Metis Opportunity Fund

Batten down the hatches

January 2017 Newsletter

January 29, 2017

As another year begins, the noisy January effect comes into play, and yet again, we begin the year trailing headline index constituents. It has been this way every year since we started back in 2011 and it has more than reversed every time during the course of the year. If anything, given the valuation differential between our book and elsewhere (more about this later in this letter), we expect a sharper than usual outperformance in C2017.

Metis Opportunity has now outpaced *BSE 500* in 18 of the 23 quarters since our inception in April 2011, with 4 of the 5 underperforming quarters bizarrely being first calendar quarters. In contrast, we have never trailed *BSE 500* in second halves and 4Q16 was no exception. *Metis Opportunity* was down **-4.9%** (net of all fees; in INR terms) in 4Q, vs **-4.8%**, **-5.6%**, **-8.5%**, **-5.7%**, and **-4.2%** declines in *Nifty TR*[1], *BSE 500 TR, BSE Midcap TR*, *BSE Smallcap TR*, and *Eurekahedge India* respectively. 3/4th of *Metis Opportunity* constituents declined in 4Q, including our top-5 positions. Our net exposure at the end of 4Q16 was 92% vs. 88% at the end of 3Q16. No new exposure was initiated during the quarter but we selectively added to existing positions as nearly the entire investible universe traded down in the aftermath of the currency scrap announcement.

Over trailing 12 months, *Metis Opportunity* was up **+7.8%** (net of all fees; in INR terms). That compares with **+4.4%**, **+5.2%**, **+2.7%**, **+9.3%**, and **+4.1%** increases in *Nifty TR, BSE 500 TR, BSE Smallcap TR*, *BSE Midcap TR* and *Eurekahedge India* respectively. Over this period, our volatility was **390 bps** and **105 bps** below that of *BSE Smallcap TR* and *BSE Midcap TR* respectively, and **180 bps** and **695 bps** ahead of *BSE 500 TR* and *Eurekahedge India* respectively.

Over the past 3 years, *Metis Opportunity* is up **+61.2%** (net of all fees; in INR terms) vs. **+34.6%**, **+46.7%**, **+86.4%**, **+89.3%**, and **+52.9%** increases in *Nifty TR*, *BSE 500 TR*, *BSE Midcap TR, BSE Smallcap TR*, and *Eurekahedge India* respectively.

Since inception in April 2011, *Metis Opportunity* is up **+131.2%** (net of fees; in INR terms) vs. **+50.5%**, **+59.4%**, **+79.6%**, **+48.4%**, and **+28.7%** increases in *Nifty TR*, *BSE 500 TR*, *BSE Midcap TR, BSE Smallcap TR*, and *Eurekahedge India* respectively.

Currency scrap derails fledgling revenue traction. Across the capitalization spectrum, F2Q (Sept) revenues grew in the 5-7% range. Headline revenue growth within smallcaps was higher but that was skewed primarily because of *Natco Pharma* and *Suzlon*[2]. Excluding the two names, small cap revenues grew at around 6%, in-line with growth within midcaps and continuing a visible traction that began in the current fiscal. *Sensex* constituents posted another quarter of mid-single digit revenue growth in F2Q (Sept), even as earnings grew an anemic 2% (ex-financials and outliers) as margins predictably came off for second consecutive quarter. As we have mentioned previously, despite gradual downward shift in F2017E (Mar) expectations, expectations around 2HFY17E earnings acceleration have remained high even as they have gradually moved closer to realizable territory. Despite the sharp pullback in activity in November and December, estimates weren't revised lower as sharply as we had anticipated, with very low single-digit cuts in two-wheeler OEM names being particularly striking. Markets, we think rightly so, largely ignored street's 'half-full' view.

Metis book continues to look attractive; Broader small and midcap valuations remain unequivocally elevated. Over the last 2 years, Indian onshore funds have amazingly attracted more capital in their small and mid-cap strategies than their largecap strategies. As a result, the broader small and midcap space materially outpaced largecaps over this period. As things stand, top-30 smallcaps (ex-financials) are trading at an average of 31x F2017E (Mar) earnings while top-30 midcaps (ex-financials) are trading at an even higher 33x. Even on a cash-basis, they are trading in the very high 20s (see **Exhibits 1a** and **1b**). While small and midcap earnings accelerated nicely in F2Q (Sept), this was driven by a handful of names and revenue growth didn't cross mid-single digits. Even if one factors an extremely sharp acceleration in revenue growth in F2018E (Mar), this space is trading at valuations that are running at least a year ahead of themselves. A professional skier might be fearful on this slope.

