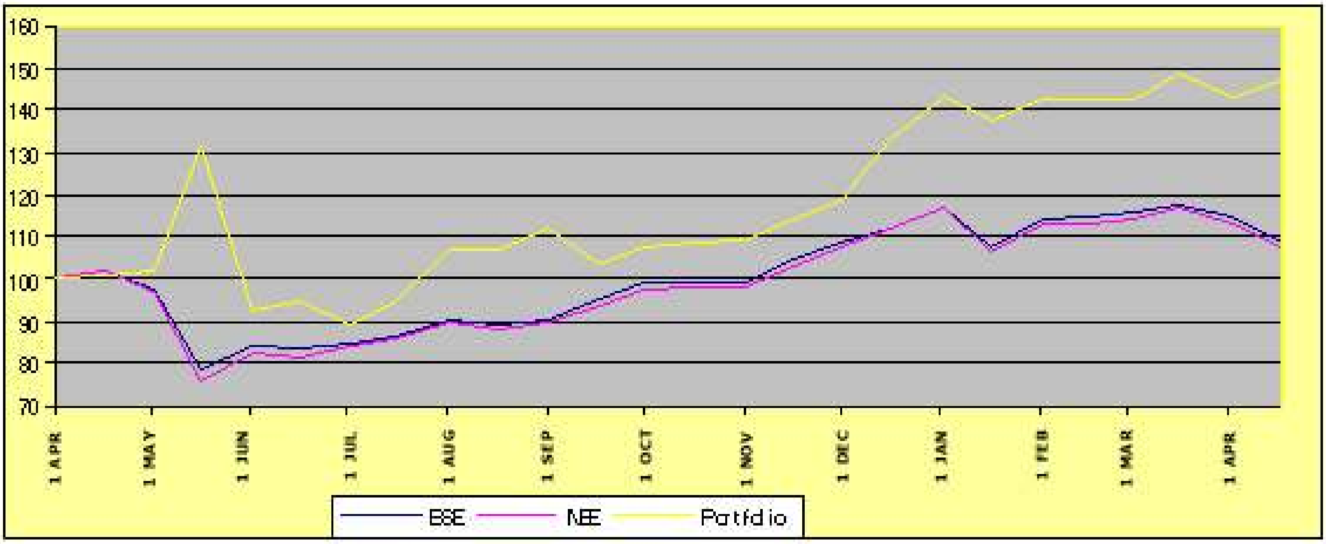
Dear Sir,

I want to share with you the performance of Surefin Portfolio (IRR Methodology) the period April 1, 2004 to March 31, 2005

Year	SureFin	Sensex	Nifty
1st April. 2004 – 31st March. 2005	**41%**	15%	13%

We have met our investment objective of beating the better of the two indices (BSE Sensex and Nifty) by 10 percentage points for the fourth year in succession. The graph indicates the performance of our portfolio vis-a-vis the benchmarks (on model portfolio).



Since launch (April 1, 2005), The India Value Fund (PMS) is up 13% (model portfolio). This compares quite well to the benchmarks.

Year	SureFin	Sensex	Nifty
1st April, 2005 – 15th June, 2005	**13.0%**	6.3%	4.5%

These returns are good considering we were sitting on cash as a large part of the portfolio (upto 40 %).
I think the markets are currently trading above their intrinsic value. There is a fair amount of expectations built into the current prices and time will tell whether all companies will be able to generate numbers that the markets are currently pricing in.
I personally think that being patient and investing with caution in such a market might lead to giving some returns and will not lead to taking chances where one could loose capital.
Sometimes not investing for a while is also an important decision to make. As Warren Buffett succinctly put it during the 1998 Berkshire Hathaway annual meeting: "We don't get paid for activity, just for being right. As to how long we'll wait, we'll wait indefinitely!" It is interesting to note that Buffett had terminated his investment partnership in 1970 and made no significant public market investments until 1974, a period of over four years. This was during the peak of the market. The P/E ratio for the S&P 500 dropped from 20 to 7 in those four years and by 1974 stocks were available at throw away prices. During another period, from 1984-1987, Buffett did not invest in a single new equity position for the Berkshire portfolio. Berkshire Hathaway was sitting on a ton of cash (just like he is today), and still he did nothing. In the latter half of 1987, Berkshire used that cash pile to buy over a billion dollars' worth of Coca-Cola, over 5% of the company. He invested 25% of Berkshire Hathaway's book value in a single company!

What were Buffett and Charlie doing from 1970-73 and 1984-87? Clearly, both men's actions exhibit that successful investing requires the patience and discipline to do "nothing" during periods when markets are fully priced and to make big bets during the relatively infrequent intervals when the markets are undervalued. Not that there aren't any investment opportunities in the current market, only they are more difficult to find and hence cash would be an important part of the client portfolio.
In periods of such market euphoria, it is important to choose a fund manager that manages the investments completely without making it necessary for you to choose between Equity and Cash on one hand, and then again within Equities, the different types of schemes i.e. diversified, contra, mid-cap etc.
This is a major handicap for Mutual Funds wherein the role of the fund manager (who decides what equities to buy), and the asset allocator (who decides how much of your total portfolio goes into equities), is played by two different people i.e. the fund manager and your bank's relationship manager. Incase of our Fund, I personally perform the role of a fund manager and an asset allocator, doing asset allocation between equities and cash as well as deciding on the type of equities.
Do not park your funds in products that fail to provide such flexibility. If there is bad news in the market, such inflexibility would hurt your returns. In such a market it would be smarter to be conservative than to loose capital.

From time to time I put up my thoughts on various topics and other reading material that might interest you on our website at www.surefin.com.
I thank you for your time in going through this note and your interest in our efforts. If you have any questions please get in touch with me.

Warm Regards,

Amitabh Singhi