

PORTFOLIO AND MARKET UPDATE

2023 started on a weak note for Indian equities with the Sensex declining 2.1% and mid and small caps declining 2.6% and 2.5% respectively, in local currency terms. All sectors barring IT and Consumer posted negative returns with the fall being led by US\$ 3.7bn of Foreign Institutional Investor (FII) outflows. Globally most markets ended with positive returns. The Indian markets corrected due to concerns on corporate governance at the Adani Group*, a key infrastructure player across ports, airports and power transmission. The corporate results season played out broadly as expected, with financials performing ahead and consumer discretionary companies disappointing due to weak revenue growth. On the economic front, CPI inflation at 5.7% surprised on the downside, led by a fall in food prices. The Index of Industrial Production (IIP) which reflects the manufacturing sector's output grew by 7.1% (year-on-year) in November due to a low base effect.

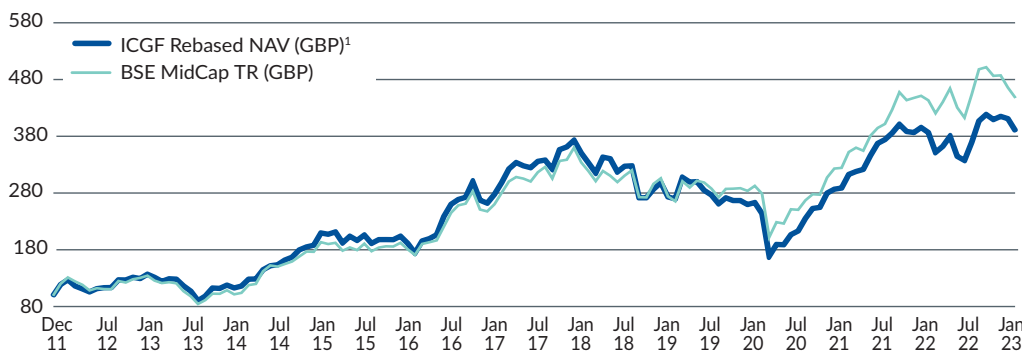
During the month, positive contribution for the portfolio was driven by Persistent Systems (up 22%), Sona BLW (up 7%), supported by Ramakrishna Forgings (5%). Weak performance was led by Dixon Technologies (-31%) which fell on account of disappointing revenue growth. Financials also fared poorly, despite good results.

*Please note India Capital Growth Fund has never invested in any company in the Adani Group

HOLDING IN FOCUS: Jyothy Laboratories

Jyothy Laboratories (Jyothy) is a mid-sized consumer staples company with a diversified product basket across fabric wash, soaps, household insecticides, and dishwashing products. Jyothy is the market leader in post-wash fabric whitener, and second in the dishwashing segment and mosquito repellent coils. Despite high inflation and demand slowdown in rural India, Jyothy has delivered double digit growth driven by distribution expansion and penetration gains. The majority of Jyothy's revenue comes from South and West India with increasing focus in the Northern and Eastern parts as well. This, along with initiatives such as digitalisation of distributors, consistent advertising spends, sales-force automation, and rationalisation of the trade pipeline should help it to continue to deliver double digit revenue going forward. Rapid commodity-led inflation since FY22 has impacted Jyothy's margins; however it has taken the necessary price increases to help the company's margins recover to a level close to historical averages. Between FY22 and FY25 Ocean Dial forecast company revenues to grow at an annualised rate of 12%, leading to profit growth of 31%, and an expected return on capital employed (ROCE) 27%.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	(5.0)	(4.6)	5.7	1.0	48.4	11.5
BSE MidCap TR Index	(3.7)	(7.8)	(1.2)	1.1	53.3	34.3

