

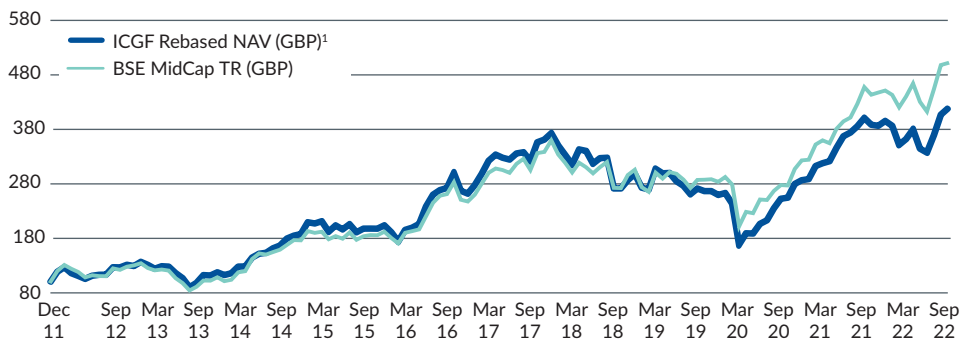
## PORTFOLIO AND MARKET UPDATE

The US Fed's hawkish tone and the fear of a global recession fuelled pessimism amongst investors. Indian markets continued to fare better than global, with the main Nifty Index declining 3.7% in local currency, and 1.8% in Sterling. Mid and small cap companies outperformed large cap peers. All sectoral indices closed lower barring pharma and fast moving consumer goods (FMCG) with power, energy and real estate all correcting 9% or so. Foreign investors reversed their recent buying trend selling US\$ 1.6bn, whilst domestic investors continued to buy, adding US\$ 1.7bn. The fall in foreign currency reserves to US\$ 537bn has reduced India's import cover (to 8 ½ months approx.) which may limit the Reserve Bank of India's (RBI) flexibility in managing future currency volatility. Interest rates were increased by 0.5% to 5.9%, though commentary on inflation and growth was more positive. The festival season has begun, with initial data showing robust consumer demand. Corporate confidence is also high and bank credit growth continues to accelerate, reaching a 9 year high of 15.5% year over year. In September the portfolio initiated a new position in Ashok Leyland, India's 2nd largest commercial vehicle manufacturer. Recently Ashok Leyland has plugged gaps in its product portfolio by launching a new range of vehicles along with alternate fuel options. With growth momentum returning, there is huge operating leverage in its business.

## HOLDING IN FOCUS: Ramkrishna Forgings

Ramkrishna Forgings (RMKF) is an auto-ancillary company manufacturing forgings for commercial vehicles (CVs), and a core holding in the portfolio. Recent interaction with the management has reinforced confidence in the company's prospects. RMKF has high revenue visibility currently (since adding new clients and products in both Europe and America), despite fears of a global slowdown. Order growth is being driven by RMKF benefitting from global companies adopting a "China plus one" strategy, reflected in higher order wins. The domestic market (60% of revenues) is also seeing high traction fueled by a recovery in the commercial vehicle market after a 3-year slump. The management is focused on delivering higher margins (through product mix & increasing efficiency via automation), improving free cash flows and reducing debt. As such, it is emerging to be a stronger company, and future growth capex will likely be funded through internal accruals. Recent news of the owners increasing their stake supports this view. RMKF is on the cusp of strong growth, driven by a pickup revenues and margins, helping it to achieve returns on equity of 23% by the next financial.

## REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



## PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	2.8	24.0	15.5	4.3	54.1	29.9
BSE MidCap TR Index	0.7	21.6	13.9	9.6	74.7	64.2

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

IN THE MEDIA 14 September 2022	HOODnote 8 September 2022	MONTHLY BOOK REVIEW 7 September 2022	IN THE MEDIA September 2022
AJ Bell Shares Investor Evening - The long term investment case for India	Whilst your back was turned	The Outsiders by William M.Thorndike Jr	Investors' Chronicle: Shares I love - PI Industries

## NET ASSET VALUE

The Net Asset Value (NAV) per share as at 30 September 2022 was 142.55 pence. In September the NAV was up 2.79% in Sterling terms, whilst the BSE MidCap TR Index was up 0.73%. In local currency terms, the NAV was down 0.06% for the month.

## FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP137.6m
Firmwide AUM	US\$259.7m
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	122.50p/
NAV per share	142.55p
Discount to NAV	14.07%

## PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap	US\$2.2bn
PE FY24E	14.9
ROE FY24E	18.4%
Tracking Error	6.1%
Active Share	89.9%

## INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/(weaker)]	(2.4%)	(9.4%)
FII Net flows (US\$m)	(1,624)	(22,553)
DII Net flows (US\$m)	1,723	32,481
CPI inflation (August/3m avg)	7.00%	6.91%
GDP Q1 FY23		13.5%
Current account/GDP Q1 FY23		(2.1%)

Source: Ocean Dial Asset Management Limited

## QUARTERLY ATTRIBUTION - 3 MONTHS TO 30 SEPTEMBER 2022 (%)

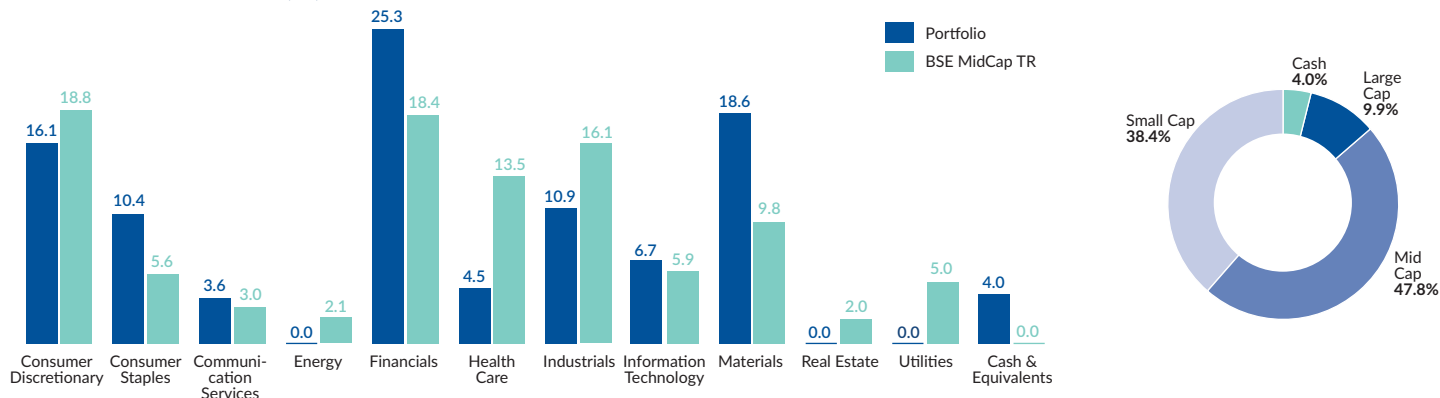
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
IDFC Bank	4.75	0.89	67.56	2.65	Coforge	0.88	0.00	0.75	0.03
Federal Bank	6.71	1.47	41.51	2.63	Multi Commodity Exchange	2.30	0.00	(0.10)	0.02
Indusind Bank	5.01	0.00	58.97	2.51	Cash-GBP	0.54	0.00	0.00	0.00
City Union Bank	4.43	0.00	39.11	1.65	Balkrishna Industries	3.10	1.17	(7.18)	(0.16)
Ramkrishna Forgings	4.71	0.00	30.09	1.35	Sona BLW Precision Forgings	2.46	0.42	(11.48)	(0.23)

Source: Ocean Dial Asset Management Limited, Statpro

## TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap
Federal Bank	6.8%	Well run mid-sized private sector bank, attractive valuations	£3bn
Indusind Bank	5.5%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	£10bn
IDFC Bank	5.5%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	£3bn
Ramkrishna Forgings	4.9%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	£350m
Emami	4.7%	Dominant player across multiple niche consumer product categories, attractive valuations	£2bn
City Union Bank	4.4%	High quality regional bank, consistent compounder, dominant in SME lending	£1bn
Affle India	3.6%	India's leading advertising technology company with high growth and profitability	£2bn
PI Industries	3.3%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	£5bn
Kajaria Ceramics	3.2%	Ceramic tile manufacturer, gaining market share from the unorganised sector following restrictions surrounding coal gasifiers	£2bn
Persistent Systems	3.2%	IT services company benefitting from 'digital transformation' of businesses globally	£3bn

## 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), Patrick Firth, Lynne Duquemin, Nick Timberlake

**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.