

## PORTFOLIO AND MARKET UPDATE

September was another strong month for the Indian equity market resulting in Large Cap Sensex rising 2.4%, the Mid Cap Index increasing 0.6% and Small Cap index up 2% in local currency. Sector returns were mixed, positive gains were evident in Metals (+7%), Consumer Durables (+6%) and Energy (+5%). In contrast there were losses in Oil & Gas (-4%), Public Sector Units (-3%) and IT (-3%). Equity flows were strong, FII flows were up US\$5.9bn while domestic flows were up US\$3.8bn. In August, the Consumer Price Index (CPI) inflation rate increased marginally to 3.7% from 3.5% in July. This remains below RBI's 4% target. With the U.S. Fed cutting interest rates the market expects the Reserve Bank India to follow suit soon. India's forex reserves reached a record high of \$705 billion providing further stability to INR against any external shocks. At a portfolio level, stocks posted positive returns, led by Cartrade Technologies (+14%), Elecon Engineering (+13%), and Skipper (+13%). Negative returns came from Welspun India (-15%), RBL Bank (-10%) and Emami (-6%).

## HOLDING IN FOCUS: Container Corporation of India

Container Corporation of India (Concor) is India's largest logistics company providing inland transportation of containers to and from ports via the rail network. It is a public sector unit, approximately 55% is owned by the Government of India. It operates a network of 60+ Inland Container Depots (ICD) across India and has a market share of 55%. Concor has also setup 15 multi-modal logistics parks (MMLPs) and is in the process of setting up a further 10 parks. India is setting up a greenfield network for freight movement via rail called the Dedicated Freight Corridor (DFC), which will connect ports in Mumbai & Gujarat to the more remote areas of consumption in North & Central India. The Western Dedicated Freight Corridor is almost complete with the last stretch due to complete next year. Concor has started to see movement from road to rail, driven by greater efficiency (estimated at 20%) over road freight. We believe Concor can achieve approximately a compound annual growth rate (CAGR) of 13% in freight volume and net profit at 22% CAGR over the next 3 years driven by the Dedicated Freight Corridor on account of better cost efficiencies in rail. That will drive RoCE upwards from 14% in FY24 to 19% in FY26E.

## 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	0.0	2.5	15.4	18.5	49.5	120.8
BSE MidCap TR Index	-0.9	0.9	18.5	39.7	80.1	186.8

## TOPICAL COMMENT

INTERIM REPORT	IN THE MEDIA	THE WRITING ROOM	BOOK REVIEW
September 2024	September 2024	September 2024	September 2024
Understanding India Capital Growth Fund	Cost Disclosure Announcement	Revised Sector Representation - Increasing transparency for shareholders	Shoe Dog by Phil Knight

## NET ASSET VALUE

The Net Asset Value (NAV) per share as at 30 September 2024 was 204.24 pence. In September the NAV was up 0.01% in Sterling terms, whilst the BSE MidCap TR Index was down 0.87%. In local currency terms, the NAV was up 1.52% for the month.

## FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP176.4m
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	184.0p / 204.2p
Discount to NAV	9.9%

## PORTFOLIO CHARACTERISTICS

Number of holdings	37
Median market cap (US\$bn)	\$1.9bn
PE FY26E	22.0
ROE FY26E	18.8%
Tracking Error	8.15%
Active Share	89.3%
Annual return	16.98%

## INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/weaker]	0.1%	(0.7)%
FII Net flows (US\$m)	5,944.1	11,033.7
DII Net flows (US\$m)	3,802.0	40,841.1
CPI inflation (July-24 / 3m avg)	3.7%	4.1%
GDP Q1 FY25		6.7%
Current account/ GDP Q4 FY24		(0.7)%

