

OCTOBER 2018

Monthly commentary

Net Asset Value

The Net Asset Value (NAV) per Class A US\$ share as at 31 October 2018 was US\$164.23. In October the NAV was down 4.3% whilst the S&P Dollex 30 (BSE Sensex US\$ equivalent) was down 6.5%, delivering an outperformance against the notional benchmark of 2.2%. In local currency terms, the NAV was down 2.4%.

Portfolio update

Positive contribution to the portfolio's performance was driven by ICICI Bank (up 16.2%) and Federal Bank (up 17.0%). The negative contribution mainly stemmed from Mahindra & Mahindra (down 11.0%), Laurus Labs (down 21.2%) and Tata Motors (down 19.9%).

Market and economic update

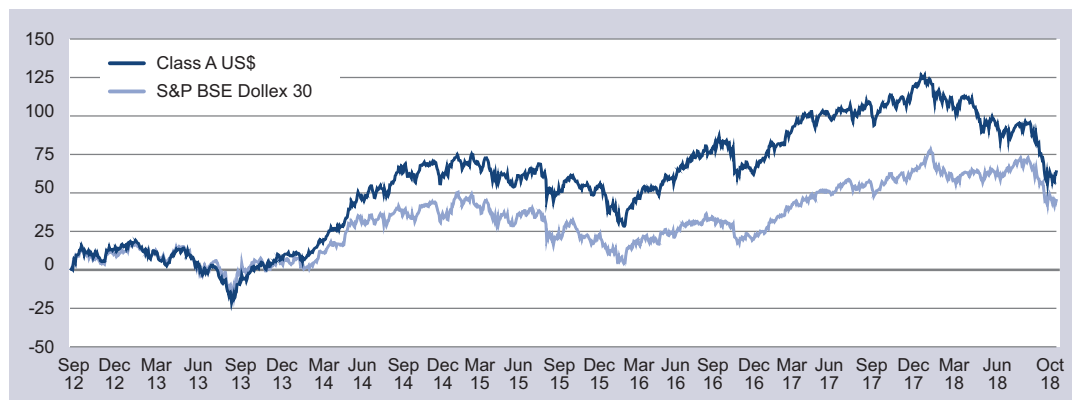
In tandem with a weak month for global equities, October saw another fall in India driven this time by larger cap names with the BSE Sensex down 4.9% and BSE Mid Cap TR Index down 1.0% (in local currency terms). However the domestic macroeconomic environment showed respite as Brent Crude Oil prices corrected 11% and the Reserve Bank of India (RBI) announced a liquidity infusion into the monetary system providing much needed relief to Non-Banking Finance Corporations and the bond market. Indeed, the yield on 10 year Government Securities declined from the recent high of 8.4% to 7.9%. The currency remained under pressure however with the Rupee depreciating by 2.0% against the US Dollar and 0.9% against the Pound

Sterling as Foreign Institutions were again net sellers for the month (US\$3.8bn). Appetite from Domestic Institutions was still strong with net inflows of US\$3.5bn.

The RBI decided to keep interest rates on hold in its policy meeting against the market expectation of a 25bps increase. It however elevated its policy stance from "neutral" to "calibrated tightening", suggesting that the rate hiking cycle is not yet over, despite marking down its Consumer Price Inflation (CPI) forecast for H2FY19 to 3.9%-4.5% from 4.8%. Food prices seem to be the chief reason and this was reflected in the CPI inflation figure for September which was 3.8% compared to 3.7% in August.

Indian companies began reporting Q2FY19 earnings. The picture so far shows that whilst revenues have risen fairly well, operating margins have contracted as few firms have been able to pass on higher input costs from higher oil prices, leading to lower than expected earnings. IT, Financials, Industrials and Consumer Staples sectors have outperformed expectations whilst Energy, Health Care, Consumer Discretionary and Cement companies have disappointed. Within the Financials sector, banks are showing a steady recovery in balance sheets as fewer loans have slipped into non-performing territory resulting in lower credit costs. Industrials so far have reported good operating performance on the back of strong order inflows with the order book of the market leader, Larsen & Toubro, growing by 42% (YoY). Consumer staples' outperformance was helped by robust rural consumer demand.

Class A US\$ performance vs. S&P BSE Dollex 30 (%)



Source: Ocean Dial Asset Management Limited, Bloomberg

Performance (%)

	3m	6m	YTD	1 yr	3 yr	5yr	Launch
Class A US\$	-15.27	-22.26	-25.74	-21.71	4.35	57.75	64.23
S&P BSE Dollex 30	-14.89	-11.86	-12.54	-9.04	14.24	35.30	45.55
Class C GBP	-12.87	-16.18	-21.34	-18.54	26.13	97.67	87.37
S&P BSE Dollex 30 (GBP)	-12.48	-4.97	-7.50	-5.36	38.08	69.99	82.55

*Class A US\$ was launched on 10 September 2012, Class C GBP was launched on 27 September 2012
Source: Ocean Dial Asset Management Limited, Bloomberg

For the performance of other share classes please call +44 20 7068 9877 or email enquiries@oceandial.com

Investment objective

The Fund aims to achieve long-term capital growth and will comprise of a diversified portfolio of companies from the Indian subcontinent. The Fund concentrates on securities that are listed, traded or dealt on the Regulated Markets in the Indian subcontinent and will have a minimum of 80% of the portfolio invested in Indian securities.

