

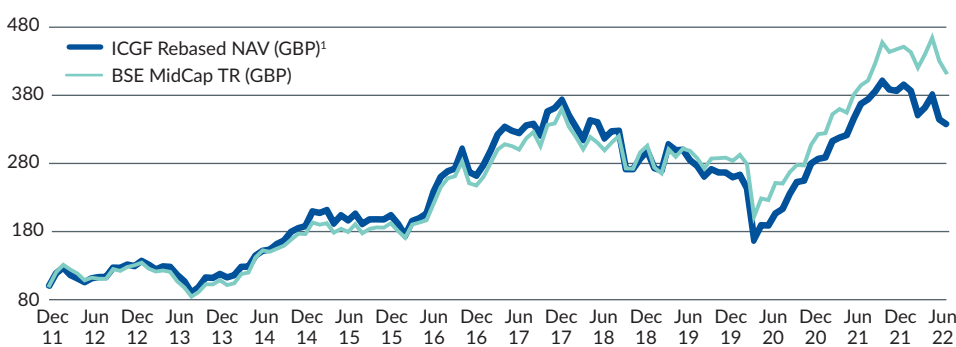
PORTFOLIO AND MARKET UPDATE

Global trends continued to influence Indian markets with a further US\$6.3bn of Foreign Institutional Investor (FII) net selling during the month, countered by strong domestic inflows of US\$6bn. Although ongoing fears of a global recession continue to impact sentiment, macro indicators point to an improving domestic environment. Data from tax collections, auto sales, credit growth, power demand and freight movement all reflect strong momentum. The recent correction in commodity prices will provide some respite to inflationary pressures but despite this, the external environment remains a concern, pushing the currency lower. The Reserve Bank has intervened to provide stability, but overall import cover remains sufficient at 10 months. In June, the Government imposed a windfall tax on oil production & petroleum exports as well as increased duty on gold imports; these are further measures designed to maintain macro stability, whilst allowing the policy commitment to investment spending targets to remain. This month a new position in Star Healthcare was initiated. Star is India's largest and most profitable retail health insurance company. The stock has corrected over 40% since its listing in September 2021, thus providing a good entry price. The investment was funded through the sale of Aegis Logistics.

HOLDING IN FOCUS: Cholamandalam Investment & Finance (CIFIC)

CIFIC is one of the largest vehicle financing companies with assets under management of \$9.5bn. CIFIC originated as an equipment financier but currently over 70% of loans emanate from vehicle financing, with the balance a combination of mortgage financing and equity withdrawal. Within the vehicle book, exposure is spread across new and used commercial vehicles, (light, medium and heavy) and tractors. The company's diversification into non-vehicle lending (currently 30% of business) is expected to expand as CIFIC starts lending to small business and for personal loans, working alongside and investing in Fintech companies to support the growth. A diversified product mix, low geographical concentration and strong collection mechanism are the defining features driving returns on equity. CIFIC's diversified model reduces the cyclicality associated with vehicle sales and provides new avenues for growth. The company survived the retail crisis (2008), India's demonetisation experiment (2016), the banking crisis (2018) and latterly Covid, and as such CIFIC is amongst a finance companies demonstrating the capability to manage India's economic cyclicality. Ocean Dial's expectation of return on assets reaching 2.8% and return on equity reaching 18% will ensure CIFIC is amongst the most profitable non-bank lenders, justifying its valuation of 3x FY24 price/book.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	(2.1)	(6.8)	(14.7)	(8.2)	18.5	4.0
BSE MidCap TR Index	(4.1)	(6.3)	(8.5)	4.6	38.3	37.4

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 July

The Most Important Thing - Uncommon Sense for the Thoughtful Investor.

CATCH UP
23 June

David Cornell presents a mid-year review of the Indian Economy at the Mello Investment Trusts and Funds Conference.

