



October 25, 2011

## September 2011 Quarterly Update on the Surefin India Value Fund

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Dear Investor,

Please find below the performance of the fund. This is the performance of the master series. Each of you will receive your individual performances separately. Please find the performance update also on the website at: <http://www.surefin.com/newsletter.htm>

Surefin Investments is down (**1.3%**) in the last quarter, registering a 50.6% since April 1st, 2007 and is up 973.6% since inception in May 2001 after fees and other expenses<sup>1</sup>. This fund has grossed a CAGR of 25.7% over the last 10 years after fees and other expenses.

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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.

## Performance Evaluation of Surefin India Value Fund

### Index Value

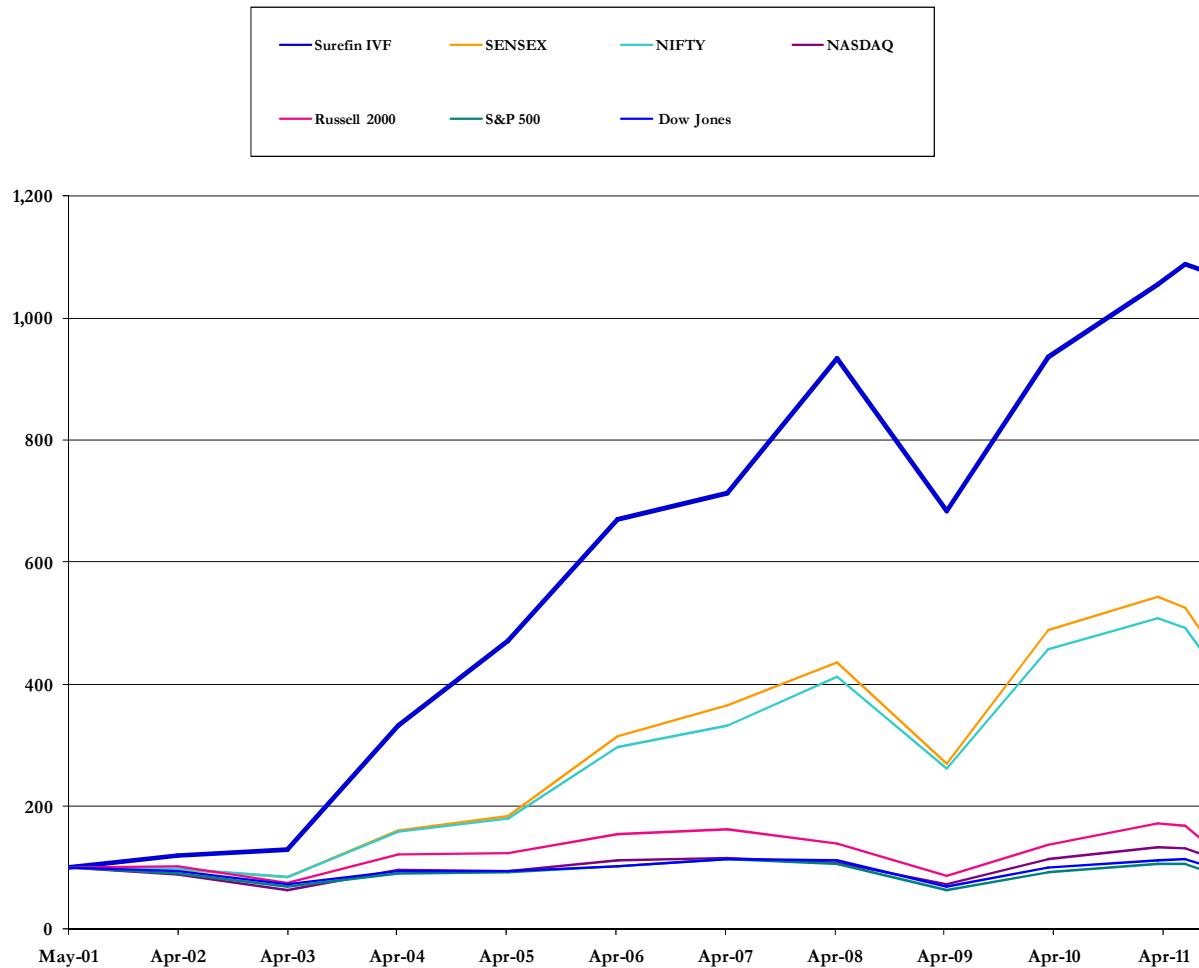
Date	Surefin IVF	SENSEX	NIFTY	NASDAQ	Russell 2000	S&P 500	Dow Jones
May 15, 2001	1,000.0	3,577.0	1,145.3	2,085.6	489.6	1,249.4	10,873.0
April-02	1,200.0	3,500.2	1,139.0	1,862.6	504.5	1,146.5	10,362.7
April-03	1,308.0	3,081.0	984.3	1,348.3	368.7	858.5	8,069.9
April-04	3,322.3	5,740.9	1,819.7	2,015.0	595.3	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
Apr-11	10,548.0	19,445.2	5,833.8	2,781.1	843.6	1,325.8	12,319.7
June-11	10,881.7	18,845.9	5,647.4	2,773.5	827.4	1,320.6	12,414.3
Sep-11	10,735.9	16,453.8	4,943.3	2,415.4	644.2	1,131.4	10,913.4
<b>CAGR</b>	<b>25.7%</b>	<b>15.8%</b>	<b>15.1%</b>	<b>1.4%</b>	<b>2.7%</b>	<b>-1.0%</b>	<b>0.0%</b>

### 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%
June-11	3.2%	(3.1%)	(3.2%)	(0.3%)	(1.9%)	(0.4%)	0.8%
September-11	(1.3%)	(12.7%)	(12.5%)	(12.9%)	(22.1%)	(14.3%)	(12.1%)
<b>Percent Change</b>	<b>973.6</b>	<b>360.0</b>	<b>331.6</b>	<b>15.8</b>	<b>31.6</b>	<b>(9.4)</b>	<b>0.4</b>

\* 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.



## Portfolio Evaluation and Mistakes

We were down (1.3%) for the quarter. In comparison the Indian large cap indices were down over (12%). Therefore our portfolio has held up well.

We bought into two positions this quarter. One of the stocks was something we added to our existing position in the stock. The other is a spread trade where we have gone long one security in a company and shorted another security of the same company.

It is interesting to note that the BSE small-cap index is down about (16%) in INR this quarter and down (29%) in INR since January 1, 2011. However, we look at our portfolio over three to five year rolling periods; quarterly gyrations whether to our favor or detriment do not matter.

Also, some stocks are down (50%) to (75%) from their recent highs! As a result, we are finding more opportunities to look deeper into, than we could find since the fall of 2009 and that is a wonderful thing for us.

We have also invested 15% of the fund into a single name and may increase the stake further in the future. We will only make a security a 25% position in the fund if it has absolutely no chance of a downside and a substantial chance of upside. We also are invested in a few outstanding positions that have a chance of good returns over the next few years. We will write more about this in the annual letter at the end of the March 2012 quarter to you.

Today we are finding enough opportunities such that new capital will be a valuable resource for us. We would urge investors to send us some money soon, especially if overall prices keep falling. We have done a satisfactory job of protecting the downside, but now are going to be investing for the upside.

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 appreciate your interest with us.

Warm regards,



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