

PORTFOLIO AND MARKET UPDATE

A volatile month for the Indian equity market in anticipation of the results of the Indian election resulted in large-cap Sensex down by 0.7%, Mid Cap up 1.8% while Small Cap index remained unchanged in local currency. Sector-wise, positive gains were made in capital goods (+11%), Energy (+7%) and Metals (+5%) while biggest declines were evident in IT (-3%), Healthcare (-2%) and Oil & Gas (-1%). Equity flows were mixed, FII flows were down for a second month by US\$3bn while domestic flows were up US\$6.7bn. Modi is set to become India's prime minister for a third term as the NDA alliance secured a majority of 292 seats in India's general election. It is expected that the coalition government will continue with its investment-led economic agenda, while also prioritizing support for rural India. Inflation in April, at 4.83%, was unchanged from March at 4.85%. S&P Global Ratings revised its outlook for the Indian economy to 'positive' from 'stable'. India's real GDP growth for 4QFY24 was 7.8% driven by investment growth helped by the government's continued capex thrust. On the other hand, private consumption growth remained subdued. For the full fiscal year FY24, real GDP growth was 8.2% outperforming 7% in FY23. At a portfolio level, stocks posted positive returns, led by Emami (+28%), Balkrishna Industries (+26%), and Dixon Technologies (+13%). Negative returns came from Neuland Labs (-20%), Skipper (-17%) and GPT Healthcare (-16%).

HOLDING IN FOCUS: Bajaj Electricals Ltd.

Bajaj Electricals Limited (BJE), is a prominent player in the fast-moving electrical goods market selling appliances, fans and lighting products to consumers. Its key brand offering comprises Bajaj, Nirlep, Morphy Richards and Nex. The company's strength is its strong brands, distribution and after-sales service. In FY24, BJE experienced a slowdown in revenue growth due to subdued rural demand caused by high inflation, which has affected the entire industry. However, the industry is witnessing green shoots of demand revival in rural India, and BJE has also witnessed double digit growth in April. BJE's management has revamped its portfolio with new launches focusing on premiumisation and addressing market gaps. It has not only deleveraged its balance sheet through healthy operating cash flows but has also stepped up investments in branding and new products.. We expect Revenues and Net Profit to grow at a CAGR of 10% and 51% respectively over the next two years.

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.

PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	(3.7)	(3.0)	2.3	24.4	52.1	75.4
BSE MidCap TR Index	0.6	8.2	25.5	54.6	97.8	149.9

TOPICAL COMMENT

THE LISTENING ROOM:
CITYWIRE INTERVIEW
May 2024

Citywire Interview with Gavin Lumsden - Sustaining India's long-term growth

THE LISTENING ROOM:
PODCAST
May 2024

Interactive Investor Podcast with Kyle Caldwell - Why India's stock market is booming: opportunities and risks

THE WRITING ROOM

May 2024

The Indian Elections in 30 Secs: Part III - The Outcome

BOOK REVIEW

May 2024

Seven Decades of Independent India: Ideas and Reflections by Vinod Rai

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 31 May 2024 was 179.36 pence. In May the NAV was down 3.74% in Sterling terms, whilst the BSE MidCap TR Index was up 0.56%. In local currency terms, the NAV was down 2.56% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP155.8m
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	161.0p /
NAV per share	179.4p
Discount to NAV	10.2%

PORTFOLIO CHARACTERISTICS

Number of holdings	34
Median market cap (US\$bn)	\$1.7bn
PE FY25E	22.0
ROE FY25E	17.6%
Tracking Error	8.0%
Active Share	93.0%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	(0.0)%	(0.3)%
FII Net flows (US\$m)	(3,022.9)	(2,761.7)
DII Net flows (US\$m)	6,684.1	25,044.1
CPI inflation (Apr-24/3m avg)	4.8%	4.9%
GDP Q4 FY24		7.8%
Current account/ GDP Q3 FY24		(0.9)%

Source: Ocean Dial Asset Management Limited

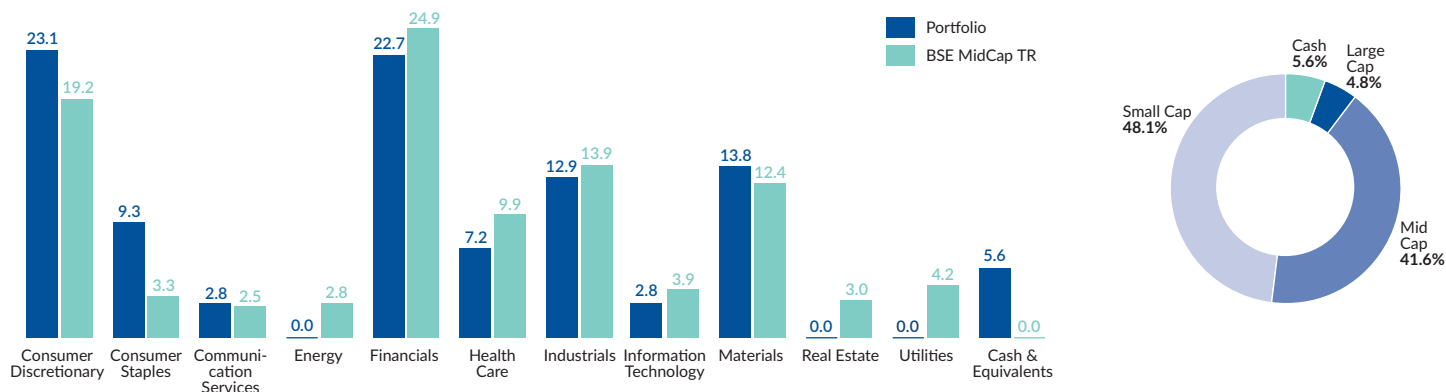
QUARTERLY ATTRIBUTION – 3 MONTHS TO 31 MAY 2024 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Dixon Technologies India	4.88	0.00	40.12	1.65	Persistent Systems	3.7	1.59	(18.83)	(0.64)
Skipper	4.61	0.00	43.21	1.63	JK Lakshmi Cement	3.17	0.00	(14.22)	(0.48)
Neuland Laboratories	4.29	0.00	19.15	0.71	Sagar Cements	2.17	0.00	(16.26)	(0.42)
Federal Bank	5.29	1.43	11.09	0.56	Jyothy Labs	2.11	0.00	(15.15)	(0.37)
Multi Commodity Exchange of India	2.69	0.00	21.12	0.53	Kajaria Ceramics	2.5	0.00	(12.42)	(0.36)

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Dixon Technologies	6.1%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	6.7
Federal Bank	5.6%	Well run mid-sized private sector bank, attractive valuations	4.7
Emami	5.0%	Dominant player across multiple niche consumer product categories, attractive valuations	3.3
Skipper	3.9%	Power transmission and distribution company including polymer pipes and fittings segment	0.4
IDFC Bank	3.9%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	6.5
Sona BLW Precision Forgings	3.7%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	4.6
RBL Bank	3.5%	Private sector bank offering online and branch business banking and financial market operations	1.8
Indusind Bank	3.5%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	13.7
Neuland Laboratories	3.5%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	0.9
Ramkrishna Forgings	3.5%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.4

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.

+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

86,865,276 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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