to the benchmark.

Kitex Garments fell sharply after its Q4 results came in below expectations. Gaurav says that Q4 is normally one the best quarters for the company. Indian textile companies exporting to the US have been affected by de-stocking as retailers react to competitive pressure from e-commerce players. In Kitex's case, it has also been impacted by the shut-down of Toys R Us, one of its large customers.

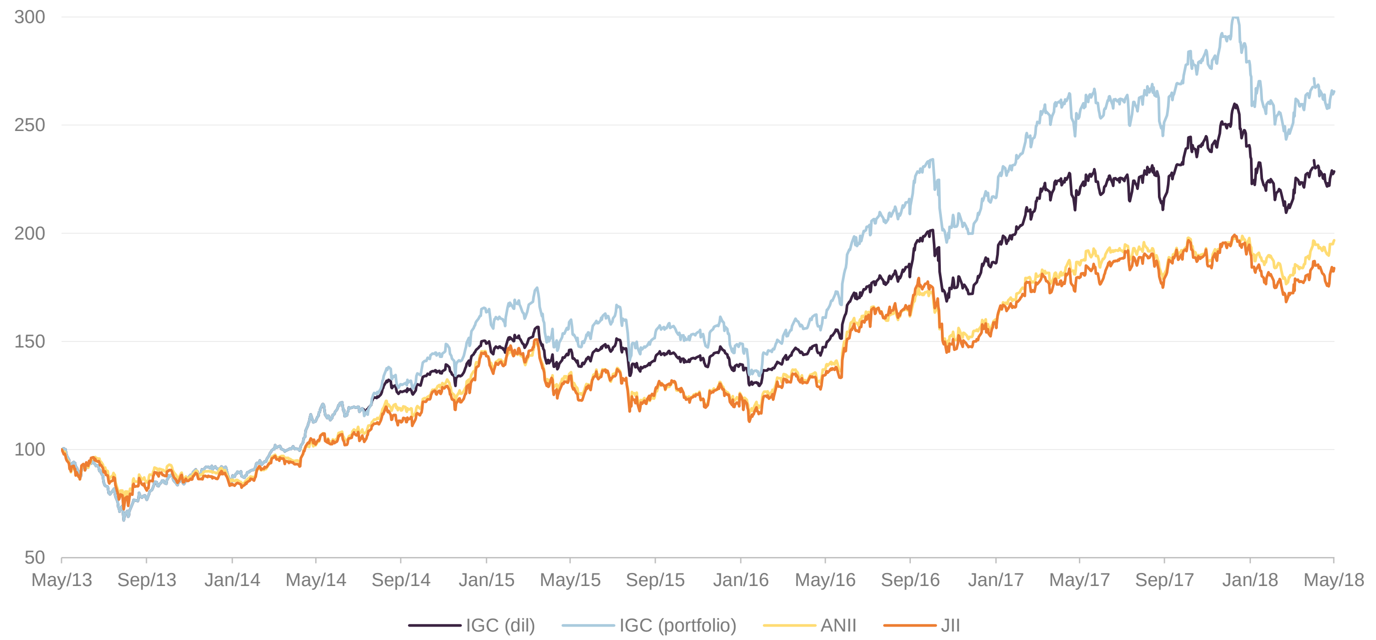
Up- to-date information on IGC and its peers is available on the **QuotedData website**

Peer group

As Figures 11 and 12 show, IGC's medium and longer-term performance is well ahead of both Aberdeen New India and JPMorgan Indian. Its listed peers have more of a focus on large cap companies than IGC does and there is little commonality between IGC and the other two portfolios.

Over the short term, small and mid-cap stocks have lagged larger ones. Over the three months ended 31 May 2018, the S&P BSE Mid Cap Index fell by 3.6% while the MSCI India index fell by 0.2%, both in total return terms.

