

Alchemy India Long Term Fund-Monthly Performance Fact Sheet September 2015

NAV: 212.24 AUM: USD 55.93mn

Bloomberg Ticker: ALCINDA KY <EQUITY>

Brief Objective*

To generate long-term capital appreciation by investing in (i) listed Indian equities, (ii) PIPES on listed Indian equities and (iii) IPO and pre-IPO opportunities.

Investment Strategy

Long-short fund with a long bias. The fund will be principally long and will not run a consistently short position. However, based on market conditions, the investment manager reserves the right to use discretion to take a short position either to hedge the portfolio or profit from opportunistic short calls.

Investment Philosophy

Growth at a Reasonable Price

This approach is rooted in the hypothesis that India is a high-growth economy and that the best way to benefit is to identify and invest in companies that are best equipped to take advantage of the emerging domestic and global opportunities

Invest for the Long Term

The intention is not to trade in and out of investments to capture short-term volatility.

However, at appropriate and opportune moments, the Fund may seek to tactically hedge its exposure by taking short positions on NIFTY futures and/or a basket of stocks.

Portfolio Manager Brief

Alchemy India Long Term Fund returned -9.5% for Aug 2015 and 4.6% YTD15 as against -9.5% & -6.1 for S&P BSE500 [1] in dollar terms during the same period. The INR has depreciated 3.5% for the month and 4.5% YTD15.

While the Indian economy is relatively less affected by global growth concerns, especially slowing growth in China, given the large domestic market and material gains from cheaper commodity imports, Indian markets are less immune as (i) large proportion of revenues for larger firms are either exports (IT, Pharmaceuticals, etc) or commodity driven (Metals & Energy) and (ii) large foreign ownership (Foreign Portfolio Investor(FPI's)own 49.5% of free float of BSE200 companies) becomes a source of short to medium term risk due to forced selling by FPI's as global portfolio's rebalance. The month of August saw the largest monthly selling by FPI's since Oct 2008 (See chart below).

* The fund objectives are merely a target and there are no assurances that it would be achieved.

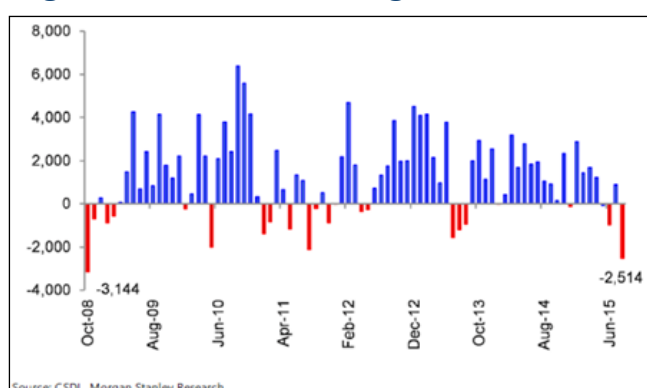
¹ S&P BSE500 is a rules-based broad index designed to measure the performance of the top 500 companies in India

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Highest Month FPI Selling since Oct 2008



Domestic investors have not panicked and have bought the dip in markets as from their perspective equities seem to be a better investment opportunity compared to fixed income, real estate and gold and they are not impacted by currency depreciation unlike foreigner investors.

Meanwhile, there has been a setback for The Goods and Service Tax (GST) reform with the government giving up on holding a special session of the parliament to try and pass the bill in time for implementation from April-16 due to opposition from the Congress party without, whose support the bill cannot pass in the upper house. This is a real setback as GST had the potential to improve GDP trajectory by 1-2%. GST reform was a major carrot especially for consumer companies to invest for growth.

We believe that the Bhartiya Janata Party (BJP) will keep trying to push the bill but it seems difficult

given the BJP and its allies are in minority in the upper house. They need to win the large state elections to improve their position and that makes the upcoming Bihar state election in Oct-Nov-15 an important event for the market. Predicting the election result is difficult as the opposition parties have formed a grand alliance against Modi led BJP but recent news flow of Samajwadi Party opting out of the alliance and a number of political switches from other parties to BJP bode well for their chances. The latest survey conducted by ITG-Cicero (before the model code of conduct came into play) too shows that the BJP ahead in both in seat share and vote share.

We believe the Reserve Bank of India (RBI) is due a rate cut at its September policy meet given (i) the sharp fall in commodity prices (ii) food prices under control despite poor monsoon & (iii) RBI wanted to see transmission of rate cuts and ICICI Bank & HDFC Bank have obliged by cutting lending rates by 25bps to 35bps while PSU banks have not yet done so given weak profitability. Weak in INR and Governor Rajan's fixation on first rate hike by US Fed could be cited as reasons against a policy rate cut.

On balance, we remain confident of the growth opportunity for our portfolio companies and we are using the fall in prices to add to our existing positions.