[1] 'Total Return' indices are used for comparison

[2] Natco Pharma's revenue growth was driven by domestic sales of its Hepatitis-C products. Suzlon reported 54% rise in revenues.

Even though the average *Metis Opportunity* constituent (ex-financials) trades at headline multiple of 26x F2017E (Mar) earnings, better cash conversion across our book means that the average constituent trades at a much lower 19x on a P/OCF basis (see **Exhibit 1d**), and in-line with *S&P BSE Sensex* constituents (ex-financials), despite superior execution and growth.

Exhibit 1a – Smallcap headline and cash multiples

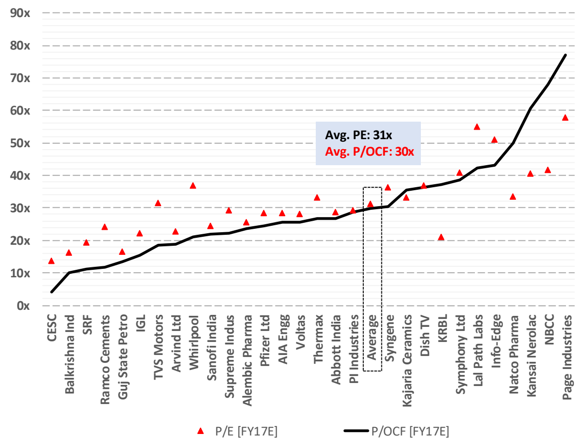


Exhibit 1b – Midcap headline and cash multiples

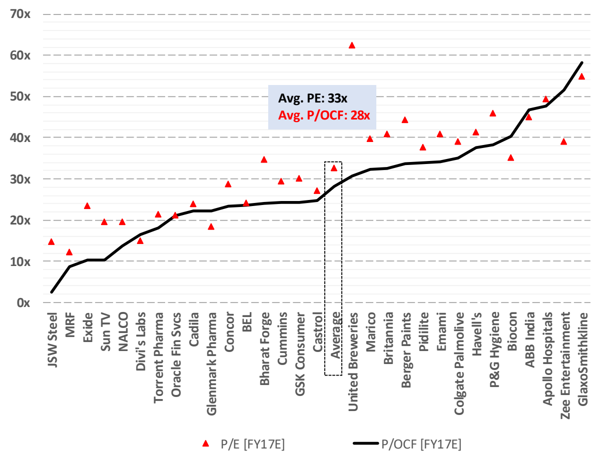


Exhibit 1c – Largecap headline and cash multiples

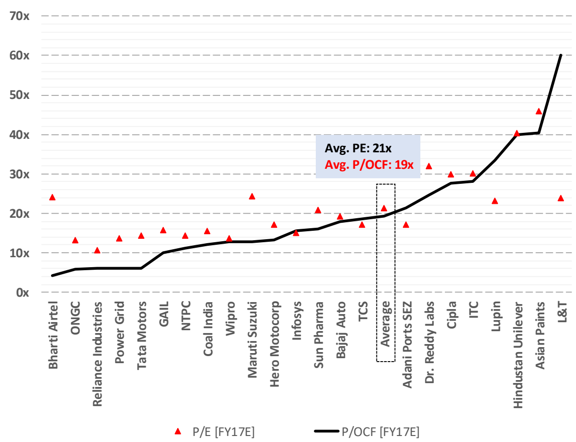
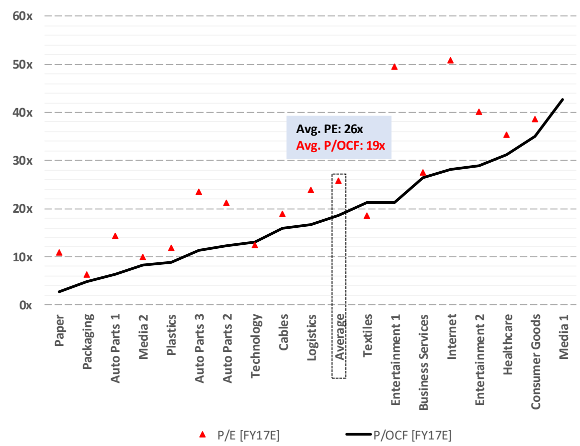


Exhibit 1d – Metis' headline and cash multiples



<u>Notes</u>: Outliers were adjusted for and exceptions were removed. For instance, poor earnings to cash conversion at names such as Piramal Enterprises and Titan precluded them from inclusion in the Midcap exhibit above.
Source: Company Reports; Thomson Reuters