Figure 11: IGC NAV performance versus listed peers over five years ended 31 May 2018



Source: Morningstar, Ocean Dial, Marten & Co

Figure 12: Indian equity funds subsector comparison (NAV total return data in sterling as at 31 May 2018)

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)
India Capital Growth (diluted)	(0.8)	2.2	(5.7)	3.8	56.5	128.5
India Capital Growth (portfolio)	(0.8)	2.2	(5.7)	3.8	67.1	165.6
Aberdeen New India	1.4	4.1	5.0	6.2	45.9	96.8
JPMorgan Indian	(0.3)	1.9	(0.9)	2.3	37.3	83.9

Source: Morningstar, Marten & Co

IGC is the smallest of the three funds focused on India and listed in London and this is a significant reason why it has the highest ongoing charges ratio of this peer group. Liquidity has improved greatly in recent years, following the exercise of IGC's subscription shares in 2016 and IGC's increased marketing spend.

Figure 13: Indian equity funds subsector comparison (data as at 22 June 2018)

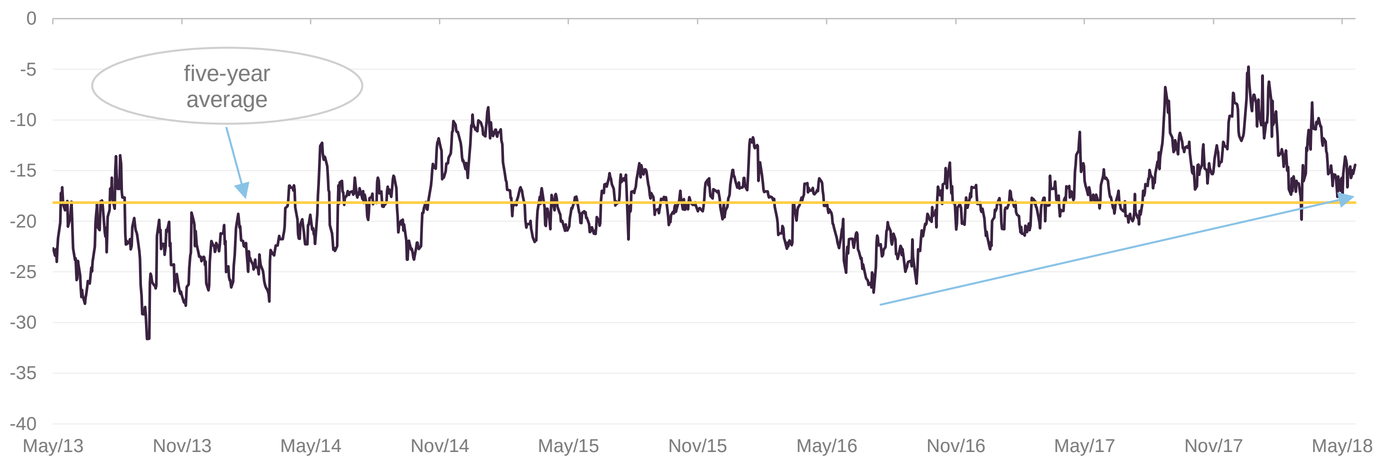
	Market cap (GBPm)	1 yr. avg. daily volume (GBP '000s)	Daily volume as a % of market cap (%)	Discount (%)	Ongoing charge (%)
India Capital Growth	103.8	447.5	0.43	16.3	1.86
Aberdeen New India	268.8	384.8	0.14	14.5	1.30
JPMorgan Indian	720.5	961.3	0.13	14.8	1.19

Source: Morningstar, Marten & Co

Perversely, despite having the best medium and long-term NAV performance of the peer group, it trades currently on the widest discount.

Discount

Figure 14: Premium/(discount) to diluted NAV over five years to 31 May 2018



Source: Morningstar, Marten & Co.

As Figure 14 shows, IGC's discount has been on a narrowing trend over the past couple of years. Over the year to the end of May 2018 it traded within a range of 20.3% to 4.7% and, at 22 June 2018 the discount was 16.3%.

As the chairman pointed out in IGC's 2017 annual report to shareholders, since 2016 a key priority of the board has been to narrow the gap between the NAV and the share price. To that end, it has increased the budget for marketing the trust.

Fees and costs

The investment manager is entitled to receive a management fee payable jointly by IGC and ICG Q Limited (see page 3 for an explanation), equivalent to 1.5% per annum of gross assets less current liabilities. Either side must give 12 months' notice to end the contract. There is no performance fee.

