

Gateway to India Fund

JUNE 2021



Net Asset Value

The Net Asset Value (NAV) per Class A US\$ share as at 30 June 2021 was US\$239.21. In June the NAV was down 0.43% whilst the S&P BSE-500 was down 0.56%. In local currency, the NAV was up 2.08%.

Portfolio activity

New purchases None **Exits** None

Holdings in focus

Infosys is India's second largest IT services company with revenues of US\$13.5bn and over 250,000 employees in FY21. Infosys has one of the most diversified revenue sets across industry verticals including financial services, retail, communications, energy/utilities, manufacturing and high tech. In terms of geographies, US & Europe make up the bulk of revenues at over 85%. Infosys invested heavily in its sales organisation and digital capabilities in 2018/19 and is now reaping the benefits, resulting in industry-leading growth amongst Tier-1 companies. It won deals worth over \$14bn, its highest ever annual taking, and revenue growth of 6% in a pandemic-hit year and the deal pipeline remains healthy. We believe cloud and digital adoption among enterprises has accelerated due to the pandemic and Infosys' focus on customer experience and cloud practice will help it post higher growth amongst peers. The company has also launched a new platform, Infosys Cobalt, which gives clients ready-made solutions for cloud adoption, something that we believe will set the stage for the next leg of growth. Infosys has guided for 12-14% growth in revenues in FY22, slightly conservative in our view. We believe Infosys can post over 15% CAGR in revenues and profits during FY21-24 and maintain its ROE of ~25%.

KPR Mills (KPR) is one of the largest vertically integrated textile manufacturing companies in India. It is present across the value chain from yarn (104,000MT capacity) to fibre (40,000MT capacity) to garments (115m pieces). The company is also present in the sugar segment and the current revenue mix between textiles and sugar is 85:15. KPR's vertically integrated business model has ensured stable operating margins and a healthy capital efficiency ratio across cycles. EBITDA margins have consistently been in the range of 18-20% for the last 7-8 years, and ROE and ROCE have remained around 20% for past 5-6 years. The company's focus has been on expanding value added products with lower capital intensity. As a result, the revenue share from garments within the textiles segment has increased from 19% in FY14 to 45% in FY21. KPR has also planned a 37% expansion in its garmenting facility (42m pieces). Its successful foray into sugar and cogeneration in 2012 has led to the lowest power cost-to-sales ratio in the textiles industry. The recently announced capex in ethanol is expected to reduce the cyclicity within KPR's sugar segment. We expect the company to grow its revenues and PAT at around a 20% CAGR over the next two years.

Class A US\$ performance vs. S&P BSE-500 Index US\$ (%)



Source: Ocean Dial Asset Management Limited, Bloomberg

Performance (%)

	1m	3m	6m	1yr	31/10/2019**
Class A US\$*	(0.4)	7.1	17.7	70.6	36.8
S&P BSE-500 US\$***	(0.6)	8.3	15.2	62.3	32.9
S&P BSE Dollex 30	(1.3)	4.1	7.9	52.7	24.8

* Class A US\$ was launched on 10 September 2012. ** Commencement of Portfolio Adviser Tridib Pathak.

*** With effect from 1 July 2020, S&P BSE-500 Index is the Fund's benchmark.

Source: Ocean Dial Asset Management Limited, Bloomberg

Fund information

Structure	UCITS ICAV
Domicile	Ireland
Dealing	Daily
Size (NAV)	US\$32.33m
Launch date	10 September 2012
Adviser start	31 October 2019
Portfolio Manager	Ocean Dial Asset Management
Principal Adviser	Tridib Pathak
Benchmark	S&P BSE-500 Index
Class K AMC / Performance fee	0.45% / 20.00%
Class Q AMC / Performance fee	0.90% / 0.00%
Currency classes	US\$, GBP, EUR

Portfolio characteristics

Number of holdings	25
5 and 40 rule	28.5%
Median market cap	US\$5.1bn
PE FY23E	21.1
ROE (3y avg)	19.9%
Tracking Error	7.2%
Active Share	82.1%

India highlights

	MTD	YTD
BSE 500 (US\$)	(0.6%)	15.2%
iShares MSCI Asia ex-Japan (US\$)	0.3%	5.3%
iShares MSCI EM Index (US\$)	0.4%	6.2%
INR vs US\$ [stronger/(weaker)]	(2.4%)	(1.7%)
FII Net flows (US\$m)	2,210	8,169
DII Net flows (US\$m)	968	(497)

Macro indicators

CPI inflation (March/3m avg)	6.3%	5.4%
GDP Q3 FY21		1.6%
Current account/GDP Q3 FY21		0.9%

