

Net Asset Value

The Net Asset Value (NAV) per share as at 30 July 2021 was 127.49 pence. In July, the NAV was up 1.81% in Sterling terms, whilst the BSE MidCap TR Index was up 1.78%, delivering an outperformance against the notional benchmark of 0.03%. In local currency terms, the NAV was up 2.58% for the month.

On 29 July 2021 the Company made an announcement in relation to the treatment of capital gains tax in India on investment gains and losses in the portfolio. Please click on the link in order to read the announcement: <https://icgf.ir-data.com/article/id/153>. The Net Asset Value before Indian CGT deferred tax provision per share as at 30 July 2021 was 130.89 pence delivering an outperformance of 2.85% when compared with June's NAV on a tax-adjusted "like for like" basis.

Portfolio activity

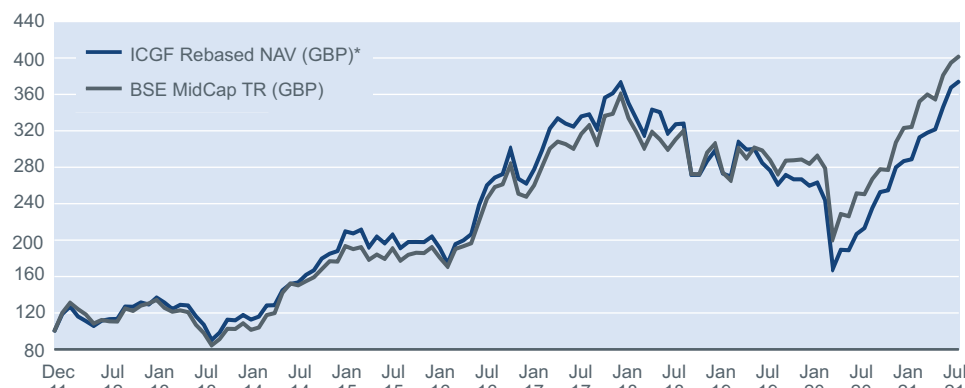
New purchases None **Exits** None

Holdings in focus

Persistent Systems Since its addition to the ICGF portfolio in October 2020, Persistent Systems, an IT Services company with domain expertise in digital services, has returned more than 130%. Over the past 12 months, its revenue growth of 24% has exceeded our expectations, driven by significant tailwinds for digital transformation deals. In the quarter ending June 2021, managements across IT companies indicated strong enterprise demand for digital transformation deals and cloud migration, with record order inflows. The demand is so strong that companies are now grappling with supply side challenges of rising attrition and increased hiring. Persistent, one of the fastest growing companies in the industry, revamped its management team two years back and is now reaping benefits in large deal wins, consistent delivery execution and higher profitability. It has also proactively hired to meet demand with around 30% of employees being hired in the last three quarters. We believe Persistent, with niche capabilities in product engineering and digital skills, will be one of the growth leaders over the next three years with earnings CAGR of 34% backed by USD revenue CAGR of 18%.

Emami is a leading FMCG player in India with a presence in the health, beauty, and personal care space that spans 30 years. It has created strong entry barriers through its track record of identifying and creating niche product categories and then dominating them. With ~45% of its sales coming in from health and wellness related products, Emami is well placed to benefit from the growing health consciousness amongst customers in the post Covid world. To capitalise on this, Emami has launched new products that focus on health, hygiene, and immunity which contributed 4% of sales in FY21. Emami has increased its direct distribution reach to 950,000 outlets and aims to cover 32,000 villages over the next three years, garnering a higher share of rural India. Driving a digital-channel sales mix has been rewarding, with sales contribution up 400bps YoY to 5%, of which 20% was contributed through the company's recently-launched portal. Management hopes to take this channel's contribution to around 7% of sales in the next year. A gross margin of 67%, a net cash balance sheet, and strong free cash flow generation provides enough firepower to aggressively spend on advertising to increase penetration and gain further market share. We expect double digit revenue and profit growth in FY22 onwards. Trading at an FY23 PE of 29x, a 10% discount to its 5 year average, its valuation remains attractive.

Rebased NAV Performance since 31 December 2011 (%)



Source: Ocean Dial Asset Management Limited, Bloomberg

Performance (%)¹

	1m	3m	6m	1yr	3yr	5yr
ICGF Rebased NAV ²	1.8	16.3	29.6	75.5	14.3	43.8
ICGF NAV	1.8	16.3	29.6	75.5	14.3	43.2
BSE MidCap TR Index	1.8	13.3	23.9	60.4	29.3	63.8

¹ In July 2021 the ICGF Rebased NAV and ICGF NAV include an Indian CGT deferred tax provision charge of 3.40p (2.6%) per ordinary share consisting of 3.04p for the period to 30 June 2021 (as previously announced) plus 0.36p for the month of July 2021.

