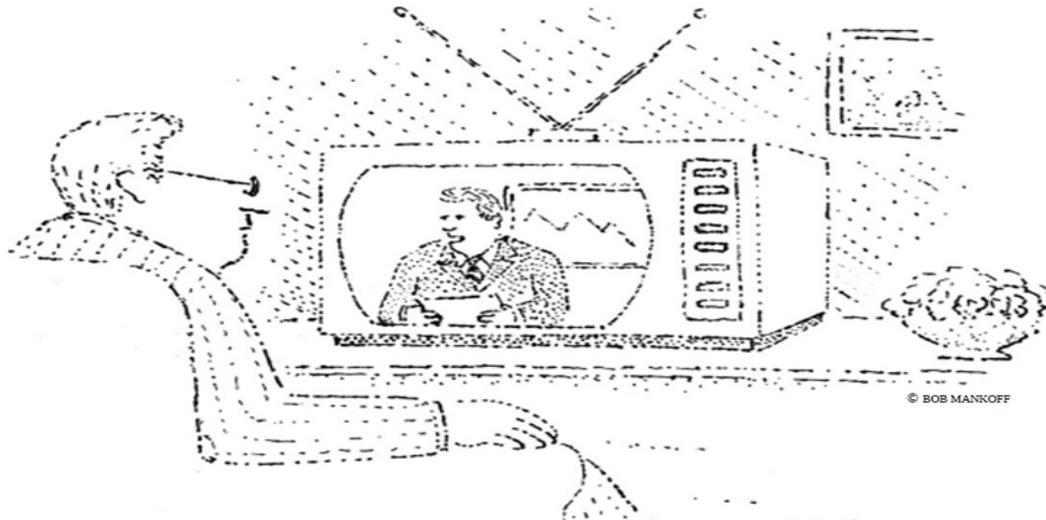


January 2019



**EXPECTATION**

**REALITY**

**Assembly election results 2018: Markets may fall as BJP seen in close races**

*Markets shrug off BJP loss in state polls, Patel's sudden exit*

OUTCOME OF STATE POLLS could aggravate any selloff, but it could also spark a rally

**Urjit Effect: Bank Nifty Could Open 500-600 Points Gap-down**

**'Talk to me', says RBI governor Shaktikanta Das in relief to markets**

Even as the stock markets witnessed an extremely volatile session on Tuesday, showing wild swings closely tracking the state elections, experts say that the stock markets had factored in a much worse result for Narendra Modi's BJP in the ongoing polls.

RBI gov Urjit Patel's resignation may hit stock and currency markets today

(Reuters) - Indian markets recovered from sharp early losses on Tuesday as vote count in three states were not as poor for the ruling party as some expected, but anxiety about the central bank governor's resignation kept sentiment fragile.

**Equity Investors Are Rewarded With "Patience" Premium**



**Coffee Can Portfolio**



### How do we at Ambit Asset Management position ourselves?

We at Ambit asset management, spend no time pondering over short-term "noise" surrounding equity markets or in trying to "time" the equity markets. **We believe in picking and staying invested in high quality companies with demonstrated historical performance, quality management, and strong competitive advantages.** The virtues of long-term investing include: (a) significantly increasing the probability of making profits; (b) reducing costs by avoiding churn; (c) allowing the full power of compounding to play out; and (d) removing the negatives of "noise". Moreover, due to the high quality nature of our investments, the volatility and the risk of our portfolios is much less than the broader stock markets.

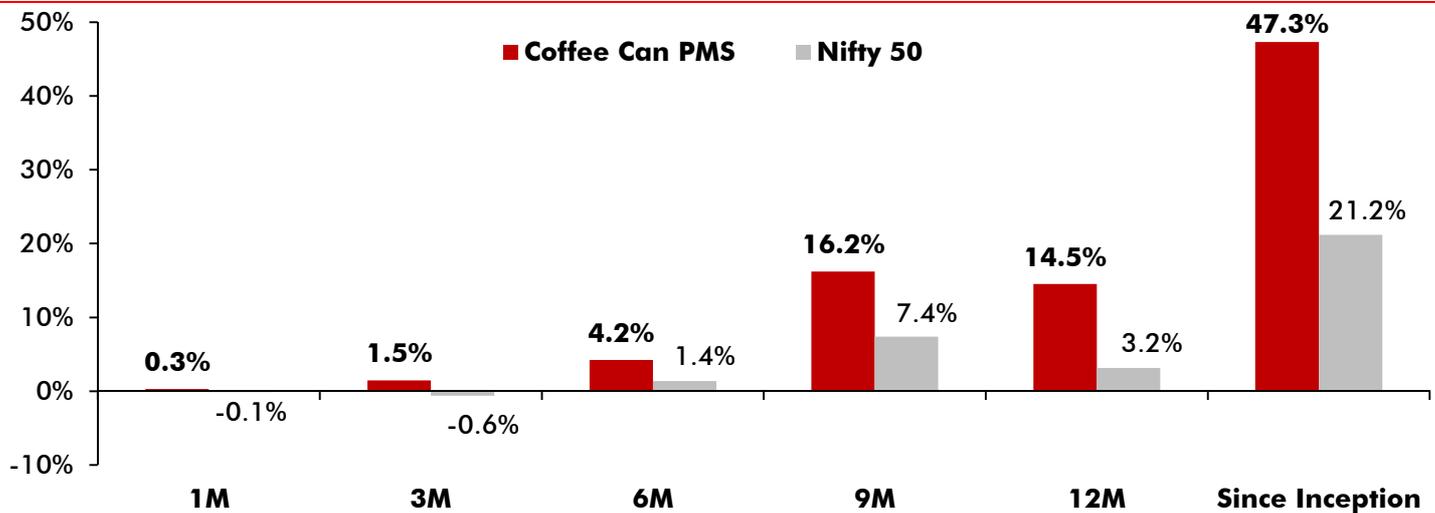


## Ambit Coffee Can Portfolio

The Coffee Can construct hinges on investing in high-quality franchises (which have a superior track record of financial performance over the preceding decade) for a very long period of time – a decade to be precise. Combining the 'patience' of staying invested in Indian markets (which improves risk-adjusted returns as the holding period increases) with 'quality' of investments generates the best returns with least risk. We believe that for a genuinely long-term investor (who is willing to invest for horizons in excess of three years and ideally for ten years), high quality investing never goes out of style (regardless of how heated market conditions might be). It is in this context that investors should look at the Coffee Can Portfolio.

The portfolio consists of 11 stocks of high-quality companies, spread across Financials (2 stocks), Home Building Materials (3 stocks), Consumer Discretionary (3 stocks) and Consumer Staples (3 stocks). **There has been no change in the list of stock holdings (i.e., zero churn) in the portfolio since inception of the PMS.** The intended average holding period of a stock in our portfolio is longer than 8-10 years, resulting in a churn of less than 1 stock per year on an average.

### Exhibit 3: Ambit' Coffee Can Portfolio Performance Update



Source: Ambit; Portfolio inception date is March 6, 2017; Returns as of December 31, 2018; All returns are absolute returns net of fees & expenses

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