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:
January 2023

Africa Is Not A Country: Breaking Stereotypes of Modern Africa by Dipo Faloyin

CITYWIRE FUNDS INSIDER
5 January 2023

The big winners and even bigger losers from a shocking 2022

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

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 January 2023 was 133.08 pence. In January the NAV was down 4.98% in Sterling terms, whilst the BSE MidCap TR Index was down 3.74%. In local currency terms, the NAV was down 3.88% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP128.4m
Firmwide AUM	US\$240.8m
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	117.00p/
NAV per share	133.08p
Discount to NAV	12.1%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap	US\$1.9bn
PE FY24E	16.2
ROE FY24E	17.8%
Tracking Error	7.1%
Active Share	88.4%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	1.0%	1.0%
FII Net flows (US\$m)	(3,660)	(3,660)
DII Net flows (US\$m)	4,093	4,093
CPI inflation (December/3m avg)	5.7%	6.1%
GDP Q2 FY23		6.3%
Current account/GDP Q2 FY23		(2.7)%

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION - 3 MONTHS TO 31 JANUARY 2023 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution
Skipper	2.87	0.00	53.14	1.08
Persistent Systems	3.74	1.20	20.91	0.74
Ramkrishna Forgings	4.56	0.00	13.87	0.57
JK Lakshmi Cement	3.02	0.00	25.99	0.53
PSP Projects	2.24	0.00	13.57	0.25

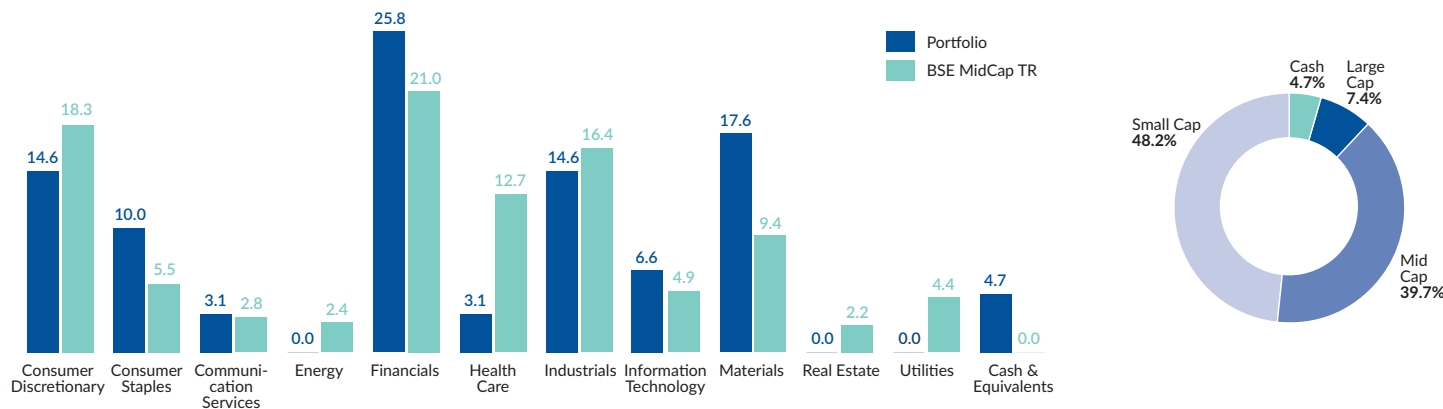
BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
PI Industries	3.52	1.60	(12.46)	(0.45)
Indusind Bank	5.18	0.00	(10.26)	(0.55)
Aarti Industries	1.90	0.00	(27.13)	(0.55)
City Union Bank	4.29	0.00	(19.26)	(0.85)
Dixon Technologies	2.50	0.00	(43.78)	(1.44)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	7.3%	Well run mid-sized private sector bank, attractive valuations	3.5
IDFC Bank	6.1%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	4.4
Indusind Bank	4.8%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	10.3
Ramkrishna Forgings	4.4%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	0.5
Persistent Systems	4.0%	IT services company benefitting from 'digital transformation' of businesses globally	4.4
Emami	4.0%	Dominant player across multiple niche consumer product categories, attractive valuations	2.4
City Union Bank	3.9%	High quality regional bank, consistent compounder, dominant in SME lending	1.4
PI Industries	3.2%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	5.6
Balkrishna Industries	3.2%	Global tire manufacturer specializing in agricultural, industrial and off the road vehicles.	5.3
JK Lakshmi Cement	3.1%	Deep value, capacity expansion complete and deleveraging underway	1.1

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.

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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