

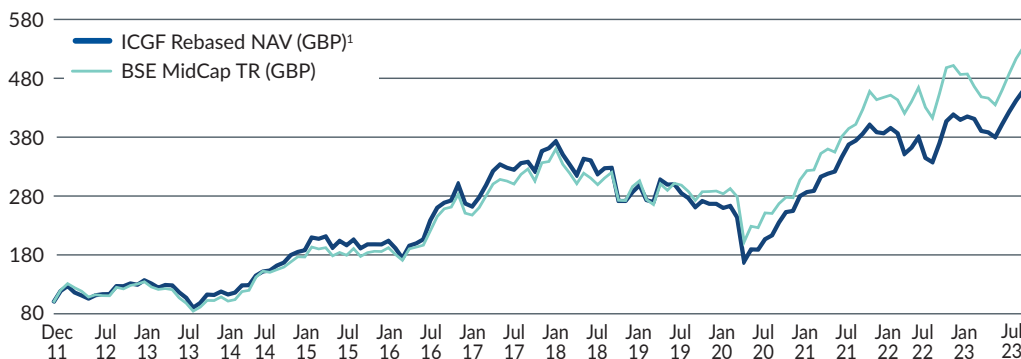
PORTFOLIO AND MARKET UPDATE

July was another good month for Indian equity markets. The BSE Sensex was up 2.8% while Mid-cap and Small-cap indices continued to outperform rising 5.7% and 7.4% respectively in local currency terms. Utilities was the strongest sector in the month up 10.4%, Realty, Capital Goods and Metals also performed well. Consumer Durables was the weakest at -0.3%, the only sector in the red. Strong July inflows of US\$4.1bn from Foreign Institutional Investors (FII) increased the YTD flows to US\$15.3bn. Domestic flows were negative at US\$0.3bn, with YTD flows at US\$10.2bn. June inflation increased at 4.8% up from 4.3% in May, largely on account of higher food prices. July monsoon rainfall has been good with all India average rainfall at a surplus of 4%. Economic data remains robust with GST collections up 11%, PMI data at 61.9 (vs 59.4 in June) and credit growth of 16.3%. Overall consumption remains weak. A majority of the stocks in the portfolio posted positive returns, led by Jyothy Labs (44%), Ramkrishna Forgings (27%), Finolex Cables (23%), Neuland Labs (23%) and Welspun India (19%). Among the laggards were JK Lakshmi Cement (-15%), PI Industries (-8%), and both CCL Products and Aarti Industries (-7%).

HOLDING IN FOCUS: Sona BLW Precision Forgings

Sona BLW Precision Forgings is an auto ancillary company focused on high precision forged components for passenger vehicle (PV), two wheelers (2W) and commercial vehicle (CV) segment. Its strength is its R&D, enabling it to grow the customer base, leverage on existing customer needs and enter new vehicle segments. This allows it to capitalize on the shift in industry towards electric vehicles. Revenue from the Battery Electric Vehicle segment has increased 25% since FY19. Revenue from the traditional Internal Combustion Engine segment is now 15% vs. 35%, 5 years ago. Since our investment in 2021, it has commercialized several new products such as net spiral bevel gears and electronic locking differential (electrical SUV) to sit alongside existing products. It has recently forayed into a new high growth area of 'sensors' through an acquisition. They now have 42 programs & 26 customers in the EV segment which are evenly spread over PV, CV and 2W. Tesla is its largest customer. Its conservative current net order book is US\$2.7bn, which translates to ~8x FY23 revenues. We forecast revenues to grow at 26% and net profit at 31% CAGR leading to an increase in ROCE from ~21% in FY23 to ~30% in FY25.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	3.7	14.1	17.4	24.2	115.2	40.2
BSE MidCap TR Index	3.6	15.6	18.6	17.3	112.5	71.3

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
July 2023

A Book of Simple Living by Ruskin Bond

IN THE MEDIA: CITYWIRE
INVESTMENT TRUST INSIDER
July 2023

India and US 'need each other more than ever'

IN THE MEDIA: INTERACTIVE
INVESTOR'S IAN COWIE
June 2023

Interactive Investor's Ian Cowie: winners and losers in my 'forever fund' in second quarter of 2023

