

# Gateway to India Fund

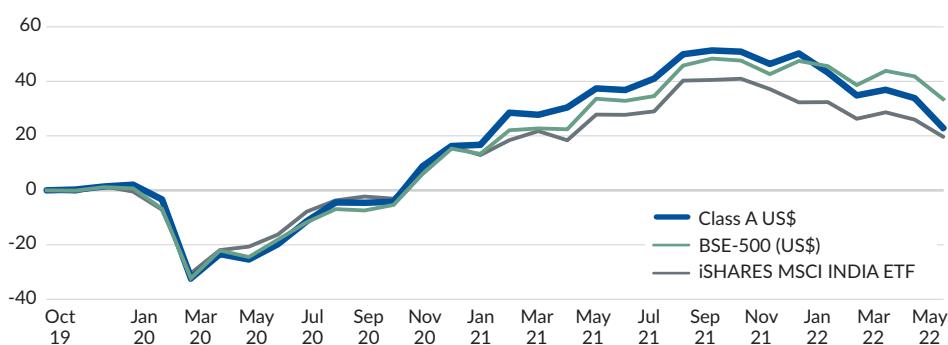
## PORTFOLIO AND MARKET UPDATE

May was a weak month for India, underperforming most markets by 5-6%. Foreign Portfolio Investors (FPIs) remained net sellers of Indian equities (\$4.8bn), marking eight months of outflows. In contrast, Domestic Institutional Investors (DIIs) continued buying, (\$6.5bn), recording fifteen months of inflows. Monetary and fiscal policy measures were introduced to offset mounting inflationary pressure, including an unanticipated rate hike of 40 bps, followed by 50bps in June. The Reserve Bank's policy rate stands at 4.9%. A slew of fiscal measures, including cutting excise duties on petrol and diesel, were taken in order to help limit further inflation. Meanwhile, economic expansion continues with full year (FY 22) real GDP growth reported at 8.7%, with investment and government consumption driving growth. Consensus expects FY23 growth to average 7.5% and currently high-frequency indicators are showing rising momentum in activity both in April and May. Corporate earnings results for Q4 FY22 were healthy, with the NSE50 companies reporting (in aggregate) sales growth of 23% and net profit growth of 21%. We continue to pivot our portfolio towards relatively 'higher' visibility on growth. As such Emami has been sold (increased margin pressures, lower growth prospects). It has been replaced by Eicher Motors, discussed below.

## HOLDING IN FOCUS: Eicher Motors

Eicher Motors manufactures the iconic Royal Enfield (RE) motorcycle. It also has a JV (VECV) with Volvo to manufacture commercial vehicles (CVs). From the iconic war-time British bike, Royal Enfield has evolved into an 'experiential premium' brand, combining modern-day elements with the brand's heritage. With an average monthly run rate averaging 55,000 bikes (lower by ~20% to pre-Covid), the company enjoys a 90%+ share in the 250cc+ segment, in India. The combination of easing supply chain issues, strong export momentum and new launches, augurs well for strong sales. On supply issues, it has now added more vendors supporting the supply of key components. The company now has over 840 stores overseas and monthly sales have risen from 1,700 units (2018) to averaging 8,000 currently. Turning to VECV, the joint venture with Volvo enjoys a 30% share in trucks 22% share of the buses segment. Current demand in the commercial vehicle market is strong and this is expected to remain, driven by the replacement cycle and by the Government as it ups infrastructure spending. The stock trades at a multiple of 22x FY24E and monthly volumes are expected to surprise positively. EBITDA margins have room to recover on the back of improving operating leverage and a better product mix.

## CLASS A US\$ PERFORMANCE SINCE OCTOBER 2019 (%)



## PERFORMANCE (%)

	1m	3m	6m	1yr	2yr	31/10/2019 <sup>2</sup>
Class A US\$ <sup>1</sup>	(8.3)	(9.0)	(16.2)	(10.7)	64.4	22.7
S&P BSE-500 US\$ <sup>3</sup>	(6.0)	(3.8)	(6.6)	(0.2)	76.5	33.3
iSHARES MSCI INDIA ETF	(5.1)	(5.3)	(12.8)	(6.4)	50.7	19.6

1 Class A US\$ was launched on 10 September 2012. 2 Commencement of Portfolio Adviser Tridib Pathak. 3 With effect from 1 July 2020, S&P BSE-500 Index is the Fund's benchmark.

