

**Narnolia**<sup>TM</sup>

Advance Strategy · Simple Solutions



**Investing Opportunities**  
Fund Management, Wealth Management & Distribution

## “ OLD is GOLD ”

Narnolia India 3T PMS completed its 6th year as on 27th March 2018

50% PMS in India have not completed 5 years

as on 31st March 2018

for disclaimer please visit [www.narnolia.com](http://www.narnolia.com)

## “ Risk means more things can happen than will happen ”

- Elroy Dimson  
London Business School

Narnolia India 3T PMS have been achieving annualized Information Ratios (IR) of about one-half (1.5) consistently for the last 5 years.

as on 31st March 2018

for disclaimer please visit [www.narnolia.com](http://www.narnolia.com)

## “ SUPERIOR PERFORMANCE is the only CONSTANT ”

Narnolia India 3T PMS has delivered 27% CAGR returns in the last 5 years against 14.8% of BSE S&P 500

as on 31st March 2018

for disclaimer please visit [www.narnolia.com](http://www.narnolia.com)

## “ Investment success doesn't come from buying good things, but rather from buying things well ”

- Howard Marks

Portfolio Scripts	Purchase Date	Traded Price*	Buy Price	Return
BRITANNIA	6-Jun-13	5410.55	692.10	681.8%
MARUTI	10-Apr-13	8713.6	1,510.00	477.1%
BAJFINANCE	16-Apr-13	590.8	117.10	404.6%
GODREJCP	12-Apr-12	1092.6	246.68	342.9%
HDFCBANK	31-Aug-12	1979	596.00	232.0%
KNRCON	5-Apr-16	323.15	102.00	216.8%
RELIANCE	12-Apr-12	975.3	328.48	196.9%

Data as on 9th May 2018

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## “ Don't Predict. Prepare ”

1 crore invested on 1st April 2013 in Narnolia India 3T PMS is now 3.5 crores

as on 31st March 2018

for disclaimer please visit [www.narnolia.com](http://www.narnolia.com)

## “ No Business is a bad business. It is a badly run business ”

Portfolio Scripts	Purchase Date	Buy Price	Traded Price*	Return Post deletion
Tamil Newsprint	18-Jul-17	337.9	323.95	-4.13%
Indo Count	18-Jul-17	163.0	78.95	-51.56%
IDFC Bank	18-Jul-17	61.8	41.30	-33.17%
IRB Infra	18-Jul-17	214.5	232.25	8.28%

Data as on 22nd May 2018

for disclaimer please visit [www.narnolia.com](http://www.narnolia.com)

# Investing

## Break the myth first

### I can make money for myself

Despite increase in ownership of individual investors in terms of total no of listed shares by 20% between 2010 and 2016, the value remained flat. Same way in US investors earned just 7.7% against S & P growth of 11.1% during 1984-2013.

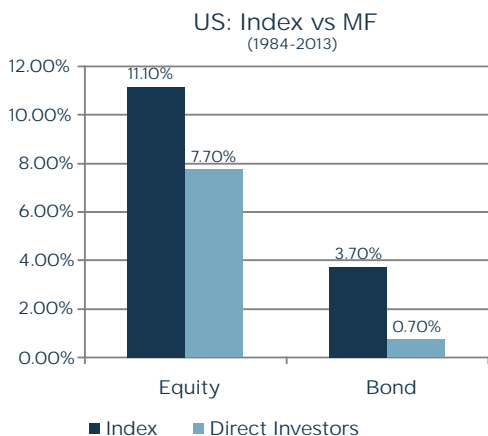
### Mutual Funds can make money for me

The probability of alpha is 36.2 to 84.9% in a year and zero to 8.85 over 5 years.

### Star Rated Funds can make money for me

Zero to 8.8% of the 5 stars remain 5 stars over 5 years.

#### Investor vs Index



#### Mutual Fund vs Index

Anyone with required network can launch it

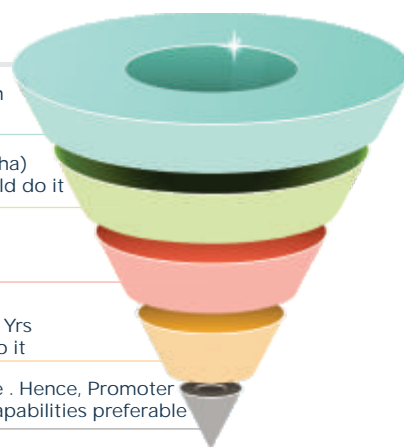
1st: To outperform Indices (Alpha)  
Only 22 - 64.5% of experts could do it

2nd: To reach the top docile :  
top 2 - 6.4% league i

3rd: To remain there for 5 cons Yrs  
Only Zero to mx .08% could do it

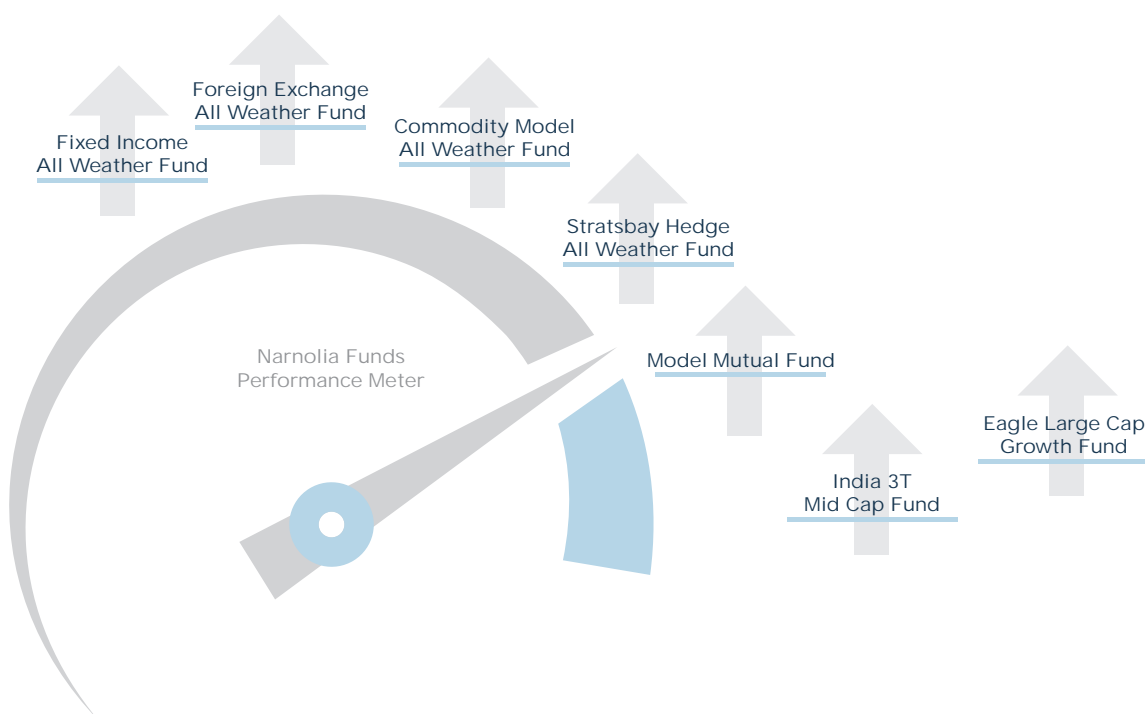
4th: Those who do it may leave . Hence, Promoter driven schemes with above capabilities preferable

5th By doing all these it should generate enough naturally for WIN WIN WIN



### Narnolia as your advisor

Narnolia has delivered superior and consistent risk adjusted returns above alpha over 4 to 5 years



# Investing

## Core Values of Investing

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Fund managers or advisors have a fiduciary responsibility to its customers to protect and generate superior return at a given risk compared to the no brainer relevant benchmark and the peers. But, data suggest that majority of the fund managers and advisors across times and across countries have failed to do so, either because of insufficient capabilities or lack of discipline. We, at Narnolia have consistently been No 1 or amongst the top performers, largely because of a disciplined, unbiased, process and data driven multi asset, multi strategy framework.