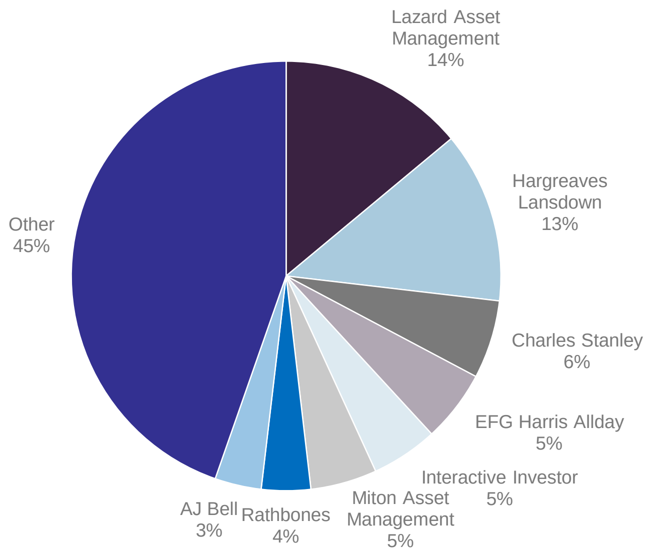
The administrator is Apex Fund Services (Guernsey) Limited. The custodian of IGC's assets is Mumbai-based, Kotak Mahindra Bank Limited. Cash is held in both Mauritius and India.

The ongoing charges ratio for the year ended 31 December 2017 was 1.86%. This has been falling in recent years as the company has grown.

Capital structure and life

IGC's capital structure consists of 112,502,173 ordinary shares and no other classes of share capital. IGC has the authority to buy back up to 14.99% of its issued share capital, a power that it renews at each AGM.

Figure 15: Major shareholders



Source: India Capital Growth Fund, Marten & Co

IGC has an unlimited life. Its year end is 31 December and it holds its annual general meetings in April.

The manager does not use gearing

Although permitted to, the manager does not employ gearing in the management of the fund. This reflects the relative volatility of the Indian stock market. The manager will normally keep cash of 3-4% on hand to take advantage of attractive investment opportunities as they arise.

Board

The board consists of three non-executive directors, all of whom are independent of the manager and who do not sit together on other boards. Any director who has served for more than nine years stands for re-election annually and one third of the remaining directors retire by rotation at each AGM and seek re-election.

The maximum total payable to the directors is set in the articles of association as £200,000.

Figure 16: The board

Director	Position	Appointed	Length of service (years)	Annual fee (GBP)	Shareholding
Elisabeth Scott	Chairman	18/12/17	0.5	35,000	10,000
Peter Niven	Director	11/08/11	6.9	25,000	37,500
John Whittle	Chairman of the Audit Committee	17/11/11	6.6	28,000	30,000

Source: Marten & Co

Elisabeth Scott has 25 years' experience in the asset management industry, having started in Hong Kong in 1992 where she remained until 2008. Most recently, she had the role of managing director and country head of Schroder Investment Management (Hong Kong) Limited and chairman of the Hong Kong Investment Funds Association.

Peter Niven has over 40 years' experience in the financial services industry, both in the UK and offshore. He was a senior executive in the Lloyds TSB Group until his retirement in 2004 and until July 2012 was the chief executive of Guernsey Finance LBG, promoting the island as a financial services destination. He is a Fellow of the Chartered Institute of Bankers and a chartered director.

John Whittle is a chartered accountant and holds the IoD Diploma in Company Direction. He was previously finance director of Close Fund Services, a large independent fund administrator. Prior to moving to Guernsey, he was at PricewaterhouseCoopers in London before embarking on a career in business services, predominantly telecommunications.

Previous research publications

Readers interested in further information about IGC, may wish to read our earlier notes listed in Figure 17. All of these are available on our website, www.martenandco.com.

Figure 17: Marten & Co previously published research on IGC

Title	Note type	Date
Compounding machine	Initiation	23 March 2016
Indian powerhouse	Update	8 July 2016
India at a significant discount	Update	21 October 2016
Full steam ahead	Annual overview	29 March 2017
Moving to the main board	Update	30 January 2018

Source: Marten & Co.

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