

PORTFOLIO AND MARKET UPDATE

September was another positive month for Indian equity markets. The BSE Sensex was up 1.5% while Mid and Small-Cap Indices were up 3.7% and 1.1% respectively in local currency terms. Globally, India was among the top performing markets. The month saw FII outflows of US\$2.3bn. This was the first month of outflows since Feb'23. Domestic flows continued to remain positive at US\$2.5bn. August CPI inflation dropped to 6.8% from 7.4% in July, mainly due to a reversal in vegetable prices. The RBI maintained rates at 6.5% in its policy meet on 6th Oct but announced measures to reduce liquidity in the system. A key development was inclusion of India Government Bonds in JP Morgan Emerging market debt index from June 2024. This could imply ~US\$ 25bn inflows into Indian Bonds. Growth indicators for September continue to point to strong momentum in the economy. At a portfolio level positive returns in local currency terms were led by MCX Ltd (+21%), Balkrishna Industries (+10%) and Persistent Systems (+8%). Kajaria Ceramics (-10%), Ramkrishna Forgings (-10%) and Uniparts India (-6%) were the major laggards.

HOLDING IN FOCUS: Skipper Ltd

Skipper is amongst the largest power transmission and distribution manufacturers in the world. It's gaining market share overseas as companies in the USA and Australia de-risk their supply chains from China. 48% of Skipper's power transmission segment order book now comes from exports, a favourable uptick compared to four years ago when it was 20%. These orders are driven by the renewable energy segment, which has a shorter execution period. Skipper is also commanding better pricing power, however, what enthruses us is the opportunity in the domestic market. There is a significant pipeline building up locally, and demand is high, showcased by a large domestic order in Q1, valued at US\$85m (~3x domestic revenues in the same quarter) allowing it to focus on profitability. The polymer sector, which accounts for 23% of revenues, is also gaining positive traction on the back of expansion in the distribution network and product range. The company remains confident estimating revenue growth at 25% CAGR over the next 3 years. We are forecasting 21% revenue CAGR with improving margins leading to 60%+ CAGR in profits. We forecast its RoCE to improve to ~18% by FY25 vs. 13% in FY23.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	4.2	14.4	33.1	20.9	100.1	86.2
BSE MidCap TR Index	7.2	14.9	35.6	17.5	112.2	116.2

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 October 2023 Lessons in Chemistry by Bonnie Gramus	IN THE MEDIA: IAN COWIE September 2023 I'm glad these two trusts are no longer my problem	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
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NET ASSET VALUE

The Net Asset Value (NAV) per share as at 29 September 2023 was 172.31 pence. In September the NAV was up 4.19% in Sterling terms, whilst the BSE MidCap TR Index was up 7.18%. In local currency terms, the NAV was up 0.79% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP166.3m
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	160.0p/
NAV per share	172.3p
Discount to NAV	7.1%

PORTFOLIO CHARACTERISTICS

Number of holdings	36
Median market cap (US\$bn)	\$1.9bn
PE FY24E	21.9
ROE FY24E	17.5%
Tracking Error	6.3%
Active Share	87.9%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/(weaker)]	(0.3)%	(0.4)%
FII Net flows (US\$m)	(2,273.1)	14,758.7
DII Net flows (US\$m)	2,447.3	15,681.7
CPI inflation (Aug/3m avg)	6.8%	6.4%
GDP Q1 FY24		7.8%
Current account/GDP Q1 FY24		(1.7)%

Source: Ocean Dial Asset Management Limited

QUARTERLY ATTRIBUTION - 3 MONTHS TO 30 SEPTEMBER 2023 (%)

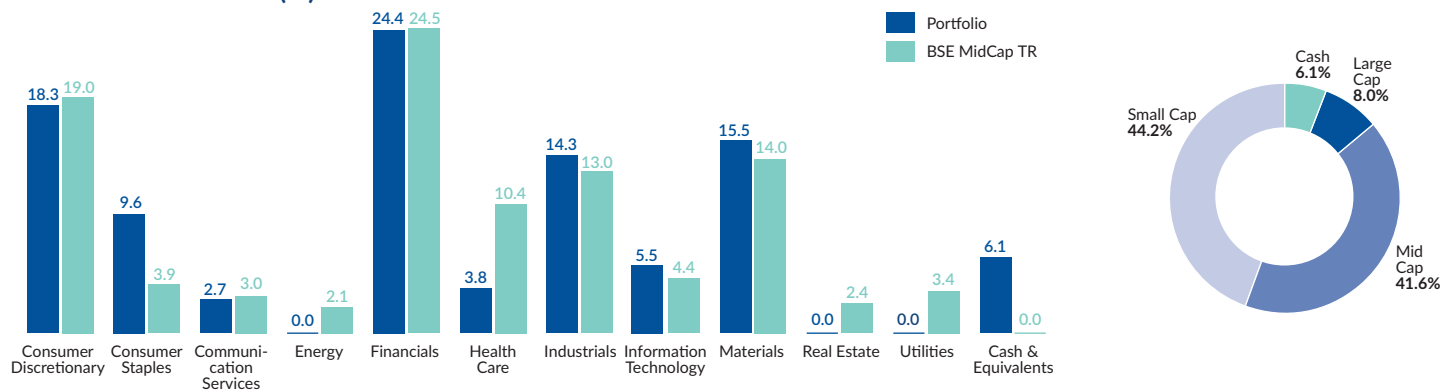
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Ramkrishna Forgings	4.93	0.00	47.37	2.32	Aarti Industries	1.40	0.46	(0.34)	(0.04)
Jyothy Laboratories	3.21	0.00	72.32	1.98	CCL Products India	2.77	0.00	(0.66)	(0.12)
Bajaj Electricals	2.21	0.00	77.13	1.61	Essel Propack	1.43	0.00	(10.57)	(0.16)
IDFC Bank	5.86	1.38	22.45	1.33	JK Lakshmi Cement	2.55	0.00	(8.02)	(0.27)
Neuland Laboratories	3.84	0.00	33.09	1.28	PI Industries	3.13	1.41	(10.23)	(0.42)

Source: Ocean Dial Asset Management Limited, Statpro

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	6.0%	Well run mid-sized private sector bank, attractive valuations	4.2
IDFC Bank	5.6%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	7.7
Indusind Bank	4.8%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	13.4
Ramkrishna Forgings	4.3%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.2
Emami	3.9%	Dominant player across multiple niche consumer product categories, attractive valuations	2.9
Skipper	3.9%	Power transmission and distribution company including polymer pipes and fittings segment	0.3
Dixon Technologies	3.6%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	3.8
Neuland Laboratories	3.6%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	0.6
Persistent Systems	3.6%	IT services company benefitting from 'digital transformation' of businesses globally	5.4
Sona BLW Precision Forgings	3.2%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	4.1

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 (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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