² 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)	£143.42m
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)	111.50 / 127.49
Discount to NAV	12.54%

Portfolio characteristics

Number of holdings	32
Median market cap	£1.4bn
PE FY23E	17.3
ROE (3y Avg)	18.7%
Tracking Error	6.5%
Active Share	91.0%

India highlights

	MTD	YTD
BSE 500 (US\$)	1.3%	16.7%
iShares MSCI Asia ex-Japan (US\$)	0.0%	(2.0%)
iShares MSCI EM Index (US\$)	0.0%	(0.1%)
INR vs US\$ [stronger/(weaker)]	(0.1%)	(1.8%)
FII Net flows (US\$m)	1,857	6,463
DII Net flows (US\$m)	2,675	1,973

Macro indicators

CPI inflation (June/3m avg)	6.3%	5.6%
GDP Q3 FY21		1.6%
Current account/GDP Q3 FY21		0.9%

Source: Ocean Dial Asset Management Limited

Team commentary

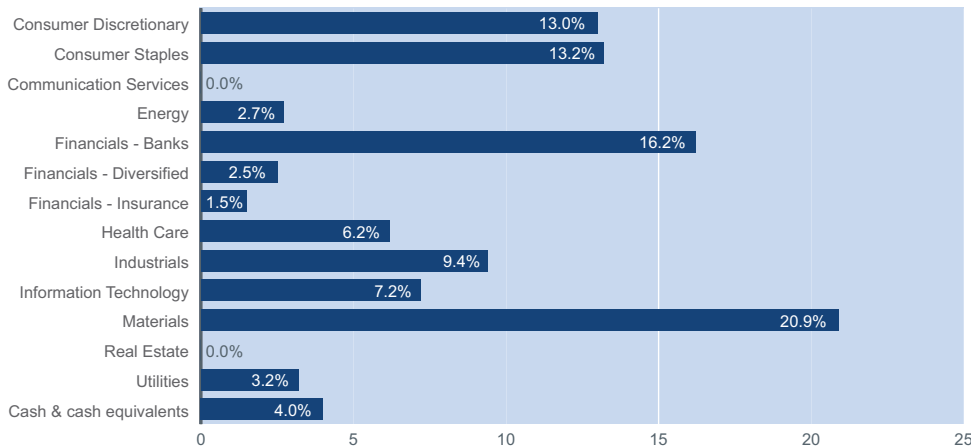
31 July	Monthly Book Review - Talking to Strangers
13 July	HOODcast - Industry Leaders: Welspun India (discussion on the note)
30 June	Monthly Book Review - How to Avoid a Climate Disaster
6 June	HOODstock - India Capital Growth Fund's Industry Leaders: #2 Welspun India
31 May	Monthly Book Review - Essentialism: The Disciplined Pursuit of Less
25 May	HOODcast - A Tale of Two Stocks (discussion on the note)
30 April	Monthly Book Review - Slowly Down the Ganges

Top ten holdings

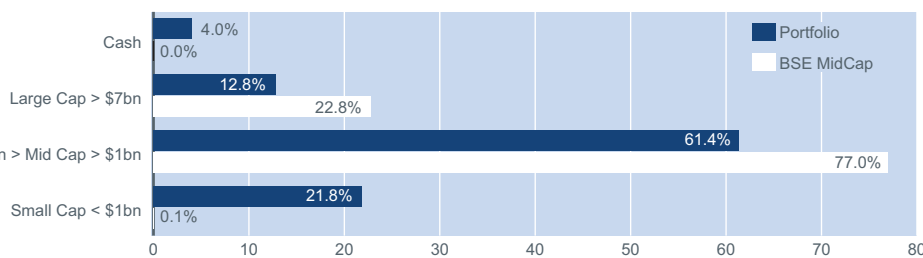
Portfolio Company	Weight	Characteristics	Market cap
Federal Bank	6.2%	Well run mid-sized private sector bank, attractive valuations	£2bn
Emami	5.0%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
PI Industries	4.2%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	£4bn
IndusInd Bank	4.2%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£7bn
Welspun India	4.0%	Global leader in home textiles. Differentiated strategy based on branding, innovation and sustainability	£1bn
Ramkrishna Forgings	3.8%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£256m
Tech Mahindra	3.8%	IT services, leads telecommunications vertical with structural tailwinds	£11bn
IDFC Bank	3.8%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£3bn
Persistent Systems	3.4%	IT services company benefitting from 'digital transformation' of businesses globally	£2bn
Divi's Laboratories	3.3%	Quality pharmaceutical custom research / API manufacturer, strong industry tailwinds in global supply chains	£13bn

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 30 July 2021 (%)

Top 5	Ave. weight	Ave. index weight	Return	Contribution
JK Lakshmi Cement	3.26	0.00	70.87	1.98
Welspun India	3.31	0.00	67.20	1.85
Sagar Cements	2.53	0.00	83.30	1.64
CCL Products	2.68	0.00	64.95	1.43
Persistent Systems	3.06	0.00	53.70	1.42
Bottom 5	Ave. weight	Ave. index weight	Return	Contribution
Indian Rupee	2.50	0.00	(0.55)	(0.03)
Bajaj Electricals	1.80	0.00	(0.37)	(0.05)
IDFC Bank	4.45	1.17	(5.46)	(0.15)
City Union Bank	2.43	0.00	(10.23)	(0.22)
Neuland Laboratories	3.54	0.00	(21.46)	(1.01)

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
Lynne Duquemin

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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