HOODNOTE: INDIA
May 2023

India: Beyond the headlines

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 July 2023 was 156.30 pence. In July the NAV was up 3.73% in Sterling terms, whilst the BSE MidCap TR Index was up 3.64%. In local currency terms, the NAV was up 5.99% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP150.9m
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	146.0p/
NAV per share	156.3p
Discount to NAV	6.6%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap (US\$bn)	\$2.0bn
PE FY24E	20.3
ROE FY24E	17.9%
Tracking Error	5.3%
Active Share	87.8%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	(0.3)%	0.6%
FII Net flows (US\$m)	4,139.6	15,305.6
DII Net flows (US\$m)	(325.3)	10,211.0
CPI inflation (March/3m avg)	4.8%	4.6%
GDP Q4 FY23		6.1%
Current account/GDP Q4 FY23		(2.0)%

Source: Ocean Dial Asset Management Limited

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

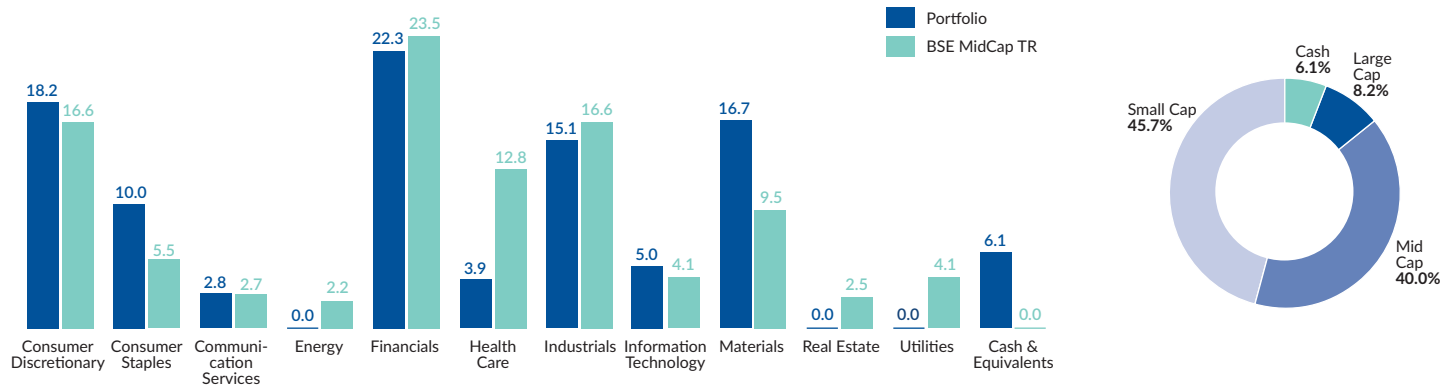
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Ramkrishna Forgings	4.72	0.00	66.80	2.59	Cash-INR	5.03	0.00	(3.53)	(0.17)
IDFC Bank	6.30	1.25	36.89	2.18	Federal Bank	6.12	1.36	(3.03)	(0.33)
Neuland Laboratories	4.02	0.00	57.17	2.02	City Union Bank	2.83	0.00	(9.29)	(0.35)
Jyothy Laboratories	2.83	0.00	56.52	1.43	Aarti Industries	1.63	0.54	(19.53)	(0.41)
Skipper	3.13	0.00	48.72	1.34	JK Lakshmi Cement	2.88	0.00	(24.84)	(0.81)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
IDFC Bank	5.9%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	7.0
Federal Bank	5.9%	Well run mid-sized private sector bank, attractive valuations	3.9
Indusind Bank	5.1%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	13.4
Ramkrishna Forgings	5.0%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.1
Neuland Laboratories	3.9%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	0.5
Jyothy Laboratories	3.7%	Diversified FMCG company - presence across fabric wash, dishwashing, personal care and household insecticides	1.4
Skipper	3.6%	Power transmission and distribution company including polymer pipes and fittings segment	0.2
Emami	3.6%	Dominant player across multiple niche consumer product categories, attractive valuations	2.5
Sona BLW Precision Forgings	3.3%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	4.1
PI Industries	3.1%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	6.7

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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