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Superior And  
Consistent  
Risk Adjusted  
Returns

Not only do we focus on returns, we also focus on the quality of returns. Our objective is to maximize returns per unit of risk for the investor.

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Research, Data  
& Analytics Driven

We have created the best data-driven buy-side research teams in the country, with capabilities spread across asset classes and investment strategies. We use our extensive in-house data framework & infrastructure built over the past decade for both domestic and international securities to support our research process. Our proprietary analytical engine with intelligent strategy development and testing capabilities provides quantitative as well as qualitative support in selecting appropriate investment strategies.

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Sole Fund  
Management  
Focus

We believe Fund management is a serious business and it merits our singular focus. At Narnolia we have an independent wing of fund management to manage assets for our clients.

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Clients First

We not only believe in providing the best investment management services to our clients but also believe in keeping them fully engaged and informed. We strive to create awareness about different assets, investment strategies and the risk profile of the client's portfolio. We believe that clients demand both quantity and quality in investment returns.

# Fund Management

## Risk Return Profile

Fund	Asset Class	Historical Return	Expected Risk-Adjusted Return Ratio*	Features
India 3T Multi Cap Fund	Equity	20%	1.5	Fund that captures the India growth story; wealthbuilder for the investor
Eagle Large Cap Fund	Equity	18%	1.0	For the conservative investor, tracks the index closely
Model Mutual Fund	Equity	16%	1.0	For the conservative retail investor, tracks the index closely
Stratsbay Hedge Fund	Multi - Asset	16%	2.0	For investors having a minimum 2yrs horizon and looking for consistent risk adjusted return
FX All Weather	Foreign Exchange	12%	1.5	Takes advantage of interest rates and economic differential between currencies; provides diversification
FI All Weather	Fixed Income	8%	3.0	Aim is to outperform FD's with minimal credit risk; best to manage liquidity and preserve wealth in long-term

\* For the Equity Funds, we use Information Ratio which is excess return earned per unit of excess risk (versus the benchmark index). For all other funds, we use Sharpe Ratio which is total return earned per unit of total risk.

**Know Your Portfolio Risk Measures:** Your Portfolio quality is higher even if your returns are steadier.

Alpha	Alpha is the excess return of the fund over the benchmark.
Beta	Beta is a measure of the risk of the portfolio in comparison to the benchmark. A value of Beta < 1 means lower risk than the benchmark while a Beta > 1 means the risk is higher than the benchmark.
Annual Tracking Error	Tracking Error is the divergence of the portfolio in comparison to the benchmark. It explains the excess risk in the portfolio as compared to the benchmark. It should be understood along with the Information Ratio.
Information Ratio	Information Ratio (IR) explains the risk adjusted performance of the fund against the benchmark. IR is the ratio of portfolio excess returns (against the benchmark) divided by the Tracking Error. IR > 1 is very good as it means that the excess return generated was greater than the excess risk vis-a-vis the benchmark.
Maximum Drawdown	Maximum Drawdown is the maximum historical loss realized by the portfolio on a Mark to Market (MTM) basis. It indicates the maximum downside risk over a specified time period. A Maximum Drawdown lower than the benchmark indicates a better risk-adjusted portfolio.

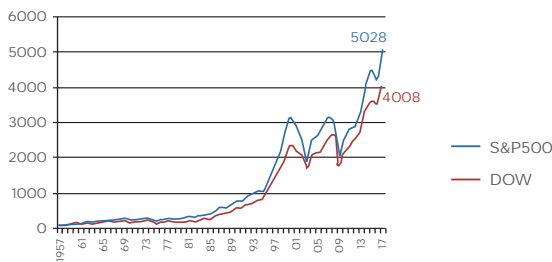
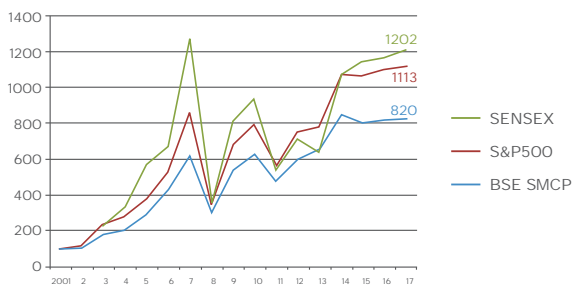
# Fund Management

## India 3T Multi Cap Growth Fund

1Q 2018  
Fact Sheet

### Objective

The India 3T (Twenty Twenty Trampoline) is a mid cap biased multi cap fund. It has been developed based on the analysis of historical global data of various indices which suggests that mid cap (blue chips in the making type) funds do generate higher returns over a period compared to large caps (blue chip type) and small caps, even though there are times in between when large and small caps do outperform midcaps. The key objective of the fund is to outperform S&P 500 on a sustainable risk adjusted basis.



### Investment Philosophy

India 3T is a proprietary Multi-Cap Fundamental & Quantitative Model that processes multiple years of P/L, BS and cash flow data of companies resulting in portfolio of India Story based Growth and MIDCAP BIASED stocks. The fund strives for active alpha generation through investing in companies with rising relative growth and valuation. In India 3T, we identify investments within a M (Momentum of earning) C (Capital allocation) Q (Qualitative financial ratios) framework which looks at rising momentum in the fundamentals (not necessarily price) of the company.

### Investment Process

4 steps of systematic wealth creation process forms the foundation of the equity products which are fine-tuned as per product specific mandate.

### Investment Universe Creation & Classification

- Data analytics on over 1600 stocks (99.5% of total market cap).
- Grouping of stocks into 4 Cap, 10 Sectors, 44 Industries, 76 Sub-Industries, style based and theme based classification.
- Stocks Quantitative Parameters: Earning Score (ES) and Price Score (PS) using detailed financial accounting data.

### Approved 'Buy' List Preparation

- Analyzing each company's valuation, growth and financial history for last 10 years.
- Identifying valuation multiple for each Industry through extensive testing on over 80 financial parameters.
- Stocks analyzed using three fundamental attributes based on earnings momentum (M), capital allocation & payout ratio (C) and quality of return ratios (Q).
- Identifying companies with appropriate growth and value characteristics.

### Focused 'Buy' List Preparation

- Rigorous bottom up fundamental analysis of companies in approved 'buy list' to ascertain stocks with sustainable high/rising return ratios.
- Identify trends for stocks in approved 'buy list' on peer relative basis by using financial mapping technique.
- Sensitivity analysis to ascertain margin of safety in terms of financials, valuation, liquidity and predictability.
- Identifying top 70 stocks for Portfolio recommendations.

### Risk Management

- Proprietary model to allocate optimal weights to various industries. Portfolio weighting is revised based on industry index performance & adaptable sniffing model using fundamental parameters to decipher 'themes in force' in the market.
- Optimal portfolio weightings to avoid risk concentration.

