Metis Opportunity Fund

Fear to jubilation in 40 seconds

April 2014 Newsletter

April 14, 2014

It certainly wasn't the start that we were looking for in 2014. While shift towards macro-oriented trades played its part in us underperforming the broader benchmarks in 1Q14, some of our key positions also didn't outpace expectations as well as they had previously. In March, we noted a significant shift into some of the worst performers of past few years. To be clear though, the cyclical impact on most of our positions is lower than on most listed names. Further, some of these are core positions for us and we rarely change our stance on these names based on quarterly execution or ongoing sector rotation themes.

Two of our best performing positions in C2013 were incidentally the biggest drags for us in 1Q14. It didn't help that these positions got recently outpaced by sell-side's earnings estimates. However, solid performance in a few other high conviction positions nearly offset the drag from the former two, ensuring that we didn't lose much ground in absolute terms even though we materially lagged on a relative basis. In relative terms, 1Q14 was our worst quarter since our inception, with us underperforming *BSE 500* by more than 500 bps. Since end of 2010, this was only the third quarter when we trailed *BSE 500*, two of which have been first calendar quarters.

In 1Q14, *Metis Strategy* was up **+0.4%**, largely dragged by a marginal decline in our *India Underserved* sub-strategy. That compared with **+6.3%**, **+6.0%**, **+5.6%**, **+8.0%**, and **+8.4%** increases in *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively.

Over trailing 12 months, *Metis Strategy* was up **+27.4%**. That compared with **+18.0%**, **+17.1%**, **+15.3%**, **+21.8%**, and **+5.1%** increases in *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively. Over this period, our volatility was **16**, **91**, **543**, **494**, and **304** bps below *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively.

Half of *India Underserved* holdings (non-financials) reported decline in earnings in F3Q (Dec), while both financials holdings also reported a decline. About 40% of *India Undervalued* holdings (non-financials) reported decline in F3Q (Dec) earnings. This was despite continued solid revenue growth within our sub-strategies – Ex-financials, *India Underserved* and *India Undervalued* reported 20% and 7% growth in revenues in F3Q (Dec), vs. under 5% for domestic-oriented *Sensex* constituents i.e. excluding technology and pharmaceuticals. As India's benchmark constituents benefited from traction in their overseas operations, our largely domestic oriented book lagged in earnings growth.

While our checks continue to indicate a challenging economic environment, benchmark earnings have been helped by a combination of weak material costs, overhead control, and marginal utilization improvement. Accordingly, one can't be blamed for generating optimism off of headline numbers. After all, December 2013's operating profit growth (ex-financials, technology, and pharmaceuticals) was 2x what we saw in Dec 2011, despite substantial deceleration in revenue growth (see **Exhibit 1a**) – We have now witnessed 4 successive quarters of mid single-digit revenue growth in domestic-oriented names (excluding technology and pharmaceuticals). Despite that, Dalal St. analysts are amazingly gung-ho with prospects of change in PMO, as if to suggest that an elixir is just around the corner. We are concerned at the underlying confidence that is apparently stemming from the "UFO" sighting of "green shoots".

Exhibit 1a – Ex-Tech and Pharmaceuticals growth

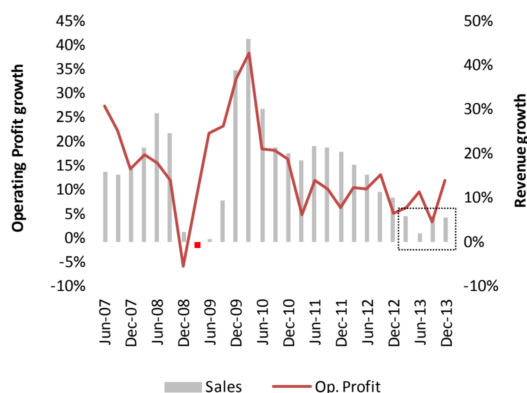
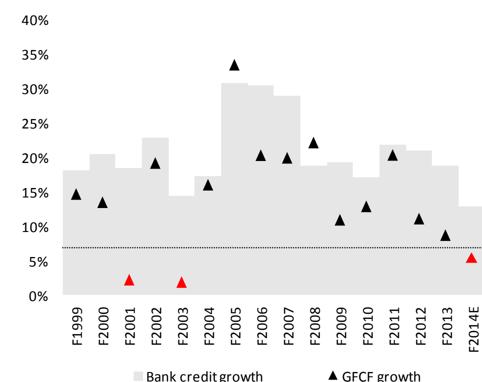


