Metis Opportunity Fund

Indian small-caps 2.0

April 2015 Newsletter

April 20, 2015

You'll be hard pressed to name one long-distance runner that sports a better track record than Haile Gebrselassie. The diminutive Ethiopian won nearly everything there is to win. In 2011, responding to a question on the secret behind his long and successful career, Haile said "*It's about being better, being number one, to strive, to always be better. Money comes after. If you're planning only to make money and nothing else, you'll be broke*". It's from runners like Gebrselassie that *Metis*' draws its inspiration……and its discipline. Unlike Gabrselassie's runs though, ours never end. It's like those qualifying races before *Formula-One* that decide the pole position, and then we get ready to qualify again. No pit-stops either.

Over the last decade, average annual return of *BSE Smallcap* for periods following 50%+ return periods is +2.7%, having failed to reach double-digits nearly 60% of the time over such successive periods. This isn't just another technical tid-bit. It is in some sense a reflection of the extent to which Indian small-caps decouple from underlying earnings over short euphoric periods before catching up with earnings. A small case of caution here – Earnings aren't helping this time around, making catch-up little more than a routine exercise.

1Q has historically been an aberrant quarter for us, with January nearly always being particularly weak vs. the broader markets. That differential then gradually gets more than chipped away over the course of the quarter and the rest of the year. So, once again, we won't report a surprise there - In 1Q15, we outpaced the broader Indian small and mid-cap space for the third time in 4 years, while underpacing the *Nifty* by 0.2%. Bear in mind though that *Nifty* has never outpaced us over any 12 month rolling period and just like Gebrselassie, we hope our legs do the talking in 2015.

In 1Q15, *Metis Opportunity* was up **+2.3%** (net of all fees; in INR terms), vs. **+2.5%**, **+3.1%**, **+2.1%**, and **+6.8%** increases in *Nifty, BSE 500, BSE Midcap,* and *Eurekahedge India* respectively, and **-1.8%** decline in *BSE Smallcap*. *Metis Opportunity* ended 1Q15 with a net exposure of 82%, vs. 81% at the end of 4Q14. We liquidated two positions in the quarter while adding one new name.

Over the last year, *Metis Opportunity* is up **+39.0%**. That compares with **+26.7%**, **+33.2%**, **+49.5%**, **+54.0%**, and **+38.7%** increases in *Nifty, BSE 500, BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively. Over this period, our volatility was **28** bps, **108** bps, **531** bps, and **1128** bps below that of *Nifty*, *BSE 500*, *BSE Midcap*, and *BSE Smallcap* respectively.

Over the past 3 years, *Metis Opportunity* is up **+103.1%** vs. **+60.3%**, **+63.5%**, **+66.9%**, **+64.3%**, and **+45.1%** increases in *Nifty*, *BSE 500*, *BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively.

Since inception in April 2011, *Metis Opportunity* is up **+107.9%** vs. **+45.5%**, **+48.6%**, **+54.1%**, **+33.2%**, and **+24.6%** increases in *Nifty*, *BSE 500*, *BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively.

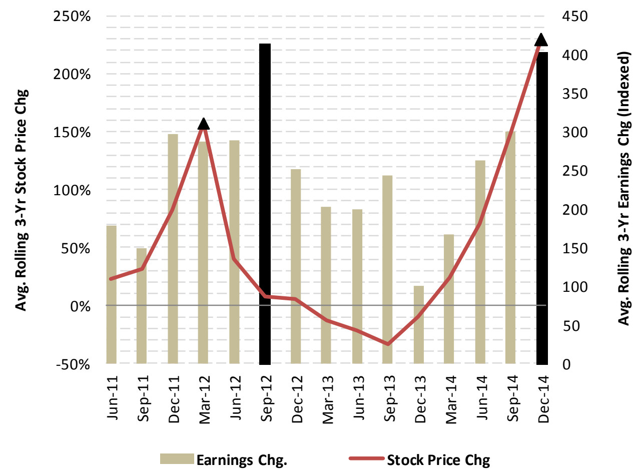
In what is agonizingly typical of Indian small-caps, euphoria is gradually giving way to some sense of adjustment – Having risen nearly 70% in 2014, *BSE Smallcap* bucked the broader trend in 1Q15 as small-caps dropped nearly 2% in the quarter. Typically, it is in times such as these that we most expand our outperformance vs. the broader small-cap universe. With <$800 mil in average market cap, our book gets firmly categorized in this part of the market, even though our strategy is capitalization-agnostic. Our process however largely decouples us from the volatility of Indian small-caps. In fact, our volatility has mostly been below that of Indian large-caps, let alone the smaller Indian universe outside *BSE 100*. As always, we aim to grow capital through sustained underlying cash flow growth. We don't fall within the camp that overly benefits from indiscriminate multiple expansion and accordingly, we aren't the ones jettisoning once the froth begins to clear.