### Historical Quarterly Performance (%)

Year	India 3T	Benchmark(BSE 500)	Alpha	Sensex	All	5 Star Rated	Top 10*
2011	-21.1%	-27.4%	6.3%	-24.6%	-20.9%	-25.5%	-24.4%
2012	37.5%	31.2%	6.3%	25.7%	29.9%	26.8%	26.7%
2013	9.3%	3.3%	6.0%	9.0%	3.8%	4.1%	2.2%
2014	62.4%	37.0%	25.5%	29.9%	49.4%	62.0%	46.6%
2015	19.2%	-0.8%	20.0%	-5.0%	4.5%	8.1%	4.3%
2016	12.3%	3.8%	8.5%	1.9%	7.0%	8.4%	7.7%
2017	22.8%	23.3%	-0.5%	17.5%	24.5%	28.1%	28.8%

All : Average of all 3 Star, 4 Star and 5 Star Multi-Cap Funds from Value Research, 5 Star Rated : Average of all 5 Star Multi-Cap Funds from Value Research  
Top 10: Average of Top 10 Multi-Cap Funds in 2016-17

**Top 10 Equity Holdings (% wgt)**

Stocks	Current Allocation(%)	Sector
HDFCBANK	6.4	Commercial Banks: Private
INDUSINDBK	5.8	Commercial Banks: Private
LT	5.4	Construction & Engineering
RELIANCE	4.7	Energy
GODREJCP	4.5	Consumer Staples
CHOLAFIN	4.2	Financials
BRITANNIA	4.0	Consumer Staples
ITC	3.3	Consumer Staples
HINDALCO	3.2	Materials
GSPL	2.8	Energy

Data as on 30th April 2018

**Equity Sector Allocation (%)**

Name of Sector & Industry	Benchmark Weights	India 3T	Excess Weight Over Benchmark
Auto Components	2.4	2.6	0.3
Automobiles	6.8	4.3	-2.5
Consumer Discretionary	4.0	5.9	1.9
Media	1.1	0.0	-1.1
Consumer Staples	10.2	14.2	4.0
Energy	8.6	10.4	1.8
Commercial Banks: Private	16.0	12.3	-3.7
Commercial Banks: Public	2.3	0.0	-2.3
Financials	10.9	10.4	-0.5
Health Care	4.9	1.4	-3.5
Industrials	4.7	2.1	-2.5
Real Estate	0.7	0.0	-0.7
Information Technology	8.9	6.0	-2.9

Data as on 30th April 2018

**Top Few Last Additions**

	Date	Avg Trade Price	CMP*	Change%
BRITANNIA	6-Jun-13	692.10	5410.55	-2.681.8%
MARUTI	10-Apr-13	1,510.00	8713.6	477.1%
BAJFINANCE	16-Apr-13	117.10	590.8	404.6%
GODREJCP	12-Apr-12	246.68	1092.6	342.9%
HDFCBANK	31-Aug-12	596.00	1979	232.0%
KNRCON	5-Apr-16	102.00	323.15	216.8%

Data as on 9th May 2018

**Top Few Last Deletions**

	Date	Avg Trade Price	CMP*	Change%
Ceat Ltd.	10-Jul-17	1,882.7	1337.10	-28.98%
Tamil Nadu Newsprint & Papers Ltd.	18-Jul-17	337.9	323.95	-4.13%
Indo Count Incls. Ltd.	18-Jul-17	163.0	78.95	-51.56%
IDFC bank ltd	18-Jul-17	61.8	41.30	-33.17%
I R B Infrastructure Developers Ltd.	18-Jul-17	214.5	232.25	8.28%

Data as on 22nd May 2018

\*Exited now

\*\*Benchmark is S&amp;P BSE 500

**Absolute Returns (%)**

	India 3T	Benchmark*	Alpha
6 year	245.4	109.0	136.4
5 year	230.9	99.4	131.5
4 year	163.7	70.3	93.4
3 Year	57.5	27.8	29.7
2 Year	51.5	38.7	12.8
1 Year	7.5	11.8	-4.3

Data as on 30th April 2018

**Compounded Annual Growth Returns (%)**

	India 3T	Benchmark*	Alpha
6 year	22.9	13.1	9.9
5 year	27.0	14.8	12.2
4 year	27.4	14.2	13.2
3 Year	16.4	8.5	7.8
2 Year	23.1	17.8	5.3
1 Year	7.5	11.8	-4.3

Data as on 30th April 2018

**Portfolio Characteristics**

	India 3T	Benchmark*
Number of Holdings	33	500
Dividend Yield	0.8	1.2
Price/ Earnings Ratio	27.4	22.7
Price/ Book Ratio	5.1	3.0
Beta	1.0	
Annual Tracking Error	6.8	
Information Ratio	1.5	
Maximum Drawdown	-27.1	-32.3

Data as on 30th April 2018

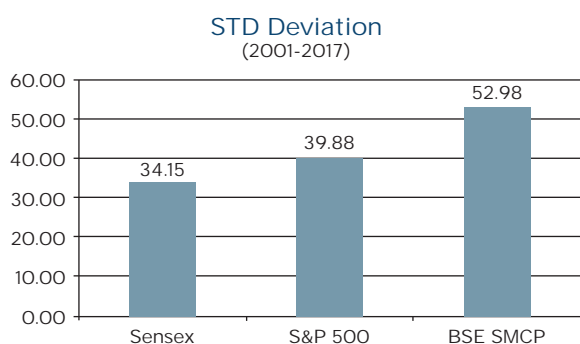
# Fund Management

## Eagle Large Cap Growth Fund

1Q 2018  
Fact Sheet

### Objective

Eagle 3T is a large cap biased multi cap fund. This is seemingly a safer way of benefitting from IGS. It has been developed with the objective of outperforming Nifty on a sustainable risk adjusted basis through a process driven and disciplined approach. This fund is suitable to those who buy the logic that, when the going is good and when equity as an asset class is likely to do good, why not invest around the blue chips biased Nifty/ Sensex with all known knowables having lower volatility as compared to mid caps and small caps.



### Investment Philosophy

Our investment approach combines quantitative and fundamental research. Our risk-controlled process seeks to consistently exploit any inefficiencies in the short-term market that cause some stocks to be overvalued & undervalued on both standalone and relative basis, creating opportunities of capital appreciation versus the benchmark.

### Investment Process

4 steps of systematic wealth creation process forms the foundation of the equity products which are fine-tuned as per strategy specific mandate

#### Investment Universe Creation & Classification

- Data analytics on over 1600 stocks (99.5% of total market cap).
- Grouping of stocks into 4 Cap, 10 Sectors, 44 Industries, 76 Sub-Industries, style based and theme based classification.
- Stocks Quantitative Parameters: Earning Score (ES) and Price Score (PS) using detailed financial accounting data.

#### Approved 'Buy' List Preparation

- Analyzing each company's valuation, growth and financial history for last 10 years.
- Identifying valuation multiple for each Industry through extensive testing on over 80 financial parameters.
- Stocks analyzed using three fundamental attributes based on earnings momentum (M), capital allocation & payout ratio (C) and quality of return ratios (Q).
- Identifying companies with appropriate growth and value characteristics.

#### Focused 'Buy' List Preparation

- Rigorous bottom up fundamental analysis of companies in approved 'buy list' to ascertain stocks with sustainable high/rising return ratios.
- Identify trends for stocks in approved 'buy list' on peer relative basis by using financial mapping technique.
- Sensitivity analysis to ascertain margin of safety in terms of financials, valuation, liquidity and predictability.
- Identifying top 70 stocks for Portfolio recommendations.

