

PORTFOLIO AND MARKET UPDATE

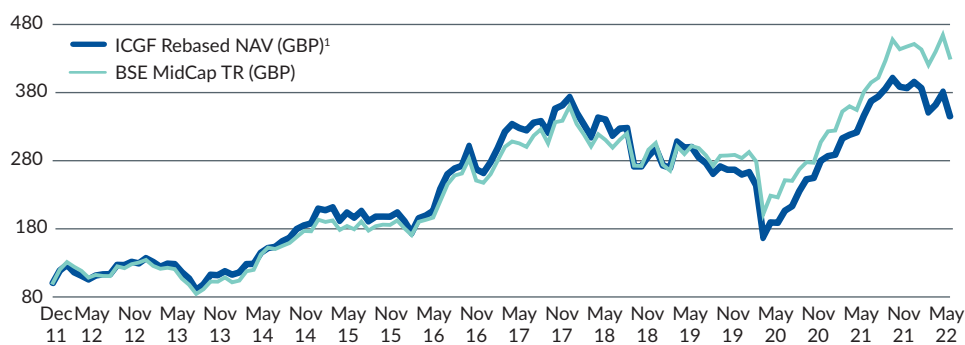
May was a month of high volatility with the Indian markets declining sharper than global peers. Consumer sector showed positive returns while materials, healthcare and utilities were the major laggards. Performance of mid and small caps was weaker than large caps. Domestic Institutional Investors continued to be net buyers at US\$6.5bn inflow with Foreign Institutional Investors being net sellers at US\$4.8bn in May. In May, Corporate India announced year end (FY 22 ending March '22) results which were broadly in line with expectations. On the plus side, demand remains strong and as yet, there are no discernable signs of a slowdown, a view reinforced by current macro-economic data released. However, company managements do continue to paint an uncertain outlook on margins, with limited visibility on the direction of where operating costs are heading.

During the month we initiated two new positions - Cholamandalam Investments (India's best run vehicle financier, expanding into areas of growth) and Coforge which is a fast growing IT Services company with a strong order book. Concurrently, portfolio exposure to Jyothy Labs, a consumer facing company, was reduced, following strong price performance.

HOLDING IN FOCUS: Dixon Technologies

Dixon is a leading Electronic Manufacturing Services (EMS) company in India. It provides manufacturing and design focused solutions for a wide range of consumer durables, lighting, security devices and medical equipment to customers across the globe. Its clientele comprises of leading global and domestic brands such as Samsung, Panasonic, Xiaomi, Philips, Motorola, Bosch and others. Dixon has a dominant market share in each of the product segments in which it is present, which ranges from 28% to 45%. We expect the EMS sector in India to continue showing strong growth of approximately 25% over the next 3-5 years. This is driven by a combination of factors. First, Government's "Make in India" initiative, designed to reduce dependency on imported components and thereby promoting domestic manufacturing. Second, Dixon will benefit as rising real income drives heightened appetite for consumer durables. As the market leader in this space Dixon is rightly placed to capture this growth opportunity, enabled by a strong management team and a capital efficient business model. We expect the company to report earnings per share (annual compound) of over 50% and a return on equity (ROE) averaging 30% over the period.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	(9.3)	(2.0)	(10.9)	(0.4)	14.8	5.1
BSE MidCap TR Index	(7.3)	2.4	(3.8)	13.0	42.7	41.0

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
10 June

Atomic Habits by
James Clear

IN THE MEDIA
13 May

Quoted data article
discussing India's large and
dynamic emerging markets

HOOD-INAR CATCH UP
27 April

India's Russian ties, US-China
rivalry and their implications
on the India Investment story

