Fact Sheet

Ambit Good & Clean PMS

March 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	12th March 2015

Fees

	Option – I	Option - II
Management Fee	2.5 % p.a.	Nil
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

Gaurav Mehta, CFA

Risk Parameters	Fund
Standard Deviation	16.4%
Portfolio Turnover	1.5%

Portfolio Details

Top Holding

Scrip	Sector
TVS Motors	Auto & Auto Components
Tata Motors DVR	Auto & Auto Components
Persistent Systems	Information Technology
ITC	Consumer Staples
Supreme Industries	Materials

Sector Allocation**	Grand Total
Financials	21.0%
Auto & Auto Components	20.9%
Consumer Discretionary	9.5%
Materials	9.0%
Information Technology	7.2%
Consumer Staples	6.5%
Agrochemicals	5.9%
Pharmaceuticals	5.8%
Logistics	4.7%
Industrials	4.7%
Cash	4.8%
Grand Total	100%

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

Returns (%)*	30 Days	90 Days	1 Yr	**Since Inception
G&C PMS	11.0	-2.24	-0.29	-2.03
BSE 500	10.6	-4.22	-7.82	-10.2

Returns (%)*	Oct15	Nov15	Dec15	Jan16	Feb16	Mar16
G&C PMS	1.1	1.7	-0.8	-3.8	-8.7	11.0
BSE 500	1.7	-0.9	0.5	-5.8	-8.1	10.6

** 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*

The month of March provided sufficient cheer to optimists like us. We continue to think that February's market behavior was reflective of a climax in investor pessimism and that Indian markets in all likelihood have bottomed for good. Amongst the reasons for our optimism, the key ones include:

- Strong market internals: Strong volumes in the upmove (backed by good institutional participation), strong breadth (with majority of stocks participating in the upmove) and pro-economy sectors like financials leading from the front are all suggestive of strong market internals. This in our view differentiates the current upmove form the previous bear market rallies and indicates that we have, in all likelihood, bottomed for good.

- Global central bank action: March was a month that saw three key central banks (ECB, BoJ and the Fed) make policy announcements that helped stabilize global financial markets. Most importantly, the central bank action across the globe seemed like a concerted attempt at stalling the dollar's surge. A weak dollar while helping US exports also indirectly helps Yuan depreciate against other major currencies like the Yen and the Euro thus helping China (http://goo.gl/iImMvE). A weak dollar in turn is positive for emerging market assets.

- Indian economy looking up: While this is contentious as always, we are seeing green shoots emerge- auto numbers, fuel consumption, vehicular traffic, retail credit, cement numbers to name a few. Incrementally, things seem to be looking up for the Indian economy. Especially, with the RBI's endeavor to improve liquidity, as communicated in its latest monetary policy, transmission should meaningfully increase over the next 12-18 months, which in turn should mean lower interest rates. This along with the government's attempts to revive the rural economy (with some help from rain Gods) and some positive legislative action (the PM is spending more time in Delhi) can finally bring about the earnings revival that has been elusive so far. **In fact** the usually cautious RBI governor Raghuram Rajan is decisively positive as well: http://goo.gl/aZ8rcK.

Overall, while we continue to be adequately invested, we refrain from letting short term bouts of optimism and pessimism affect our portfolio construct - we continue to believe that staying with Good & Clean companies is the only sustainable way of making money in the long term. This has helped us maintain a low churn at the portfolio level while also weathering the market storm in the year gone by, our first complete year of existence!