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Alchemy India Long Term Fund Performance (%)¹

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	CY
2015													
AILTF	6.4	4.7	4.0	-6.5	0.0	0.9	5.7	-9.5					4.6
S&P BSE 500*	8.5	0.9	-4.8	-4.7	2.8	-1.1	2.6	-9.5					-6.1
2014													
AILTF	-5.3	3.5	15.8	0.7	13.5	7.7	4.0	4.3	2.5	2.0	2.8	-1.4	60.4
S&P BSE 500*	-5.1	3.5	11.1	0.2	12.8	4.5	0.2	2.3	-1.1	4.5	2.5	-4.2	33.9
2013													
AILTF	-2.5	-10.0	-5.3	6.6	-2.0	-10.3	-3.6	-13.7	13.1	10.2	0.8	6.0	-13.7
S&P BSE 500*	3.9	-7.4	-2.2	4.6	-3.3	-8.9	-4.8	-12.3	11.5	11.5	-2.3	3.9	-8.6
2012													
AILTF	20.5	5.4	-4.1	-1.0	-10.1	4.8	-0.5	2.1	15.7	-3.1	9.0	0.9	42.5
S&P BSE 500*	21.5	6.3	-5.7	-3.5	-12.7	6.6	-0.3	0.6	14.9	-3.8	4.2	1.0	27.6
2011													
AILTF	-13.3	-5.8	13.9	6.7	-0.8	1.5	6.4	-11.7	-4.7	2.8	-16.5	-10.6	-31.3
S&P BSE 500*	-12.7	-2.3	9.9	0.5	-4.0	1.1	-0.9	-12.5	-7.4	6.1	-15.4	-7.5	-38.9
2010													
AILTF	-0.1	1.2	6.5	7.0	-10.2	5.4	4.8	4.0	11.6	-0.4	-7.1	3.4	27.0
S&P BSE 500*	-4.3	0.5	8.7	3.4	-7.9	4.2	1.9	-0.2	14.8	1.5	-7.0	5.9	21.2
2009													
AILTF	-8.3	-7.1	2.5	11.1	43.5	-0.03	7.7	5.6	3.9	-3.2	4.3	5.3	74.6
S&P BSE 500*	-5.8	-8.9	8.5	19.2	41.6	-1.7	7.5	0.3	10.3	-4.1	8.3	3.5	97.4
2008													
AILTF						-1.7	4.3	-0.2	-11.8	-24.4	-10.0	10.0	-32.4
S&P BSE 500*						-11.2	7.1	-1.1	-18.9	-30.5	-8.8	12.3	-45.7

Note: Fund commenced on 11th June 2008.

*USD-adjusted performance of the benchmark S&P BSE500 index. Past performance is not the indicative of the future performance.

¹ Returns presented are for Class B shares of Alchemy India Long Term Fund Limited and are net of fees and expenses. Fees charges to individual investors may vary and, as such, returns achieved by investors may differ from those shown above.

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Performance Since Inception In USD (%)

	Absolute	CAGR
AILTF	112.2%	11.0%
S&P BSE 500*	16.2 %	2.1%

* USD-adjusted performance of the benchmark S&P BSE 500 index.

Past performance is not indicative of future performance

Performance Since Inception In INR (%)

	Absolute	CAGR
AILTF	228.1%	17.9%
S&P BSE 500*	79.7%	8.4%

* Performance of the benchmark S&P BSE 500 index.

Past performance is not indicative of future performance

Weight by Market Cap as of 31st August 15 (%)

Less than USD329mn	27.1
Between USD329mn and USD3bn	31.1
Greater than USD3bn	36.0
Total	94.2

Net/Gross Exposure (%)

Net Exposure	94.2
Gross Long	94.2
Gross Short	0.0
Gross Exposure	94.2

Sectoral Breakup as of 31st August 15 (%)

Industrial	27.8
Consumer Discretionary	21.3
Financials	17.3
Information Technology	11.4
Health Care	10.1
Materials	5.2
Consumer Staples	1.1
Total	94.2

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Key Fund Facts*	
Master Fund	Alchemy India Long Term Fund Ltd (Mauritius)
Feeder Fund 1-US Taxable Investors	Alchemy India Fund (Cayman) Partners, LP
Feeder Fund 2-Non US and US Tax Exempt Investors	Alchemy India Equity Fund (Cayman) Ltd.
Manager	Alchemy Investment Management Pte. Ltd (Singapore)
Launch Date	June 11, 2008
Strategy	Long Short with Long bias
Benchmark	S&P BSE 500
Management Fee	1.5% p.a (Payable Monthly)
Performance Fee	15% of profits (Payable Yearly, High Water-Mark Applicable)
Minimum Initial Investment	USD 500,000
Minimum Subsequent Investment	USD 100,000
Subscription Period	First working day of the month
Subscription Charge	Up to 2%
NAV	Monthly
Lock in	1 year hard lock
Redemption	Calendar quarterly post expiry of lock-in period. Notice period of 45 days
Exit Load	No Exit load
Fund Administrators	Master Fund: Deutsche International Trust Corporation (Mauritius) Ltd. Feeder Fund 1: Custom House Global Fund Services Limited, Malta Feeder Fund 2: CIM Fund Services Ltd, Mauritius
Auditors	KPMG
K1 Providers	KPMG

*These are not the complete terms; please refer the PPM for complete details.

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General Risk factors

- Investments in financial instruments or other products carry significant risk, including possible loss of the principal amount invested. Financial instruments or other products denominated in foreign currency are subject to exchange rate fluctuations, which may have an adverse effect on the price or value of an investment in such products.
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Investor(s) are invited to ask questions and obtain additional information, concerning the contents of this document or any other relevant matters, which shall be provided, to the extent the Investment Manager possesses such information or can acquire it without unreasonable effort or expense.

Queries:

If you have any queries or questions, you can contact us directly on clientservicing@alchemysingapore.com or reach out to;

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