

PORTFOLIO AND MARKET UPDATE

March marked a healthy market recovery despite US\$ 4.8bn foreign portfolio outflows. This is reflective of the structural shift in the Indian equity markets with domestic inflows de-risking Indian equities from volatile global fund flows. While geopolitics dominated news flows, the macro data points reaffirm the positive momentum that has been building up in the economy – highest ever indirect tax collections of US\$ 18.9bn in March (up 15% yoy); highest housing sales in the quarter; new project announcements up 54% qoq and double the previous year; and record exports in the financial year. On the other hand, sustained increases in costs has put intense pressure on margins, with price hikes still playing catch up. This could impact both domestic and global demand. This remains uncertain but with a few early downgrades in earnings forecast, some stocks have corrected 15-20% on average from their peaks. The portfolio's underperformance versus benchmark was driven by our absence in the two best performing sectors in the month – energy and utilities, which we do not own due to – global commodities (influenced by unpredictable global variables), ESG issues, Govt. interference, etc. At a stock level, the main detractor was Welspun down 13%, where the spike in cotton price (over 100%) is impacting margins. Welspun has built in price escalation clauses with customers, which will come with a lag. Hence, in the long term we see limited impact to the business. During the month, we booked some profits in Federal Bank, CCL Products and Sona BLW increasing our cash level to ~ 4.1%.

HOLDING IN FOCUS: EPL Global

EPL Global, owned by Blackstone, is the largest manufacturer of laminated tubes (used for toothpastes, creams etc.) in the world. The company is expected to grow in double digits, driven by increasing adoption of laminated tubes (vs plastic tubes) in personal products & pharmaceuticals (together 50% of revenues). Even in Oral care, a segment that it dominates, the company is in the forefront of technological innovation with 100% recyclable tubes driving high value share. We like the stock due to:

- Strong leadership team and an impressive Board
- Attractive valuations – stock has corrected 18% over the last year as margins have seen a fall due to commodity inflation
- Margins expected to bounce back to 20% levels from 17% given raw material costs are essentially a pass through, and product mix is also improving
- At 16x FY24 PE multiples, earnings expected to grow at 30% during FY23/FY24, the risk reward ratio is quite favourable for this homegrown multinational company.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	3.0	(8.4)	(9.7)	13.9	17.8	12.3
BSE MidCap TR Index	4.7	(2.4)	(3.8)	22.4	46.5	46.6

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.

TOPICAL COMMENT

MONTHLY BOOK REVIEW
20 March

The Election That Changed India - Rajdeep Sardesai

HOODNOTE
11 February

HOODnote: Digital Adoption

HOODFOLIO
26 January

Hoodfolio: 2022 Outlook and Portfolio Strategy

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 March 2022 was 123.42 pence. In March the NAV was up 3.00% in Sterling terms, whilst the BSE MidCap TR Index was up 4.71%. In local currency terms, the NAV was up 1.60% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP119.2m
Firmwide AUM	US\$297.2m
Launch date	22 December 2005
Adviser start	31 December 2011
Portfolio Manager	Ocean Dial Asset Management
Principal Adviser	Gaurav Narain
Benchmark	S&P BSE MidCap TR
AMC	1.25% of market cap
Share price	106.50p
NAV per share	123.42p
Discount to NAV	13.71%

PORTFOLIO CHARACTERISTICS

Number of holdings	32
Median market cap	US\$1.7bn
PE FY23E	17.0
ROE (3y avg)	17.8%
Tracking Error	8.0%
Active Share	91.9%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	(0.6%)	(2.0%)
FII Net flows (US\$m)	(4,240)	(13,442)
DII Net flows (US\$m)	5,744	13,892
CPI inflation (February / 3m avg)	6.0%	5.9%
GDP Q3 FY22		5.4%
Current account/GDP Q3 FY22		(1.1%)

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION – 3 MONTHS TO 31 MARCH 2022 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution
Federal Bank	6.36	1.34	18.23	0.85
Affle India	3.64	0.00	12.60	0.34
Jyothy Laboratories	2.94	0.00	7.50	0.24
Indusind Bank	4.32	0.00	6.11	0.22
PSP Projects	1.89	0.00	11.92	0.20

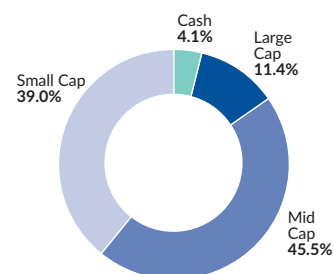
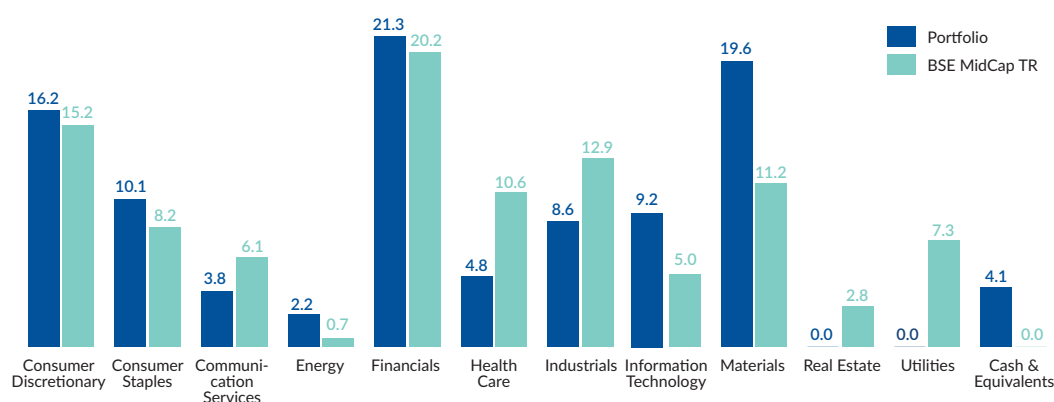
BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Ramkrishna Forgings	4.46	0.00	(16.46)	(0.79)
Skipper	2.27	0.00	(30.45)	(0.80)
IDFC Bank	4.23	0.97	(17.27)	(0.81)
Neuland Laboratories	2.64	0.00	(32.89)	(0.95)
Welspun India	3.93	0.00	(37.09)	(1.72)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap
Federal Bank	6.6%	Well run mid-sized private sector bank, attractive valuations	£2bn
Persistent Systems	5.0%	IT services company benefitting from 'digital transformation' of businesses globally	£4bn
Indusind Bank	4.6%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£7bn
Emami	4.4%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
Tech Mahindra	4.2%	IT services, leads telecommunications vertical with structural tailwinds	£15bn
Ramkrishna Forgings	4.1%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£253m
IDFC Bank	4.1%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£2bn
Affle India	3.8%	India's leading advertising technology company with high growth and profitability	£2bn
City Union Bank	3.5%	High quality regional bank, consistent compounder, dominant in SME lending	£958m
PI Industries	3.3%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	£4bn

PORTFOLIO ANALYSIS (%)



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.

FUND MANAGER

Ocean Dial Asset Management Limited 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: Ocean Dial Asset Management Limited, Bloomberg.

CAPITAL STRUCTURE

96,600,656 ordinary shares in issue with voting rights.

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

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.

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.

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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