

## General

### 1. **Fund Structure**

Surefin is registered as a Portfolio Management Service provider under the SEBI guidelines.

PMS is a professional service offered by a portfolio manager to manage an individual's and company's assets in stocks or bonds.

Managing investments in equities requires time, knowledge, experience and constant monitoring of the underlying business and market prices. Those who need an expert to help manage their investments, portfolio management services (PMS) comes as an answer.

Surefin PMS' primary focus is on investment opportunities available within India.

For further details please visit the following link:  
<http://www.sebi.gov.in/faq/faqpms.html>

### 2. **Brief about the company**

Surefin is an independent research oriented organization incorporated in 2001. The firm has an audited track record of 7 years in the Indian securities markets offering portfolio management and investment advisory.

Please look under "Track Record" for past returns

### 3. **Fund Manager background**

Amitabh Singhi is the Managing Director and the Principal Investor at Surefin since its inception. He largely follows the investment philosophy of legendary investors like Benjamin Graham, Warren Buffett, and Philip Fisher.

Prior to this, he worked with Credit Suisse First Boston (New York) in their Technology Investment Banking & Advisory Division and

Goldman Sachs in their Equities Sales & Trading Division.

He graduated with a B.Sc. in Economics from the Wharton School at the University of Pennsylvania, with concentrations in Finance and Management

4.    **Investment experience**      Surefin has been investing since 2001 in the Indian equity markets
5.    **Ownership**                    The fund is 100% owned by the founder and investment manager
6.    **Own capital invested**        Close to 50% of the fund comprises of capital from Surefin and its sister concerns

## Structure

1. **Name of the fund** Surefin India Value Fund (SIVF)
2. **Quoted currency of fund** INR (Indian Rupee)
3. **Minimum investment** INR 2.5 cr
4. **PMS formal launch** May 2005
5. **Fund current status**
  - a) ***Open for new investors*** Yes
  - b) ***Open for existing investors*** Yes
  - c) ***Open for NRIs /Non-Indian offshore investors*** No. NRIs and other offshore investors can invest through Amrit Funds. Find more information at [www.amritfunds.com](http://www.amritfunds.com)
6. **Maximum amount of money that can be managed in this strategy** The fund manager looks to close this fund on reaching INR 250-300 cr
7. **Target return** To outperform the higher of the NIFTY or (Sensex) benchmarks by at least 5% each year over five year periods
8. **Geographical exposure** India
9. **Time to set up a new client account** One week if all documents are received duly filled on time. Please see the ‘Account opening’ section on the website for further details

## Investment and Operating procedure

1. **Investment decision** Mr. Amitabh Singhi
2. **Investment research** Though supported by a robust research team, the final due diligence is conducted and decision is made by the fund manager himself
3. **Investing new money** Monies will be invested as opportunities arise. It will be kept in cash and/or in pre-qualified liquid funds until then
4. **Investment performance tracking** Mr. Singhi is responsible for tracking the performance of the current assets on a regular basis. This allows him a complete control of his investments and helps him take decisions on exits or further investments on a timely basis
5. **Trading/Clearing** Mr. Singhi handles all trades for the fund. Backend updation of records is handled by the support staff
6. **Operations/Compliances** Handled by the operations team
7. **Investor correspondence** Handled by the customer relations and operations team

### Fund related costs and other information

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|-----|---|---|
| 1.  | <b>Annual management fee</b>                        | None  |
| 2.  | <b>Performance fee</b>                              | 25%   |
| 3.  | <b>High water mark</b>                              | Yes, we apply high water mark.  |
| 4.  | <b>Hurdle rate</b>                                  | 5%  |
| 5.  | <b>Other backend fees</b>                           | <p>The fund charges backend fee on actuals. It includes costs for audits, custodian fee, legal services, telephones, couriers etc.</p> <p>The annual cost typically lies between 0.5% and 1% of the invested amount</p> |
| 6.  | <b>Front end load</b>                               | No front end load   |
| 7.  | <b>Subscription date</b>                            | First day of each month   |
| 8.  | <b>Redemption frequency</b>                         | Redemption allowed once every year on 31 Dec with at least a two month prior notice   |
| 9.  | <b>Back end load (Redemption cost)</b>              | There is no redemption fee, but there is penalty of 7% of NAV or our fee, whichever is higher, for redemption on any other date other than December 31 <sup>st</sup>  |
| 10. | <b>Published returns <u>net</u> of all expenses</b> | Yes   |
| 11. | <b>Average holding period of stocks</b>             | Typically between 3-5 years   |
| 12. | <b>Stocks held in the portfolio at any time</b>     | Usually 10-15 stocks at any given point in time   |

