

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
AUM	Parent Firm AUM – USD 173mn Group AUM - USD 422mn	

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

AILTF has returned 15.7% for September 2012 and 33.7% YTD 2012.

The barrage of policy announcements from the government has clearly changed investor sentiment towards India. By luck or design these measures coincided with moderation in global tail risk due to actions of the ECB & the FED, which along with beaten down expectations meant a nearly 15% return for the indices in dollar terms.

Rising markets and appreciating currency do help India's cause in a big way. Rising markets help bring flows, flows allow for currency appreciation which helps bring down imported inflation thus lowering interest rates and helping the economy. Rising markets also help government push its disinvestment program as well as helps corporates deleverage. The government started with reform announcements which did not require much legislative actions. They then moved to FDI in Insurance & Pensions which require approval from the parliament. Now are looking to tackle Goods & Services Tax (which requires support at state level) and kick start the investment cycle by creating a National Investment Board (NIB) which will take care of all clearances (right of way, environmental etc) for mega projects, which have been the reason for delay in execution. As the reform push continues, the virtuous cycle of rising markets and flow should continue to reinforce positively for India subject to positive global risk appetite.

While over the past year, we have concentrated on investing in 'Clean & Good' companies, we believe the current environment offers good risk reward opportunities in companies with good franchisees which have struggled over the past few years either due to high leverage or unfavourable currency movements. We have recently invested in Motherson Sumi Systems (high leverage) and re-invested in VIP (favourable currency)

Performance vs Benchmark[^]

	Month	YTD	Last 1 Yr	Last 3 Yr	Since Inception
AILTF	15.7%	33.7%	2.6%	24.0%	37.6%
BSE 500 (in \$)	14.9%	26.1%	4.8%	0.3%	0.0%

[^]Absolute Return

Monthly Performance[^]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	20.5%	5.4%	-4.1%	-1.0%	-10.1%	4.8%	-0.5%	2.1%	15.7%				33.7%
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	95.6
Gross Short	0.0
Gross Exposure	95.6
Net Exposure	95.6

Weights by Market Cap

Weight by market cap	%
Less than USD 100mm	11.3
Between USD 100mm and USD 1 bn	45.7
Greater than USD 1bn	38.6
Total	95.6

Sectoral Break-up

Sector Allocation	%
Consumer Discretionary	30.7
Industrials	20.6
Consumer Staples	11.9
Information Technology	11.6
Materials	7.3
Financials	6.2
Utilities	3.7
Health Care	3.4
Total	95.6