Exhibit 1b – Bank Credit vs. GFCF growth



Note: All numbers are ex-financials
Sources: Bloomberg; RBI; Internal estimates

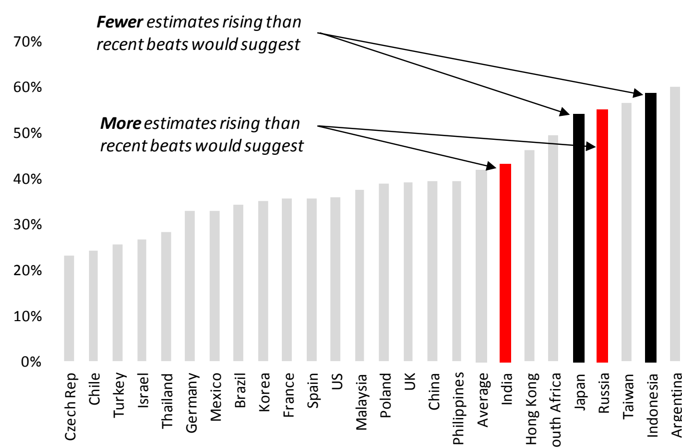
Brace for a period of underwriting readjustment. Our discussions with several banking personnel have pointed towards an imminent credit underwriting readjustment. In F2014E (Mar), bank credit growth would likely be reported somewhere close to 6%, and this may yet not be the trough (see **Exhibit 1b** on previous page). With substantial industrial capacity still idle, underwriting standards likely to tighten, and capital costs unlikely to materially soften, we think it's a bit premature to discuss a secular uptrend.

Complacency is a formidable enemy. There are increasing signs that India's retail investors are "falling in" with Dalal Street confidence. While there is little doubt that carnage in commodity prices and rupee depreciation provided a solid tailwind for India's benchmark components in the December quarter, there is little on the ground evidence to suggest that this in any way is indicative of a sustainable secular rebound. India Inc. remains in healthy cost-control mode and it was long due.

Across names that we view as "forensically suspect", we see significant rise in delivered trades, suggesting a material shift in unsophisticated investor participation. Several other recent indicators suggest a heavy macro approach towards trading securities – For instance, we note little divergence in stock performance between companies within sectors despite materially different execution in F3Q (Dec). If nothing else, this certainly makes us cautious.

It's amazing how our caution often tends to coincide with a general endorsement elsewhere from allocators and fellow managers. As we write this, India has been a destination for nearly a third of all inflows into EMs this year. As much as we agree with India's relatively solid positioning among EMs, we don't see any strong basis for the underlying jubilation.

Exhibit 2 - % of estimates rising in past 3 months



Notes: Estimate revisions are for all listed equities within a market
Source: Thomson Reuters

Over the past 3 months, 57% of all earnings estimates in India have revised downwards, slightly less than 58% of estimates for peers. This is despite the fact that nearly 70% of *Nifty* names (ex-financials) missed estimates in F3Q (Dec). In contrast, Indonesian estimate revisions have been much more conservative even as nearly 2/3rd of all names outpaced estimates in last quarter (see **Exhibit 2**).

While headline multiples do not appear out of whack, there is pretty solid basis why they shouldn't. With reasonable assumptions, absolute valuations across industries don't quite suggest that we engage in a mindless dive into the pool. Yet, we sense a remarkable euphoria among allocators and investors.

As much as we love to be recipients of macro tailwinds, we don't quite expect a "macro dividend" anytime soon. To that extent, we continue to expect bottom-up stock pickers to thrive over the remaining 3 quarters of 2014. We expect the benchmark YTD differential vs. us to slowly dissipate as investors re-assess valuations post C1Q14 earnings.

There has been no dearth of action when it comes to ongoing changes within the media space. Be it the advertising cap implementation within television, potential ratings blackout, or the endless anticipation around radio's Phase III auctions this year. Most of these present incremental opportunities for the one media name we continue to hold.

The *TRAI* imposed 10+2 advertising cap on television broadcasters was supposed to be implemented in early October 2013. While several networks such as *Zee* and *Star* had complied with the ruling at the beginning of F3Q, several news broadcasters and a handful of others had appealed. In mid-December 2013, *The Telecom & Settlement Appellate Tribunal* dismissed the appeals. However, several petitioners subsequently moved the High Court. Since it's highly unlikely that this re-appeal would be anything other than dismissed, we estimate close to INR 3 Bil of incremental annualized ad inventory coming off from television in F2015E.