Portfolio statistics

Fund size	US\$229m
No of holdings	35
Top 10 holdings	44.2%
5 and 40 rule	5.9%
Fund PE FY18	16.5
BSE Dollex 30 PE FY18	25.0
Dividend yield FY18	1.4%
Median market cap	US\$2.9bn
Active share	78.7%

Key facts - Class A US\$

Fund manager	David Cornell	
Fund adviser	Sanjoy Bhattacharyya	
Fund type	UCITS OEIC	
Domicile	Ireland	
Base currency	US\$	
Share currencies	US\$, GBP, EUR	
Launch date	10 Sept 2012	
Benchmark	S&P BSE Dollex 30	
Min. investment	US\$5,000 or currency equiv.	
Reporting status	Yes	
Fees (%)	Initial	0.00
	Annual	1.25
	Redemption*	3.00

No performance fee is applicable to the Class A US\$ share class.

*The Fund reserves the right to charge a redemption fee of 3.0% of NAV, payable to the fund (not the manager), which will be imposed if the holding period is less than 12 months and is deemed detrimental to the NAV of the Fund.

Dealing information

SEDOL	B585S74
ISIN	IE00B585S747
Bloomberg	ODGTIAU ID
Frequency	Daily
Dealing cut-off	13:30 T-1
Dealing line	+353 1 411 2949
Dealing fax	+353 1 411 2948

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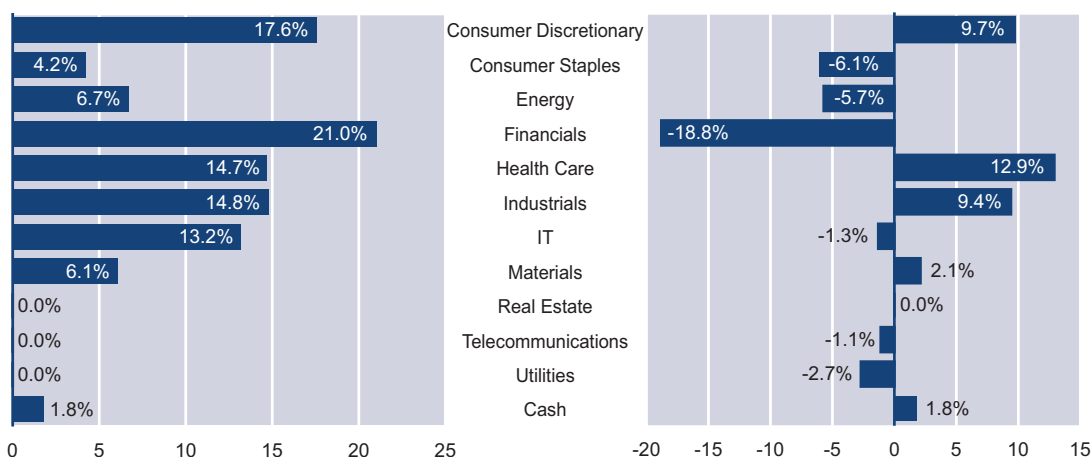
Top 10 equity holdings

Stock	% of Portfolio	P/E FY18	P/B FY18	Div. yield FY18	5yr Avg ROE	5yr EPS CAGR	5yr Sales CAGR
Mahindra & Mahindra	5.9%	12.7	2.6	1.0%	14.0%	12.2%	6.0%
Petronet LNG	5.0%	16.3	3.5	2.0%	18.6%	13.2%	-0.6%
HCL Technologies	5.0%	17.6	4.0	1.1%	31.2%	16.5%	14.6%
Aurobindo Pharma	4.7%	19.5	4.0	0.3%	31.0%	52.5%	23.0%
Infosys	4.5%	18.6	4.6	3.2%	24.3%	13.3%	11.8%
ICICI Bank	4.2%	30.5	2.1	0.4%	12.9%	-4.3%	6.7%
Hero Motorcorp	3.9%	14.9	4.7	3.4%	37.9%	14.1%	6.3%
Niit Technologies	3.8%	26.9	4.3	1.2%	17.1%	6.1%	8.2%
KEC	3.7%	15.6	3.7	0.8%	13.7%	49.5%	7.7%
Balkrishna Industries	3.7%	29.4	5.2	0.5%	21.7%	15.7%	5.5%

Source: Ocean Dial Asset Management Limited, Bloomberg

Sector weighting

Overweight/underweight portfolio compared to S&P BSE Dollex 30 Index



Source: Ocean Dial Asset Management Limited, Bloomberg

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 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 Dollex 30 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. This document is issued by Ocean Dial Asset Management Limited and views expressed in this document reflect the views of Ocean Dial Asset Management Limited and its Mumbai based affiliated company and advisor, Ocean Dial Advisers Private Limited as at the date of publication. This information is for the use of intended professional and institutional investor recipients only and may not be reproduced, redistributed or copied in whole or in part without the express consent of Ocean Dial Asset Management Limited. Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Registered office 13/14 Buckingham Street, London WC2N 6DF.

Fund adviser



Sanjoy Bhattacharyya has a career in the Indian capital markets that spans 25 years, initially as Head of Research at UBS Warburg Securities

(India) before becoming CIO of HDFC Asset Management. Latterly he joined New Vernon Advisory as a Partner before setting up Fortuna Capital. He joined Ocean Dial in April 2013 and acts as an exclusive investment adviser to the Gateway to India Fund. Sanjoy has an MBA from the Indian Institute of Management, Ahmedabad.

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.

Regulatory information

Any views expressed within this fact-sheet 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 plc, an Irish UCITs investment company.

Prospectus and Application Form

The Prospectus and Application Form are available by telephoning +353 1 411 2949.

Fund manager

Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority. Tel: +44 (0) 20 7068 9870 Email: enquiries@oceandial.com

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