



April 01, 2014

Dear Investors,

Hope this finds you in good health and spirits!

Financial Year 2013-14 has witnessed a turnaround in Investor sentiment. Smart investors are coming back to equities after a period of unusual volatility and price declines. Performance of Equity Intelligence is 57% (average) for the year, against SENSEX return of 18.68%.

Market is not at a high as perceived by most people. SENSEX and NIFTY are just near to levels traded 6 years ago, during which, net worth of these companies have more than doubled! Some are concerned about the outcome of General Elections. I do not expect any significant shift in policies from an investor perspective; whichever political groups form the government. There could be short-term volatility, but it makes sense to take advantage of it rather than fearing it.

We are not going to chase the market fancied, FII-favorites or operator driven stocks. Our value picks offers margin of safety and potential to appreciate further in an expected environment of rational valuation. Suppose the stocks in your portfolio are not listed; they would have been valued over 300% higher than the current market price, for the purpose of an IPO or Private Placement!

Value Investing has potential to build enormous wealth in the coming years, notwithstanding the current political and economic challenges. I expect domestic investors to make higher allocation for equities, reducing exposure in other asset classes like real estate, gold and bank deposits. This will be the real positive trigger for improved valuation of stocks in your portfolio.

Cheers!

Porinju Veliyath

Disclaimer: Equity Investments are subject to market risks. Past performance is not indicative of future performance.