

Net Asset Value

The Net Asset Value (NAV) per share as at 26 February 2021 was 106.59 pence. In February the NAV was up 8.33% in Sterling terms, whilst the BSE MidCap TR Index was up 8.63%. In local currency terms, the NAV was up 10.37% for the month.

Portfolio activity

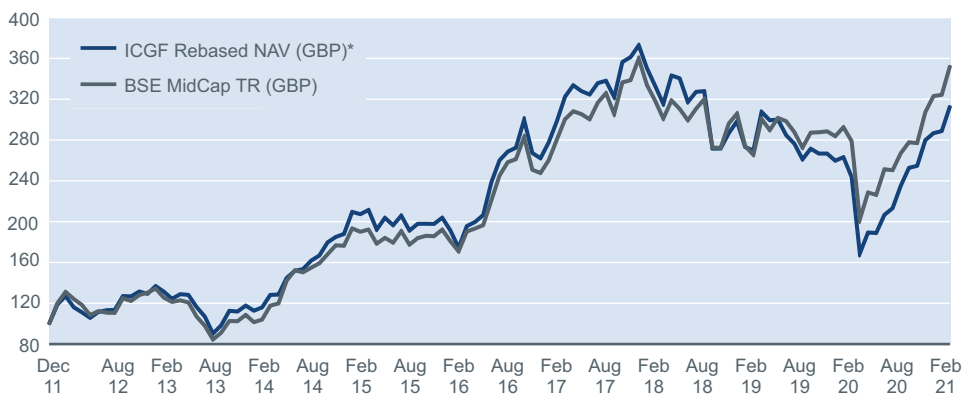
New purchases Bajaj Electricals **Exits** Exide Industries

Holdings in focus

Bajaj Electricals Limited (BJE), the most recent addition to our portfolio, is witnessing a positive change in fundamentals. It is a leading player in the Fast Moving Electric Goods space (70% of revenues) selling appliances, fans and lighting products to consumers. This is its principal growth driver, where BJE's strength is its strong brand, distribution and after-sales service. The company also has an Engineering, Procurement and Construction (EPC) business in the areas of Illumination, Transmission Towers and Power Distribution. This is a B2B business and has been a drag on the company due to its low profitability and high working capital. A new leadership team headed by Anuj Poddar (since November 2018) has successfully executed a sharp turnaround. The consumer products segment has seen a revamped portfolio with new launches focusing on premiumisation and filling white spaces. Growth has thus outstripped the industry average. Along with cost efficiencies coupled with operating leverage, there is a structural change in the company's margin trajectory. Even in EPC, a strategic shift to exit the power distribution segment and focus on execution and collection has seen debtor days decline sharply. The company has not only deleveraged its balance-sheet through healthy operating cash flows but has also stepped-up investments in branding and new products. Going forwards, we feel the company is well on track to achieve over 22% ROCE from FY22E onwards. We expect its Sales and PAT CAGR from FY21E to FY23E to be 17% and 48% respectively.

ICICI Lombard (ILOM) is India's largest private sector general insurance company (fourth-largest including state owned enterprises). It offers a comprehensive and well-diversified range of products including motor, health, personal accident, fire, marine, engineering and liability insurance. We find the Indian general insurance sector extremely attractive due to: i) 15%+ 18 year CAGR and still a low penetration ratio of 0.9% (2.8% for rest of the world and 1.8% for other BRICS nations) ii) private companies gaining market share (48% in FY17 to 56% in FY20) from state owned enterprises which are making losses and are short of solvency norms iii) mandatory 'cash before cover' leading to high investment float of 4x (of net worth) and over 20% ROE. We believe ILOM is well placed to capture this secular growth opportunity with its leadership positions across motor own damage, health and fire. It is poised to further consolidate its leadership position on the back of its economies of scale, continued ramp-up of retail product distribution, and sustained investments in technological leadership to improve operating and financial performance. We expect it to grow earnings at a CAGR of 18-20% for next 4-5 years.

Rebased NAV Performance since 31 December 2011 (%)



Source: Ocean Dial Asset Management Limited, Bloomberg

Performance (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF Rebased NAV*	8.3	11.8	33.0	28.3	(6.1)	79.4
ICGF NAV	8.3	11.8	33.0	28.3	(6.1)	60.6
BSE MidCap TR Index	8.6	14.6	31.9	26.3	10.6	106.1

*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.

Source: Ocean Dial Asset Management Limited, Bloomberg

Fund information

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	£119.9m
Launch	22 December 2005
Adviser start	31 December 2011
Portfolio Manager	Ocean Dial Asset Management
Portfolio Adviser	Gaurav Narain
Benchmark	S&P BSE MidCap TR
AMC	1.25% of market cap
Share price / NAV per share (p)	89.20/106.59

Portfolio characteristics

Number of holdings	33
Median market cap	£1.1bn
PE FY22E	17.6
ROE (3y Avg)	18.2%
Tracking Error	7.4%
Active Share	92.2%

India highlights

	MTD	YTD
BSE 500 (US\$)	7.6%	5.9%
iShares MSCI Asia ex-Japan (US\$)	1.2%	5.6%
iShares MSCI EM Index (US\$)	0.8%	4.0%
INR vs US\$ [stronger/(weaker)]	(0.7%)	(0.5%)
FII Net flows (US\$m)	2,420	5,078
DII Net flows (US\$m)	(1,915)	(3,918)

Macro indicators

CPI inflation (January/3m avg)	4.1%	5.2%
GDP Q3 FY21		0.4%
Current account/GDP Q2 FY21		1.3%