Expectedly divergent experiences from demonetization. On the face of it, the measures taken to suck out 87% of all paper currency had at least two immediate benefits associated with it - 1. Forcing a much more efficient digital transacting habit, and 2. Creating an environment that could lead to a much welcome rationalization of real estate prices, on top of the obvious decline over the last few years. However, with nearly 90% of all Indian retail points of sale not equipped to accept plastic and small businesses doing even wholesale transactions largely in cash, the disruption was massive. While the first benefit was concentrated within the top quintile of households (and some of it might likely stick), the latter isn't nearly as straightforward - It's not very likely that most sellers would refuse to accept cash in real-estate transactions regardless of the implied 'premium', once the new currency stock is back in circulation. Among other feasible alternatives, we would suggest a scientific way to arrive at 'circle rates' (linked with affordability) and decouple them from supposed "market" rates. As far as targeting undisclosed capital is concerned, the move apparently failed to achieve its intended benefit, with nearly the entire stock of cash laundered back into the banking system.

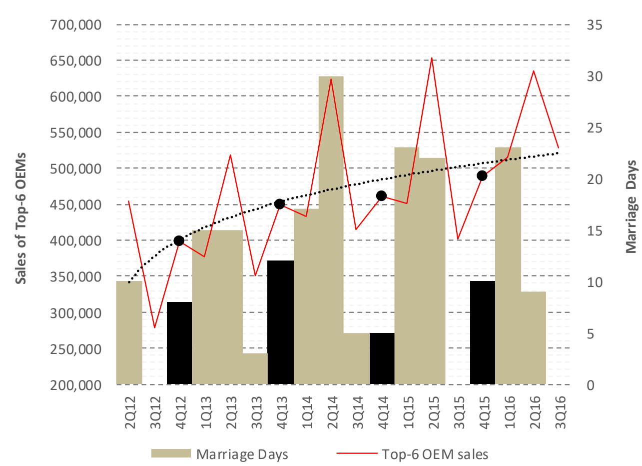
During the manic last 2 months of 4Q, we were in touch with supply chain personnel across some of the biggest freight movers in the country, including consumer staples and commodities. Incidentally, this sector has traditionally been one of the biggest users of undisclosed capital, with nearly 2/3rd of operators funded by apparently questionable sources.

The 3 key cost components of fleet operators are toll costs (10-12%), fuel costs (~40%), and other cost (~15% - loading, unloading, and driver's maintenance expense). While toll and fuel costs were largely managed well, daily maintenance cost was an issue for most. While several vehicles that move on 'short-haul' routes have room to settle costs (food, lodging etc.) with vendors on a monthly basis, this flexibility isn't often available to 'long-haul' operators. Little over 40% of pan-India commercial fleet moves on 'long-haul' routes. Our checks suggested that about a third of this fleet was severely impacted and that too at the time when fuel stations were still accepting old notes. Predictably, almost anything associated with CVs faced a sharp drawdown in November.

Substantial divergence was seen within autos and parts. As footfalls at dealerships crashed in mid-November, it was imperative to differentiate between the extent of structural impact and what was simply driven by liquidity crunch - Besides the demographic differences (largely urban vs largely rural), point of sale variables hugely differ between CVs, passenger cars, and two-wheelers.

Vast majority of car buyers should adapt quickly. Typically, no more than half of Indian passenger car buyers are first-time buyers. Among the rest, about 15-20% of sales are what we view as 'purely discretionary' in nature (i.e. driven by factors unrelated to technology, need for more space, fuel efficiency etc.). Essentially, under a tenth of car purchases will take longer to come back. So, while a vast majority of hitherto cash down-payment consumers will adapt to non-cash payments, under a tenth of consumers will find it harder to adjust immediately.

Exhibit 2 – Top-6 2W OEM sales in U.P. vs. Hindu marriage days



Note: OEMs include Hero, Honda, TVS, Bajaj, Yamaha, and Suzuki
Source: Misc. sources

CV and 2W parts names got hurt as inventory built-up. We had owned a parts name in our onshore strategies that still derives a vast majority of its revenues from OEMs and, unlike the larger parts universe, tends to generate solid margins from that business. Their positioning (owns nearly 3/4th of the domestic market) hardly leaves any room for alternatives, and had historically not incentivized them to expand within the aftermarket. It's only in the past couple of years that they've expanded their focus into aftermarket, thereby ensuring that they outpace the broader industry volume growth by 2-4%. After-market in this category lags OEM driven growth by about a year. With CVs growing in the low-teens in F2016, this category already had an aftermarket tailwind. Further, just as a near-term cushion, the supposed GST levy of 26% on CVs was expected to pull ahead sales into F2017, which was particularly critical for MHCVs (medium and heavy CVs) given the sharp deceleration in F2017E (Mar) YTD. With orders temporarily drying up, market was unforgiving on this particular holding, which declined 19% in 4Q.

