Dear

At the outset we wish to thank you for the faith reposed in us by investing in our Plans.

We will communicate with you every quarter; in part to inform you about the quarterly performance, but also to elaborate on some aspect of our investment philosophy or process. Over the course of time you will observe that we emphasize as much, if not more on the latter as on the former. This is borne out of our belief that a sound investment philosophy executed through a process that is unfailingly adhered to, will over the long term, inevitably lead to satisfactory investment returns.

We would like to caution you against laying too much emphasis on the quarterly performance numbers. In compiling our quarterly scorecard we are obliged to measure our performance against the market. You will observe that there will be months where our performance will be superior to the market (as reflected by the 'Sensex') as well as months when our performance lags the market. This should come as no surprise. Short term movements of the market are capricious reflecting the unpredictable and often exaggerated sentiments of the sum total of market participants as they react to the sum total of developments in the political and economic fields. This by nature is a combination of an (un)healthy dose of impulse together with reason. Our struggle is to tune out precisely this 'noise' emanating from the market place, whilst we attempt to assay the intrinsic worth of individual securities. Quarterly performances vis-à-vis the market are therefore more a measure of how ' in sync' we are with the prevalent moods of Mr. Market – a goal that we have no particular skill or desire to pursue.

Whilst cautioning against paying any serious attention to quarterly numbers, I would like to reiterate the firm's philosophy of viewing stock purchases as a way of securing partnership interests in well positioned companies with capable and trustworthy managements at fair to attractive valuations. By its very nature, our investment operations are for the long-term.

We like to protect against downsides in the market by focusing on three variables 1) the cash levels in the portfolio which has some correlation to broad market valuations 2) the degree of undervaluation, if any, in our portfolio positions and 3) the quality of the companies we buy into as demonstrated by their competitive positioning, their capital allocation policies and their corporate governance and as a corollary to 2) and 3) their position sizes in the portfolio. We view these three variables simultaneously and trade - offs are made on a holistic and on a portfolio basis.

Here are some details of some portfolio choices that Jeetay made. Since the focus is on what went into our thinking, rather than what went into our portfolio, no names are being divulged in this letter.

1. We bought into a cement manufacturer which historically has enjoyed high margins and return on capital employed. It had a "moat", albeit not a strong one, in its locational proximity to its raw material sources, which gave it a small cost advantage. Turmoil in one contiguous state caused pricing pressures in the market to which it largely catered, which should ease with the return of normalcy. We bought into the company at a huge discount to its private market value, which has

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since narrowed considerably. We believe that some of the cost advantages will remain in the greenfield expansion which should be commissioned in the near future. The company has ambitious plans for further capacity expansion, although since no locational details are currently available, it remains to be seen whether the moat narrows or not.

2. We bought into a NBFC which operates in a number of verticals. Successful finance companies usually have a significant moat in their cost of funds, and this company is no different. Moreover it operates in certain areas where it has a small advantage due to regulations. Furthermore, its ability to cross-sell new products because of its wide area of operations, distribution network and large customer base, reduces customer acquisition costs. Its focus on reducing credit costs due to its investments in technology and processes and its growing affluent client base mitigates risk and protects profitability. We bought it at the lower end of its historical trading band a few years ago. With the large growth in its balance sheet and valuation re-rating we have made a sizeable gain. Whilst we do not believe that most finance companies can have very wide moats, we would be monitoring to see whether this company can widen and deepen its existing moat in the coming years.

3. We had bought a small portfolio position into India's largest spirits manufacturer a year before it was taken over by a global giant. After the takeover, we have added significantly to the original position. We believe that the company will use its distribution network to increase the proportion of premium products of its parent, whilst shrinking working capital, divesting non-core assets and vacating unremunerative price points. The current valuation on a EV/sales basis is around the same levels as the parent. With the moat widening due to the introduction of the global brands of the parent company, the valuation should get re-rated to a differential more in line with the differential enjoyed by other Indian subsidiaries in the FMCG space with those of their parent companies. Any adverse move due to government regulations or taxes would impact the moat and make us reconsider our investment thesis.

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We have also invested in "no-moat" companies, more from a Grahamian and quantitative perspective. One of our portfolio companies has since become a thirty-bagger, although we did divest a part of the position on the price up-move, chiefly from a risk-control view point.

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We continue to remain cautious and are currently playing with a defensive bat. We view the global macro-economy as challenging and believe that risks are not being appropriately priced in many asset markets, largely due to extremely low interest rates and ultra-loose monetary policies.

In a column, Satyajit Das wrote in the Financial Times (9th January 2015): "To paraphrase organisational theorist Russell Ackoff, authorities are trying to do the wrong things right, rather than the right things wrong."

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Just before that, Ralph Atkins had written in the Financial Times (2nd January 2015):

"Global policy makers, meanwhile, recognise that the rapid growth of global capital flows has created an animal that can switch quickly from apparent stability to crisis mode. Much of the time the financial system acts as a "shock absorber, a network insurance device scattering risk to the four corners", as Andrew Haldane, the BoE's chief economist, observed in a recent speech. But large shocks could result in fundamental changes, as "the network flips to a zone of systemic instability" he noted. "It is now operating as a shock-transmitter, a network incendiary device".

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Whilst your individual returns are with you, we have given the weighted average results of all portfolios in the Value Trek Plan and affiliated plan for December quarter (before our management fees but inclusive of all other expenses and charges). We would once again urge you to interpret quarter by quarter returns of any fund manager with some caution.

	December 2014 Quarter
Benchmark (Sensex) returns	3.26%
Weighted average Portfolio Returns of plans under the Value Trek Plan and affiliated plan	7.18%
Proportion of cash held at the beginning of period	16.88%
Proportion of cash held at end of Period	13.61%

- Benchmark return is absolute change between start of the period to end of the period without any adjustment for fund flows during period.
- Portfolio return is based on weighted average returns of portfolio compounded monthly.
- The actual returns of clients may differ from client to client due to differences in composition of the portfolio and timing of investment/divestment.
- Past performance is not a guarantee for future performance.

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Should there be any queries, I'm always available. Please do not hesitate to contact me or members of the Jeetay team who look after the administration at the office – Divya, Rashmi or Prem!

Warm Regards,

Vinay Parikh

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i). Securities investments are subject to market risks and bear no assurance or guarantee that the objective of the investments will be achieved.

ii). Past performance does not guarantee future performance.

iii). Investors are not being offered any guaranteed or assured returns i.e either of principal or appreciation on the Portfolio.

iv). The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.

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