While small-caps have rallied, they haven't quite decoupled from earnings yet. While small-caps were on a tear last year, they have still materially underpaced *Nifty* since our inception. We would point investors to the fact that the average *BSE Smallcap* constituent has compounded earnings at a 20%+ rate over the past 3 years. That stocks have then reacted to such growth shouldn't be surprising. However, given that investors haven't quite been used to seeing such a broad-based rise in small-caps, most notably in the 3-yr rolling period ending Sept 2012 (when

earnings had also compounded at 20%+), skepticism is likely, albeit still not fully warranted (see **Exhibit 1**). This is however a universe-wide observation. It is quite clear that several names within *BSE Smallcap* have seen valuations massively disconnect with earnings – Names such as *Kolte Patil Developers*, *ITD Cementation* and several others have rallied well ahead of their earnings. Most of these names have added further ground in 1Q and are trading at valuations that are based on a dramatic twist in the underlying story, coupled with more than a solid broader economic rebound.

Several 'not for the faint hearted' names are now trading at levels where they will meaningfully correct at the first sign of a sell-off. Just as at the beginning of 2013, our belief is that we would likely expand our since inception differential vs. the broader small and mid-cap universe in 2015.

Exhibit 1 – Avg. small-cap price chg. (3-yr) vs. Avg. earnings chg.

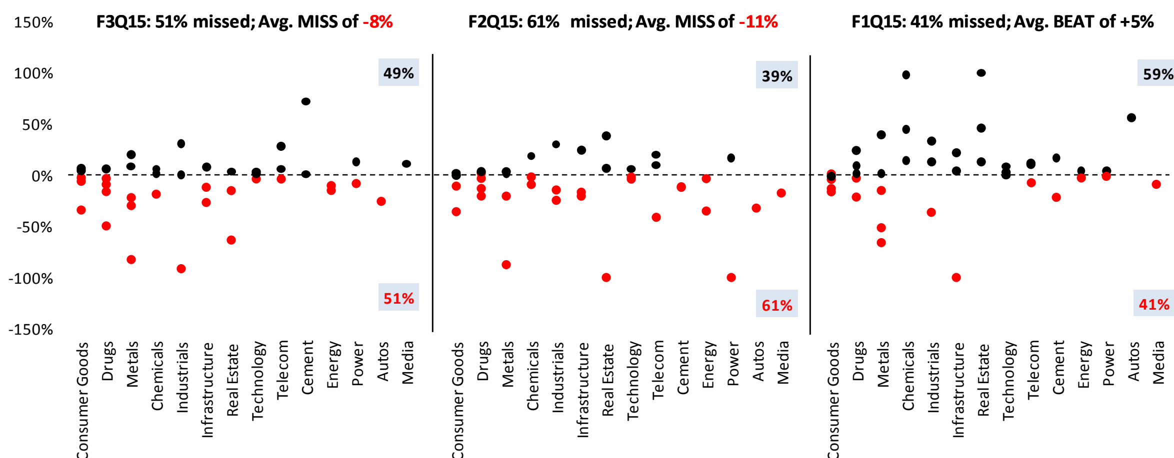


Note: Above numbers reflect 'averages' of BSE Smallcap constituents with a 6-yr+ history and aren't weighted by security weights; Avg. 3-yr trailing earnings growth is indexed to the 3-yr period ending Dec 2013. Source: Bloomberg

The bigger brethren continue to miss. In F3Q15 (Dec), about half of *BSE 100* names missed expectations, which while still better than about 60% missing in F2Q (Sept) was nonetheless gloomy. In sharp contrast, earnings for majority of our holdings outpaced expectations, driving our long book ahead of the broader market over this period.

It is not just the number of misses that is disturbing, but also the breadth of these misses (see **Exhibit 2**). In absolute terms however, the pain is unquestionably concentrated around the cyclicals – In F3Q (Dec), average *Sensex* constituent reported a mid-teens drop in earnings. However, if one excludes *Industrials* and *Metals*, earnings were flattish, primarily dragged and skewed by the two pharmaceutical names (*Sun Pharma* and *Dr. Reddy's*). However, given that India's estimate revisions around the middle of last year were outpacing nearly everybody else's, reversals are inevitable and will likely continue in this quarter[1] – Even as we write this, among major emerging markets, only Korean and Mexican equities are still projecting higher earnings growth than India. Brace for adjustments!

Exhibit 2 – Earnings Beats and Misses in F2015 (Mar) YTD



Note: Earnings performance above only includes BSE 100 names that had clear consensus history throughout F2015 (Mar) YTD. Source: Thomson Reuters

[1] Over last three months, earnings downgrades in India have been nearly twice as many as upgrades.