#### Risk Management

- Proprietary model to allocate optimal weights to various industries. Portfolio weighting is revised based on industry index performance & adaptable sniffing model using fundamental parameters to decipher 'themes in force' in the market.
- Optimal portfolio weightings to avoid risk concentration.

### Historical Yearly Performance (%)

Year	Eagle	Benchmark*	Alpha
2013	5.9%	6.8%	-0.9%
2014	41.1%	31.4%	9.7%
2015	1.8%	-4.1%	5.8%
2016	7.3%	3.0%	4.2%
2017	15.8%	19.6%	-3.8%

### Portfolio Characteristics

	Eagle	Benchmark*
Number of Holdings	20	50
Dividend Yield	1.0	1.3
Price/Earnings Ratio	25.6	24.7
Price/ Book Ratio	3.9	3.4
Beta	1.0	
Annual Tracking Error	3.6	
Information Ratio	0.7	
Maximum Drawdown	-19.2	

Data as on 30th April 2018



## Top 10 Equity Holdings (% wgt)

Stocks	Current Allocation(%)	Sector
HDFCBANK	11.2	Commercial Banks
ITC	8.5	Tobacco
RELIANCE	8.0	Oil, Gas & Consumable Fuels
MARUTI	7.8	Automobiles
LT	7.3	Construction & Engineering
INFY	6.0	Software & Services
M&M	5.5	Automobiles
SRTRANSFIN	5.0	Diversified Financial Services
BAJAJFINSV	4.8	Diversified Financial Services
TRENT	4.3	Retailing

## Equity Sector Allocation (%)

Name of Sector & Industry	Benchmark Weights	Portfolio Weight	Excess Weight Over Benchmark
Auto Components	0.4	0.0	-0.4
Automobiles	9.5	13.2	3.8
Consumer Discretionary	0.0	4.3	4.3
Media	0.8	0.0	-0.8
Consumer Staples	8.0	15.2	7.2
Energy	12.3	8.0	-4.3
Commercial Banks: Private	23.9	13.1	-10.8
Commercial Banks: Public	2.4	3.2	0.8
Financials	9.6	11.5	2.0
Health Care	3.6	2.7	-0.9
Industrials	0.7	0.0	-0.7
Real Estate	0.0	0.0	0.0
Information Technology	12.6	6.0	-6.7
Chemicals	2.0	0.0	-2.0
Construction Materials	1.5	0.0	-1.5
Materials	4.2	4.1	-0.1
Telecom	2.0	0.0	-2.0
Utilities	2.4	3.3	0.9
Construction & Engineering	4.1	10.9	6.8

## Absolute Returns (%)

	India 3T	Benchmark*	Alpha
5 year	101.9	78.0	23.9
4 year	68.0	50.9	17.2
3 Year	21.5	19.1	2.4
2 Year	28.7	30.7	-2.0
1 Year	4.0	10.2	-6.3

## Historical Yearly Performance (%)

Year	Eagle	Benchmark*	Alpha
2013-14	20.1	18.0	2.2
2014-15	38.3	26.7	11.7
2015-16	-5.6	-8.9	3.2
2016-17	23.8	18.5	5.3
2017-18	4.0	10.2	-6.3

## Compounded Annual Growth Returns (%)

	Eagle	Benchmark*	Alpha
5 year	15.1	12.2	2.9
4 year	13.9	10.8	3.0
3 Year	6.7	6.0	0.7
2 Year	13.5	14.3	-0.9
1 Year	4.0	10.2	-6.3

## Portfolio Characteristics

	Eagle	Benchmark*
Number of Holdings	20	50
Dividend Yield	1.0	1.3
Price/Earnings Ratio	25.6	24.7
Price/ Book Ratio	3.9	3.4
Beta	1.0	
Annual Tracking Error	3.6	
Information Ratio	0.7	
Maximum Drawdown	-19.2	

# Fund Management Model Mutual Fund

1Q 2018  
Fact Sheet

With increasing awareness levels investors have started realising the superiority of equity over other asset classes and of mutual fund route over direct equity. But the results have been far from what it could have been.

Particulars	Long term Average	Range: High - Low	Years	Scheme Repetition Frequency	
				Times	Frequency
No of Diversified Schemes	237	399 - 83	2015 - 2004	1	236
No of outperformers	151	337 - 52	2015 - 2006	2	228
% of outperformers	64	84.9 - 36.2	2014 - 2008	3	191
Return of Nifty %	17	75.8 - 51.8	2009 - 2008	4	129
Avg Return %	22	82.8 - 53.5	2009 - 2008	5	37
30 Best Schemes %	41	115.8 - 40.2	2009 - 2008		
Research Benefits %	19	38.5 - 5.9	2014 - 2016		

## Sector Rotation, Size Rotation:

2014 - 15	2015 - 16	2016 - 17
Health Care 75.2	Energy 0.5	Financials 43.9
Industrials 53.7	Consumer Staples 0	Energy 43
Consumer Discretionary 53.5	Information Technology -1.5	Materials 40.3
Financials 43.1	Consumer Discretionary -4	Utilities 30.1
Telecom 29.2	Utilities -7.9	Consumer Discretionary 28.4

## Investment Philosophy

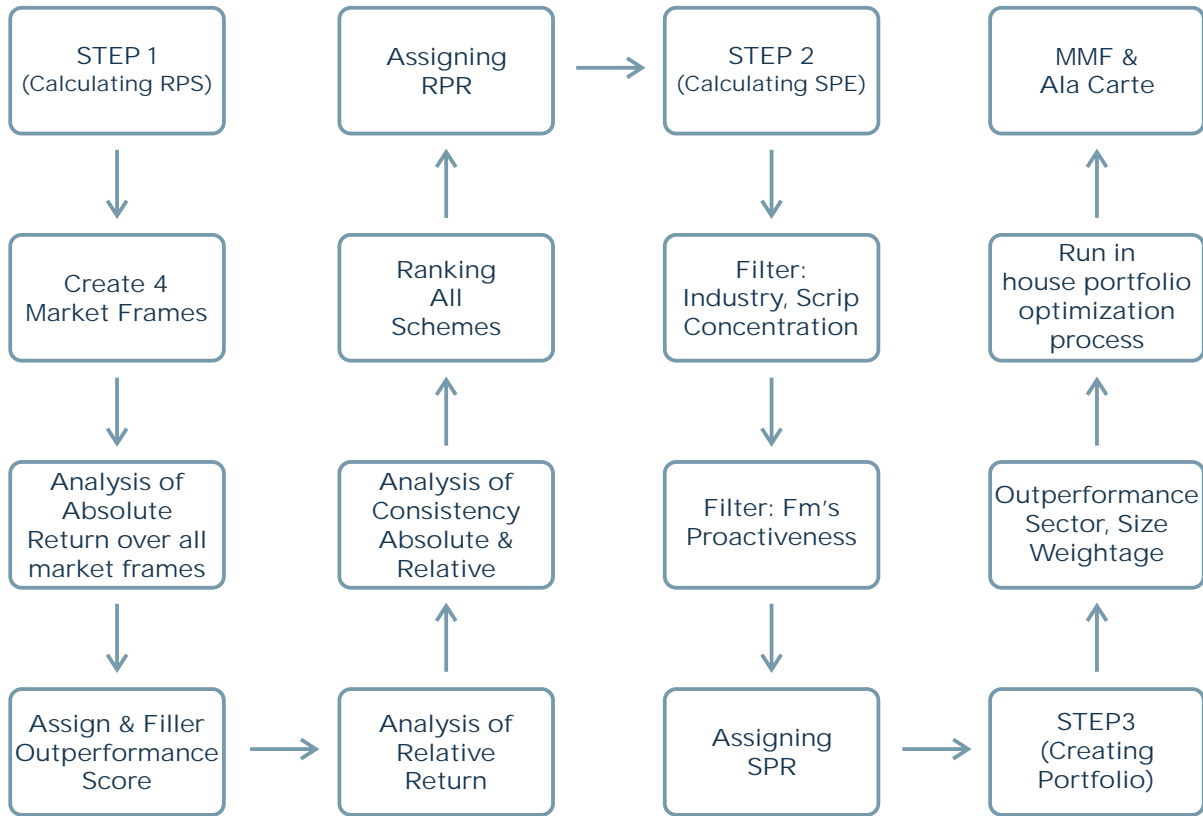
Investment decisions are made by investors for future based on historical data. There is inherent lacuna to it leading to under performance by almost 1/3rd of the schemes on a yearly basis and by almost all over five years. The fund managers need to be tested for their capabilities in terms of superiority and consistency. As each scheme is just an indirect way of taking exposure in stocks, it is always safer to diversify ones investment across fund managers having relative strengths in various components of the markets - size, sector, theme, valuation etc.

