Fact Sheet

September 2016

Ambit Good & Clean PMS

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	14.5%
Portfolio Turnover	2.5%

Portfolio Details

Top Holding

Scrip	Sector
TVS Motor	Auto & Auto Components
AIA Engineering	Industrials
PI Industries	Agrochemicals
Tata Motors DVR	Auto & Auto Components
Supreme Industries	Materials

Sector Allocation**	Grand Total
Financials	24.6%
Auto & Auto Components	19.8%
Consumer Discretionary	7.7%
Industrials	7.5%
Materials	7.1%
Agrochemicals	6.8%
Consumer Staples	5.6%
Information Technology	5.3%
Pharmaceuticals	5.1%
Logistics	3.9%
Cash	6.7%
Grand Total	100%

*** Allocation as at end of Sep'16 based on entire pooled AUM*

Returns (%)*	30 Days	90 Days	1 Yr	**Since Inception
G&C PMS	-0.78	6.15	15.51	8.55
BSE 500	-1.13	6.09	11.45	1.62

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

Returns (%)*	Apr16	May16	Jun16	Jul16	Aug16	Sep16
G&C PMS	4.26	3.54	1.07	4.06	2.81	-0.78
BSE 500	2.17	3.51	2.40	5.05	2.15	-1.13

** Represents time weighted return of the pooled AUM; performance is post brokerage and other statutory charges but before fees.*

*** Inception date – 12th March 2015*

Market commentary

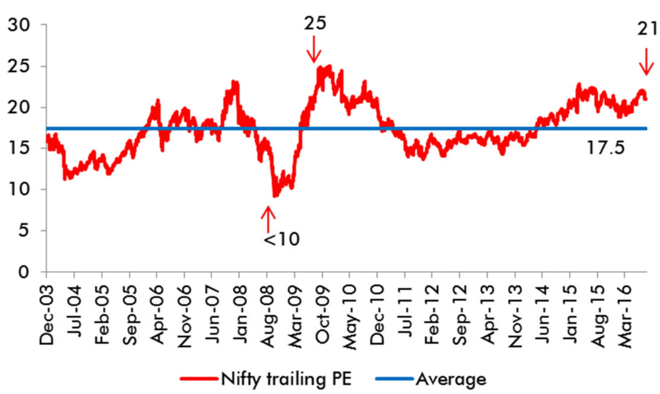
Easy liquidity globally continues to keep financial markets buoyant across the globe. However, US bond yields have been on the rise of late and are north of 1.70 now (versus a low of 1.35 or thereabouts in early July). In the run-up to the US presidential elections (scheduled for Nov 8, 2016), we expect yields to continue to rise with both candidates having announced intents of using fiscal stimulus to revive the economy (which in turn will be inflationary on the one hand, and will reduce reliance on monetary policy on the other). This rise in yields along with the uncertainty of the election outcome itself is likely to keep markets jittery in the near term.

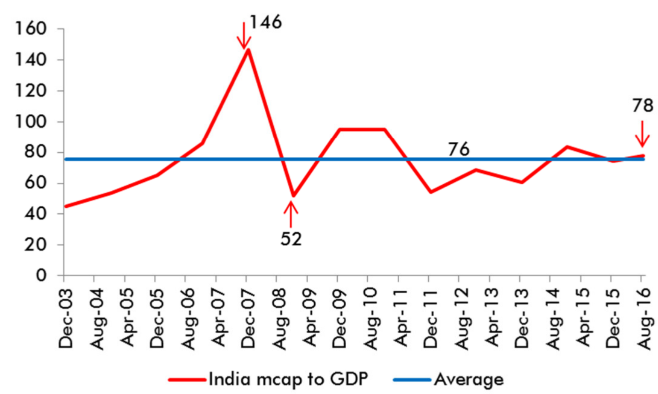
Looking beyond the near term, however, fiscal boost to the world's largest economy should help global growth, and hence should be positive for equities, eventually. This, in addition to continued improvement in the domestic macro, should keep corrections shallow for Indian equities.

The street however is getting concerned on valuations. Measures like price to earnings do suggest limited room for further expansion. However, on measures such as market cap to GDP, we are still modestly priced, close to historical averages. The missing link therefore is the gap between GDP growth and earnings growth, and for sustained equity gains, earnings will need to catch up.

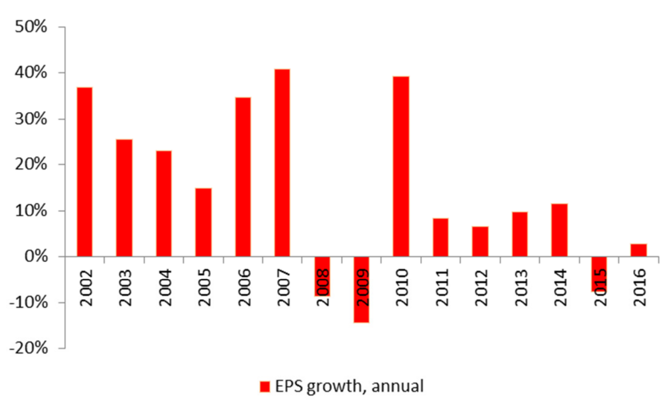
And, we do believe that things are falling in place for a longer term earnings recovery including supportive legislative action (GST being the most prominent one), good monsoons, and fiscal support (including the recent pay commission recommendations). This coupled with continued decline in cost of capital (led partly by government's crackdown on black money and partly by falling inflation) augurs well for an earnings revival.

While India appears expensive given current earnings, market cap to GDP is still modest at historical averages….

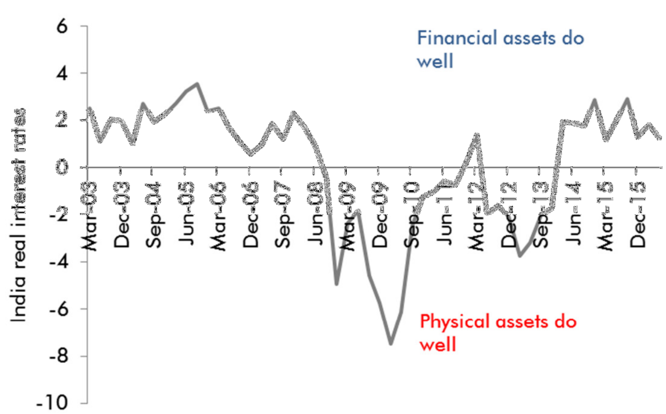




…suggesting a lot hinges on earnings catching up



Positive real rates continue to aide financial assets



In addition, in spite of the several rate cuts by the RBI so far, real interest rates continue to be positive and that should continue to drive domestic flows into financial assets.

In terms of portfolio strategy, we believe that while the rally so far has been indiscriminate with respect to stock quality, just as at the index level investors will become cognizant of earnings delivery at the stock level as well. And in that respect, we continue to stay Good & Clean, with franchise strength and good governance providing the ability to whether any near term spike in volatility, and earnings sustainability allowing participation in upsides.

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