We initiated a 4% exposure in an Outdoor Entertainment name in 1Q. In the first quarter, we allocated about 4% of our book to a new Outdoor Entertainment name, which went public last year. In line with management teams of our other holdings, we have yet again partnered with a clean and transparent group that has been engaged within the amusement park business for nearly a decade and a half. Before we detail our hypothesis, we'll briefly provide some relevant background on this fledgling space.

Most legacy parks are small and revenues still skewed towards admissions. With the exception of a certain old park in Mumbai, amusement parks in India have for years been fairly small with limited number of rides. Like any Indian land intensive business (land makes 10-15% of total project's cost in the case of our holding), its critical to achieve high realization per sq ft in order to drive solid marginal ROICs. Industry-wide footfall growth has galloped in recent years (5-yr CAGR of 18%+) as new parks have opened up in a vastly underpenetrated space. With modern parks still a fairly un-experimented concept, revenues remain skewed towards entry-fees, with businesses gradually upping footfall monetization opportunities – In this particular case, ticket sales now take a low 80s share of overall revenues, down from high 80s a decade ago.

Still a largely localized service concept. Parks typically cater to demographics within a 200 km radius[2], with targeted footfalls (company offsite meetings, school trips etc; termed 'controlled' in internal lingo here) making 27-28% of footfalls currently. As parks age, general footfalls, which obviously tend to be more profitable, account for an increasing share of revenues. So between customer and service mix shifts (explained above), profitability growth is a virtual certainty.

Core focus is on operating parks within viable locations with 'tropical' weather. This business is currently running 2 amusement parks, with two others in the pipeline. Underlying focus is to gradually expand within tropical markets, with expansion in Southern India occurring before likely openings in markets such as Maharashtra, Gujarat, and Orissa.

Three key reasons we initiated exposure in the name were: **1**. Smart capital deployment in a land-intensive business; **2**. a conservative management team with a history of cautious 'hard-hitting' expansion, and **3**. we expect deployment of IPO capital proceeds into two new parks to be substantially value accretive.

1. ***Skewed attendance patterns tend to drag ROICs for Asian parks but smart capital cost decisions more than offset that for our chosen player***. We note that weekday afternoon queuing time in established Asian parks have already touched 60 minutes on several popular rides. At a major park in Hong Kong, peak daily attendance was 25% ahead of maximum capacity last year. Skewed attendance patterns in the amusement parks business materially drags ROICs - Take *Disney*'s resorts for instance – Since peak attendance at their US resorts is more than 60% ahead of average attendance, 1. They need to deploy more rides in order to manage potential bottlenecks during summers, and 2. Their rides would tend to be state of the art in order to minimize queuing time, everything else held equal. Little wonder then that *Disney*'s parks and resorts business barely reports a high single digit return on invested capital. With that established, one would expect skewed attendance at Indian parks[3] to drag ROICs too. However, smart capital decisions by our chosen player, such as spreading the park between water and land rides (keeps queuing logic in check), and internalizing assembly of several low-thrill rides, which considerably reduces capital costs, offsets the natural drag from skewed attendance patterns.

2. ***History of cautious yet 'hard-hitting' expansion***. Given the pace with which this team prefers to expand, we expect no more than 6-7 parks a decade from now (including Chennai, Hyderabad, and 2 current parks)[4]. The underlying philosophy is to exploit expansion opportunity in a manner whereby each independent asset is EBITDA positive in the first year without ever encumbering the balance sheet. This team is as conservative about expansion as any - We note that the Bangalore park started nearly a decade ago (with Kochi fully

[2] In the case of two operational parks of our holding, about a third of visitors are from outside its core metropolitan area.
[3] Peak attendance at our chosen player's Bangalore park is about 2x annual average vs. 1.6x at Disney's US resorts.
[4] While INR 450 mil has been earmarked for new land acquisition (for its fifth park) in F2018 (Mar), that isn't factored into our numbers.

operational for a few years), with the project costing about a billion back then. Since then, they have put it in no more than 300 million into capital expansion in existing assets. Cash flows rightly take precedence here.

3. ***Deployment of IPO proceeds towards launches in Chennai and Hyderabad would be massively accretive***. By the end of F2015E (Mar), this business would have liquidity in the neighborhood of INR 2.3 Bil and our baseline estimate for operating cash flows in F2016E (Mar) is north of INR 600 mil. Hyderabad park is expected to be operational in 12 months. By our estimate, this business is currently valued under what we believe should be the baseline valuation of its two operational parks. The two parks in the pipeline (Hyderabad and Chennai) are essentially being given away for nothing (see **Exhibit 4** on next page).

