

Gateway to India Fund

SEPTEMBER 2021



Net Asset Value

The Net Asset Value (NAV) per Class A US\$ share as at 30 September 2021 was US\$264.61. In September the NAV was up 0.93% whilst the S&P BSE-500 was up 1.76%. In local currency, the NAV was up 2.45%.

Portfolio activity

New purchases Zomato Ltd **Exits** None

Holdings in focus

Zomato is a food-tech platform which is the latest entrant to the GTIF portfolio. It facilitates convenience by connecting Users, Riders and Restaurants, operating within a duopoly with both Zomato and Swiggy having 45-47% market share each. The majority of its revenue is from food delivery, wherein it charges discovery and facilitation fees to the restaurant and delivery charges to the customer. It also earns revenues from subscription services (Zomato Pro), B2B supplies to restaurants (Hyperpure) and advertising revenues. It had 6.8m average monthly transacting users (MTUs) as of March 2021, 310k riders as of July 2021 and 148 thousand active restaurants for delivery. The Covid-led pandemic brought accelerated digital adoption and led to Zomato strengthening its business model in FY21. Despite the challenges in the first quarter because of lockdowns and decline in MTUs, Zomato posted positive contribution per unit in delivery led by higher delivery charges and increases in order frequency. We believe this is a structural change and convenience is gaining traction as a habit. This is reflected in the company's increase in MTUs in Q1FY22 to ~9.9mn. We forecast Zomato to post positive EBITDA in FY24 driven by further improvements in food delivery profitability. This improvement will be led by increasing orders from older customers and rider efficiency as order density increases. Our reverse DCF analysis implies a 14% CAGR in monthly transacting users (MTUs) for 10 years, which we believe doesn't capture the enormous opportunity the platform offers.

CAMS is India's largest 'Registrar and Transfer Agent' (RTA) for the mutual fund industry, with an aggregate market share of ~72% in a duopolistic market. The industry is characterised with high barriers to entry due to stringent regulatory scrutiny, a high degree of client stickiness and an inability of AMCs (customers) to replicate necessary processes in-house. CAMS has long standing relationships with the best AMCs, servicing 4 of the top 5 and 9 of the top 15 mutual funds. Having grown at 16% CAGR for the last 20 years, the Indian MF industry is expected to reach the size of US\$730bn in FY24E from the US\$322bn in FY19. CAMS drives ~87% of its revenue from its MF RTA business and the balance through services rendered to insurance companies, AIFs and PMSs. The recent license requirements for account aggregation, MF central and insurance registration will aid in further diversifying revenue streams. CAMS's competitive advantage comes from its end-to-end PaaS (platform as a service), catering to the whole spectrum of AMC needs. CAM's plug and play tech platform is developed predominantly by an in-house team, and is scalable across clients, with a one-time effort to develop every tool in the stack. CAMS is ahead of the curve with innovative solutions such as self-service applications for investors, mobile applications for MF distributors and advisors. The company has an asset light business model with low capex and healthy EBITDA margin of 37-38%, with historical dividend pay-outs of ~65%. With an expected earnings growth CAGR of 17% over the next 3-years, CAMS is a direct play on India's growing financial savings pool and is a long-term earnings growth compounder.

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\$*	0.9	10.6	18.5	58.6	51.3
S&P BSE-500 US\$***	1.8	11.7	20.9	60.2	48.3
S&P BSE Dollex 30	1.1	12.9	17.6	54.4	41.0

* 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\$34.32m
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	37.6%
Median market cap	US\$5.7bn
PE FY23E	23.0
ROE (3y avg)	18.6%
Tracking Error	7.0%
Active Share	81.5%

India highlights

	MTD	YTD
BSE 500 (US\$)	1.8%	28.7%
iShares MSCI Asia ex-Japan (US\$)	(4.3%)	(4.9%)
iShares MSCI EM Index (US\$)	(3.9%)	(2.1%)
INR vs US\$ [stronger/(weaker)]	(1.7%)	(1.6%)
FII Net flows (US\$m)	1,524	8,614
DII Net flows (US\$m)	545	3,704

Macro indicators

CPI inflation (August/3m avg)	5.3%	5.7%
GDP Q1 FY22		20.1%
Current account/GDP Q1 FY22		0.4%

Source: Ocean Dial Asset Management Limited

Team commentary

30 September	Monthly Book Review - zero-to-one-notes-on-startups-or-how-to-build-the-future
14 September	Mello Trusts and Funds - David Cornell and Gaurav Narain present the investment case for India at Mello Trust and Funds' virtual conference
31 August	Monthly Book Review - Tiananmen Square
31 July	Monthly Book Review - Talking to Strangers
13 July	HOODcast - Industry Leaders: Welspun India (discussion on the note)