## Investment Objective

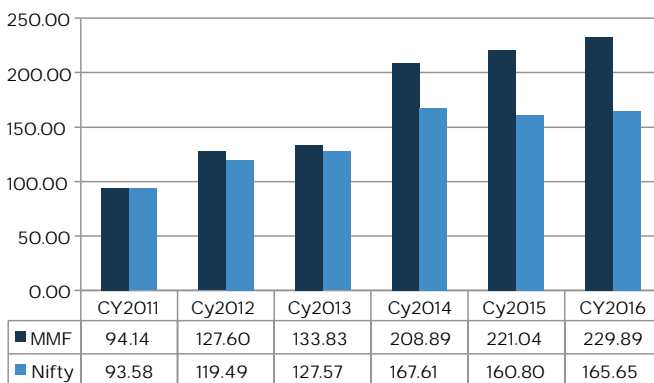
This fund aims at generating superior return over Nifty on a sustainable risk adjusted basis through a robust research model which is futuristic in nature even though the reference data are historical. The focus is to identify the top rated schemes of tomorrow than of the past. It is done with the application of a comprehensive process wherein price action of each scheme is tracked vis-a-vis benchmarks and peers based on rolling NAVs over different time frames. The absolute and relative outperformance (Alpha) is then reviewed against the quality parameters, like allocation, selection and balance of the scheme and over all portfolio in terms of various market components.

## Investment Process/Strategy

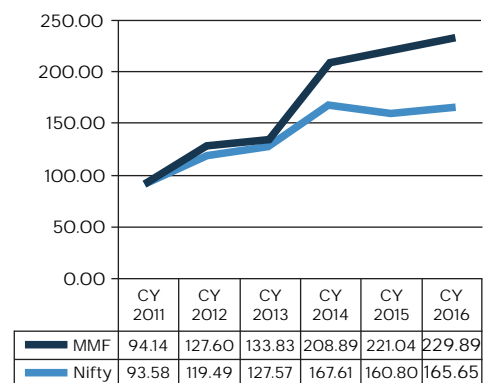
A comprehensive 3 stage 13 filtration process is applied to arrive at right investment products and advisory.



Performance: Superior Returns



Superior Returns:



# Fund Management

## All Weather Fixed Income Fund

1Q 2018  
Fact Sheet

### Investment Process

4 steps of systematic wealth creation process forms the foundation of this debt strategy which is fine-tuned as per client specific mandate.

#### Investment Universe Creation & Classification

- Data analytics on over 7000 mutual funds.
- Grouping of funds into 7 categories – Liquid, Ultra Short-Term, Short Term, Gilt Short Term, Long Term, Income and Credit Opportunities.
- Fund Quantitative Parameters: Return Score and Risk Score using detailed financial data.

#### Focused 'Buy' List Preparation

- Rigorous bottom up fundamental analysis of forward looking interest rate scenarios and fund holdings to ascertain appropriate fixed income categories with sustainable high/rising return ratios.
- Identify trends for funds in approved 'Buy List' on peer relative basis by using financial mapping technique.
- Drawdown analysis to ascertain margin of safety in terms of principal and potential for income and capital appreciation.
- Identifying top 20 funds for Portfolio recommendations.

#### Approved 'Buy' List Preparation

- Analyzing each mutual funds' AUM, track record and manager quality over multiple years.
- Calculating an aggregate score based on proprietary return and risk scores over multiple years.
- Identifying about 200 mutual funds for inclusion in the portfolio.

#### Risk Management

- Allocate optimal weights to maximize quality, avoid concentration risk and gain appropriate duration and credit exposure.
- Optimal portfolio weightings to incorporate user specific liquidity needs over the investment horizon.

### Investment Philosophy

All Weather Fixed Income Fund is a proprietary fixed income fund focused on maximizing total return potential while protecting principal. The fund strives to deliver attractive returns through the ups and downs of bond market cycles while emphasizing quality, diversification and flexibility. It aims to form a core holding of a person's financial portfolio and can be used as a tax efficient substitute for fixed deposits.

### Objective

The key objective of the All Weather Fixed Income Fund is to outperform State Bank of India 5-year fixed deposit rate (the fund's benchmark) on a sustainable risk adjusted basis. This is done by managing the interest rate exposure of the portfolio while adding alpha opportunistically based on a rigorous bottom up proprietary model. The portfolio construction is optimized to maximize quality, avoid concentration risk and increase flexibility in terms of both duration and credit. Risk is managed on a forward looking basis to deliver strong long term returns based on a combination of income and capital appreciation.

### Historical Yearly Performance (%)

Year	AWFI Fund**	Benchmark*	Alpha***
2013	8.4%	9.0%	-0.6%
2014	11.0%	8.3%	2.7%
2015	8.4%	7.0%	1.4%
2016	10.0%	6.5%	3.5%
2017	5.9%	6%	0.8%
2018	1.5%	1.4%	0.1%

### Portfolio Characteristics

Year	AWFI Fund**	Benchmark*
Number of Holdings	16	-
Annual Tracking Error	1.0%	-
Information Ratio	-0.1x	-
Maximum Drawdown	-1.6%	0.0%

All Data as on 31st March 2018

## Sector Allocation (% weight)

Fund Categories	Weights
Liquid	10%
Ultra Short Term	15%
Short Term	20%
Gilt Short Term	10%
Long Term	25%
Income	15%
Credit Opportunity	10%

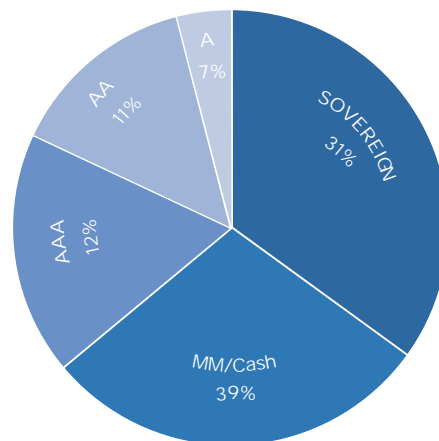
## Top 10 Funds in Portfolio (% weight)

