

PORTFOLIO AND MARKET UPDATE

December was a volatile month for Indian equities with the Sensex declining by 3.6%, and the mid and small cap indices by 2.5% and 2.0% respectively, in local currency terms. All sector indices (except metals) posted negative returns with power, IT and auto correcting the most. This was despite strong inflows of US\$2.9bn from Domestic Institutional Investors (DIIs) and negligible outflows of US\$167mn from Foreign Institutional Investors (FIIs). India's Consumer Price Inflation (CPI) data surprised positively falling to 5.9% from 6.8% in October, whilst the Reserve Bank of India (RBI) increased repo rates to 6.25%. India's PMI data for manufacturing reached a 27-month high reinforcing the health of the sector, whilst indirect tax collections rose 15% year-on-year. Exports continued to struggle growing approximately 1% in November following a sharp 17% decline in October. India's Rupee depreciated against all major currencies, falling circa. 1.5% versus the USD, 0.2% versus GBP and 4.4% versus EUR. Nonetheless foreign exchange reserves rose to US\$563bn by mid-December.

The portfolio performed well driven by select stocks. In particular, Skipper up 40%, Ramkrishna Forgings rising 19% and JK Lakshmi Cements adding 15%, all contributed positively. This month Uniparts Ltd was added to the portfolio.

HOLDING IN FOCUS: Uniparts

Uniparts is a recently listed auto ancillary company manufacturing engineered products for the "offhighway" segment. The company's key products are 3-point linkages (3PL) for the tractor market and precision machined products (PMP) for construction and mining equipment. 3PLs are highly customised products, which link the tractor to the equipment behind it, whilst PMPs are articulated joints (also customised), which are both structural and load-bearing. Uniparts offers integrated product development from concept all the way to validation and testing, and over 80% of its revenues are from exports. The company has gained market share due to cost competitiveness (sales from its export model) as well as better supply chain management (through its warehousing channel), achieving 94% fulfilment for Caterpillar during Covid. Uniparts is also a beneficiary of multinationals adopting a "China+1" strategy as its newer products in the ATV/UTV (all-terrain vehicle/utility task vehicle) segment are now enjoying a larger addressable market opportunity. Between FY 22 - FY 25, Ocean Dial forecast Unipart's revenues to compound at 18% CAGR and profits to compound at CAGR of 16%, delivery an expected return on capital of approximately 27%.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	(1.0)	(1.7)	21.8	3.9	58.3	10.2
BSE MidCap TR Index	(4.4)	(7.1)	12.9	3.2	64.2	29.5

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

CITYWIRE FUNDS INSIDER
19 December 2022

The global investment trusts I can't beat

PROFESSIONAL WEALTH MANAGEMENT
8 December 2022

India shines through emerging market gloom

FUNDS EUROPE
7 December 2022

Emerging markets - India the safest haven of the BRICS?

HOODINAR
1 December 2022

The next decade belongs to India, but is it a buy at any price?

QUOTED DATA
4 November 2022

QD view - India, the new darling of emerging markets?

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 30 December 2022 was 140.06 pence. In December the NAV was down 0.97% in Sterling terms, whilst the BSE MidCap TR Index was down 4.40%. In local currency terms, the NAV was up 1.05% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP135.2m
Firmwide AUM	US\$249.5m
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	129.00p/
NAV per share	140.06p
Discount to NAV	7.9%

PORTFOLIO CHARACTERISTICS

Number of holdings	35
Median market cap	US\$2.1bn
PE FY24E	16.9
ROE FY24E	17.7%
Tracking Error	6.9%
Active Share	88.5%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	(1.6%)	(11.3%)
FII Net flows (US\$m)	(167)	(17,016)
DII Net flows (US\$m)	2,931	35,771
CPI inflation (October/3m avg)	5.9%	6.7%
GDP Q4 FY23		6.3%
Current account/GDP Q3 FY23		(2.7)%

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION - 3 MONTHS TO 31 DECEMBER 2022 (%)

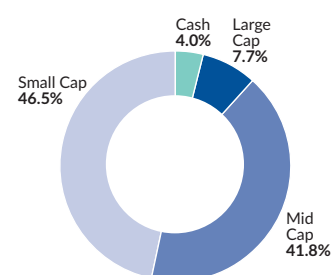
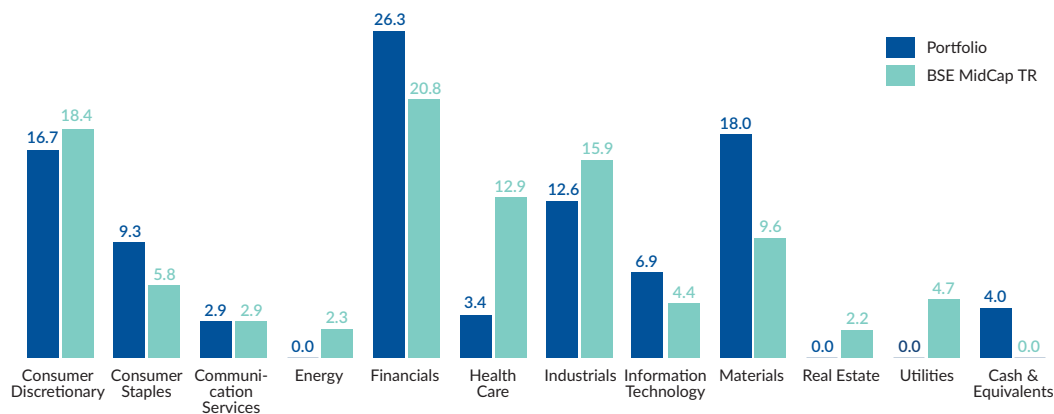
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Skipper	2.58	0.00	58.01	1.35	Kajaria Ceramics	2.85	0.00	(12.04)	(0.37)
Ramkrishna Forgings	4.86	0.00	20.72	0.92	Sona BLW Precision Forgings	2.33	0.52	(17.68)	(0.45)
JK Lakshmi Cement	2.78	0.00	26.97	0.66	Dixon Technologies	2.48	0.00	(18.72)	(0.51)
Federal Bank	7.06	1.55	6.56	0.45	Affle India	3.26	0.00	(21.87)	(0.81)
IDFC Bank	5.93	1.04	7.34	0.39	Emami	4.11	0.55	(22.58)	(1.05)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	7.2%	Well run mid-sized private sector bank, attractive valuations	3.6
IDFC Bank	5.9%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	4.4
Indusind Bank	5.2%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	11.4
City Union Bank	4.2%	High quality regional bank, consistent compounder, dominant in SME lending	1.6
Ramkrishna Forgings	4.1%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	0.5
Emami	3.7%	Dominant player across multiple niche consumer product categories, attractive valuations	2.3
Persistent Systems	3.6%	IT services company benefitting from 'digital transformation' of businesses globally	3.6
PI Industries	3.5%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	6.3
JK Lakshmi Cement	3.3%	Deep value, capacity expansion complete and deleveraging underway	1.2
Skipper	3.3%	Vertically integrated T&D and telecom tower manufacturer, benefitting from domestic capex and China+1 strategy	0.2

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), 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.

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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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