The most anticipated 4Q for 2Ws in recent memory gets derailed. One of India's largest two-wheelers market, Uttar Pradesh, was in the middle of legislative election campaigns when the currency scrap was announced. More importantly, there were 15 auspicious marriage days in 4Q16, the highest in more than 7 years and a key driver of 4Q 2W sales in the state (see **Exhibit 2**). Furthermore, with aggregate sales for top-

6 OEMs in UP growing at a solid 32% pace in 3Q16, conditions were set for a solid 4Q. With almost 60% of UP's 2W sale transactions being in cash, there was a sharp inventory build-up at dealerships. Another auto-parts holding of ours, which derives nearly all of its revenues from 2W OEMs, laid off nearly 3/4th of its contractual staff at its biggest plant.

Micro SMEs faced severe challenges. In the weeks following the demonetization announcement, we dug in deep into micro SMEs across sub-industries. No other part of our checks revealed a larger damage than this space. With reliance on small orders, nearly entire business within this space was cash-based and machines were idled at an alarming pace. Lot of these players didn't hold any business account and operated at profitability that was only marginally better vs. the alternative of working for a formal larger peer. Between VAT, income taxes, and small-scale subsidies, they stand little chance of competing – a case in point is small power-loom operators in UP, which have historically illegally availed the power subsidy otherwise reserved for their hand-loom peers. Meanwhile, competition has clearly picked volume attrition from SMEs. That said, there is every chance that SME business will get back to 'normal' once the currency is fully printed and freely available.

Those addressing the top demographic quantile were less impacted. Businesses that specifically addressed the top quintile of households with well-established payment acceptance choices found it relatively easier. Movie exhibition is a case in point: In the weeks following the currency scrap announcement, we conducted checks at metro multiplexes that used to mostly accept cash for box-office and concessions. Within our sample, about a fifth of respondents primarily transacted in cash prior to Nov 8th. Subsequently, more than 95% transacted through plastic (at PoS or over internet), with those reporting lower frequency (of watching movies) accounting for less than a tenth of all footfalls. Not surprising then that a certain movie exhibition holding losing more than 15% between Nov 8th and end of the year allowed us another opportunity to add a bit of exposure.

Elsewhere, internet shoppers also adjusted quickly. *Snapdeal's Freecharge* reported a sharp spike in usage from previously CoD (cash on delivery) consumers. We note that *Snapdeal*'s wallet-only transactions more than doubled after November 8th. All said, with >700 mil debit cards in circulation, and broad-based internet penetration, top quintile households shift to plastic and mobile payment mechanisms went largely as expected.

Distinguishing rhetoric from facts - Can India's hardwood deficiency derail our conviction on our Paper holding?. One of our top picks in recent years has been a paper holding that has quickly established itself as one of the most efficient copier paper[3] producers in the country. Bio-mass now accounts for a fifth of energy consumption at one of the units and over half of consumption at the other plant.

Indian paper businesses didn't begin importing wood chips until as recently as 2013, with South Africa being the primary source of these imports. However, with most players complaining about local wood sourcing, there is growing notion that India faces a serious threat from wood exporting emerging nations within the ASEAN bloc[4]. It is therefore imperative that we thoroughly assessed the current situation in order to weed out lobbying driven 'anti-dumping' rhetoric from facts. Over the past few months, we engaged forestry officials across co-operatives, scientific research, farm-forestry ecosystem, and associated farmers.