## TOPICAL COMMENT

MONTHLY BOOK REVIEW	IN THE MEDIA	HOOD-INAR CATCH UP
10 June Atomic Habits by James Clear	13 May Quoted data article discussing India's large and dynamic emerging markets	27 April India's Russian ties, US-China rivalry and their implications on the India Investment story



# Gateway to India Fund

## QUARTERLY ATTRIBUTION – 3 MONTHS TO 31 MAY 2022 (%)

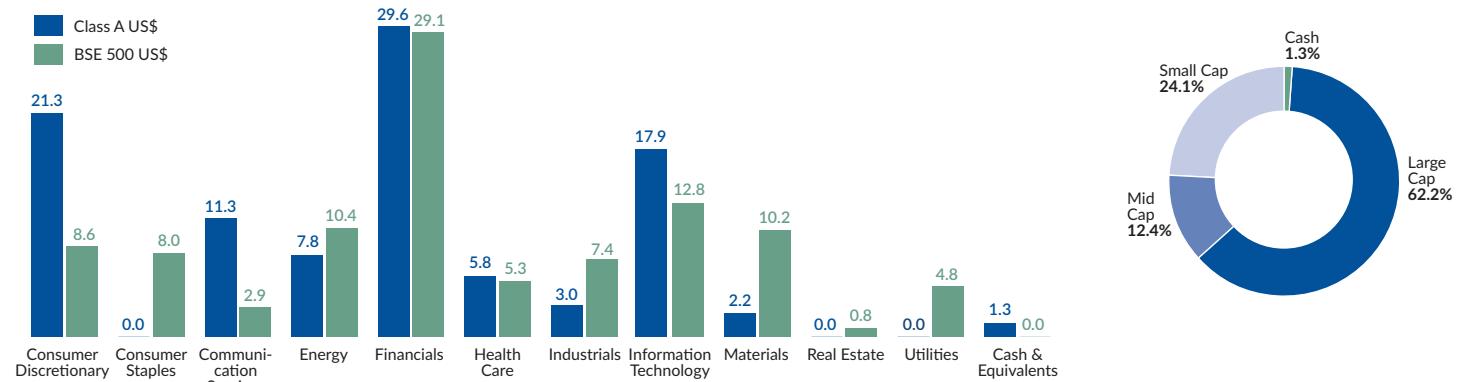
TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Reliance Industries	7.30	8.03	8.45	0.49	Axis Bank	6.22	1.80	(10.29)	(0.64)
HDFC Life Insurance Company	2.11	0.48	10.71	0.28	Tech Mahindra	3.07	0.76	(18.64)	(0.66)
Eicher Motors	0.49	0.32	2.72	0.13	Affle India	4.39	0.06	(16.06)	(0.68)
Cash-USD	(0.69)	0.00	0.00	0.00	Can Fin Homes	4.45	0.05	(19.01)	(0.81)
HDFC Bank	4.12	5.59	(4.22)	(0.03)	Welspun India	2.44	0.02	(39.45)	(1.18)

Source: Ocean Dial Asset Management Limited, Statpro

## TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap
Reliance Industries	7.8%	Business transformation of India's largest company into a new economy play	US\$229bn
Indusind Bank	7.3%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	US\$9bn
Bharti Airtel	7.1%	Strengthened survivor in a consolidating market, set to grow ARPU and market share going forwards	US\$51bn
Axis Bank	6.4%	Third largest private bank in India and poised to gain market share. Bridging the gap with peers to lead to a re-rating	US\$27bn
HCL Technologies	6.1%	IT services company benefitting from 'digital transformation' of businesses globally	US\$36bn
ICICI Bank	5.0%	Second largest private sector bank, attractively valued, well poised to capture recovery in credit growth	US\$67bn
Westlife Development	4.8%	McDonald's in India, beneficiary of growing fast food and delivery consumption trend in India	US\$914m
Affle India	4.2%	India's leading advertising technology company with high growth and profitability	US\$2bn
Eicher Motors	4.0%	Premium motorcycle brand, attractively valued, seeing a recovery in sales momentum and margins.	US\$10bn
HDFC Bank	4.0%	Largest private sector bank, consistent compounder	US\$99bn

## PORTFOLIO ANALYSIS (%)



## PRINCIPAL ADVISER

Tridib Pathak is the Principal Advisor to the Gateway to India Fund and has over 30 years' experience in managing Indian listed equity assets for domestic and international investors. He joined Ocean Dial in 2019 from the Enam Group, where he was a senior portfolio manager. His previous roles included CIO of Lotus Asset Management (a JV with Temasek's Fullerton Fund Management) and CIO of DBS Cholamandalam, a JV with DBS of Singapore. He is a Chartered Accountant from 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.  
+44 (0) 20 7068 9870    [enquiries@oceandial.com](mailto:enquiries@oceandial.com)  
Registered office: 13/14 Buckingham Street, London WC2N 6DF

## 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

## ADMINISTRATOR

Apex Fund Services



# Gateway to India Fund

## SOURCES

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

## 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.

## IMPORTANT INFORMATION

This document is an advertisement for marketing purposes. This is not a contractually binding document. Before making any final investment decisions and subscribing, please read the Prospectus and the key investor information document ("KIID") which are available at <https://www.oceandial.com стратегии/gateway-to-india-fund/>.

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**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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