Source: Ocean Dial Asset Management Limited

Team commentary

28 February	Monthly Book Review - The Moonstone
18 February	In Conversation - Investment led recovery rekindling India's animal spirits
5 February	The Great Indian Budget 'Tamasha' II
31 January	Monthly Book Review - The Black Swan
28 January	In Conversation - India's turn to shine
31 December	Monthly Book Review - Only the Paranoid Survive

India Capital Growth Fund

FEBRUARY 2021

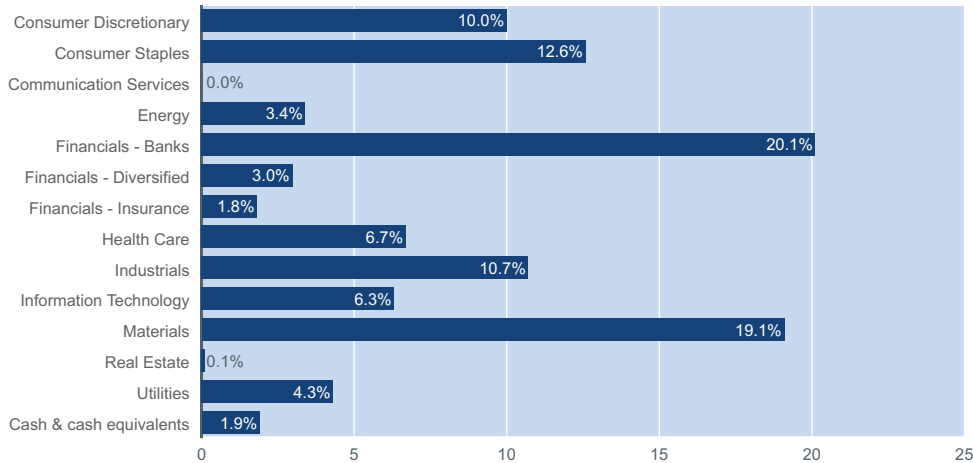
India Capital GROWTH FUND

Top ten holdings

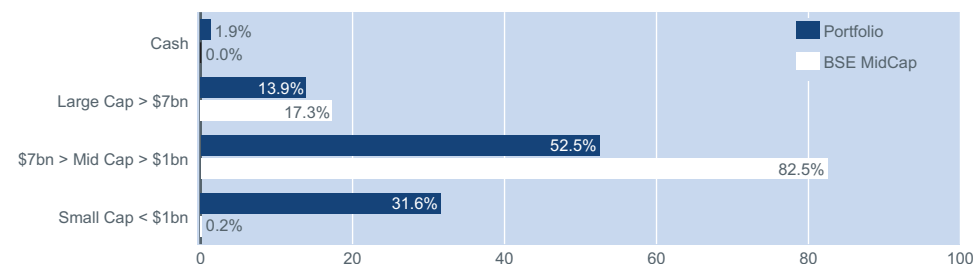
Portfolio Company	Weight	Characteristics	Market cap
Federal Bank	6.8%	Well run mid-sized private sector bank, attractive valuations	£2bn
IndusInd Bank	5.7%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£8bn
Emami	5.2%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
IDFC First Bank	4.9%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£4bn
Gujarat Gas	4.3%	Key beneficiary of India's transition to cleaner energy	£3bn
PI Industries	4.1%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	£3bn
Kajaria Ceramics	3.9%	Ceramic tile manufacturer, gaining market share from the unorganised sector following restrictions surrounding coal gasifiers	£1bn
Neuland Laboratories	3.9%	API and Custom Manufacturing solutions provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	£255m
Tech Mahindra	3.6%	IT services, leads telecommunications vertical with structural tailwinds	£9bn
Ramkrishna Forgings	3.5%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£174m

Source: Ocean Dial Asset Management Limited, Bloomberg

Portfolio analysis by sector



Portfolio analysis by market capitalisation



Source: Ocean Dial Asset Management Limited, Bloomberg

Quarterly attribution – 3 months to 26 February 2021 (%)

Top 5	Ave. weight	Ave. index weight	Return	Contribution
Neuland Laboratories	2.94	0.00	90.30	2.04
IDFC First Bank	3.08	0.91	67.25	1.77
Federal Bank	6.24	1.38	28.88	1.75
Kajaria Ceramics	3.66	0.00	43.30	1.37
Dixon Technologies	2.36	0.00	61.85	1.23
Bottom 5	Ave. weight	Ave. index weight	Return	Contribution
Multi Commodity Exchange	2.89	0.00	(9.31)	(0.26)
Divi's Laboratories	3.68	0.00	(9.63)	(0.31)
Ccl Products India	2.40	0.00	(16.83)	(0.42)
City Union Bank	3.18	0.00	(13.93)	(0.46)
Essel Propack	2.26	0.00	(20.29)	(0.50)

Source: Ocean Dial Asset Management Limited, Statpro

Fund adviser



Gaurav Narain joined the Group in 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.

Capital structure

112,502,173 ordinary shares in issue.

Board

Elisabeth Scott (Chairman)
Peter Niven
Patrick Firth

Other advisers

Administrator
Apex Fund and Corporate Services (Guernsey) Limited

Broker
Shore Capital Stockbrokers Limited

Registrar and CREST Agent
Neville Registrars Limited

Manager

Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority.

Tel: +44 (0) 20 7068 9870
Email: enquiries@oceandial.com

Website

www.indiacapitalgrowth.com

Important information

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Interests in the Fund have not been and will not be registered under any securities laws of the United States of America or its territories or possessions or areas subject to its jurisdiction, and may not be offered for sale or sold to nationals or residents thereof except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), and any applicable state laws. While all reasonable care has been taken in the preparation of this document, no warranty is given on the accuracy of the information contained herein, nor is any responsibility or liability accepted for any errors of fact or any opinions expressed herein.

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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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