Dear Investor,

The markets in 2019, have started off on a positive note and the mood of investors seem to be very different from where we were 3 months ago. Though the index has continued to reach new highs, most portfolios continue to have a drag in the returns.

I have maintained that one should continue deploying capital and build a portfolio during periods of pessimism. However, standing in the middle of turbulent times, it always seems hard to take a dispassionate view towards investing. The biggest risk perceived in the Indian markets early this year has been on the event risk in elections. While the overhang of the elections continues to remain, the return of the FIIs (March 2019 saw the largest inflow of FII money over the last 10 years) has ensured that the broad Indian indices have had a good run this year.

I for one, do not have a strong view on the outcome of the elections, but if history were a guide, the removal of uncertainty has always brought joy to the markets. I continue to believe that this election will be no different, and 2019 will be a good year for the investors.

From an investing standpoint, I continue to believe that the year will present interesting opportunities for capital deployment. I am still averse to deploying the capital into portfolio construction in a mutual fund like mechanism (where all the capital is invested on the day of investment) and would prefer to be opportunistic around allocation.

In early 2017, I had brought the allocation of the fund into certain cyclical sectors, where there was a debt overhang, with a visibility towards debt reduction coming through in the balance sheet. Repositioning the portfolio in today's market for me would mean a focus on growth-oriented companies today, rather than a focus on balance sheet repair play. The macro conditions are not right for a positioning towards how I viewed the market in 2017. The only cyclical sector, that I would want the portfolio positioned towards is an allocation to steel.

Today the biggest driver of my investment thesis, revolves around Cash flow, and unless I see that on the balance sheet, I would steer clear of such businesses. More importantly such companies have to be available at the right price, which means having to be opportunistic, rather than paying up for such companies in the portfolio.

From the CEO's Desk

Naveen Chandramohan

FUND RETURN SINCE INCEPTION:

Time Period	Jan – Mar 2019	CY 2018	CY 2017	ITD (IRR)
Fund Returns (%)	8.1%	-8.4%	55.1%	21.07%

1 Rs invested in the fund on 1 Jan 2017 (since inception) is worth 1.53 today (as of March 2019)