

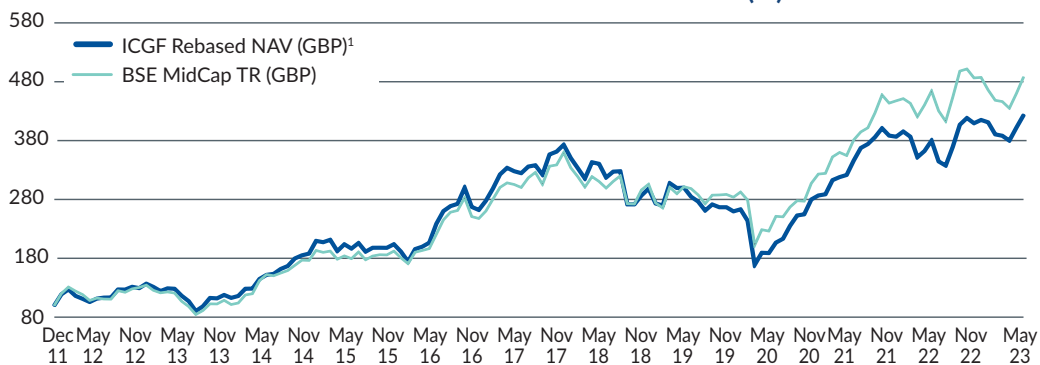
PORTFOLIO AND MARKET UPDATE

May was another strong month for Indian equities with India being one of the best performing markets globally. During the month, BSE Sensex was up 2.5%, while the mid and small cap indices rose 6.3% and 5.6% respectively, in local currency terms. Sector-wise, almost all indices ended positive, except for Metals and Oil & Gas. This was driven by positive commentary from corporates, a decent set of results, and positive macro data points. Consumer Price Inflation (CPI) declined further to 4.7% in May confirming the belief that rate hikes are over. GDP growth rate for Q4FY23 (quarter ending March 23) at 6.1% was higher than expected, primarily driven by higher investment and net exports. Consequently, FY23 GDP growth was also higher at 7.2%. Robust economic activity was confirmed in the Purchasing Manager's Index (PMI) data for May, which at 61.6 was at the highest level in almost 3 years. Foreign institutional investors (FIIs) continued their buying spree for a third consecutive month and were net buyers of US\$5bn (net buyers of US\$4.5bn on YTD basis). Domestic institutions turned net sellers, with US\$405mn outflows, for the first time in 6 months. At a portfolio level, a majority of the stocks posted positive returns, led by Dixon Technologies (+33%), Neuland Labs (+28%), Ramkrishna Forgings (+19%) and IDFC First Bank (+17%). JK Lakshmi Cement (-15%), City Union Bank (-12%), Federal Bank (-7%) were the major laggards.

HOLDING IN FOCUS: Dixon Technologies

Dixon Technologies (Dixon) is India's leading Electronic Manufacturing Services (EMS) company. The EMS space is seeing a lot of government push as part of the 'Make in India' initiative. The positive impact of schemes like the Production Linked Incentive (PLI) is visible in electronic goods with exports up more than 50% in FY23 compared with only 3.5% growth in non-oil goods' exports. In addition, imports of electronic goods have increased by 5% only, indicating the increase in value addition of electronic goods being manufactured in India. Dixon is the largest and most diversified company in the EMS segment. It has a dominant market share in multiple categories – 35% in LED TVs, 50% in LED lighting, 30% in washing machines, 25% in security systems and 15% in mobile phones. Dixon is well placed to benefit from the addition of new customers to existing verticals and entry into newer verticals. In the last 3 years itself, Dixon has forayed into set top boxes, hearables & wearables segment, IT hardware, refrigerators, etc. Between FY23 and FY25, we forecast company revenues to grow at 33% CAGR, with profit growth expected at 49%. Further, we expect Dixon to maintain ROCEs of over 30% in the coming years despite significant capex.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1m	3m	6m	1yr	3yr	5yr
ICGF NAV	5.2	9.0	1.9	22.8	124.0	24.3
BSE MidCap TR Index	6.0	9.3	0.1	13.3	115.6	57.1

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
May 2023

How to Decide by Annie Duke

HOODNOTE: INDIA
May 2023

India: Beyond the headlines

IN THE MEDIA: PROACTIVE
INVESTORS
April 2023

As India overtakes China as most populous country, how can you invest and is it attractive?