Source: Ocean Dial Asset Management Limited

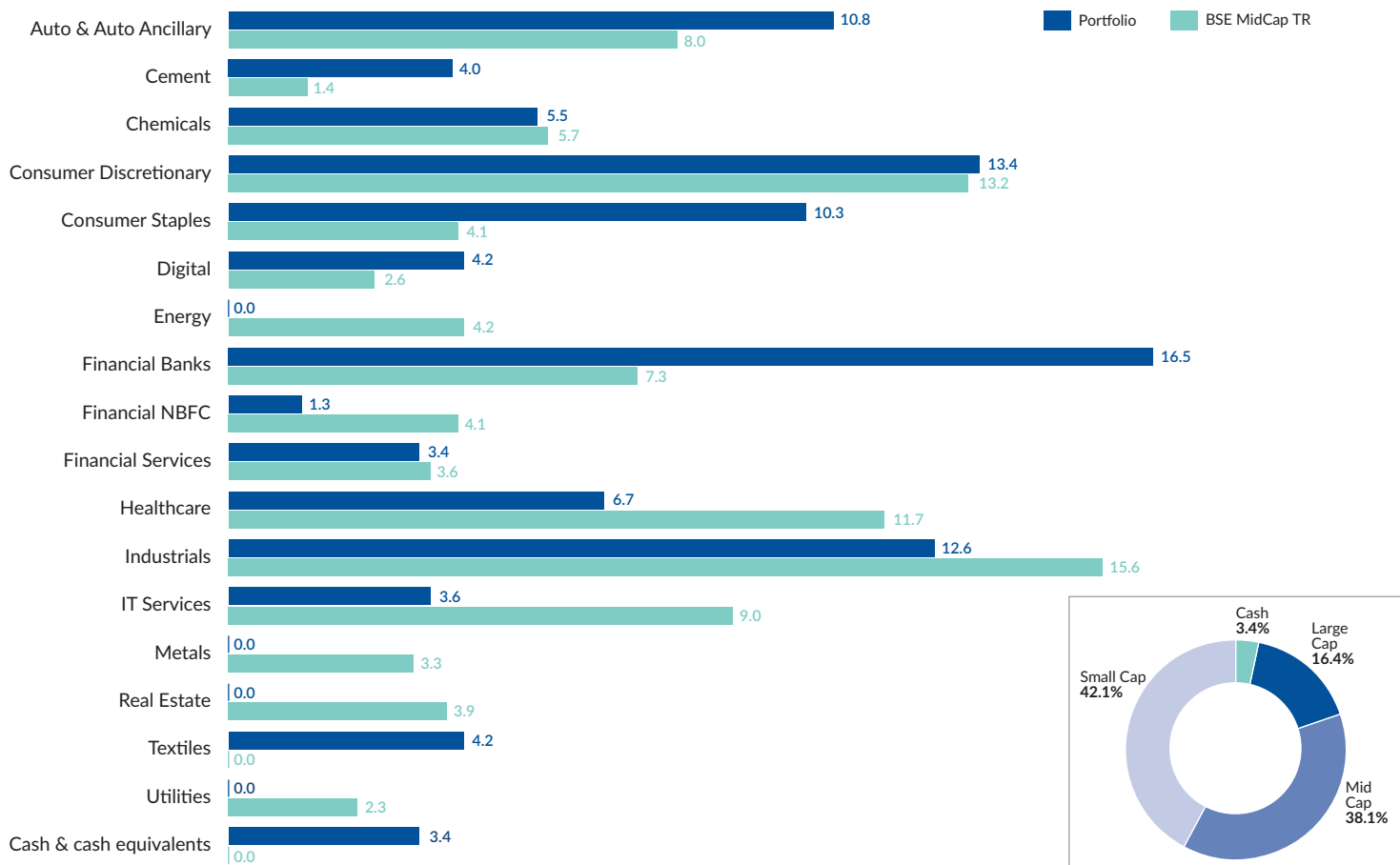
## QUARTERLY ATTRIBUTION – 3 MONTHS TO 30 SEPTEMBER 2024 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Neuland Laboratories	4.68		55.88	2.05	RBL Bank	3.29		(26.49)	(1.04)
Skipper	5.01		28.22	1.28	IDFC First Bank	3.39	0.93	(14.91)	(0.59)
Multi Commodity Exchange of India	2.91		35.82	0.93	JK Lakshmi Cement	2.53		(17.47)	(0.50)
Persistent Systems	3.37	1.58	21.09	0.65	Sagar Cements	1.88		(13.46)	(0.29)
PI Industries	3.49	1.09	15.48	0.52	Balkrishna Industries	2.23	0.76	(10.94)	(0.27)

## TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	5.3%	Well run mid-sized private sector bank, attractive valuations	5.8
Dixon Technologies	5.0%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	9.9
Skipper	4.9%	Power transmission and distribution company including polymer pipes and fittings segment	0.6
Neuland Laboratories	4.9%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	1.9
Emami	4.3%	Dominant player across multiple niche consumer product categories, attractive valuations	4.0
Ramkrishna Forgings	4.0%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	2.2
PI Industries	3.6%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	8.4
Persistent Systems	3.6%	IT services company benefitting from 'digital transformation' of businesses globally	10.1
Multi Commodity Exchange	3.4%	Commodity exchange, with 95%+ market share	3.4
Sona BLW Precision Forgings	3.4%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	5.5

## 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 3327 5107  
enquiries@oceandial.com

**WEBSITE**

www.indiacapitalgrowth.com

**SOURCES**

Source of all performance and portfolio analysis: Ocean Dial Asset Management Limited, Bloomberg.

**CAPITAL STRUCTURE**

86,372,872 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.

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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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