We won't be surprised if Hyderabad's growth curve is steeper than Bangalore's. Among 'progressive' cities with tropical climates, Hyderabad rates near the top when it comes to favorable demographics – It rates highly when it comes to discretionary spends, has an age-distribution that fits well with our business' target demographic, and would have a considerably lower average travel time to the park (see **Exhibits 3a** and **3b**). Management expects to register about 700K footfalls in the first year at Hyderabad. To put that in context, their Bangalore park's first full year of operation (nearly a decade ago) saw 690K footfalls, rising to 1.2 mil in F2014 (Mar). We wouldn't be a bit surprised if this ends up being a conservative estimate. We note that Hyderabad doesn't have comparable properties yet – The few existing parks are all either focused on water or snow-themed rides, albeit limited in number, or lack 'thrill' rides, or are largely targeted towards very young kids. If that's not enough, greater Hyderabad's current population is 8 mil vs. 5 mil for greater Bangalore when the Bangalore park was launched. Despite what appear to be pretty compelling facts in favor of Hyderabad outpacing Bangalore's first year record, management is sticking with its current projections. For what it's worth, internal surveys are also suggesting that Hyderabad's first year footfalls would likely be north of 800K.

Exhibit 3a – Avg time to Blr site

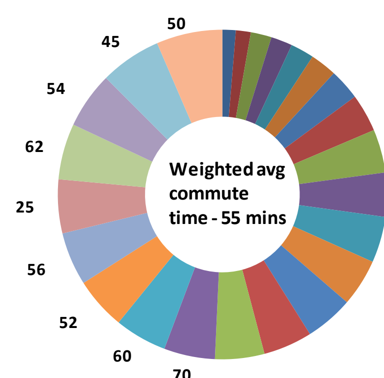


Exhibit 3b– Avg time to Hyd site

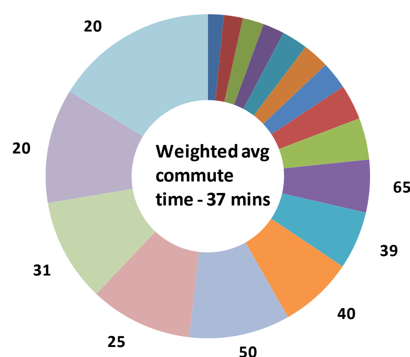
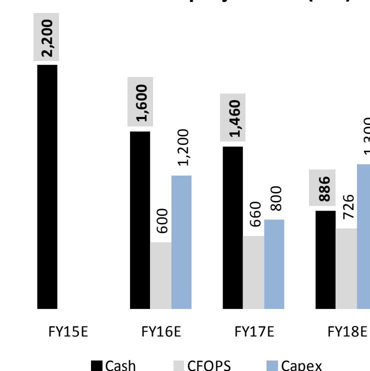


Exhibit 3c – Cash projections (mil)

