

Fact Sheet

Ambit Good & Clean PMS

February 2016

Investment Manager

Ambit Capital Private Limited (ACPL) a subsidiary of Ambit Corporate Finance Pvt. Ltd.

Investment philosophy

To generate long term equity returns by investing in firms which are:

- (a) Good- Basis capital allocation track record and quality of improvement in financial metrics; and
- (b) Clean- Based on the quality of their accounts and corporate governance.

The focus on 'good' helps generate upside while not compromising on 'clean' reduces downside risk. Essentially, while our objective is to generate returns, the even bigger goal is to better manage drawdowns because we believe doing the latter successfully is critically vital in achieving the former.

Ambit's proprietary 'forensic accounting' framework helps weed out firms with poor quality accounts while our proprietary 'greatness' framework helps identify efficient capital allocators with a holistic approach to consistent growth.

General Information	
Fund Type	PMS
Fund Tenure	Open ended
Benchmark	BSE 500
Minimum Investment	INR. 25 lacs
Liquidity	Daily
Inception date	12 th March 2015

Fees	Option – I	Option - II
	Management Fee	2.5 % p.a.
Performance Fee	NIL	20% of profits subject to hurdle rate
Exit Load	1% if redeemed before 1 year	2% if redeemed before 1 year 1% if redeemed before 2 years
Hurdle Rate &	NIL	Hurdle Rate of 12% p.a with catch up; high water mark applicable

Portfolio Manager
Pranab Uniyal

Risk Parameters	Fund
Standard Deviation	12.2%
Portfolio Turnover	1.3%

Portfolio Details

Top Holding

Scrip	Sector
TVS Motors	Auto & Auto Components
Lupin	Pharmaceuticals
PI Industries	Agro-chemicals
ITC	Consumer Staples
Supreme Industries	Materials

Sector Allocation**	Grand Total
Financials	20.9%
Auto & Auto Components	21.8%
Consumer Discretionary	9.7%
Materials	9.6%
Pharmaceuticals	7.6%
Information Technology	7.0%
Agro-chemicals	6.8%
Consumer Staples	6.6%
Logistics	4.5%
Industrials	4.1%
Cash	3.2%
Grand Total	100%

** Allocation as on end of Feb'16 based on entire AUM

Returns (%)*	30 Days	90 Days	180 Days	**Since Inception
G&C PMS	-8.69	-12.9	-11.4	-11.9
BSE 500	-8.07	-13.0	-12.6	-19.3

Returns (%)*	Sep15	Oct15	Nov15	Dec15	Jan16	Feb16
G&C PMS	-1.1	1.1	1.7	-0.8	-3.8	-8.7
BSE 500	-0.4	1.7	-0.9	0.5	-5.8	-8.1

* Represents time weighted return of the pooled AUM; performance is post brokerage and other statutory charges but before fees. Benchmark returns are calculated on a point to point basis.

** Inception date – 12th March 2015

Last month we had noted that pessimism was running at climactic levels, not just for Indian equities but for global financial markets in general. That however didn't stop markets from continuing to move lower through the month of Feb, piercing through the 7200 mark on the Nifty, the level that had denoted a correction of 20% from peak levels.

The month of March, however, has begun on a completely different note and has reversed bulk of losses from February in the very first week of the month. Even as volatility is likely to continue, we do believe that this is a reversal for good and not just another bear market rally. For one, volumes are significantly higher in this upmove (daily cash market volumes are higher by about 28% on average since the budget day versus the traded volumes in Feb before the budget day) thus suggesting that the move is backed by genuine institutional buying action. Two, the upmove has been on strong breadth with more stocks outperforming the index than not (true for both BSE500 and BSE200 universes). Finally, banks and financials, supposed to be the barometers of market strength are leading the upmove from the front (Nifty Bank is up over 11% since Budget versus 6.5% for the Nifty).

Globally too, there are early signs of a reversal in sentiment. US 10 year bond yields, having plunged to sub 1.60 levels in Feb are now inching toward 1.90, suggesting a revival in confidence. Commodities have started inching higher. Emerging market ETFs are seeing inflows of the magnitude not seen in the last two years (<http://goo.gl/4cYHkE>).

We reiterate that while it is difficult to call the precise bottom, we are in the valuation region from where investors should be rewarded in the medium term, in our view. Reflecting this view, we continue to be adequately invested. While in the initial phases of a rally, all kinds of stocks do well, we believe investors should use the opportunity to move to better quality stocks- we continue to believe that staying with Good & Clean companies is the only sustainable way of making money in the long term.

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