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 30 June 2022 was 115.00 pence. In June the NAV was down 2.07% in Sterling terms, whilst the BSE MidCap TR Index was down 4.13%. In local currency terms, the NAV was down 3.98% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP111.0m
Firmwide AUM	US\$242.1m
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	96.00p
NAV per share	115.00p
Discount to NAV	16.52%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap	US\$1.8bn
PE FY23E	16.2
ROE FY23E	16.6%
Tracking Error	7.1%
Active Share	90.8%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	(1.7%)	(6.2%)
FII Net flows (US\$m)	(6,342)	(28,556)
DII Net flows (US\$m)	5,989	30,318
CPI inflation (May/3m avg)	7.04%	7.26%
GDP Q4 FY22		4.1%
Current account/GDP Q4 FY22		(1.2%)

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION – 3 MONTHS TO 30 JUNE 2022 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution
Neuland Laboratories	2.63	0.00	18.92	0.33
City Union Bank	3.76	0.00	7.09	0.25
Aegis Logistics	1.63	0.00	7.52	0.23
Cash-INR	5.11	0.00	3.75	0.20
Balkrishna Industries	3.23	1.25	4.57	0.18

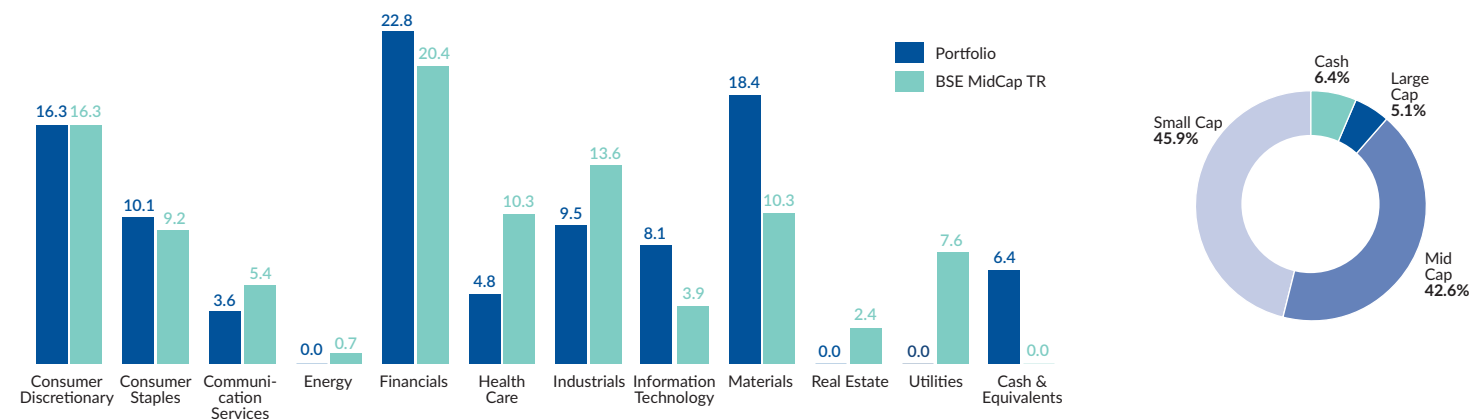
BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Aarti Industries	2.87	0.00	(24.23)	(0.72)
IDFC Bank	3.97	0.83	(17.81)	(0.76)
Sagar Cements	3.06	0.00	(27.24)	(0.91)
Tech Mahindra	3.56	0.00	(30.81)	(1.26)
Persistent Systems	4.32	0.00	(25.94)	(1.27)

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
Ramkrishna Forgings	4.7%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£270m
Emami	4.7%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
Indusind Bank	4.4%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£6bn
Persistent Systems	4.0%	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
Affle India Ltd	3.6%	India's leading advertising technology company with high growth and profitability	£1bn
IDFC Bank	3.6%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£2bn
Balkrishna Industries	3.5%	Global tire manufacturer specializing in agricultural, industrial and off the road vehicles.	£4bn
PI Industries	3.4%	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.

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

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.

This document is issued by Ocean Dial Asset Management Limited and views expressed in this document reflect the views of Ocean Dial Asset Management Limited and its Mumbai based affiliated company and advisor, Ocean Dial Asset Management India Private Limited as at the date of publication.

This information may not be reproduced, redistributed or copied in whole or in part without the express consent of Ocean Dial Asset Management Limited. Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom and is a signatory to the UN Principles of Responsible Investment. Registered office 13/14 Buckingham Street, London WC2N 6DF.