Source: Ocean Dial Asset Management Limited

Team commentary

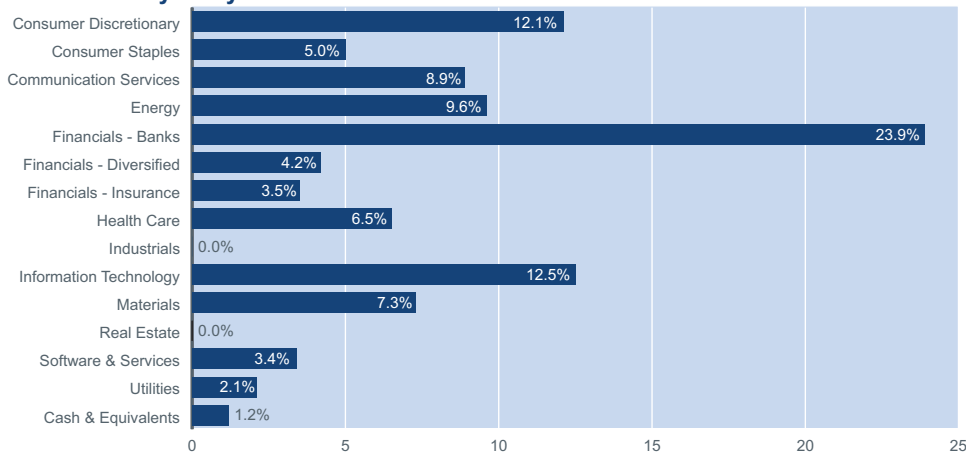
30 June	Monthly Book Review - How to Avoid a Climate Disaster
6 June	HOODstock - India Capital Growth Fund's Industry Leaders: #2 Welspun India
31 May	Monthly Book Review - Essentialism: The Disciplined Pursuit of Less
25 May	HOODcast - A Tale of Two Stocks (discussion on the note)
30 April	Monthly Book Review - Slowly Down the Ganges
29 April	HOODinar - Covid-19: India's second wave
12 April	HOODnote - A Tale of Two Stocks

Top ten holdings

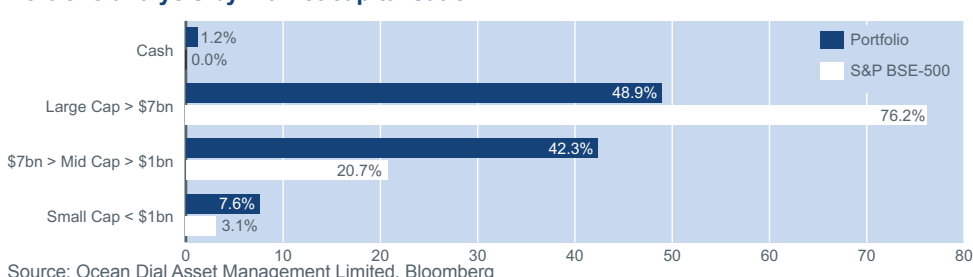
Portfolio Company	Weight	Characteristics	Market cap
ICICI Bank	6.9%	Second largest private sector bank, attractively valued, well poised to capture recovery in credit growth	US\$59bn
Bharti Airtel	5.9%	Strengthened survivor in a consolidating market, set to grow ARPU and market share going forwards	US\$39bn
Aegis Logistics	5.4%	Leader in LPG logistics with a quality business, high growth visibility and attractive valuations	US\$2bn
Wipro	5.2%	IT services company benefitting from 'digital transformation' of businesses globally	US\$40bn
IndusInd Bank	5.1%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	US\$11bn
Emami	5.0%	Dominant player across multiple niche consumer product categories, attractive valuations	US\$3bn
HCL Technologies	4.9%	IT services company benefitting from 'digital transformation' of businesses globally	US\$36bn
Reliance Industries Part Paid	4.2%	Business transformation of India's largest company into a new economy play	US\$186bn
Multi Commodity Exchange	4.2%	India's largest commodity exchange. Quality business with high growth and attractive valuations	US\$1bn
HDFC Bank	4.1%	Largest private sector bank, consistent compounder	US\$111bn

Source: Ocean Dial Asset Management Limited, Bloomberg

Portfolio analysis by sector



Portfolio analysis by market capitalisation



Source: Ocean Dial Asset Management Limited, Bloomberg

Quarterly attribution – 3 months to 30 June 2021 (%)

Top 5	Ave. weight	Ave. index weight	Return	Contribution
Wipro	5.16	0.76	30.26	1.37
Computer Age Management Services	3.00	0.01	49.52	1.25
Aegis Logistics	6.30	0.05	13.83	1.00
Aarti Industries	3.43	0.15	30.84	0.96
Dixon Technologies	4.10	0.15	19.03	0.75
Bottom 5	Ave. weight	Ave. index weight	Return	Contribution
HDFC Bank	4.15	6.28	(0.42)	(0.04)
HCL Technologies	4.67	1.10	0.70	(0.06)
Reliance Industries Part Paid	3.55	0.00	2.36	(0.09)
Affle India	3.63	0.03	(22.04)	(0.82)
Can Fin Homes	4.18	0.05	(15.66)	(0.84)

Source: Ocean Dial Asset Management Limited, Statpro

Principal Adviser



Tridib Pathak joined Ocean Dial in October 2019 having spent the last 30 years immersed in the Indian equity markets, the last 21 as an institutional portfolio manager. Most recently he was Senior Portfolio Manager at Enam Asset Management where he managed open ended funds for both domestic and international investors. Prior to that Tridib held senior fund manager roles at IDFC and Lotus and was a senior analyst at UBS Securities (India). He is a Chartered Accountant of the Institute of Chartered Accountants of India and holds a degree in Commerce from Bombay 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.

Fund manager

Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority.

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Regulatory information

Any views expressed within this factsheet are those of the Fund Manager as at the date of issue which may be subject to change, and should not be taken as advice to invest. We do not undertake to advise you as to any changes in our views. If you are unsure about the suitability of any investment, please consult a Financial Adviser. The Gateway to India Fund is a sub-fund of Ocean Dial Investment Funds ICAV, an Irish UCITS investment vehicle.

Prospectus and application form

The Prospectus and Application Form are available by telephoning the Fund Administrator, Apex Fund Services (Ireland) on +353 1 411 2949.

Dealing information

Frequency	Daily
Valuation point	13:30 T-1 (Ireland)
Dealing line	+353 1 411 2949
Class A ISIN	IE00B585S747
Class A Ticker	ODGTIAU ID

Website

www.oceandial.com

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.

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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 500 Index 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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