TAM Blackout is an insignificant distraction, if not an opportunity. In C4Q12, *TAM* ratings were suspended for over 2 months as television went through digitization. India's media industry is now set to face yet another blackout, one that could last through at least beginning of October 2014. *Ministry of Information and Broadcasting* has mandated that no media rating company can own more than a tenth of either an advertising agency or a broadcaster. *TAM Media Research* is an equal JV between *WPP*-owned *Kantar* and *AC Nielsen*. Since *WPP* owns household names such *O&M* and *Dentsu*, it has to apparently dilute its stake within *Kantar* in order to avoid suspension of *TAM* ratings. In mid-February, Delhi HC granted a stay order on a *Kantar Media* petition. Hearing is now adjourned until July. Regardless of how this plays out, Dalal Street is taking the "play it safe" route.

We believe that there is a fundamental distinction between changes in *TAM* and *RAM* trends - Unlike television, where ratings often move based on event rights, content restrictions ensure that listenership trends within FM radio are highly unlikely to materially change over short time periods. Advertisers are fully cognizant of this and we expect little to no change in advertising rupee movement during this readjustment period.

Dalal Street's concerns appear unfounded to us. If anything, our discussions with media planners and broadcasters suggest that perceptual leaders, such as our biggest holding in *India Underserved* strategy, are likely to gain further ground during this uncertain period.

Open offer drove a 15% rise in a key *Business Services* position. In 1Q, a 20%+ holder of a ratings company we hold extended a public offer to raise its stake to 55% in that business. It's a 21.5% threshold all-or-none offer. A 26% premium on an open offer certainly appeared attractive at first sight.

We think it's fairly evident that an unprecedented loose monetary policy in United States has potentially driven what could arguably be viewed as building blocks of another high-yield bubble down the line. As we write this note in early April, effective yield on even CCC paper is threatening to drop below the 8.75% mark. Records are meant to be broken and indications are that the 15%+ high-yield default rate peak of 4Q09 will likely be bettered at some point. While we don't expect potential high-yield issuance decline by itself to have a material impact on the to-be-parent's ratings' revenues, it's far easier to conclude that the US issuance activity across grades had tailwinds (over the past 3+ years) that are unlikely to continue for long. We note how bond issuance in last two quarters of 2013 in US dropped, with 24% drop in 4Q alone, driven by declines across treasury, mortgage, and corporate paper. Even though issuance was robust in 1Q14, the pace is unsustainable. When coupled with muted growth in India and far less stretched absolute valuations, the timing of the offer doesn't appear ill-timed.

At the open-offer price, our holding would trade at ~40% C2014 premium over it's about 'to-be-parent'. While it's indisputable that the inherent revenue and profitability upside in our holding is incomparable vs. that of the 'to be parent', an immediate 40% premium to parent's arguably stretched absolute value isn't something that can be easily dismissed. We therefore expect the open offer to go through and accordingly raised our position in the name to take advantage of the 6%+ arbitrage opportunity we saw in March. Regardless of how investors tender during the open offer window, we don't plan on entirely exiting this position.

New synthetic leather position created in our India Undervalued sub-strategy. We initiated this position in early February 2014. This business was established in Jaipur in 1994 by a family that been in the business since 1970s, first as a distributor of artificial leather products and later as a supplier of door pads in *Maruti* vehicles. From this humble start of 250k linear meters per month (lmpm), this name is now the largest manufacturer and exporter of artificial leather in India (current capacity of 2.5m lmpm and minimal capex required for increase to 3m lmpm by January 2015). The addressable market is north of 4,000cr, including exports; They started supplying to *Chrysler* and *Ford* (higher margin value added exports are 25% of sales and rapidly increasing) and are in talks with other major OEMs.

The business model is robust with consistently high double digit growth in organic sales (11% pricing/20% volume growth last 5 years), earnings, and margins over the last 5 and even 10 years (business consistently growing about twice India's synthetic leather industry). The sales breakdown by sector is as follows: 50% to footwear industry, 35% automotive, and 15% fashion/leather. At full capacity of 3m lmpm by January 2015, the business can generate revenues of 750cr, 67% ahead of F2014E, with no major capex requirement. The value added export sales have 10-12% operating margin improvement over the 16-18% total margin for the company and are expected to continue increasing till exports account for at least 28-30% of sales.

Competition is largely unorganized and even the organized players (~15%) have under 1m lmpm capacity with no other player qualifying to supply to overseas auto OEMs. We purchased the stock at a price which valued the business at 750cr and enterprise value at 760cr. We saw material upside, given the high double digit growth expected with negligible near-term capex requirement. It was evident that the management team has a clear vision of export-led growth with a focus on value added products, efficiency of production (backward integration into a key raw material, knitted fabric, is lowering rejection rate), and margin sustainability. In mid-March, a PE firm purchased 11% stake in the business from promoters through a $18m investment at a price 36% above our initial cost. This investment will allow this business to become the first company in India to produce PU (much higher realizations than PVC leather and largely imported currently) artificial leather in bulk. This holding is up 60% since our initial entry and we are still holding on to the investment as there is still smart upside as this business continues to execute on its organic export-led growth plan.