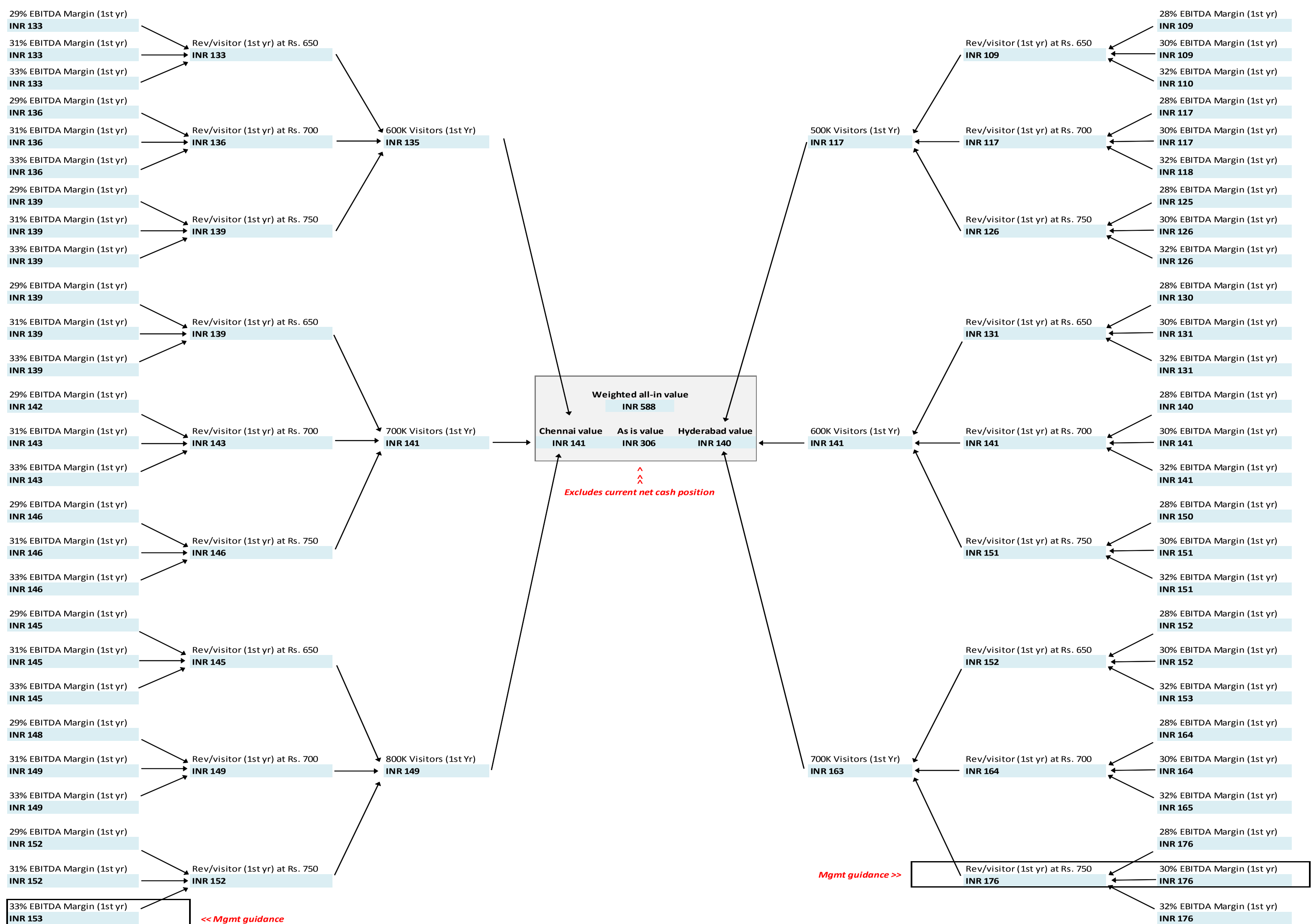


Note: Labels indicate commute time from the largest (accounting for 5%+ of the population) municipal zones. Others aren't labeled; Commute time is calculated for early afternoon on working weekdays.
Source: Internal estimates, Traffline, Company reports

Material incremental debt requirement for expansion plans should be immaterial. In F2016E (Mar), about INR 400 mil would be spent on the ongoing Hyderabad park, which is expected to be operational around beginning of F2017E (Mar). Construction of the INR 2.7-2.8 Bil Chennai project should start around that time (in ~12 months), and is expected to finish by the end of F2018 (Mar).

By our estimate, this business would end F2015 (Mar) with liquidity in the neighborhood of INR 2.3 Bil. Barring timing mismatch of operating cash flows and project requirements, current cash position and ongoing cash flows seem more than adequate to fund Hyderabad and Chennai parks (see **Exhibit 3c**). While we haven't factored in incremental cash flows of Hyderabad park, its worth noting that the Bangalore park was cash flow positive in its first year itself. This was despite the fact that Bangalore's launch took place amidst significant publicity headwinds associated with *Happyland* closure in that city.

Exhibit 4 - Estimated value accretion permutations for Hyderabad and Chennai



Note: To begin with, 'controlled' and 'general' attendance is equally split, about in line with the breakdown in Bangalore's first year; 'Controlled' ATP is assumed as ½ of general ATP; Conservatively, share of ticket revenues is projected to remain in the high 80s-low 90s; By our estimate, undeployed IPO proceeds and projected operating cash flows are adequate to cover capex requirements for Hyderabad and Chennai.
Source: Internal Estimates

We expect this position to at least double by the time Hyderabad completes its first year. As we write this letter, this name is trading at about 26x F2016E (Mar) earnings. If that appears 'heady', do note that underlying operating cash flows in this case consistently outpace reported earnings and you might be getting influenced by what is arguably a not so relevant denominator. Besides the headline numbers based on current operational parks, its critical to appreciate that at current levels, we are barely paying for Kochi and Bangalore resorts while grabbing up Chennai and Hyderabad's future cash flows for nothing. If Hyderabad does log in 800K footfalls in its first year, which is anything but out of reach, we anticipate this position to make us about 2.5x over the next 2-3 years.

Material optionality in the form of unused land at currently operational locations. While we don't price this, we do note that they have excess land available in Kochi and Bangalore, which adds extra material optionality (~10-15% of current valuation if liquidated and much higher if used for park expansion).

We fully liquidated two holdings within our *Underserved* sub-strategy. Elsewhere in 1Q, we fully liquidated two names within our *India Underserved* sub-strategy – A *Business Services* name and an *Agriculture* name we had held for 3+ years. While in the case of the *Business Services* name, we figured that the valuation had expanded to levels, which couldn't be bettered for at least another two years even if street's extremely optimistic expectations of a credit cycle turnaround turn out to be accurate. We exited this name at about 4x our initial cost basis in May 2011. In the case of our *Agriculture* ex-holding, we had been frustrated with the lack of pricing power and our thesis that evolution of on-premise consumption would drive pricing power had been largely offset by comparable growth in the unorganized market, where pricing power is largely non-existent. With scant evidence of end-market mix shift happening at a rate comfortable for us, we decided to exit this position at about 16% loss.