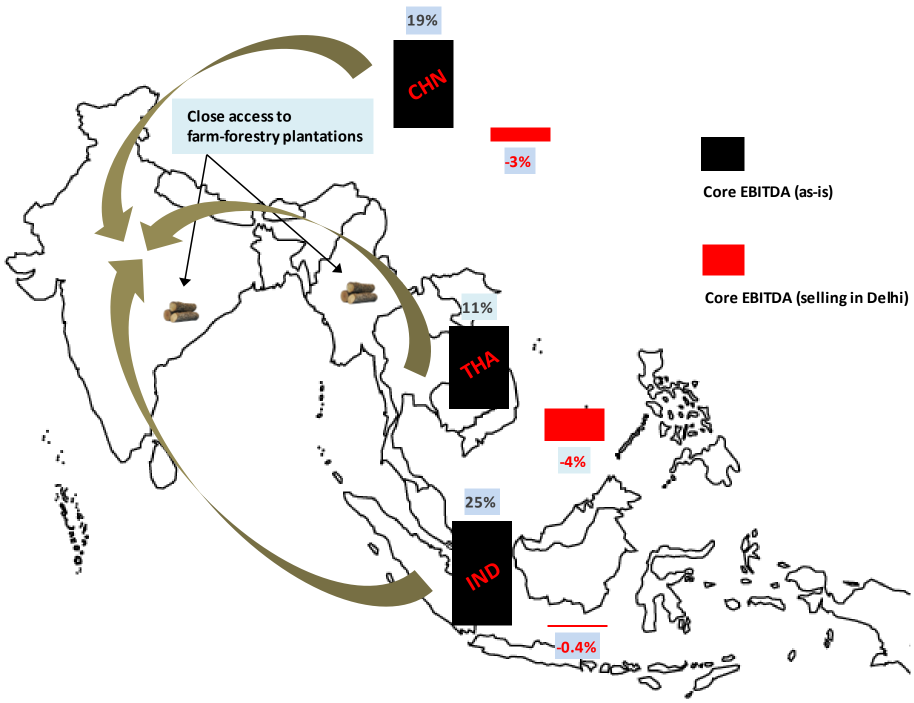
It's extremely hard for imports to compete in the Indian paper space. Our pick's sourcing cost (all in; at the plant) is around INR 8.5K/ton vs. landed cost of imported wood chips (at Goa and Kakinada ports; South African origin) of ~INR 11K/ton. When we simulated margin performance for leading producers in China, Thailand, and Indonesia, we failed to conclude how these producers could generate positive EBITDA if they were to hypothetically sell their entire output in India (see **Exhibit 3** on next page). So, even in the absence

[3] Within the W&P paper segment, no new capacity is coming online. 2 players were bringing 0.33 mil MT of new capacity in the high-growth packaging board space.

[4] ASEAN paper imports no longer attract a duty. Elsewhere, customs duty on wood pulp imports is just under 12%, and wood chips attract a duty of nearly 23%.

of duties from ASEAN originated paper, such imports are, and likely will only be, serviced from marginal output from such producers.

Exhibit 3 – Evaluating cost competitiveness of Chinese, Thai, and Indonesian paper imports into India



<u>Notes</u>: Core EBITDA margins of leading cross-border paper peers are shown in the exhibit; India imposes no duty on ASEAN paper imports; All sea freight rates (40-ft containers) were taken from DB Schenker; Chinese peer primarily manufactures duplex press paper and coated paper; Nearly all of Thai peer's revenues come from W&P paper; Half of Indonesian peer's revenues come from exports, with Asia being the biggest contributor. In terms of mix, about 70% of the revenues for the Indonesian producer came from paper and pulp.
Source: Internal estimates; Company Reports

Substantial farm forestry initiatives of recent years ensure ample supply for the next decade. Our pick has expanded capacity significantly in recent years, with particular emphasis on copier paper production from an East Indian state. This state's groundwater table levels[5] and soil composition make it the most attractive location for sourcing hardwood.

Our pick has grown its farm forestry initiatives substantially in recent years, bringing >2x plantation under coverage in F2016 vs. what they were doing barely 4 years ago, with a vast majority of the coverage area being within 200 kms of the flagship plant. Elsewhere, India's recent impetus to agroforestry[6] is rightly expected to materially improve local availability of hardwood. Currently, agroforestry is practiced on barely ~13.5 mil hectares out of a total of ~150 mil hectares of arable land in India, including ~60 mil hectares of irrigated farmland. Finally, the potential of growing pulpwood on degraded land (29 mil hectares) remains substantial.

As of today, 0.1 mil hectares in the above-mentioned state is under eucalyptus farm forestry, with another 0.3 mil hectares under government owned forest land. As of now, a vast majority of pulpwood requirement in the region is satisfied by the 0.1 mil hectares of private land under farm-forestry. The fact that agro-forestry can expand nearly 5x and that there is an alternative large source of government owned pulpwood means that supply of local pulpwood in the region is certainly secure in the near-medium term.

[5] This state's groundwater level ranges within 2-10 metres vs. the national median of 5-10 metres

[6] Agroforestry substantially increases returns across farms, with new clonal varieties increasing returns further.

Elsewhere, we estimate that, given the connectivity between Vizag and Yangon, a recent JV in Myanmar could add another source that can provide pulpwood at 5-10% lower[7] cost vs. current local sources.

Incremental margin levers in place. We see this holding's EBITDA margin hitting the 20% mark within the next 2-3 years. Specifically, we'll point to two key levers – **1**. Mgmt is on path to incrementally reduce procurement distance from an average of 400 kms in FY16 to 300 or less over the next 2-3 years. That by itself would translate into incremental savings of ~1-2K/ton. As mentioned earlier, majority of farm forestry coverage area in recent years has been within 200 kms of the plant. **2**. There are concrete plans in place to reduce fiber content in paper (to be replaced with chemicals) from current 76% to 74%. Since chemicals cost a third of fiber, we estimate that this could drive about +80-90 bps incremental expansion in EBITDA margins.

