

November 5, 2014

## September 2014 Quarterly Update on the Surefin India Value Fund

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Dear Investor,

Please find below the performance of the master series fund. You will receive your individual performances separately. This update is also available on the website at: [http://surefin.com/newsite/?page\\_id=14](http://surefin.com/newsite/?page_id=14)

### **Returns Table and Other Important Data**

Surefin Investments is up 19.0% in the last quarter, registering a 201.4% return since April 1st, 2007 and is up 2049.0 % since inception in May 2001 after fees and other expenses<sup>1</sup>. This fund has grossed a CAGR of 25.8% over the last 13 years after all expenses.

The returns for the non-Indian Indices are reported in USD whereas the returns for the fund and the Indian Indices are reported in INR and hence they are not directly comparable.

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<sup>1</sup>Fees are calculated differently for different clients, depending on when they entered the fund. However, now fees are charged at 0% management fees and 25% carry, over a 5% hurdle rate, with high water marks.

### Percentage Return

Date	Surefin IVF	SENSEX	NIFTY	NASDAQ	Russell 2000	S&P 500	Dow Jones
May 15, 2001	-	-	-	-	-	-	-
April-02	20.0%	(2.1%)	(0.6%)	(10.7%)	3.0%	(8.2%)	(4.7%)
April-03	9.0%	(12.0%)	(13.6%)	(27.6%)	(26.9%)	(25.1%)	(22.1%)
April-04	154.0%	86.3%	84.9%	49.4%	61.5%	31.9%	28.5%
April-05	42.0%	15.1%	13.6%	(1.5%)	2.7%	3.6%	0.3%
April-06	42.0%	70.8%	64.6%	17.9%	25.1%	10.4%	6.8%
April-07	6.4%	15.9%	12.3%	3.5%	4.6%	9.7%	11.2%
April-08	30.9%	19.7%	23.9%	(5.9%)	(14.1%)	(6.9%)	(0.7%)
April-09	(26.7%)	(37.9%)	(36.2%)	(32.9%)	(38.6%)	(39.7%)	(38.0%)
April-10	36.9%	80.5%	73.8%	56.9%	60.5%	46.6%	42.7%
April-11	12.6%	10.9%	11.1%	16.0%	24.3%	13.4%	13.5%
April-12	11.6%	(10.5%)	(9.2%)	11.2%	(1.6%)	6.2%	7.2%
April-13	12.1%	8.2%	7.3%	5.7%	14.6%	11.4%	10.3%
April-14	9.3%	18.8%	18.0%	28.5%	23.3%	19.3%	12.9%
June-14	25.2%	13.5%	13.5%	5.0%	1.7%	4.7%	2.2%
September-14	19.0%	4.8%	4.6%	1.9%	(7.7%)	0.6%	1.3%
<b>Percent Change</b>	<b>2,049.0</b>	<b>644.5</b>	<b>595.4</b>	<b>115.5</b>	<b>125.0</b>	<b>57.9</b>	<b>56.7</b>

### Performance Evaluation of Surefin India Value Fund

Index Value							
Date	Surefin IVF	SENSEX	NIFTY	NASDAQ	Russell 2000	S&P 500	Dow Jones
May 15, 2001	1,000.0	3,577.0	1,145.3	2,085.6	489.6	1,249.4	10,873.0
April-02	1,200.0	3,500.2	1,139.0	1,862.6	504.5	1,146.5	10,362.7
April-03	1,308.0	3,081.0	984.3	1,348.3	368.7	858.5	8,069.9
April-04	3,322.3	5,740.9	1,819.7	2,015.0	595.3	1,132.2	10,373.3
April-05	4,717.7	6,605.0	2,067.7	1,984.8	611.6	1,172.9	10,404.3
April-06	6,699.1	11,280.0	3,402.6	2,339.8	765.1	1,294.9	11,109.3
April-07	7,129.9	13,072.1	3,821.6	2,421.6	800.7	1,420.9	12,354.4
April-08	9,334.4	15,644.4	4,734.5	2,279.1	688.0	1,322.7	12,262.9
April-09	6,845.5	9,708.5	3,021.0	1,528.6	422.8	797.9	7,608.9
April-10	9,370.1	17,527.8	5,249.1	2,398.0	678.6	1,169.4	10,856.6
April-11	10,548.0	19,445.2	5,833.8	2,781.1	843.6	1,325.8	12,319.7
April-12	11,774.9	17,404.2	5,295.6	3,091.6	830.3	1,408.5	13,212.0
April-13	13,200.8	18,835.8	5,682.6	3,267.5	951.5	1,569.2	14,578.5
April-14	14,428.5	22,386.3	6,704.2	4,199.0	1,173.0	1,872.3	16,457.7
Jun-14	18,064.1	25,413.8	7,611.4	4,408.2	1,193.0	1,960.2	16,826.6
Sep-14	21,489.9	26,630.5	7,964.8	4,493.4	1,101.7	1,972.3	17,042.9