All set for Phase III auctions. With our radio holding now sitting on nearly INR 5 Bil in liquidity and an unlevered balance sheet, it is smartly poised to take advantage of Phase III auctions. While we have had several detailed discussions on auctions over the past year, a couple of key incremental observations need to be shared – **A.** Timing of our holding's recent deal, and **B.** TRAI's disconnected 'reserve price' guidelines on new cities.

Small yet smart acquisition likely takes care of the potential 'scarcity spike' for Delhi – In 1Q, our holding announced that it would acquire a small radio operator that owns stations in 7 cities, including the 2 key markets of Delhi and Mumbai. While deal-terms weren't disclosed, grapevine suggests that the deal cost about a tenth of our holding's current liquidity. We note that 'Group Y' cities (accounting for 4 of target's 7 stations) will migrate at a price lower than Phase III auction prices. Similarly, the scarcity problem in Delhi (only 1 frequency is up for auction) means that the deal has effectively removed the uncertainty associated with overbidding[5] in larger markets. Further, the potential to ramp-up performance in this acquisition is immense – We note that inventory utilization at this target was just a third of our holding's utilization, and needle-hour pricing was nearly 1/6th of the blended pricing for our holding.

TRAI still doesn't get it!. TRAI has yet again exhibited how it hopelessly fails to appreciate market economics by forcing impractical reserve prices for the second batch of Phase III auctions (for 264 new cities). Did TRAI fail to notice the % of operators that didn't report profits for most of the just expiring license period?. TRAI's guidelines for reserve prices for new cities certainly indicates that they completely ignored actual experience of operators, while preferring to side with highly questionable pricing models. There is little rationale in inviting comments from operators when those inputs are to be disregarded anyways. Consider this, for instance – TRAI pegs reserve price for *Moradabad* (80 kms from *Bareilly*) at INR 58 mil by valuing that market at INR 72 mil. By our estimate, it would be a stretch to imagine market size in *Bareilly* (2 active frequencies) to be materially over INR 50 mil. Needless to say that we don't expect any smart player to overly engage in the second batch of Phase III auctions.

[5] MIB had received 28 applications for the first part (for 69 existing cities) of Phase III auctions

Performance and Attribution summary

1Q15 was the eighth successive quarter of capital growth for us. However, it was also a quarter when we underpaced *BSE 500* by 80 bps, making it only the fourth quarter (since strategy's inception in April 2011) that we underpaced the broad index. As earnings estimates adjust over the next quarter or beyond, we expect to expand our differential vs. broader markets and would likely extend that over the course of the year. Over the rest of the year, we don't expect multiples to expand materially, creating a particularly favorable environment for bottom-up stock pickers.

In 1Q15, just over half of our holdings finished higher, with nearly everything that was up also outpacing *BSE 500*. Our two best performing positions in the quarter were a *Media* name (**+48%**) and a *Business Services* name (**+24%**), the latter being a holding that we have now fully liquidated. Our two worst performing positions in 1Q were a *Packaging* name (**-31%**) and a *Non-bank Financials* name (**-23%**). For our historical position-wise benchmarking vs. peers and *BSE 500*, please see **Exhibit 5d**.

In 1Q15, *Metis Opportunity* was up **+2.3%** (net of all fees; in INR terms), vs. **+2.5%**, **+3.1%**, **+2.1%**, and **+6.8%** increases in *Nifty, BSE 500, BSE Midcap,* and *Eurekahedge India* respectively, and **-1.8%** decline in *BSE Smallcap*. Since inception in April 2011, *Metis Opportunity* is up **+107.9%** vs. **+45.5%**, **+48.6%**, **+54.1%**, **+33.2%**, and **+24.6%** increases in *Nifty*, *BSE 500*, *BSE Midcap, BSE Smallcap*, and *Eurekahedge India* respectively (see **Exhibit 5a** and **5c**). Over trailing 12 months, our volatility was **28** bps, **108** bps, **531** bps, and **1128** bps below that of *Nifty*, *BSE 500*, *BSE Midcap*, and *BSE Smallcap* respectively (see **Exhibit 5b**).