We also initiated a small position in a cables manufacturer. This position was initiated in mid-March 2014. This business is India's largest manufacturer of electrical and telecommunication cables and is the only cable company to enjoy Superbrand status. The promoters started operations with the manufacture of PVC insulated electric cables for the automobile industry and now have a wide assortment of cable products supplied throughout India (~15-20% market share in each electrical and communication cables). Currently, 84% of sales (F2014E: 2300cr.) come from electric cables, 7% from communication cables, and rest from declining sales of copper rods and others (switches, CFL's, etc.).

We estimate that profit and owners' earnings in F2014E would be 175cr and 167cr respectively. In January 2014, this business won a 200cr order from National Optic Fiber Network to connect all village panchayats (400,000 km. cable project), which has potential to double and demonstrates solid growth in the communications segment. Plants in Pune, Goa**,** and Uttarakhand are running at 85-90% capacity. So, while future growth will require material capex, considering the high marginal returns, it would be money well spent.

Competition is largely unorganized (handful of small listed players) in the cable space but given the reliable quality, type of end-user clients, market reach, and demonstrated success in battling over many years, there is strong credibility in the business. They have been able to pass on material fluctuations to their customers, although with a bit of a lag. We purchased the stock at a price which valued the business at 1,500cr and enterprise value at 1300cr. We noted that management is conservative yet opportunistic (90cr or 6% of sales spent for capex in F2009, typical average is 2%). All signs point to this business being run professionally for long-term steady growth even though family controlled/operated (D.K. Chhabria (son of co-founder, KP Chhabria, is MD and Chairman since July 2013; P.P. Chhabria is retired).

Performance and Attribution summary

In 1Q14, for only the third time since end of 2010, we trailed the broader benchmarks. In relative terms, 1Q14 was our worst quarter since our inception in 4Q10. While our names took a back-seat, the broader mid and small-cap universe did well for second successive quarter, even though these benchmarks still remain in red since our inception. In what was clearly suggestive of a broader perception of a secular turnaround, the laggards of last 2 years picked up pace in 1Q, with particular gains in March.

60% of our holdings rose in 1Q (excluding the 2 names that were acquired in the second-half in 1Q). Our two best performing positions in 1Q were a *Metals* name (**+65%**) and an *Internet* name (**+34%**). Our two worst positions in 1Q were an *Outdoor Entertainment* name (**-28%**) and *Non-Banks Financials* name (**-21%**). Given that the latter two were substantial positions across both strategies, they also ended up driving our underperformance in 1Q.

In 1Q14, *Metis Strategy* was up **+0.4%**, vs. **+6.3%**, **+6.0%**, **+5.6%**, **+8.0%**, and **+8.4%** increases in *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively. Since inception, *Metis Strategy* is up **+37.3%** vs. **+11.4%** and **+4.4%** increases in *Nifty* and *BSE 500* respectively, and **-10.6%**, **-33.1%**, and **-14.8%** declines in *BSE Midcap, BSE Smallcap,* and *Eurekahedge India* respectively (see **Exhibit 3a**). Over trailing 12 months, our volatility was **16**, **91**, **543**, **494**, and **304** bps below *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively (see **Exhibit 3b**).