All radio station launches behind us; second batch of Phase III auctions predictably disappointing. With its most recent station launch in January, our radio holding has now commenced operations across all new cities it had acquired in the first batch of Phase III auctions. Unsurprisingly, the second batch of Phase III radio auctions disappointed, with nearly half the cities receiving no bids as MIB went ahead with its disconnected reserve prices. MIB however is now no stranger to auction failures.

Material expansion opportunity at our most recent auto parts pick. Our most recent auto parts pick from a year ago, is now in the midst of planning horizontal expansion within canisters and switches. With BS-IV emission norms all set to be applicable to existing vehicle models by April 2017 and canisters only being supplied by one scale player in the country, there is clearly an opportunity for parts manufacturers with meaningful OEM relationships. With recent JVs inked with Japanese parts makers for canisters and switches, our pick is looking to participate in what we estimate will be INR 2.7-4.3 Bil[8] and INR 11-15 Bil markets respectively.

[7] Yangon to Vizag freight was based on a single estimate for a 40 ft container

[8] By F2020E (Mar); Excluding retrofit of existing 2W models on road

Performance and Attribution summary

A fourth of our names rose in 4Q, with 11 of 20 constituents outpacing *BSE 500 TR* index. Our two best performing positions in the quarter were a *Paper* name (**+35%**) and an entity that holds shares of a spun-off entity of a state-owned Industrials business (**+17%**). Our two worst performing positions during the quarter were a *Financials (non-banks)* name (down **-26%**) and a *Leather* name (down **-23%**). For our historical position-wise benchmarking vs. peers and *BSE 500*, please see **Exhibit 4d**.

In 4Q16, *Metis Opportunity* was down **-4.9%** (net of all fees; in INR terms) in 4Q, vs **-4.8%**, **-5.6%**, **-8.5%**, **-5.7%**, and **-4.2%** declines in *Nifty TR*[9], *BSE 500 TR, BSE Midcap TR, BSE Smallcap TR*, and *Eurekahedge India* respectively. Since inception in April 2011, *Metis Opportunity* is up **+131.2%** (net of fees; in INR terms) vs. **+50.5%**, **+59.4%**, **+79.6%**, **+48.4%**, and **+28.7%** increases in *Nifty TR, BSE 500 TR, BSE Midcap TR, BSE Smallcap TR*, and *Eurekahedge India* respectively (see **Exhibit 4a** and **4c**). Over trailing 12 months, our volatility was **390 bps** and **105 bps** below that of *BSE Smallcap TR* and *BSE Midcap TR* respectively, and **180 bps** and **695 bps** ahead of *BSE 500 TR* and *Eurekahedge India* respectively (see **Exhibit 4b**).

