

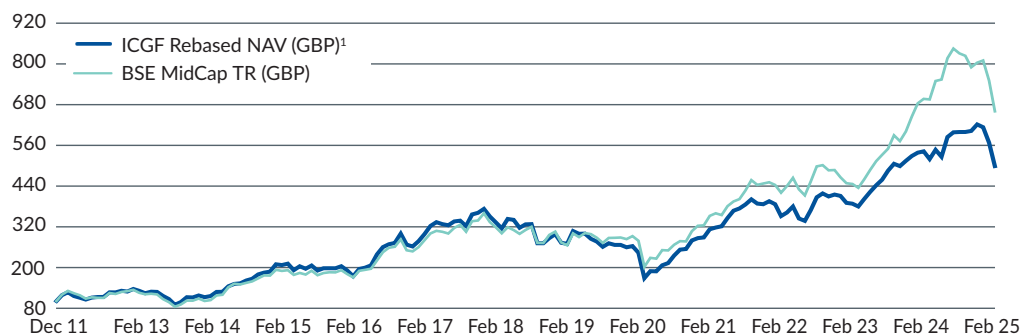
PORTFOLIO AND MARKET UPDATE

In February, the Indian equity market experienced another sharp correction. The large-cap Sensex declined by 5.6%, while the Mid-Cap and Small-Cap indices plummeted by 10.4% and 13.8%, respectively, in local currency. This downturn was driven by weak 3Q earnings, uncertainty over US tariffs and aggressive FII outflows. Capital Goods, Realty and IT were the hardest hit, dropping 14%, 13%, and 13%, respectively. Net outflows from FIIs amounted to \$5.4bn, leading to a depreciation of the Indian Rupee by 0.9% against the USD. However, domestic inflows remained robust at \$7.5bn. The RBI initiated a rate-cut cycle with a 25-bps reduction, lowering the repo rate to 6.25% after a 24-month pause. This decision was driven by a decline in Consumer Price Index (CPI) inflation, which eased to 4.3% in January from 5.2% in December. On the political front, Modi's success last year was compounded by a BJP win in the Delhi State legislative assembly elections after 27 years. At a portfolio level, only two stocks posted positive returns, Cholamandalam Investment and Finance (+8%), and Aether Industries (+3%). Negative returns were seen from Titagarh Rail Systems (-32%), Triveni Turbines (-28%) and Neuland Laboratories (-25%).

HOLDING IN FOCUS: Federal Bank

Federal Bank, our largest holding, is a mid-sized regional private sector bank with a history that predates India's Independence. Its asset book, valued at USD28bn, is well balanced between corporates (44%) and retail (56%). Over the past 3 years, the bank's strategy of catering to highly rated corporates and secured lending to retail & MSME customers has proven effective. Slippages have remained below 1%, return on assets (ROA) is at 1.2%, net interest income has grown at 15% and profits have increased at over 25% p.a. The new CEO, has implemented a strategy to enhance return ratios, aiming to make it comparable to the top three Private Banks. Potential improvements in ROA could come from Net Interest Margin (NIM) expansion, higher fee income growth from new products, additional branches, and investments in digital and compliance. With historic growth at 1.5x nominal GDP growth and sufficient capital to sustain this credit growth at 15-16%, we believe this bank is well positioned to improve profitability. The potential for a modest improvement in ROA could drive a rerating from its current P/BV valuation of 1.1x FY27 earnings.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



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. Full provision is made for Indian Capital Gains Tax in the Net Asset Value.

PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	(12.5)	(20.0)	(17.0)	(8.3)	41.4	103.9
BSE MidCap TR Index	(12.3)	(18.1)	(20.8)	(5.5)	56.6	136.2

TOPICAL COMMENT

LONDON AGM	IN THE MEDIA	IN THE MEDIA	BOOK REVIEW
February 2025	February 2025	March 2025	February 2025
5th June 2025 at 11am Register Here	Money Week - India is a new global power house David Prosser	Funds Global Asia - Indian economy remains safehaven for investors	Chip War by Chris Miller

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 28 February 2025 was 169.40 pence. In February the NAV was down 12.45% in Sterling terms, whilst the BSE MidCap TR Index was down 12.29%. In local currency terms, the NAV was down 10.54% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP144.8m
Launch date	22 December 2005
Adviser start	31 December 2011
Fund Manager	Ocean Dial Asset Management
Principal Adviser	Gaurav Narain
Benchmark	S&P BSE MidCap TR
AMC	1.25% of market cap
Share price NAV per share	154.0p / 169.4p
Discount to NAV	9.1%

PORTFOLIO CHARACTERISTICS

Number of holdings	38
Median market cap (US\$bn)	\$1.3bn
PE FY26E	19.9
ROE FY26E	17.7%
Tracking Error	8.1%
Active Share	87.3%
Annual return	14.6%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/(weaker)]	(1.0)%	(2.2)%
FII Net flows (US\$m)	(5,353.2)	(13,771.2)
DII Net flows (US\$m)	7,454.1	17,484.5
CPI inflation (Jan-25 / 3m avg)	4.3%	5.0%
GDP Q3 FY25		6.2%
Current account/ GDP Q2 FY25		(0.7)%