Exhibit 3a – Perf. since inception

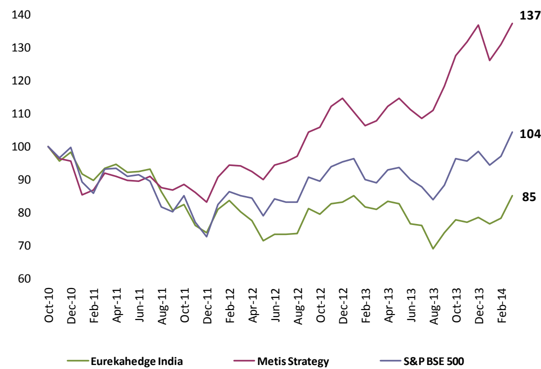


Exhibit 3b – TTM volatility

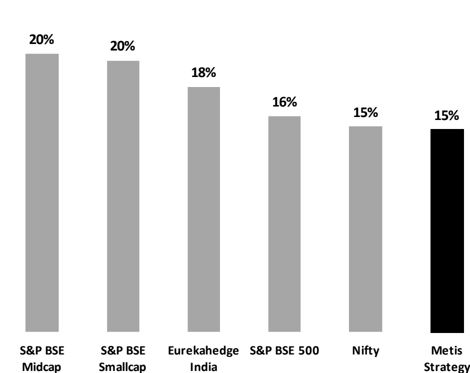


Exhibit 3c – Annual and average –ve monthly returns

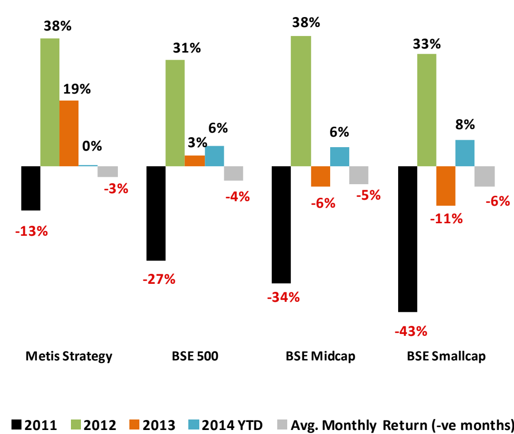
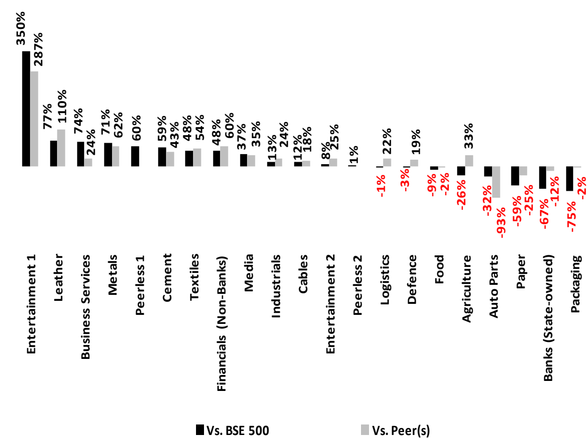


Exhibit 3d – Industry-wise benchmarking for positions



Note: Metis strategy went live on March 11th 2014
Source: Internal Sources

Exhibit 4a – Relative rolling 12-mth returns

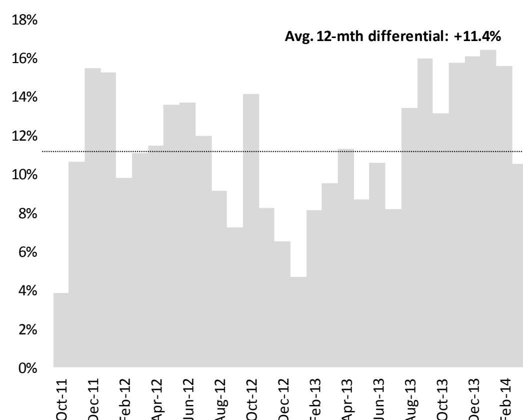
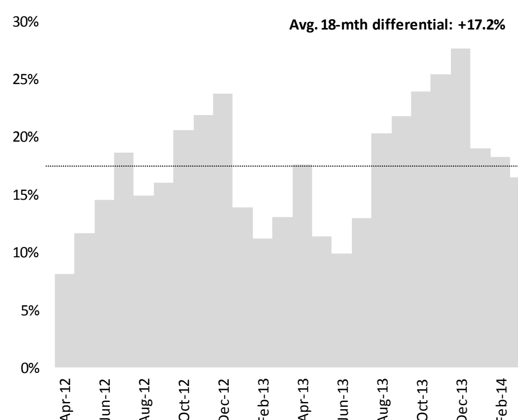


Exhibit 4b – Relative rolling 18-mth returns



Note: Relative strategy return differentials are calculated vs. BSE 500
Source: Internal Sources

Exhibit 5 – Time window analysis for our onshore strategies

	India Underserved		*India Undervalued*	
	3 Month	*12 Month*	*3 Month*	*12 Month*
Number of periods	34	25	39	30
Average period return	3.7%	16.9%	2.5%	13.3%
Number of profitable periods	20	23	22	27
% profitable periods	59%	92%	56%	90%
Best period	22%	39%	16%	37%
Gain Standard Deviation	6.7%	9.2%	5.0%	8.3%
Sharpe Ratio @10%	0.16	0.67	0.02	0.29
Sharpe Ratio @5%	0.31	1.16	0.19	0.74
Sharpe Ratio @0%	0.47	1.64	0.36	1.18
Loss Standard Deviation	2.0%	0.4%	3.5%	0.9%
Downside Deviation @10%	3.9%	4.0%	4.7%	6.9%
Downside Deviation @5%	3.2%	1.9%	4.0%	5.0%
Downside Deviation @0%	2.4%	0.3%	3.4%	3.4%
Sortino Ratio @10%	0.33	1.71	0.03	0.48
Sortino Ratio @5%	0.78	6.17	0.33	1.65
Sortino Ratio @0%	1.51	66.97	0.75	3.88
Average Gain/Loss	2.6	21.6	2.0	1.5
Profit/Loss Ratio	3.7	247.9	2.5	13.3