Exhibit 4a – Perf. since inception

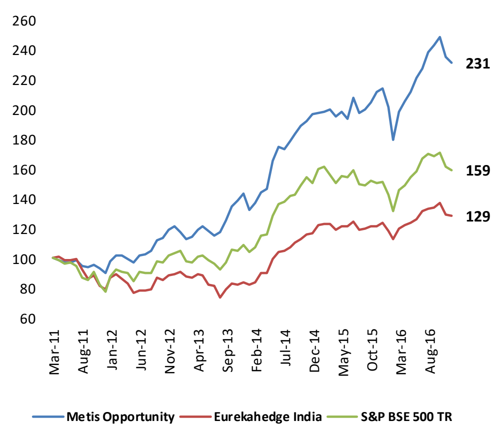


Exhibit 4b – TTM volatility

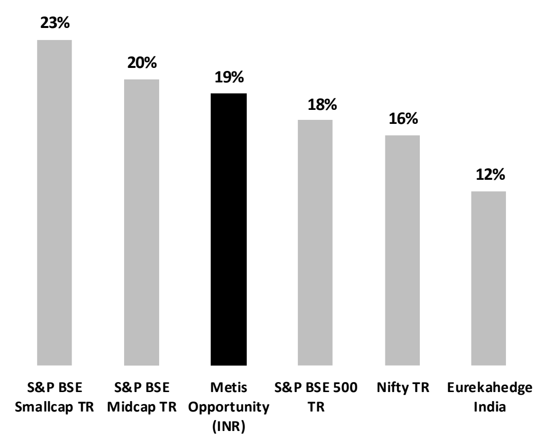


Exhibit 4c – Calendar year benchmarking

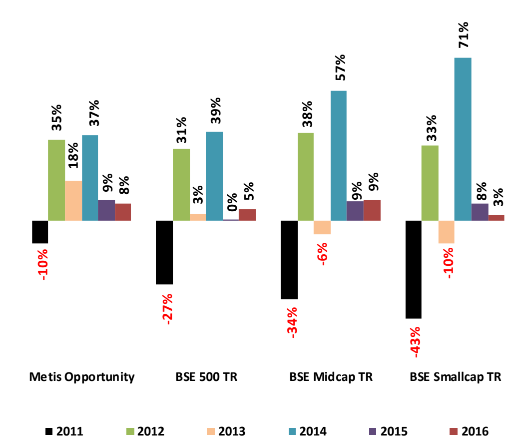
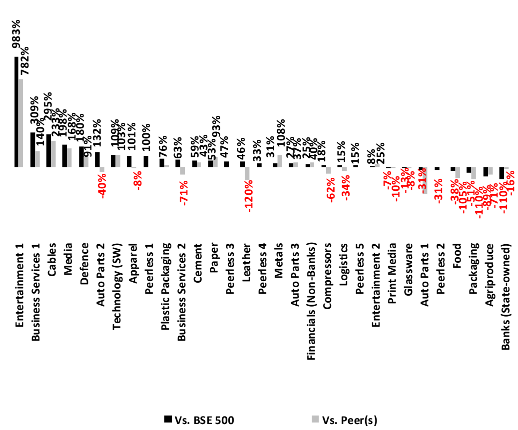


Exhibit 4d – Industry-wise benchmarking for positions



Note: Metis Opportunity went live on Mar 11th 2014; Industry-wise benchmarking compares position-wise performance (relative to BSE 500 and Industry-peers) from initial cost basis (NOT average cost basis) to present/exit.
Source: Internal Sources; NSE, BSE, Eurekahedge

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9 'Total Return' indices are used for comparison

Exhibit 5a – Relative rolling 12-mth returns

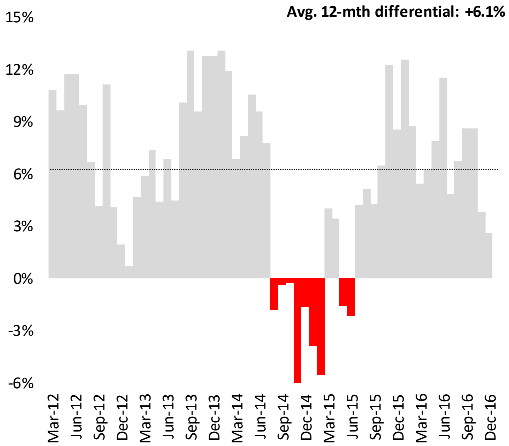
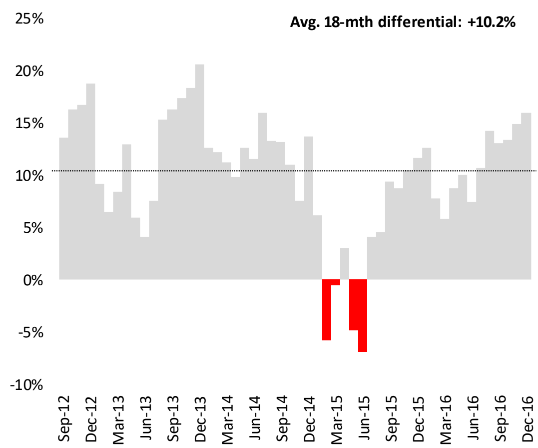


Exhibit 5b – Relative rolling 18-mth returns



Note: Relative return differentials are in INR terms and are calculated vs. S&P BSE 500 Total Return index
Source: Internal Sources

Exhibit 6 – Time window analysis for our sub-strategies

	India Underserved		*India Undervalued*	
	3 Month	*12 Month*	*3 Month*	*12 Month*
Number of periods	67	58	72	63
Average period return	**5.0%**	**23.3%**	**3.9%**	**18.4%**
Number of profitable periods	48	56	44	54
% profitable periods	**72%**	**97%**	**61%**	**86%**
Best period	24%	55%	26%	66%
Gain Standard Deviation	6.2%	13.4%	6.6%	18.2%
Sharpe Ratio @10% RFR	0.34	0.95	0.17	0.41
Sharpe Ratio @5% RFR	0.49	1.31	0.30	0.66
Sharpe Ratio @0% RFR	0.65	1.67	0.44	0.91
Loss Standard Deviation	2.5%	0.4%	4.4%	5.8%
Downside Deviation @10% MAR	3.6%	2.8%	5.2%	7.7%
Downside Deviation @5% MAR	3.0%	1.3%	4.5%	5.6%
Downside Deviation @0% MAR	2.4%	0.2%	3.9%	3.8%
Sortino Ratio @10%	0.73	4.67	0.30	1.09
Sortino Ratio @5%	1.28	13.80	0.60	2.41
Sortino Ratio @0%	2.10	140.57	1.00	4.82
Average Gain/Loss	2.3	28.2	2.0	2.7
Profit/Loss Ratio	5.7	790.2	3.2	16.2