Mutual Funds	Current Allocation(%)	Category
Edelweiss Government Securities Fund	10.2%	Long Term
SBI Magnum Gilt Fund Short Term Plan	10%	Gilt Short Term
Indiabulls Ultra Short Term Fund	8.1%	Ultra Short Term
Invesco India Medium Term Bond Fund	7.9%	Income
Kotak Corporate Bond Fund	7.1%	Income
DHFL Pramerica Ultra Short Term Fund	6.9%	Ultra Short Term
L&T Short Term Income Fund	6.1%	Credit Opp.
Reliance Medium Term Fund	5.6%	Short Term
Indiabulls Liquid Fund	5.1%	Liquid
BOI AXA Liquid Fund	4.9%	Liquid

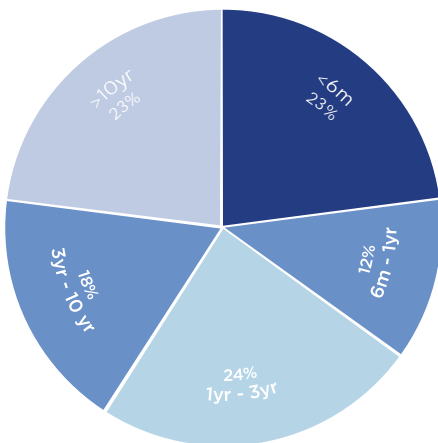
## Compounded Annual Growth Returns (%)

Year	AWFI Fund**	Benchmark*	Alpha***
5 Year	8.6%	7.1%	1.5%
4 Year	8.6%	6.7%	1.9%
3 Year	7.8%	6.3%	1.4%
2 Year	7.6%	6.1%	1.4%
1 Year	5.9%	5.8%	0.1%

## Rating-wise Portfolio Breakup



## Maturity-wise Portfolio Breakup



## Absolute Returns (%)

Year	AWFI Fund**	Benchmark*	Alpha***
5 Year	50.9%	41.1%	9.9%
4 Year	39.1%	29.6%	9.5%
3 Year	25.1%	20.3%	4.8%
2 Year	15.7%	12.7%	3.0%
1 Year	5.9%	5.8%	0.1%

## Historical Quarterly Composite Performance (%)

Year	AWFI Fund**	Benchmark*	Alpha***
Last 12 months	5.9%	5.8%	0.1%
31-Mar-18	1.5%	1.4%	0.1%
31-Dec-17	0.5%	1.4%	-0.9%
30-Sep-17	1.5%	1.4%	0.1%
30-Jun-16	2.3%	1.5%	0.8%

\*Benchmark is 5 Year Fixed Deposit Rate of State Bank of India

\*\* AWFI Fund stands for All Weather Fixed Income Fund

\*\*\*All the return statistics are before taxes. The AWFI strategy is designed to maximize long term gain on the portfolio and generates additional after tax alpha for the investor.

# Investing

## Distribution Products

### Advice Based Mutual Funds

With increasing awareness levels investors have started realizing the superiority of equity over other asset classes and of mutual fund route over direct equity. They have started investing increasingly through mutual funds and 75% of the new money from retail investors is estimated to come through this alone. But, contrary to general belief it is not a magic tool and, like stocks, need in depth research and analysis to identify winners of tomorrow from out of several hundred schemes with different objectives in an environment wherein fund managers might change, schemes might get merged with other schemes, size might grow enough to have implication of the impact cost etc.

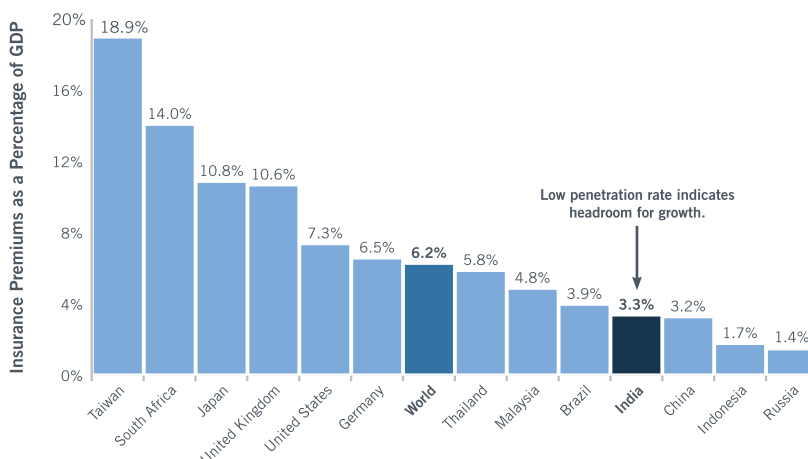
Following analysis by our research team more than validates the importance of research:

Particulars	Long term Average	Range: High - Low	Years
No of Diversified Schemes	240	418 - 83	2016 - 2004
No of out Performers	155	337 - 52	2015 - 2006
% of out performers	64.5	84.9 - 36.2	2014 - 2008
Return of Nifty %	17.6	75.8 - (51.8)	2009 - 2008
Avg Return %	19.6	82.8 - (53.5)	2009 - 2008
30 Best Schemes	41.4	115.8 -(40.2)	2009 - 2008
%Research Benefits %	21.8	38.5 - 11.7	2014 - 2016

A 3 stage 13 filtration process is applied by the research team of Narnolia to identify the winners of tomorrow wherein fund managers capabilities is put to test in terms of superiority and consistency. Based on this alternate solutions are arrived at, like the Model Mutual Fund, Ala Carte, Ratings etc. Various online and offline integrated platforms, reporting and support systems are inbuilt in to the system for a world-class experience.

### Insurance Products

Indians are grossly under insured due to lower per capita income, low level of understanding of this hidden goal and also due to the havoc created by the insurance agents. We, at Narnolia & Consortium, realize the importance of insurance as one of the most important needs of an individual, which will soon be bought willingly by the investors as a part of the asset allocation exercise; instead of being sold to. We help our investors to assess their insurance needs – be it life, health and other general insurance – and then provide them the best of the solutions available in the *market from out of all the insurance companies*, measured in terms of cost and benefits of each scheme.



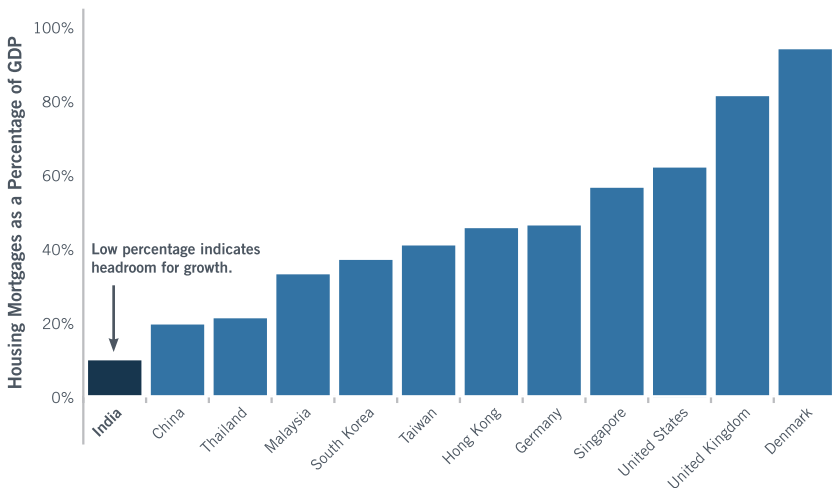
#### Indias Insurance Penetration Rate Is Low Compared to the World (2014)

Sources: Swiss Re, Sigma No 4 /2015, Macquarie Research, September 2015.

## Fund Based Activities

Indians are great in savings, but when it comes to investment and debt raising they are very unorganized and illogical. There is huge potential of growth in this segment both in terms of quantity and quality. In a country of over 1.3 billion people, there are less than 10 million mortgages outstanding—most with very low balances

Indias Housing Mortgages as a Percentage of GDP Compared to Select Countries



Source: Macquarie Research, September 2015.