**CAGR** **25.8%** **16.1%** **15.5%** **5.9%** **7.0%** **3.5%** **3.4%**

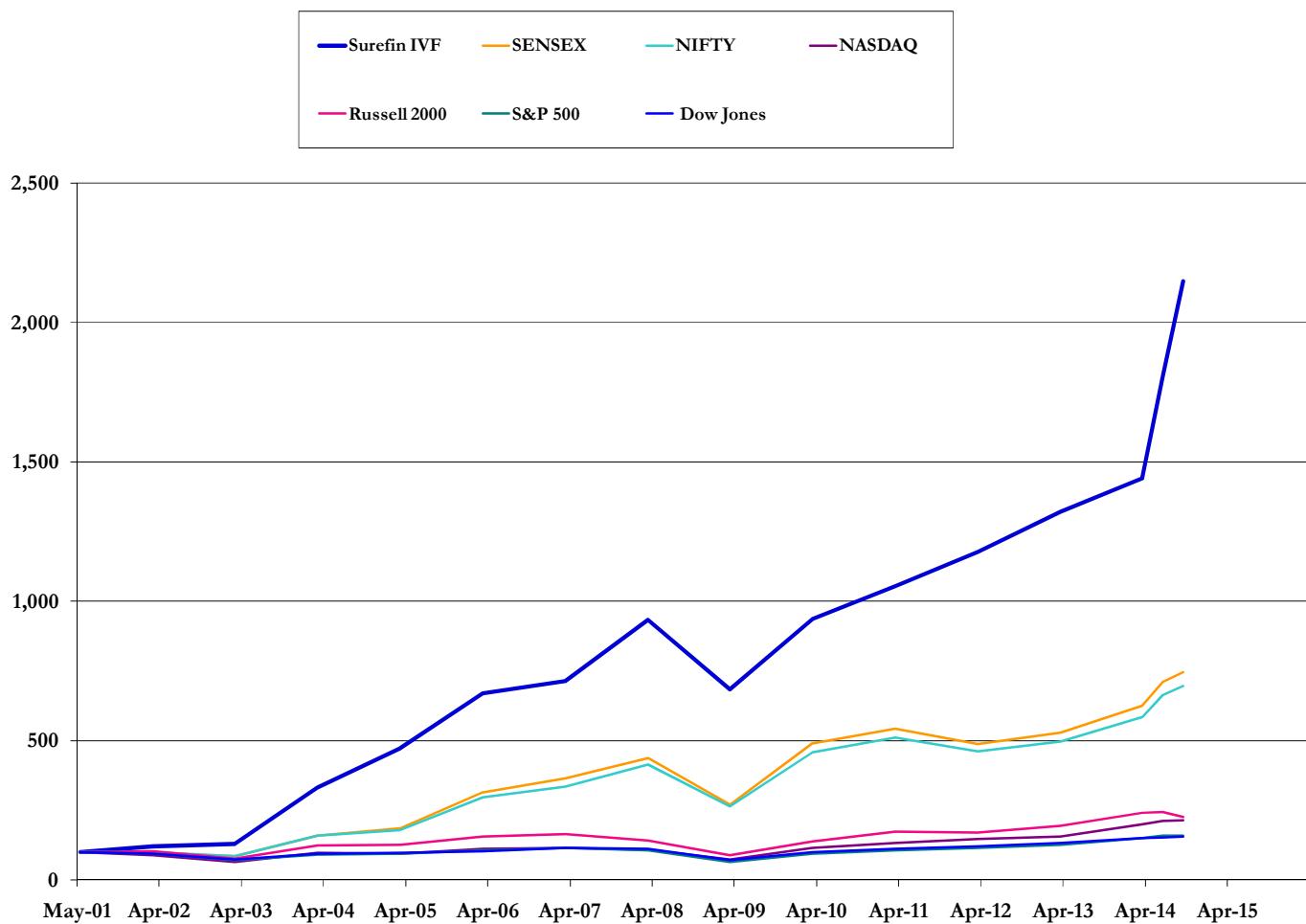
\* The returns till 2005 are calculated on an XIRR basis.

\* XIRR is the internal rate of return of an investment that does not necessarily have periodic payments. This function is closely related to the net present value function (NPV). The IRR is the interest rate for a series of cash flows where the net present value is zero.

\* FY is from 1st April to 31st March.

During the early part of the year 2009, SEBI had changed the way that PMS providers operated the accounts. SEBI mandated that each provider open separate Demat Accounts for every client and till a Demat Account had not been opened for every client, the PMS provider could not buy securities on behalf of any of the clients. Given the new laws in opening Demat Accounts and the tedious KYC norms by the NSDL and various custodians, it was impossible to meet the deadlines set by SEBI and our buying was in effect frozen for a good part of May 2009. Most stocks rallied soon after and it was painful to sit with cash (that we had hoarded so painstakingly for a period like 2009) and not be able to buy anything due to this back-end and regulatory glitch. We estimate that we lost a potential 40% return in addition to the existing return due to this.

The substantially lower returns in FY 2010 have lowered our overall return substantially (from a 5-year perspective). We have spruced up our back-end operations and team since then to make sure that this does not repeat itself.



## **Portfolio Evaluation and Mistakes**

We were up 19.0% for the quarter. In comparison the Indian large cap indices were up 4.8%. We believe that one quarter or even one year is too short and insufficient a time frame to measure performance.

We bought one new position this quarter which is a very small part of the portfolio. We could not add to it as the price ran up. We did not sell any positions during the quarter. We have not made any mistake that we know of during the quarter.

As we have written earlier we will be writing a detailed annual letter after the end of the December to March quarter every year along with briefer quarterly letters like this one. Please feel free to get in touch with us for any questions or thoughts. We deeply appreciate your interest with us.

Warm regards,

A handwritten signature in black ink, appearing to read "Atul Sinha".

Portfolio Manager  
Surefin India Value Fund  
[www.surefin.com](http://www.surefin.com)