Note: Metis Opportunity is a direct blend of above two onshore strategies
Source: CogentHedge

Exhibit 6 – Long-book snapshot

Top position as % of book	12%
Smallest position as % of book	1%
Top 5 positions as % of book	50%
Avg. weighted market cap of book (mil)	$681
Avg. weighted free float of book	47%
Net Exposure	88%
# of positions	19

Source: Internal Sources

India needs to re-assess its priorities. It is hoped that voter participation in 2014 elections will likely move beyond the 56% in 2009, with a low-mid teens increase in electorate. We would like to take this opportunity to suggest how critical it is for India to eradicate corruption and ensure that equal rights flow through in what is clearly a country with immense potential. Our work suggests that this should be a distinct priority over superficial "market-friendly" reforms, whose effectiveness remains questionable in the presence of structural challenges. No current structural challenge is as daunting as access to land resources, which are artificially propped up by continued channelization of unaccounted capital. In our view, your best bet is to back candidates that have the will and courage to stamp out this unabated deployment of unaccounted capital.

India's hugely "disconnected" rise in realty prices has hurt origination/expansion plans across industries. Marginal returns across businesses that require substantial land have drifted down sharply in recent years, hugely hurting employment generation. Channelization of unaccounted money into real estate has seriously hurt country's ability to provide employment. With each passing year, fewer projects across agriculture, logistics, cement, or industrials are able to raise capital. Real estate prices remain artificially high even as malls report vacancy rates in the 20s, apartment vacancy in several "hot satellite towns" remains way above alarming levels, and large tracts of land across the country remain empty. India's realty bubble is gradually destroying its risk appetite and it would have damning implications if it isn't addressed immediately. It is well established that for sustained employment growth and broad-based prosperity, manufacturing's share of the economy should be in the 25-35% range, where it typically peaks. Interestingly, manufacturing's share of India's GDP remains stuck in the mid-teens, with agriculture's share loss being entirely picked up by a not so land-intensive services sector.

India's CFROAs get adjusted downwards more than others (when adjusted for real-estate inflation). Since it's also not common practice among India's benchmark constituents to frequently credit revaluation reserves, reported returns on assets look far more attractive than they really are. Note the differential between several reported and adjusted CFROAs (adjusted for real estate appreciation) numbers for some manufacturing companies in **Exhibits 7a**, **7b**, and **7c**. For perspective, these are compared against several peers in other markets. Take *ITC* for instance – *ITC*'s real-estate adjusted CFROA is nearly 500 bps below its reported CFROA of 21%. Had we also adjusted for market valuation of Plant & Machinery, *ITC*'s CFROA would have been another 200 bps lower, or nearly 700 bps below the unadjusted headline CFROA. Businesses such as *HSIL*, whose infrastructure has been largely established only in the past few years report sub-par CFROAs anyway (see **Exhibit 7c**). To be clear, this work is focused on standalone financials. This ensured that potentially real-estate heavy operations of non-core subsidiaries don't muddle CFROA of the core business. So, financials of any *ITC* subsidiary, including those of *Landbase India Ltd*, which owns the *Classic Golf Resort* near the Delhi-Jaipur highway, aren't included in the asset base. Underlying assumption in the work is that land resources were initially acquired at market rates. If adjustments were made for land acquired as a result of political largesse, CFROAs would adjust even lower. Effectively, "true" CFROAs for most new manufacturing businesses that aren't aided by concessional land give-aways are well below what reported numbers of established names suggest.

Exhibit 7a – CFROA for Power Equip.

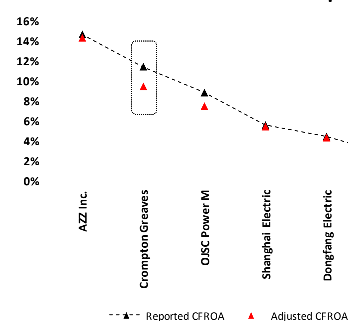


Exhibit 7b – CFROA for Tobacco

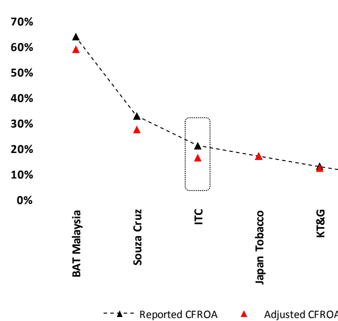
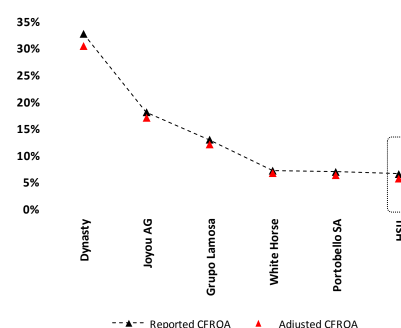