And aggregate debt of the country as a percentage of GDP is relatively low at 128% for India versus 175% for emerging markets as a group, 244% for the U.S., 249% for China, 257% for the Eurozone and 379% for Japan.

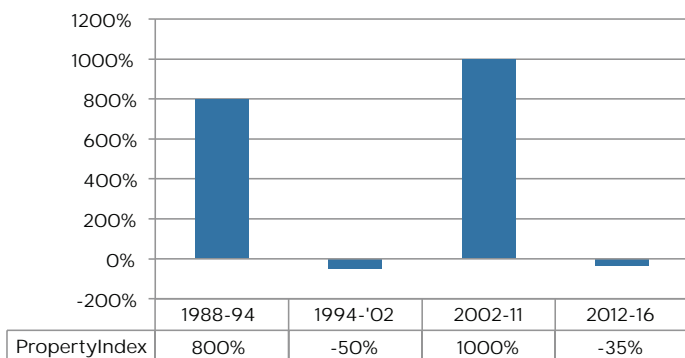
Narnolia Capital Advisors Ltd, a NBFC and wholly owned subsidiary of the group, provides wide range of debt related products at competitive terms like, margin funding, loan against shares/Mutual funds/Properties and also investment related products like, share pledging.

## Real Estate

This is the most popular asset class of Indians wherein they put in about 53% of their investments as against global average of 20%, even though it is beset with many problems, like, legal complexities, involvement of black money, high cost of ownership, inflexible per unit size, lack of transparency and liquidity etc. Investors don't want to believe that, like other asset classes, it also moves in cycles. But, every cycle brings with it different sets of opportunities and threats. In the current scenario when real estate prices are under pressure much more than what

is officially known, the industry is getting ready for few newer and bigger opportunities. We, at Narnolia & Consortium, had warned in 2011 of an upcoming correction in the real estate space and are now equally confident that newer and bigger opportunities will unfold in the form of REITS, Direct unit Property like direct equity, Peer to Peer Lending etc. We are fully ready with the industry leading products and services in an exclusive arrangement with the leaders of the above opportunities.

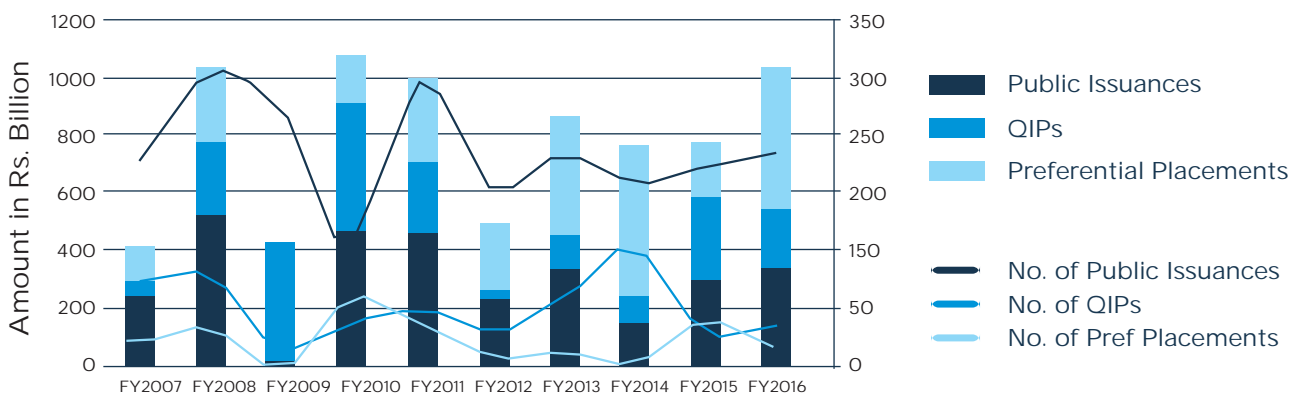
PropertyIndex-Cycle



### Public Issues

Initial Public Offer (IPO) by non listed companies or follow on offer by presently listed companies presents a good opportunities for making high returns on investment in a very short period of time. However, contrary to common belief investment through new issues does not always give high return or guarantee capital protection. We, at Narnolia & Consortium, provide you the list of all forthcoming new issues & in-depth analysis on select issues, which our research team finds worth investing. Online bidding and detailed news, views, follow up, recent listings etc. are provided to our investors free of cost. We have a dedicated servicing team to help you to relieve you of all possible hassles of investing in new issues. It is because of this simplicity, convenience & expertise we are far ahead of others in our area of operation with a significantly high market share in our area of operation.

### Capital Raising Equity

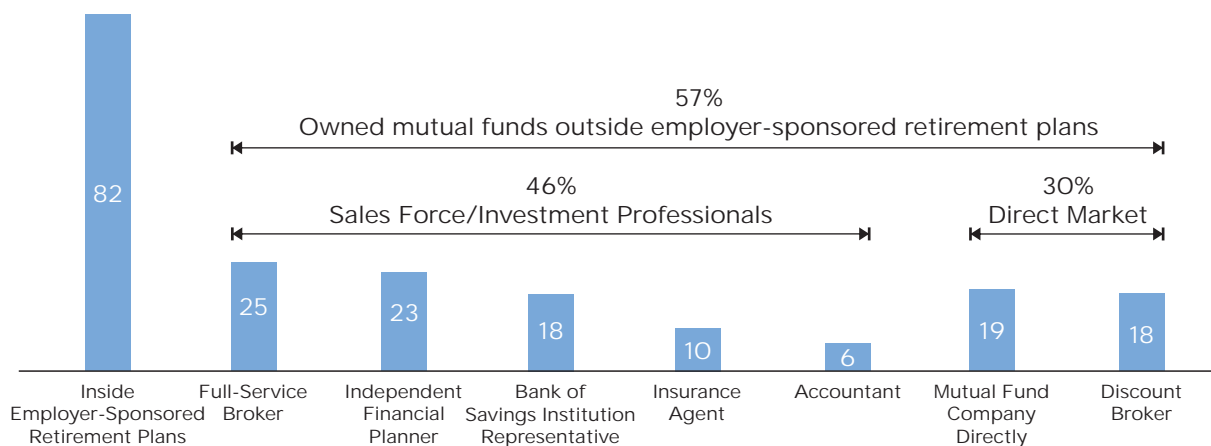


### National Pension Scheme ( NPS)

NPS is a voluntary defined quasi EET instrument which in essence is closer to 401(k) plans of United States and is intended at creating a pensioned society in the country. It is at a very nascent stage in India, unlike in the developed worlds like US wherein over 80% of the population is covered under NPS.

It was partly due to lack of awareness and more so due to lack of right incentives for both the buyers and sellers. It has now been opened for all and enjoys an additional tax benefit of Rs 50,000 under Section 80CCD(1b) over and above the Rs 1.5 lakh exemption of Section 80C. 60% of the corpus is taxable here while 40% escapes tax.

Sources Used by Mutual Fund-Owning Households to Purchase Mutual Fund  
Percentage of U.S. households owning mutual funds, 2014

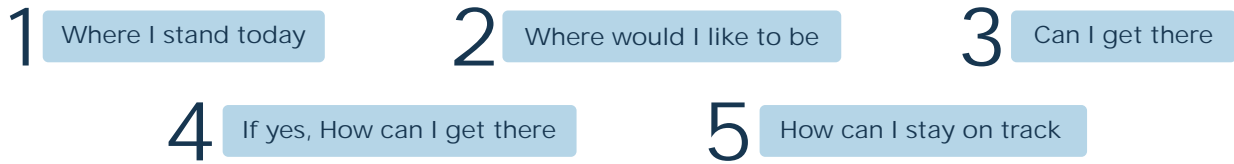


Note: Multiple Responses are included.