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 May 2022 was 117.42 pence. In May the NAV was down 9.28% in Sterling terms, whilst the BSE MidCap TR Index was down 7.25%. In local currency terms, the NAV was down 7.24% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP113.3m
Firmwide AUM	US\$259.2m
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	102.00p
NAV per share	117.42p
Discount to NAV	13.14%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap	US\$1.7bn
PE FY23E	16.5
ROE FY23E	17.1%
Tracking Error	7.5%
Active Share	91.3%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/ (weaker)]	(1.6%)	(4.4%)
FII Net flows (US\$m)	(4,871)	(22,215)
DII Net flows (US\$m)	6,573	24,350
CPI inflation (April/3m avg)	7.79%	6.94%
GDP Q4 FY22		4.1%
Current account/GDP Q3 FY22		(1.1%)

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION - 3 MONTHS TO 30 APRIL 2022 (%)

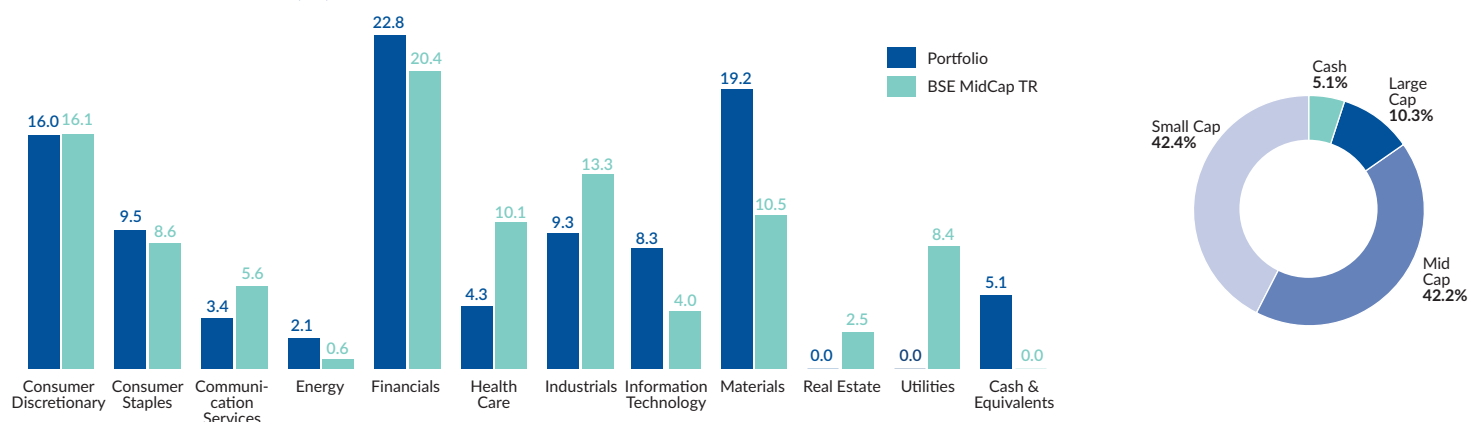
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Balkrishna Industries	3.03	1.18	32.33	0.92	IDFC Bank	4.15	0.87	(11.09)	(0.47)
Aegis Logistics	2.15	0.00	32.93	0.61	Tech Mahindra	3.87	0.00	(13.68)	(0.47)
City Union Bank	3.53	0.00	15.44	0.55	CCL Products India	2.37	0.00	(18.45)	(0.50)
PI Industries	3.29	1.55	15.23	0.46	Emami	4.70	0.67	(13.33)	(0.77)
Jyothy Laboratories	3.19	0.00	12.19	0.38	Welspun India	3.06	0.00	(35.76)	(1.23)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap
Federal Bank	6.2%	Well run mid-sized private sector bank, attractive valuations	£2bn
Indusind Bank	4.9%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£7bn
Ramkrishna Forgings	4.6%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£271m
Emami	4.4%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
Persistent Systems	4.3%	IT services company benefitting from 'digital transformation' of businesses globally	£3bn
City Union Bank	4.0%	High quality regional bank, consistent compounder, dominant in SME lending	£1bn
IDFC Bank	4.0%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£2bn
Balkrishna Industries	3.6%	Global tire manufacturer specializing in agricultural, industrial and off the road vehicles.	£5bn
Tech Mahindra	3.5%	IT services, leads telecommunications vertical with structural tailwinds	£12bn
PI Industries	3.5%	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

96,515,653 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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