Source: Ocean Dial Asset Management Limited

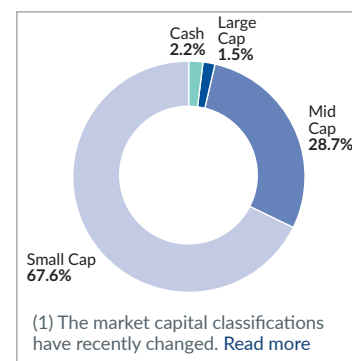
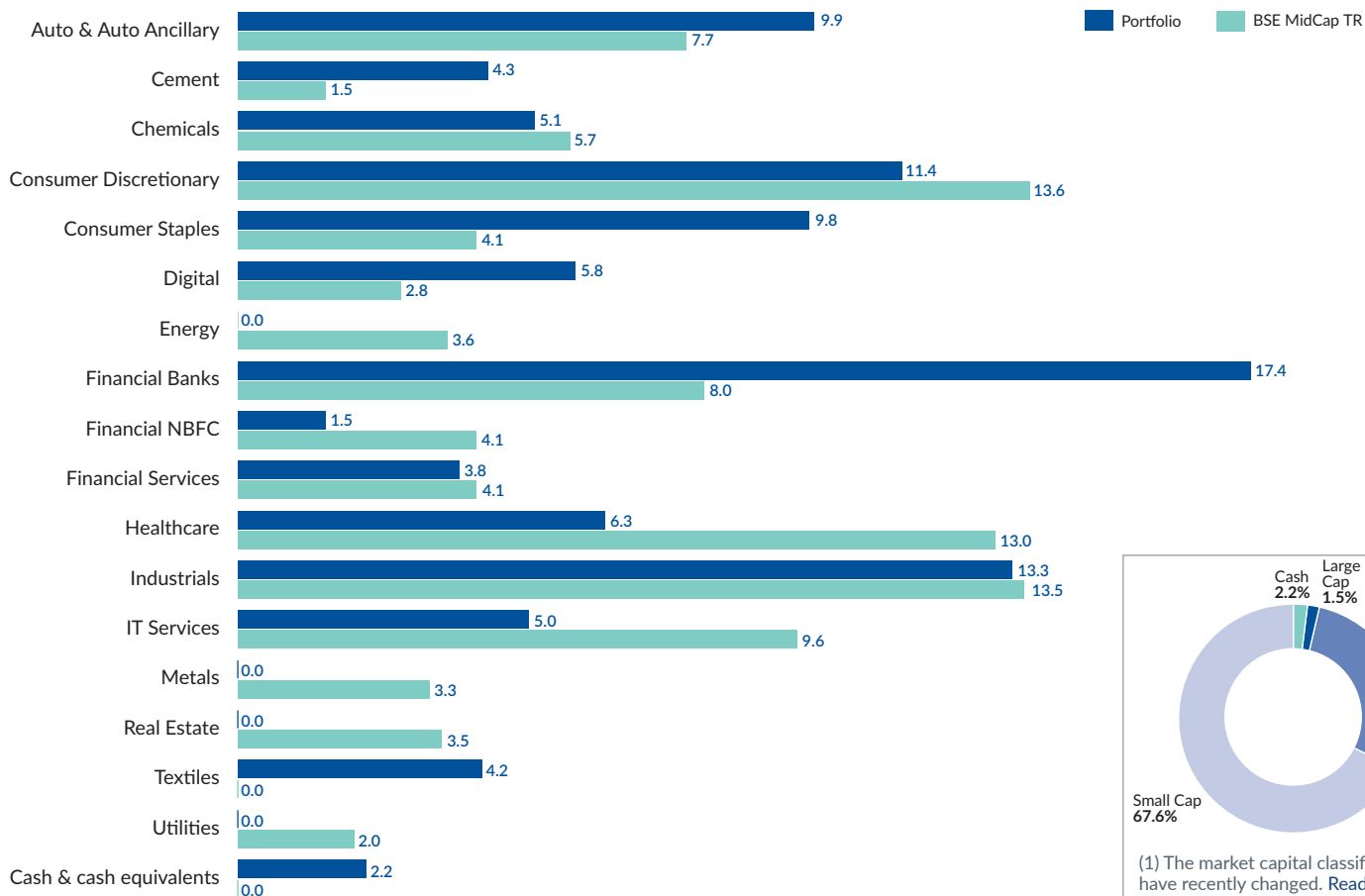
QUARTERLY ATTRIBUTION – 3 MONTHS TO 31 JANUARY 2025 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Cartrade Tech	2.10	0.00	10.18	0.15	Neuland Laboratories	5.09	0.00	(37.95)	(2.12)
Cholamandalam Inv & Finance Co	1.16	0.00	11.03	0.12	Skipper	5.38	0.00	(29.13)	(1.47)
Aether Industries	1.80	0.00	1.60	0.03	Ramkrishna Forgings	3.72	0.00	(34.47)	(1.36)
RBL Bank	2.74	0.00	(0.17)	(0.02)	VIP Industries	2.45	0.00	(42.58)	(1.17)
IndusInd Bank	2.12	0.00	(2.85)	(0.07)	Federal Bank	5.63	1.69	(17.66)	(0.98)

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	6.1%	Well run mid-sized private sector bank, attractive valuations	5.0
Skipper	4.9%	Power transmission and distribution company including polymer pipes and fittings segment	0.5
Dixon Technologies	4.9%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	9.6
Neuland Laboratories	4.5%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	1.6
Emami	4.0%	Dominant player across multiple niche consumer product categories, attractive valuations	2.7
Persistent Systems	4.0%	IT services company benefitting from 'digital transformation' of businesses globally	9.5
Multi Commodity Exchange	3.8%	Commodity exchange, with 95%+ market share	2.9
Ramkrishna Forgings	3.5%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.3
Affle India	3.3%	Mobile adtech company	2.3
IDFC Bank	3.2%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	4.9

PORTFOLIO ANALYSIS (%)



PRINCIPAL 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

85,465,644 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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