Exhibit 7c – CFROA for Ceramics



Notes: More than 80% of ITC's operating earnings come from Tobacco; Only real-estate was revalued for adjusting CFROA. Valuation for other assets wasn't adjusted to market; Given material real-estate deflation in Japan and Ireland, balance sheets in these markets are already market-adjusted by booking impairment losses; Average firm-wide operating cash-flow margin of last 5-years was used for measuring reported CFROA. Source: Company reports; Lloyds TSB; Bloomberg

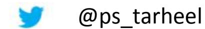
Exhibit 8 – Historical Monthly Performance

	Metis Strategy	*Nifty*	*S&P BSE 500*	*S&P BSE Midcap*	*S&P BSE Smallcap*	*Eurekahedge India*	*India-focused CE Funds**
Nov-10	-3.5%	-2.6%	-3.3%	-6.1%	-7.8%	-4.3%	-2.6%
Dec-10	-1.0%	4.6%	3.1%	0.5%	-0.8%	2.8%	-2.5%
Jan-11	-10.7%	-10.2%	-10.5%	-12.0%	-12.3%	-6.7%	-9.8%
Feb-11	1.8%	-3.1%	-3.9%	-7.2%	-7.8%	-2.2%	-3.6%
Mar-11	6.0%	9.4%	8.6%	7.8%	4.6%	4.0%	8.6%
Apr-11	-1.3%	-1.4%	0.3%	7.7%	6.6%	1.4%	-2.4%
May-11	-1.3%	-3.3%	-2.6%	-2.6%	-5.5%	-2.6%	-2.2%
Jun-11	-0.3%	1.6%	0.4%	-0.8%	-1.0%	0.2%	-0.6%
Jul-11	1.6%	-2.9%	-2.1%	0.9%	1.8%	0.7%	-2.8%
Aug-11	-3.7%	-8.8%	-8.8%	-9.3%	-14.1%	-7.4%	-6.9%
Sep-11	-0.7%	-1.2%	-1.6%	-2.3%	-3.5%	-6.3%	-4.2%
Oct-11	2.0%	7.8%	5.9%	2.7%	1.4%	2.1%	4.8%
Nov-11	-2.8%	-9.3%	-9.6%	-10.6%	-12.6%	-7.9%	-5.3%
Dec-11	-3.4%	-4.3%	-5.5%	-8.8%	-9.0%	-2.7%	-8.4%
Jan-12	9.2%	12.4%	13.3%	14.3%	16.5%	9.5%	10.9%
Feb-12	4.0%	3.6%	4.7%	8.8%	6.1%	3.3%	4.1%
Mar-12	-0.3%	-1.7%	-1.4%	-0.6%	-3.4%	-4.1%	-0.1%
Apr-12	-1.9%	-0.9%	-0.9%	-0.5%	2.0%	-3.4%	-0.6%
May-12	-2.5%	-6.2%	-6.2%	-6.8%	-7.3%	-7.9%	-4.8%
Jun-12	4.9%	7.2%	6.4%	4.5%	4.3%	2.8%	6.8%
Jul-12	0.9%	-0.9%	-1.1%	-2.3%	-1.5%	0.0%	-0.8%
Aug-12	2.0%	0.6%	0.2%	-0.2%	-0.8%	0.4%	1.9%
Sep-12	7.4%	8.5%	8.9%	10.1%	9.7%	10.2%	7.8%
Oct-12	1.4%	-1.5%	-1.2%	-0.6%	-0.4%	-2.1%	-0.4%
Nov-12	6.1%	4.6%	5.0%	5.1%	4.1%	4.0%	3.2%
Dec-12	2.0%	0.4%	1.5%	3.1%	1.4%	0.6%	-0.9%
Jan-13	-3.5%	2.2%	1.1%	-2.0%	-4.1%	2.2%	0.6%
Feb-13	-3.8%	-5.7%	-6.5%	-9.6%	-12.3%	-3.9%	-3.2%
Mar-13	1.3%	-0.2%	-1.1%	-2.6%	-6.5%	-0.9%	0.0%
Apr-13	4.2%	3.9%	4.2%	3.3%	3.7%	3.0%	2.4%
May-13	2.0%	1.4%	0.8%	0.7%	-1.3%	-1.0%	1.1%
Jun-13	-2.8%	-2.4%	-3.7%	-6.7%	-5.0%	-7.4%	-4.0%
Jul-13	-2.5%	-1.7%	-2.5%	-7.1%	-5.9%	-0.6%	0.9%
Aug-13	2.3%	-4.7%	-4.5%	-4.4%	-2.3%	-9.1%	-5.5%
Sep-13	6.5%	4.8%	5.2%	5.8%	5.3%	7.1%	5.9%
Oct-13	7.9%	9.8%	9.1%	8.9%	7.9%	5.1%	9.2%
Nov-13	3.3%	-2.0%	-0.8%	3.6%	3.4%	-0.9%	-0.7%
Dec-13	3.7%	2.1%	3.0%	6.0%	7.4%	2.0%	1.3%
Jan-14	-7.7%	-3.4%	-4.2%	-5.9%	-4.4%	-2.5%	-3.6%
Feb-14	3.8%	3.1%	2.8%	3.1%	2.9%	2.3%	5.2%
Mar-14	4.8%	6.8%	7.6%	9.0%	9.7%	8.7%	8.5%
Trailing 12 months	**27%**	**18%**	**17%**	**15%**	**22%**	**5%**	**21%**
Trailing 24 months	**46%**	**27%**	**23%**	**12%**	**7%**	**6%**	**33%**
Trailing 36 months	**49%**	**15%**	**12%**	**8%**	**-14%**	**-9%**	**14%**
2014 YTD	**0%**	**6%**	**6%**	**6%**	**8%**	**8%**	**10%**
2013	**19%**	**7%**	**3%**	**-6%**	**-11%**	**-6%**	**7%**
2012	**38%**	**28%**	**31%**	**38%**	**33%**	**14%**	**29%**
2011	**-13%**	**-25%**	**-27%**	**-34%**	**-43%**	**-25%**	**-29%**
Avg. Return (+ve months)	**4%**	**5%**	**5%**	**6%**	**5%**	**3%**	**5%**
Avg. Return (-ve months)	**-3%**	**-4%**	**-4%**	**-5%**	**-6%**	**-4%**	**-3%**
Annualized Volatility (TTM)	**15%**	**15%**	**16%**	**20%**	**20%**	**18%**	**16%**
Sharpe Ratio	**0.50**	**0.10**	**0.00**	**-0.17**	**-0.50**	**-0.38**	**-0.05**

