

Fact Sheet

Ambit Good & Clean PMS

April 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
Gaurav Mehta, CFA

Risk Parameters	Fund
Standard Deviation	16.3%
Portfolio Turnover	2.5%

Portfolio Details

Top Holding

Scrip	Sector
TVS Motors	Auto & Auto Components
Bata India	Consumer Discretionary
Tata Motors DVR	Auto & Auto Components
PI Industries	Agrochemicals
Supreme Industries	Materials

Sector Allocation**	Grand Total
Financials	21.4%
Auto & Auto Components	20.1%
Consumer Discretionary	10.2%
Materials	8.3%
Information Technology	6.8%
Agrochemicals	6.4%
Consumer Staples	6.2%
Pharmaceuticals	5.7%
Industrials	4.8%
Logistics	4.5%
Cash	5.6%
Grand Total	100%

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

Returns (%)*	30 Days	90 Days	1 Yr	**Since Inception
G&C PMS	4.26	6.06	7.49	2.02
BSE 500	2.17	3.92	-2.72	-7.77

Returns (%)*	Nov15	Dec15	Jan16	Feb16	Mar16	Apr16
G&C PMS	1.7	-0.8	-3.8	-8.7	11.0	4.3
BSE 500	-0.9	0.5	-5.8	-8.1	10.6	2.2

* 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

After a near vertical rise in the month of March, markets have gone in for consolidation over the last few weeks, in the process opening up debate on the sustainability of the rally. While the recent sharp surge is getting all the attention, Indian markets are still down for the calendar year. We believe that this upmove just marks a reversion to normalcy after the capitulation in early part of this year.

We continue to believe that we have turned the corner for good, both on markets and the economy. Cement (pick up in prices as well as volumes), auto numbers (with even motorcycles having joined the party), strong quarter for consumer durable/ light electrical categories (like fans, ACs, coolers), fuel consumption, vehicular traffic, retail credit, etc continue to point to an economic improvement. In addition, with the RBI's endeavor to improve liquidity, as communicated in its latest monetary policy, transmission of monetary easing should meaningfully increase over the next 12-18 months, in turn aiding the incipient recovery.

Globally, a weakening dollar continues to provide breathing space to both US and Chinese economies (Yuan being pegged to the dollar, depreciates with the dollar). The weak dollar has also helped commodities and emerging market equities in general. While recently there has been some uptick on the dollar index, the broad direction stays down (<http://goo.gl/ilmMvE>). This should continue to provide cushion to risk assets.

Overall, while we continue to be optimistic and 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!

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