Fact Sheet

Ambit Good & Clean PMS

May 2016

Investment Manager

Ambit Investment Advisors Private Limited (AIAPL) is a joint venture entity between Ambit Corporate Finance Pvt. Ltd. and Nikko Asset Management Co., Ltd. AIAPL is registered with SEBI as portfolio manager.

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	16.0%
Portfolio Turnover	2.5%

Portfolio Details

Top Holding

Scrip	Sector
Supreme Industries	Materials
TVS Motors	Auto & Auto Components
Tata Motors DVR	Auto & Auto Components
PI Industries	Agrochemicals
Axis Bank	Financials

Sector Allocation**	Grand Total
Financials	23.3%
Auto & Auto Components	19.4%
Consumer Discretionary	9.4%
Materials	8.5%
Agrochemicals	6.6%
Information Technology	6.5%
Consumer Staples	6.3%
Industrials	5.8%
Pharmaceuticals	5.1%
Logistics	4.7%
Cash	4.3%
Grand Total	100%

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

Returns (%)*	30 Days	90 Days	1 Yr	**Since Inception
G&C PMS	3.54	20.3	7.10	4.82
BSE 500	3.51	17.0	-2.29	-4.60

Returns (%)*	Dec15	Jan16	Feb16	Mar16	Apr16	May16
G&C PMS	-0.8	-3.8	-8.7	11.0	4.26	3.54
BSE 500	0.5	-5.8	-8.1	10.6	2.17	3.51

** 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. Returns over a one year period have been annualized.*

*** Inception date – 12th March 2015*

We finally had an earnings season that has provided optimism that corporate earnings may be turning around. Both, revenue and profit growths, were best in the last seven quarters (aided partly by a very favorable base effect from Q4FY15); more importantly there were more positive surprises than negative, suggesting that the pace of downgrades should abate and may even give way to upgrades.

Indicators from the economy (cement, auto, durables, fuel, traffic, cargo etc) continue to point to an improvement. RBI has stuck to its guidance on improving liquidity, as was initially announced in the previous monetary policy, suggesting transmission of lower rates should continue to improve, in turn aiding the incipient recovery. In addition, capacity utilization and WPI have both inched up providing comfort on earnings revival.

Globally, weak data prints from the US recently have likely meant that rate hike should be off the cards at least in the Fed meet scheduled for later this month. More importantly this has helped dollar resume its downmove, which in turn should provide support to commodities and Emerging Markets assets.

That said there are events and uncertainties that can keep markets subdued in the near term- Brexit, speculation over RBI governor's second term, and the progress of monsoons, may keep markets in check, as they digest the sharp gains of the past few months. We however think downsides should be limited with corrections likely to be shallow (to the tune of 3-5%).

Overall, while we continue to be optimistic and stay 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.

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