

Alchemy India Long Term Fund

31st January 2013

Investment Objective: To generate long term capital appreciation by investing in publicly listed Indian equities.

Investment Strategy:

- Fund Type: The Fund is a *long short equity fund with a long bias* with the objective to generate long term absolute returns on investor's capital.
- Long strategy: The Funds' investment strategy involves taking *long term concentrated bets* in public listed market equities without being benchmarked to any index. The Fund is sector and market cap agnostic and would tend to have a long bias.
- Short Strategy: The Fund does not seek to be consistently hedged/short. However, the fund would seek to take opportunistic short calls to hedge a part of the portfolio either by way of options and/or futures on the index or individual stocks.
- Portfolio: The Fund will primarily invest in listed Indian equities but from time to time may seek investment opportunities in PIPES, IPOs and Pre-IPOs.

Fund Information

Investment Manager	Alchemy Investment Management Pte. Ltd., Singapore. – Exempt Fund Manager	
Domicile	Master Fund	Category 1 Global Business Licence from the Financial Services Commission, (FSC) Mauritius
	Feeder Fund	Cayman Islands (Registered as a Mutual Fund with the Cayman Island Monetary Authority CIMA)
FII	Alchemy Investment Advisors (Mauritius) Limited IN – MU- FD- 2634- 11	
Sub Account	Alchemy India Long Term Fund Ltd.	
Fund Administrator	Master Fund	Deutsche International Trust Corporation (Mauritius) Limited
	Feeder Fund	Custom House Global Fund Services Limited(Malta)
Auditors	Master Fund	KPMG
	Feeder Fund	KPMG
NAV	142.94	

Fund Terms

Fund Type	Long –Short with Long bias
Inception Date	11th Jun 2008
Minimum Investment	USD 1 million
	1st Year Hard lock,
Lock In	2% exit fee at the end of the 1st year, 1% exit fee at the end of the 2nd year
High Water Mark	Yes
Management Fee	1.5% p.a.
Performance Fee	15% p.a.
Subscription	Monthly
Subscription Charge	Up to 1%
Redemption	Yearly, Investors to provide 45 days notice

Portfolio Update

The Alchemy India Long Term Fund has returned **-2.4% Jan'13** compared to **3.9% for the benchmark BSE500 (In US\$ terms)**.

In terms of portfolio positioning, we are adding some exposure to healthcare and financials. In financials, we are adding stakes in smaller well run private sector banks. Our premise is that with the awarding of the banking licenses to large corporate they are not going to be happy with the snail pace of starting a new bank will look to acquire to gain size quickly. Even existing large private sector banks should be open to acquire good deposit franchisees to pre-empt competition from gaining market share. In terms of infrastructure & capital goods companies, we are largely invested in capital good names with good export focus. We would not be bottom fishing for infrastructure names as we believe kick-starting the capital cycle is going to be challenging as (i) government is fiscally strained (ii) bureaucrats are afraid to sign on new project after the corruption related crackdown on them & (iii) private companies would want to see who is in power post 2014 to commit to large capital expenditures. However, we would remain adaptive if opportunities arise.

Performance vs Benchmark[^]

	Month	YTD	Last 1 Yr	Last 3 Yr	Since Inception
AILTF	-2.5%	-2.5%	15.3%	21.3%	42.9%
BSE 500 (in \$)	3.9%	3.9%	9.1%	2.5%	5.2%

[^]Absolute Return

Monthly Performance[^]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	-2.5												-2.5
2012	20.5%	5.4%	-4.1%	-1.0%	-10.1%	4.8%	-0.5%	2.1%	15.7%	-3.0%	9.0	0.9	42.5
2011	-13.4%	-5.8%	13.9%	6.7%	-0.8%	1.5%	6.5%	-11.7%	-4.6%	2.8%	-16.5%	-10.6%	-31.3%
2010	-0.1%	1.2%	6.5%	7.0%	-10.2%	5.4%	4.8%	4.0%	11.6%	-0.4%	-7.1%	3.5%	27.0%
2009	-8.3%	-7.0%	2.5%	11.1%	43.5%	0.0%	7.6%	9.0%	0.6%	-3.2%	4.3%	5.3%	74.6%
2008	--	--	--	--	--	-1.7%	4.3%	-0.2%	-11.8%	-24.4%	-10.0%	10.0%	-32.4%

[^]Absolute Return

Exposure

Exposure	%
Gross Long	97.3
Gross Short	0.0
Gross Exposure	97.3
Net Exposure	97.3

Weights by Market Cap

Weight by market cap	%
Less than USD 100mm	12.6
Between USD 100mm and USD 1 bn	43.7
Greater than USD 1bn	41.0
Nifty Options	0.0
Total	97.3

Sectoral Break-up

Sector Allocation	%
Consumer Discretionary	32.5
Industrials	18.7
Consumer Staples	14.8
Financials	11.8
Information Technology	6.7
Health Care	5.7
Utilities	3.9
Materials	3.3
Total	97.3