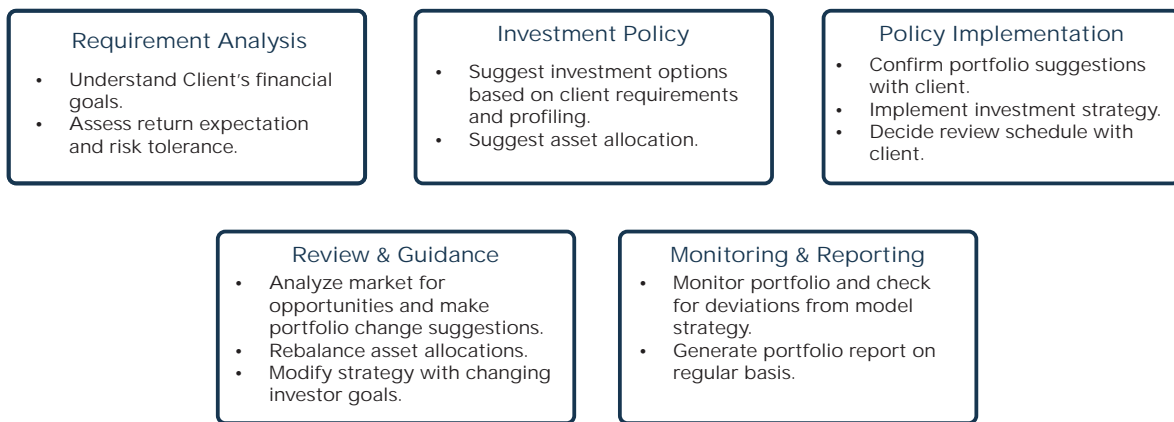


# Investing Wealth Management

Our team of experts consult and help the investors to know, understand and prioritize their financial goals and then to arrive at personalized solutions for each of the investors based on their scarce resources, risk appetite and time horizon of each goal. With the use of in house software supported advance strategy they support the investors to know :



## Our Approach



## Our Services

- Customized wealth management solution through proper client profiling and behavior analysis to get optimal results.
- Partnering with our clients through the entire life cycle of their financial needs.
- Detailed reporting for clients on a regular basis. It serves as a one- stop shop for the client to get the current status of all his investments.
- Transparent pricing with demonstrable value for fees paid through proper understanding of client's concerns and needs, generating strong investment performances and effectively resolving issues.
- Access to a vast array of financial tools.

## Our Edge

Our Wealth Management framework uses an innovative, disciplined , client focused and process driven multi asset, multi strategy framework. Our process of investing has the rigor of scientific endeavor overseen by experienced market professionals. We invest deeply in technology and analytics which help us look for the best opportunities across multiple asset classes. For example, India centric research data has been developed for over 1600 stocks, 25 commodities, over 2000 fixed income mutual fund schemes and 30 currencies linked to Indian economy. This data is organized and indexed using our proprietary intelligent technology which allows for appropriate fund allocation and selection decisions.

Our approach is poised to benefit in an environment of volatility especially as global markets have increasingly divergent paths amid experimental monetary policies. The results have been outstanding as the funds have beaten both investor expectations and benchmarks in quantitative and qualitative terms. We understand the importance of power fiduciary duty to the investors and resolve to keep learning, innovating and working harder in pursuit of generating "superior and consistent risk adjusted returns" for our investors.

## Strategy Analysis

	Asset Class	Investment Horizon	Expected Returns	Conservative	Moderate	Aggressive	Custom
CPOF	AWFI Fund	2	8.3%	50%	30%	20%	20%
	Stratsbay	2	13%	20%	20%	20%	30%
GOF	Equity	3	17%	20%	30%	40%	30%
	Commodity	2	18%	5%	10%	10%	10%
	Foreign Ex	1	20%	5%	10%	10%	10%
Other Assets	Fixed Deposits	Ladder	6.5%	0%	0%	0%	0%
	Asset 2	-	0.0%	0%	0%	0%	0%
	Asset 3	-	0.0%	0%	0%	0%	0%
	Asset 4	-	0.0%	0%	0%	0%	0%

Given here is a sample Wealth Management data for a client.

## Wealth Management Portfolio Details

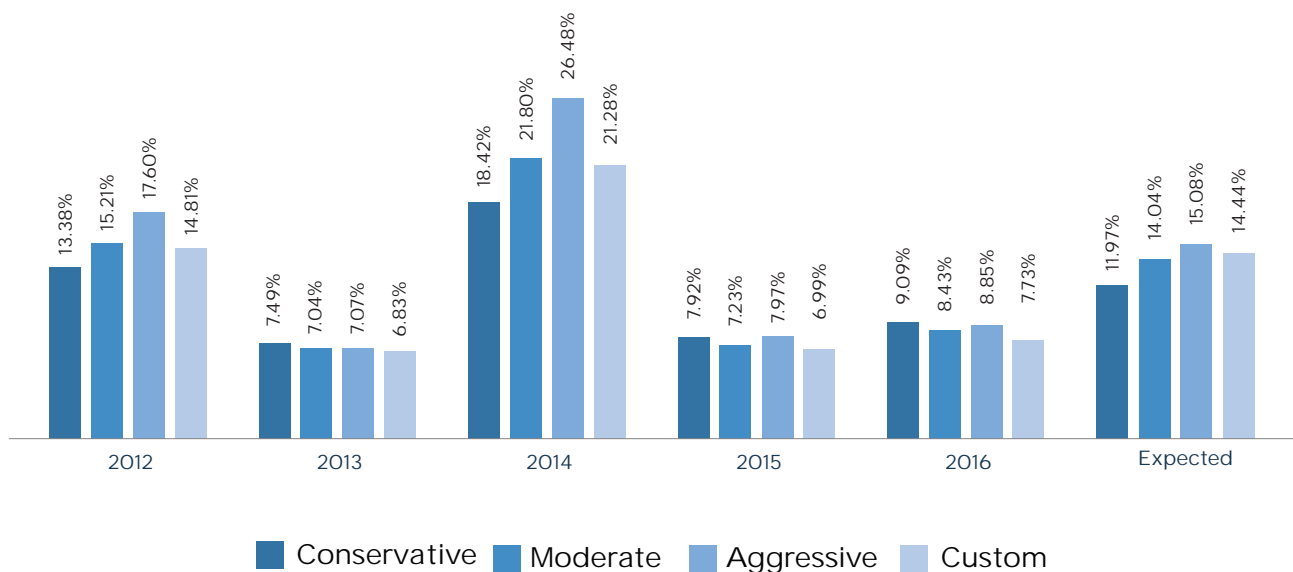
### Equity Fund Composition

Asset Class	Exp Returns	Weightage
India 3T	20%	80%
Eagle	12%	20%
Model MF (MMF)	15%	0%

### AW Fixed Income Fund Composition:

AW Fixed Income	Exp Returns	Weightage
Liquid	6%	20%
Ultra Short Term	7%	10%
Short Term	8%	10%
Gilt ST	8%	12%
Long Term	9%	18%
Income	9%	20%
Credit Opportunity	10%	10%

## Historical & Expected Return



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