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|---------------------------------------|--|
| 13. <b>Valuation methodology</b>      | XIRR method used for calculation until 2005. It was changed to point to point returns since as the earlier method did not take cash investments into account   |
| 14. <b>Use of derivatives</b>         | It is allowed as per the POA (Power of Attorney) but very sparingly used as a regular part of the portfolio  |
| 15. <b>Criterion to sell holdings</b> | <p>A stock is usually sold when either one or more of the below occurs:</p> <ul style="list-style-type: none"><li>a) The stock is fully valued</li><li>b) If any mistakes are made in stock valuations</li><li>c) A better stock or asset is available in the market</li><li>d) Stock becomes too large in the portfolio</li></ul> |

### Auditing

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|----|-----------------------------------|---|
| 1. | <b>Fund auditor</b>               | Grant Thornton (until 2008)<br>Akar & Associates (2009 till date) |
| 2. | <b>Fund's fiscal year end</b>     | 31 <sup>st</sup> March  |
| 3. | <b>External performance audit</b> | Annually  |
| 4. | <b>Internal audit</b>             | Every quarter   |
| 5. | <b>SEBI audit</b>                 | SEBI can audit the fund at anytime                                |

### Depository Participant (DP) and Custodian

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|----|------------------------------------|--|
| 1. | <b>Fund DP/custodian</b>           | HDFC Bank  |
| 2. | <b>Duties and responsibilities</b> | <p>The money deposited with the clearing house will be kept in a separate account and shall not be used for any other purpose.</p> <p>All trades undertaken by the custodian are pre-approved by Surefin.</p> <p>The custodian shall treat all information pertaining to the clients as confidential to any other person except to governmental, statutory, regulatory or legal authorities on a written request made by these authorities</p> |

## Disclosures / Reporting

1. **NAV frequency** Quarterly
2. **Benchmark** NIFTY and Sensex
3. **Reports sent to clients**
  - Detailed annual Investor letters sent at end of each financial year
  - Detailed holding reports are sent quarterly
  - Performance statements are sent quarterly
  - Realised gain/loss statement sent quarterly
4. **Details in the report sent every six months**

Each client is given the following details individually:

  - a) the composition, value of the portfolio, description of security, number of securities, value of each security held in the portfolio, cash balance and aggregate value of the portfolio as on the date of report;
  - (b) transactions undertaken during the period of report including date of transaction and details of purchases and sales;
  - (c) beneficial interest received during that period in respect of interest, dividend, bonus shares, rights shares and debentures;
  - (d) expenses incurred in managing the portfolio of the client;
  - (e) details of risk foreseen by the portfolio manager and the risk relating to the securities recommended by the portfolio manager for investment or disinvestment



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|----|--|--|
| 5. | <b>Reporting format</b>                                      | <ul style="list-style-type: none"><li>• Email (individual), website (Fund consolidated returns)</li><li>• Audited hard copies of reports sent every 6 months</li></ul>   |
| 6. | <b>Investor meetings</b>                                     | Will be organized from FY 2014-15  |
| 7. | <b>Holding disclosure immediately after each transaction</b> | Current holdings are not disclosed but past holding and securities sold are discussed in appropriate letters sent to clients   |
| 8. | <b>Risks</b>   | <p>All investments involve a certain amount of risk, including the possible erosion of the principal amount invested, which varies depending on the security selected.</p> <p>The investor needs to fully understand and appreciate these risks before undertaking any investments</p> |

## Safety and Security

1.     **Control of the money**

The PMS controls the money through the POA (power of attorney) signed by the client in favour of the PMS

All money is held in the pooled account maintained with the custodian
2.     **Holding of shares**

Depository accounts are maintained in the name of each individual client and all securities are held in separate client DP accounts

After shares are purchased/sold in the pooled account as per Surefin's directive, the depository proportionately transfers money or shares in/out of the client's account on the same day itself
3.     **Custodian**

External reputed custodian is appointed for safekeeping of all funds and securities for each client

The custodian ensures that no undue advantage is taken of the client's money

## Tax treatments

1. **PMS tax structure**

PMS is a pass through structure.

The tax liability of a PMS investor would remain the same as if the investor is accessing the capital market directly. However, the investor should consult their tax advisor for the same.

The portfolio manager provides audited statement of accounts at the end of the financial year to aid the investor in assessing their tax liabilities

2. **Income tax incidence**

All realised gain/loss reflect in the individual's account and statements are sent to clients quarterly to plan their individual advance tax liabilities

3. **Payment of STT  
(Securities Transaction  
Tax)**

All STT is paid in the brokerage account but is immediately transferred to each client's accounts on a pro rata basis