RESEARCH NOTE
March 2023

Quoted Data – Don't Stop Believin'

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 May 2023 was 144.17 pence. In May the NAV was up 5.22% in Sterling terms, whilst the BSE MidCap TR Index was up 6.01%. In local currency terms, the NAV was up 5.58% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP139.1m
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	134.0p/
NAV per share	144.2p
Discount to NAV	7.1%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap (US\$bn)	\$1.8bn
PE FY24E	17.8
ROE FY24E	18.1%
Tracking Error	5.4%
Active Share	87.5%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/ (weaker)]	(1.1)%	0.0%
FII Net flows (US\$m)	5,008.1	4,448.6
DII Net flows (US\$m)	(405.6)	9,995.9
CPI inflation (March/3m avg)	4.7%	5.6%
GDP Q3 FY23		6.2%
Current account/GDP Q3 FY23		(2.4)%

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION – 3 MONTHS TO 31 MAY 2023 (%)

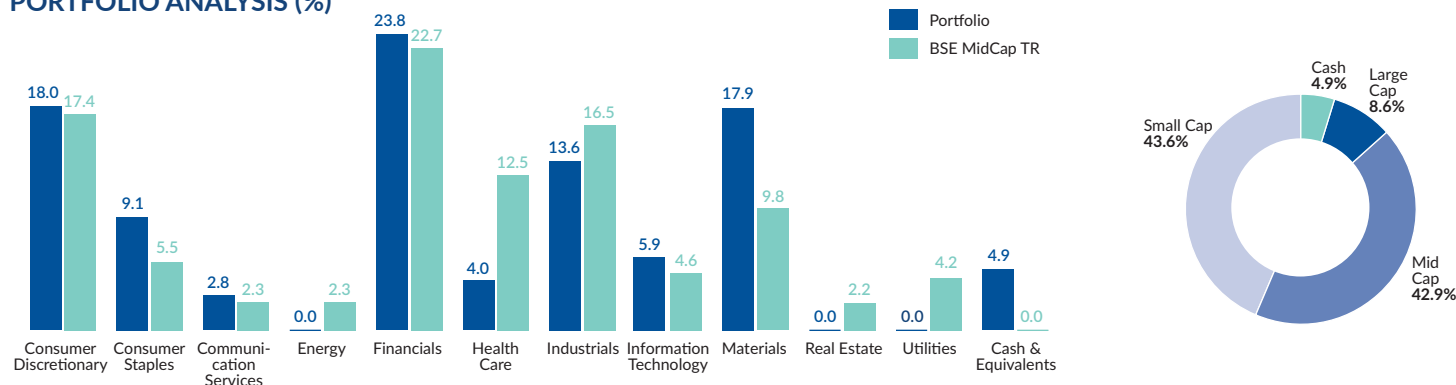
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Neuland Laboratories	3.75	0.00	65.60	2.11	Sagar Cements	2.34	0.00	(4.27)	(0.15)
Ramkrishna Forgings	4.27	0.00	46.30	1.74	Emami	3.32	0.45	(4.59)	(0.22)
IDFC Bank	6.11	1.08	26.39	1.54	Affle India	2.61	0.00	(8.89)	(0.29)
Indusind Bank	4.95	0.00	16.14	0.79	Federal Bank	6.88	1.53	(5.65)	(0.40)
Welspun India	2.38	0.00	34.91	0.79	City Union Bank	3.21	0.00	(12.06)	(0.41)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
IDFC Bank	6.8%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	5.7
Federal Bank	6.1%	Well run mid-sized private sector bank, attractive valuations	3.2
Indusind Bank	5.2%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	12.1
Ramkrishna Forgings	4.8%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	0.8
Neuland Laboratories	4.0%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	0.4
Persistent Systems	3.8%	IT services company benefitting from 'digital transformation' of businesses globally	4.8
Sona BLW Precision Forgings	3.6%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	3.8
PI Industries	3.5%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	6.6
Emami	3.2%	Dominant player across multiple niche consumer product categories, attractive valuations	2.1
Dixon Technologies	3.1%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	2.8

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 (Chair), 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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