Note: Metis Opportunity is a direct blend of above two running onshore sub-strategies
Source: HedgeAlytix

Exhibit 7 – Long-book snapshot

Top position as % of book	11%
Smallest position as % of book	1.0%
Top 5 positions as % of book	45%
Avg. weighted market cap of book (mil)	$648
Avg. weighted free float of book	47%
Net Exposure	92%
# of positions	20

Source: Internal Sources

Exhibit 8 – Historical Monthly Performance

	Metis Opportunity (INR)	*Nifty TR*	*S&P BSE 500 TR*	*S&P BSE Midcap TR*	*S&P BSE Smallcap TR*	*Eurekahedge India*	*India-focused CE Funds**
2Q11	-3.0%	-2.8%	-3.1%	-4.7%	-6.8%	-1.0%	-5.9%
3Q11	-3.0%	-12.2%	-11.6%	-10.6%	-14.6%	-12.6%	-14.5%
4Q11	-4.4%	-6.4%	-9.4%	-16.2%	-19.2%	-8.5%	-9.0%
1Q12	13.1%	14.7%	17.2%	23.7%	19.6%	8.5%	15.2%
2Q12	0.2%	0.4%	-0.5%	-2.7%	-1.0%	-8.5%	1.2%
3Q12	9.7%	8.4%	8.5%	8.3%	8.4%	10.6%	6.8%
4Q12	8.9%	3.7%	5.4%	7.8%	5.3%	2.4%	3.1%
1Q13	-6.1%	-3.6%	-6.4%	-13.5%	-21.3%	-2.6%	-3.3%
2Q13	3.2%	3.4%	1.8%	-2.4%	-2.6%	-5.6%	-0.6%
3Q13	6.2%	-1.4%	-1.4%	-5.1%	-1.9%	-3.3%	0.4%
4Q13	14.3%	10.1%	11.7%	19.8%	20.1%	6.2%	9.4%
1Q14	0.5%	6.5%	6.2%	6.0%	8.1%	6.8%	9.7%
2Q14	21.6%	14.0%	18.6%	32.7%	44.4%	16.3%	15.4%
3Q14	5.0%	5.1%	4.6%	2.4%	5.5%	5.6%	10.6%
4Q14	7.0%	4.1%	5.5%	8.9%	3.9%	5.7%	6.1%
1Q15	1.7%	2.7%	3.2%	2.2%	-1.7%	5.4%	6.4%
2Q15	-3.2%	-1.0%	-0.9%	1.0%	1.9%	-1.2%	-1.7%
3Q15	3.2%	-4.7%	-3.2%	1.9%	0.1%	-1.1%	-2.7%
4Q15	7.2%	0.1%	1.4%	3.3%	7.5%	2.9%	-3.1%
1Q16	-7.6%	-2.4%	-3.8%	-4.3%	-10.6%	-2.9%	-2.0%
2Q16	11.7%	7.7%	8.7%	10.5%	12.0%	5.3%	9.5%
3Q16	9.8%	4.3%	6.5%	12.9%	8.7%	6.4%	3.9%
4Q16	-4.9%	-4.8%	-5.6%	-8.5%	-5.7%	-4.2%	-9.2%
Trailing 1 year	8%	4%	5%	9%	3%	4%	1%
Trailing 2 years	17%	1%	6%	19%	11%	10%	0%
Trailing 3 years	61%	35%	47%	86%	89%	53%	48%
Since inception	131%	50%	59%	80%	48%	29%	47%
2016	8%	4%	5%	9%	3%	4%	1%
2015	9%	-3%	0%	9%	8%	6%	-1%
2014	37%	33%	39%	57%	71%	39%	49%
2013	18%	8%	3%	-6%	-10%	-6%	6%
2012	35%	28%	31%	38%	33%	14%	28%
2011	-10%	-25%	-27%	-34%	-43%	-25%	-31%
TTM Volatility	19%	16%	18%	20%	23%	12%	16%
Sharpe Ratio	0.89	0.34	0.39	0.47	0.28	0.17	0.31
Calmar Ratio (5-yr/3%)	1.06	0.51	0.67	0.72	0.52	0.38	0.63

*Note: Metis Opportunity's INR track record is a live blend of our running onshore strategies; 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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Gaurav Aggarwal, CFA, CPA, CIPM 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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