Exhibit 5a – Perf. since inception

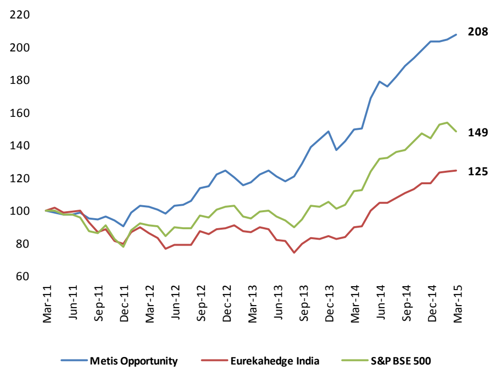


Exhibit 5b – TTM volatility

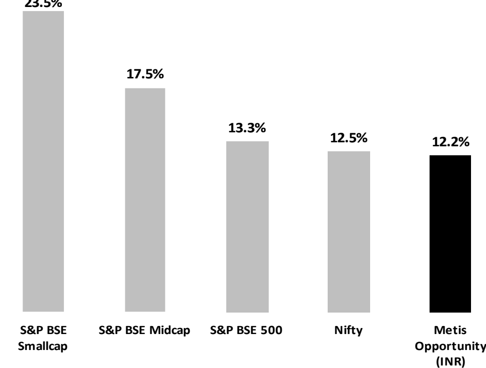


Exhibit 5c – Annual and average –ve monthly returns

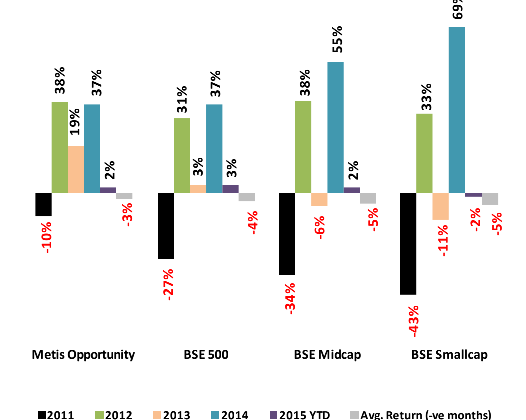
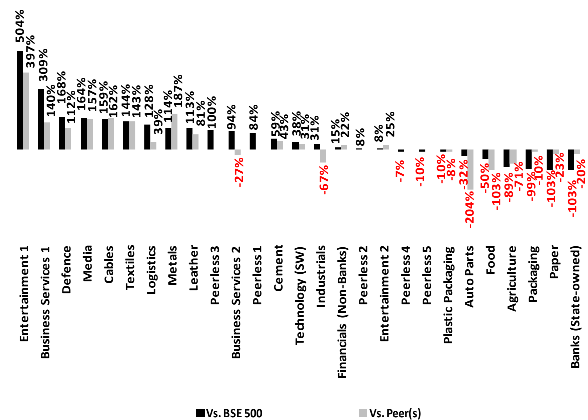


Exhibit 5d – Industry-wise benchmarking for positions



Note: Metis Opportunity went live on Mar 11th 2014; Industry-wise benchmarking compares performance from initial cost basis to present/exit.
Source: Internal Sources; NSE, BSE, Eurekahedge

Exhibit 6a – Relative rolling 12-mth returns

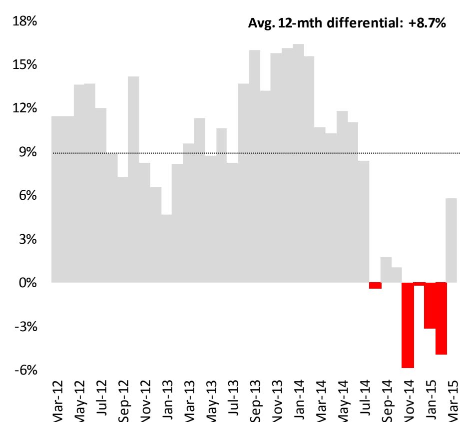
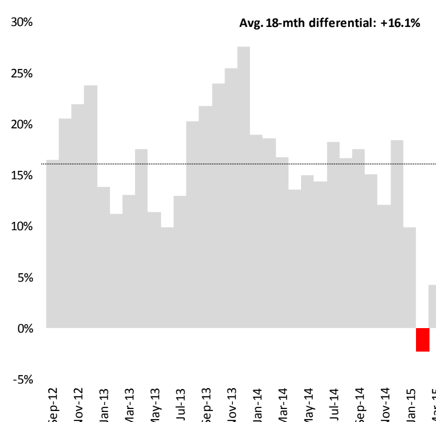


