

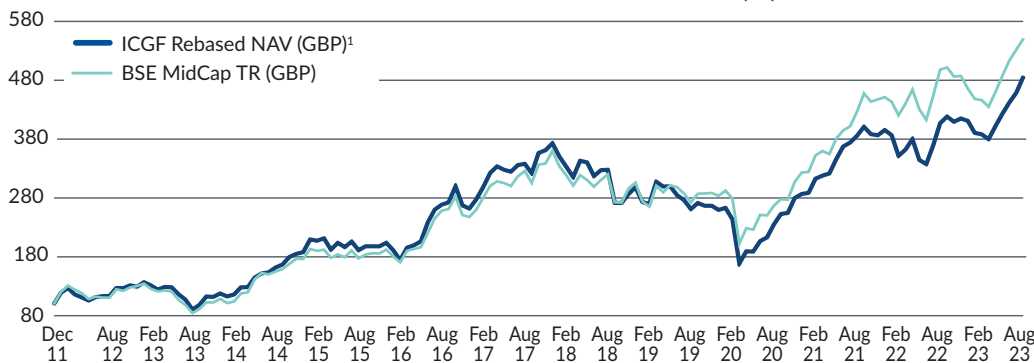
## PORTFOLIO AND MARKET UPDATE

Indian equity markets displayed mixed performance in August with large-cap Sensex down 2.5% while Mid and Small-Cap Indices were up 2.7% and 6.3% respectively in local currency terms. In contrast to July, Consumer Durables was the strongest sector (+4.2%), followed by IT (+2.7%) and Capital Goods (+2.7%). Oil & gas (-5%), banks (-4%) and FMCG (-2.7%) declined. The month once again saw strong FII inflows of US\$1.7bn, taking the year-to-date flows to US\$17.0bn. Domestic flows were also positive at US\$3bn, with year-to-date flows at US\$13.2bn. The July inflation rate disappointed, rising to 7.4% from 4.8% in June, largely because of higher food prices. With average monsoon rainfall turning 11% deficit at the end of August there is a high probability of food prices remaining elevated. The RBI announced no change to rates in its August meeting, set at 6.5%. GDP for the 1QFY24 came in line with expectations growing 7.8% yoy led by services and construction sector growth reflecting the government's capex push at strengthening industrial sector activity. At portfolio level, a majority of the stocks posted positive returns, led by Ramkrishna Forgings (+27%), Dixon Technologies (+21%) and Skipper (+19%). Essel Propack (-14%), Balkrishna Industries (-9%) and Uniparts India (-8%) were the major laggards.

## HOLDING IN FOCUS: RBL Bank

RBL Bank (RBL) is a private sector bank that has been in existence for 70+ years. In 2010, RBL reinvented itself, professionalising the business and upgrading staff, clients, technology and brand. It's shift in focus to credit cards and microfinance differentiated its asset strategy from other banks. Again, the bank had to adapt following corporate slippages in the wholesale book and covid's impact on its retail book. This impacted growth and return ratios. With a newly appointed CEO, the bank has addressed the gaps in the business model. It has invested in systems, diversified its product mix with new secured products in the retail business and shifted focus to small and medium enterprises in wholesale banking. There is also stability and continuity in the senior management team. We believe the building blocks are in place. Growth has returned to 20%, profitability has normalised and return ratios are improving with Return on Assets (RoA) of 1% in FY23. The bank is targeting loan growth of 20% with RoA doubling to 2% driven by rising profitability and operating leverage. This should drive a rerating of the bank.

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



## PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	5.8	14.7	25.0	19.3	106.4	48.0
BSE MidCap TR Index	3.4	12.8	23.3	10.4	105.9	71.9

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

HOODNOTE  
September 2023

Beyond the Headlines -  
DigiLocker, Semiconductors and  
Free Trade Agreements

IN THE MEDIA: TRUSTNET - THE  
FOURTH BEST TRUST OF THE  
DECADE  
September 2023

Why india shouldn't be clubbed in  
with other emerging markets

MONTHLY BOOK REVIEW  
August 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'

## NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 August 2023 was 165.38 pence. In August the NAV was up 5.81% in Sterling terms, whilst the BSE MidCap TR Index was up 3.39%. In local currency terms, the NAV was up 5.14% for the month.

## FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP159.6m
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	157.0p/
NAV per share	165.4p
Discount to NAV	5.1%

## PORTFOLIO CHARACTERISTICS

Number of holdings	35
Median market cap (US\$bn)	\$2.0bn
PE FY24E	22.1
ROE FY24E	17.5%
Tracking Error	5.7%
Active Share	87.9%

## INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/ (weaker)]	(0.6)%	(0.1)%
FII Net flows (US\$m)	1,726.2	17,031.8
DII Net flows (US\$m)	3,023.4	13,234.4
CPI inflation (July/3m avg)	7.4%	5.5%
GDP Q1 FY24		7.8%
Current account/GDP Q4 FY23		(2.0)%

Source: Ocean Dial Asset Management Limited

## QUARTERLY ATTRIBUTION - 3 MONTHS TO 31 AUGUST 2023 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution
Ramkrishna Forgings	4.98	0.00	78.98	3.17
Skipper	3.43	0.00	87.80	2.27
Jyothy Laboratories	3.01	0.00	64.36	1.71
IDFC Bank	6.13	1.34	26.92	1.62
Neuland Laboratories	4.00	0.00	38.05	1.38

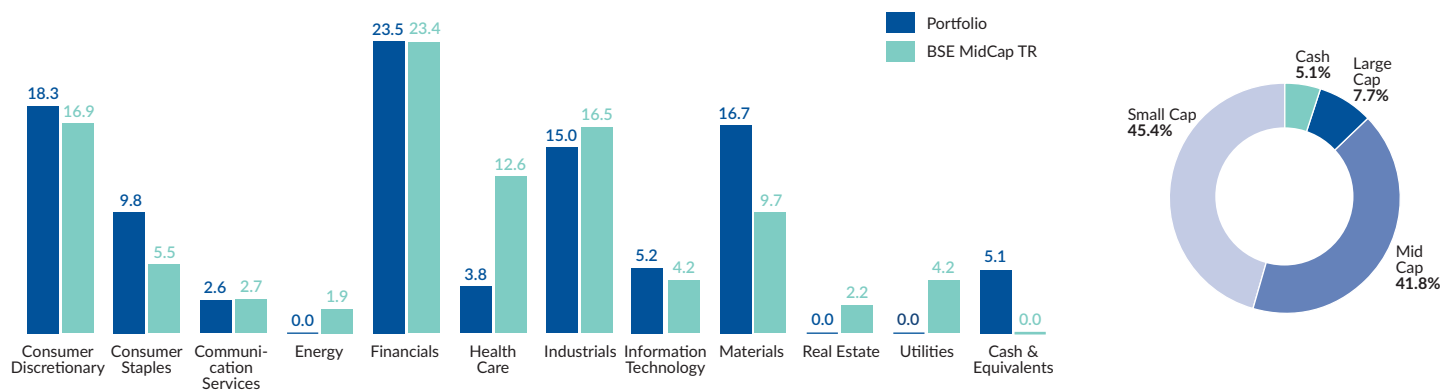
BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
City Union Bank	2.59	0.00	(3.20)	(0.08)
The Ramco Cements	1.34	0.57	(6.29)	(0.09)
Cash-INR	5.08	0.00	(2.58)	(0.12)
Aarti Industries	1.48	0.49	(6.18)	(0.14)
CCL Products India	2.91	0.00	(6.57)	(0.23)

Source: Ocean Dial Asset Management Limited, Statpro

## TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
IDFC Bank	6.0%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	7.5
Federal Bank	5.9%	Well run mid-sized private sector bank, attractive valuations	4.1
Ramkrishna Forgings	5.3%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.4
Indusind Bank	4.7%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	12.9
Skipper	4.1%	Power transmission and distribution company including polymer pipes and fittings segment	0.3
Emami	3.9%	Dominant player across multiple niche consumer product categories, attractive valuations	2.8
Neuland Laboratories	3.8%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	0.6
Dixon Technologies	3.4%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	3.6
Jyothy Laboratories	3.4%	Diversified FMCG company - presence across fabric wash, dishwashing, personal care and household insecticides	1.5
Persistent Systems	3.3%	IT services company benefitting from 'digital transformation' of businesses globally	5.0

## 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 (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.

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.