Gateway to India Fund

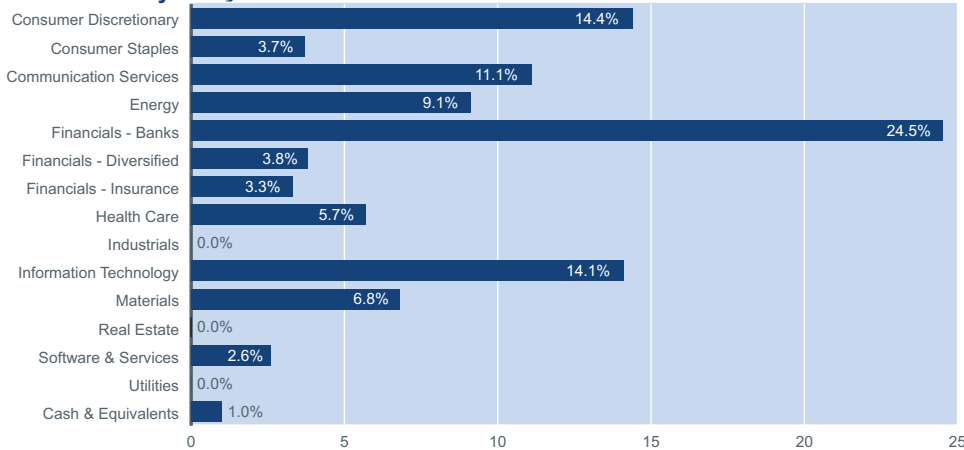
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Top ten holdings

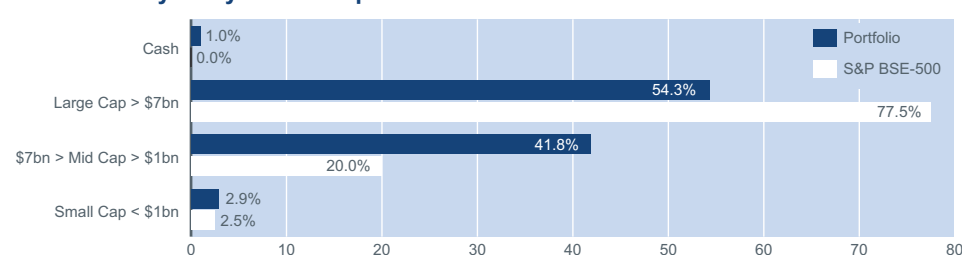
Portfolio Company	Weight	Characteristics	Market cap
Bharti Airtel	7.3%	Strengthened survivor in a consolidating market, set to grow ARPU and market share going forwards	US\$51bn
HCL Technologies	6.7%	IT services company benefitting from 'digital transformation' of businesses globally	US\$47bn
ICICI Bank	6.5%	Second largest private sector bank, attractively valued, well poised to capture recovery in credit growth	US\$65bn
Reliance Industries Part Paid	6.2%	Business transformation of India's largest company into a new economy play	US\$222bn
IndusInd Bank	5.6%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	US\$12bn
Wipro Ltd	5.3%	IT services company benefitting from 'digital transformation' of businesses globally	US\$47bn
CAN FIN HOMES	4.5%	Retail Housing Finance company operating in the affordable housing segment with best in class asset quality	US\$1bn
Westlife Development	4.2%	McDonald's in India, beneficiary of growing fast food and delivery consumption trend in India	US\$1bn
HDFC Bank	4.1%	Largest private sector bank, consistent compounder	US\$119bn
Axis Bank Ltd	3.9%	Third largest private bank in India and poised to gain market share. Bridging the gap with peers to lead to a re-rating	US\$32bn

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 September 2021 (%)

Top 5	Ave. weight	Ave. index weight	Return	Contribution
Bharti Airtel	6.68	1.41	33.56	2.00
HCL Technologies	5.86	1.14	31.05	1.71
Reliance Industries Part Paid	5.29	0.00	25.99	1.34
Can Fin Homes	4.04	0.05	31.85	1.19
KPR Mill Ltd	2.94	0.03	39.91	0.93
Bottom 5	Ave. weight	Ave. index weight	Return	Contribution
Cash-inr	1.91	0.00	0.12	0.04
Cash-usd	(0.03)	0.00	0.00	0.00
Zomato Ltd	0.05	0.00	2.78	0.00
Neuland Laboratories	3.28	0.00	(27.94)	(1.07)
Aegis Logistics	4.36	0.04	(33.17)	(1.74)

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

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Ocean Dial Gateway to India Fund (the "Fund") is a sub-fund of Ocean Dial Investment Funds ICAV that is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352/2011), as amended. Ocean Dial Asset Management Limited ("Ocean Dial") has prepared this document for informational purposes only for the sole use of the intended recipient. It does not seek to make any recommendation to buy or sell any particular security (including shares in the Fund) or to adopt any specific investment strategy. This document does not contain information material to an investor's decision to invest in the Fund. Shares in the Fund are offered only based on information contained in the Prospectus, KIID, and the latest annual audited accounts. Copies are available free of charge from Ocean Dial or on <https://www.oceandial.com/strategies/gateway-to-india-fund/>. The KIID is available in English, French, German, Norwegian, and Swedish. The Prospectus is available in English.

Risk: Factors affecting fund performance may include changes in market conditions (including currency risk) and interest rates, as well as other economic, political, or financial developments. The Fund's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Fund to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Ocean Dial may also receive a performance fee for certain Share Classes based on the appreciation in the NAV per share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains attributable to those Share Classes. The performance fee may create an incentive for Ocean Dial to make investments for Ocean Dial Gateway to India Fund that are riskier than would be the case in the absence of a fee based on the performance of Ocean Dial Gateway to India Fund.

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