Exhibit 6b – Relative rolling 18-mth returns



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

Exhibit 7 – Time window analysis for our sub-strategies

	India Underserved		*India Undervalued*	
	3 Month	*12 Month*	*3 Month*	*12 Month*
Number of periods	46	37	51	42
Average period return	**5.3%**	**25.6%**	**4.8%**	**24.2%**
Number of profitable periods	32	35	33	39
% profitable periods	**70%**	**95%**	**65%**	**93%**
Best period	24%	55%	26%	66%
Gain Standard Deviation	6.7%	15.0%	6.7%	19.0%
Sharpe Ratio @10%	0.36	0.98	0.28	0.68
Sharpe Ratio @5%	0.51	1.29	0.42	0.93
Sharpe Ratio @0%	0.66	1.60	0.56	1.17
Loss Standard Deviation	2.0%	0.4%	3.4%	0.9%
Downside Deviation @10%	3.4%	3.3%	4.2%	5.9%
Downside Deviation @5%	2.7%	1.6%	3.6%	4.3%
Downside Deviation @0%	2.1%	0.2%	3.0%	2.9%
Sortino Ratio @10%	0.87	4.72	0.57	2.43
Sortino Ratio @5%	1.51	12.99	1.00	4.52
Sortino Ratio @0%	2.53	123.50	1.60	8.34
Average Gain/Loss	2.8	31.7	2.5	2.5
Profit/Loss Ratio	6.3	554.8	4.6	32.3

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

Exhibit 8 – Long-book snapshot

Top position as % of book	14%
Smallest position as % of book	1%
Top 5 positions as % of book	43%
Avg. weighted market cap of book (mil)	$765
Avg. weighted free float of book	46%
Net Exposure	82%
# of positions	24

Source: Internal Sources

Exhibit 9 – Historical Monthly Performance

	Metis Opportunity (INR)	*Nifty*	*S&P BSE 500*	*S&P BSE Midcap*	*S&P BSE Smallcap*	*Eurekahedge India*	*India-focused CE Funds**
Apr-11	-1.3%	-1.4%	-0.1%	3.2%	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%	0.4%	-0.2%	-0.8%	0.4%	1.9%
Sep-12	7.4%	8.5%	8.7%	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%	-2.4%	-3.6%
Feb-14	3.8%	3.1%	2.8%	3.1%	2.9%	2.1%	5.2%
Mar-14	5.0%	6.8%	7.6%	9.0%	9.7%	7.1%	8.5%
Apr-14	0.5%	-0.1%	0.6%	3.4%	5.9%	0.6%	-0.6%
May-14	12.2%	8.0%	10.4%	15.6%	20.4%	10.5%	9.3%
Jun-14	5.9%	5.3%	6.4%	10.8%	13.2%	4.6%	7.0%
Jul-14	-1.5%	1.4%	0.4%	-2.0%	-2.1%	0.4%	1.7%
Aug-14	3.5%	3.0%	2.7%	1.2%	2.8%	2.4%	4.2%
Sep-14	3.5%	0.1%	0.8%	2.5%	4.1%	2.8%	4.2%
Oct-14	2.6%	4.5%	4.1%	3.2%	2.3%	2.5%	2.9%
Nov-14	2.5%	1.9%	3.4%	4.4%	3.1%	2.9%	5.8%
Dec-14	2.5%	-2.3%	-2.1%	1.0%	-1.6%	0.2%	-2.7%
Jan-15	0.0%	6.4%	5.8%	3.5%	2.2%	5.6%	7.0%
Feb-15	0.6%	1.1%	1.0%	0.7%	-0.6%	0.5%	1.8%
Mar-15	1.6%	-4.6%	-3.5%	-2.0%	-3.3%	0.7%	-2.8%
Trailing 12 months	39%	27%	33%	50%	54%	39%	44%
Trailing 24 months	78%	49%	56%	72%	88%	44%	79%
Trailing 36 months	103%	60%	63%	67%	64%	45%	90%
Since inception	**108%**	**46%**	**49%**	**54%**	**33%**	**25%**	**64%**
2015 YTD	2%	3%	3%	2%	-2%	7%	9%
2014	37%	31%	37%	55%	69%	39%	49%
2013	19%	7%	3%	-6%	-11%	-6%	7%
2012	38%	28%	31%	38%	33%	14%	29%
2011	-10%	-25%	-27%	-34%	-43%	-25%	-29%
Avg. Return (+ve months)	2%	5%	4%	5%	6%	3%	5%
Avg. Return (-ve months)	-3%	-3%	-4%	-5%	-5%	-4%	-3%
Annualized Volatility (TTM)	12%	13%	13%	18%	24%	10%	13%
Sharpe Ratio	1.23	0.47	0.49	0.48	0.29	0.24	0.67
Calmar Ratio (3-yr/3%)	3.07	1.63	1.14	0.61	0.51	0.54	2.45

*Note: Metis Opportunity Fund's INR track record was a live blend of our running onshore strategies till March 31, 2014; Fund went live on March 11, 2014 and reports net of all fees;*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.

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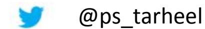
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Gaurav Aggarwal, CFA, CPA, is the co-investment manager of Metis Opportunity Fund. He was a senior analyst with portfolio management duties over $50 million in fund of fund assets at a leading regional investment bank (Global Investment House) in the 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.

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