Note: Our performance is reported in INR and after all execution charges and management fees, but before performance fees; Prior to March 11th 2014, Metis Opportunity Fund's record is strategy-based, based on live blend of our running onshore strategies
**Close-ended funds in US, with USD returns converted into INR*
Source: Internal Sources; NSE; BSE; Bloomberg; Eurekahedge

Investment Managers

Piyush Sharma, is the co-investment manager of Metis Opportunity Fund. Having spent time with Citigroup and Bombay Stock Exchange in India, he moved to United States in 2002, where he covered stocks within Business Services, Autos, Consumer Products and Financials with Sanford Bernstein, Longbow Research, and Avondale Partners, working in teams that received accolades by leading institutional research arbiters , including Institutional Investor (II) and Greenwich Associates. Piyush received an MBA from University of North Carolina at Chapel Hill, MS from MNNIT, and BS in Accounting from University of Allahabad.

piyush@metisopportunity.com
+1-919-360-0359 (Cell-US)

@ps_tarheel

Gaurav Aggarwal, CFA, CPA, is the co-investment manager of Metis Opportunity Fund. He was a senior analyst with portfolio management duties over $50 million in fund of fund assets at a leading regional investment bank (Global Investment House) in the Middle East. Prior to this, he was with Bay Harbour Management, a $1.2 billion distressed debt and equity hedge fund in New York City. He has also served as an analyst with Polen Capital Management, a $2 billion long-only value money manager in Florida. He received an M.S. in Accounting (specializing in Finance) and B.S. in Business Administration from the University of North Carolina at Chapel Hill. He is a Chartered Financial Analyst and a Certified Public Accountant.

gaurav@metisopportunity.com
+1-919-665-0696 (Cell-US)

@gaurav_metis

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Metis Opportunity Fund
c/o Equinoxe Alternative Investment Services (Mauritius) Ltd.
12th Floor, Raffles Tower
19 Cyber City, Ebene, Republic of Mauritius
T: +230-468-1291
F: +230-468-1219
www.metisopportunity.com