25th October, 2014

Dear

Whilst your individual returns are with you, I would like to share how we think about on performance on the portfolios managed by me at Jeetay.

1) We look at a "representative" portfolio. Most of the older portfolios usually have in the past had performance numbers clinging around the numbers of the "representative" portfolio. Newer portfolios take time to build up and usually mask true performance and may even distort it. This "representative" portfolio is that of our oldest client.

2) We benchmark our returns against the Sensex. We are size agnostic but usually find values in the mid-cap space. However we carry fairly large amounts of cash and so a mid-cap index may not be the right benchmark. We have chosen the Sensex to give you a sense of the "opportunity cost" of not being in the market and not as some sort of a competitor with whom we are in a quarterly rat race.

3) Short-term underperformance does not bother us and short-term outperformance does not excite us. What should count are long-term figures. Our idea of the long-term is <u>very</u> long. We will be honest – we do not have performance figures for our definition of the long-term. So we have sliced the performance figures into various shorter-term horizons, to suit <u>your</u> perspective of what should be a sensible investment horizon.

4) We usually measure the cheapness of our portfolio in relation to each security's historical valuations and not against the current market valuation i.e. we would like to have some sort of absolute cheapness and not relative cheapness.

5) The figures cited are before taxes and fees. This is because the taxes are paid by you and vary depending on whether you have short-term capital losses and the quantum of short term gains. The fee structure varies due to

1) different plans 2) different entry points (high watermarks). These should shrink the magnitude of outperformance, although not eliminate it.

6) We do not only look at returns, but at <u>risk-adjusted</u> returns. We do not measure risk by simple volatility, but by downside volatility, drawdowns and portfolio cheapness. On a risk-adjusted basis, our returns, even after taxes and fees, should compare well with the Sensex. Since we believe that markets are unforecastable, we usually hedge our positions by carrying fairly large amounts of cash.

7) We continue to use the "representative" account methodology so as to be consistent (Tables 1, 2 and 3).

8) We have found that the "representative" account, which has been that of our oldest account, now has a different portfolio composition from newer accounts and even some of the older accounts. It may thus in the future not properly track overall performance. We have included Table 4 in which four sets of figures are shown:

a) The "representative" portfolio returns.

b) The weighted average returns of all the discretionary portfolios managed under the Jeetay Value Plan and allied Plans in the Jeetay PMS.

c) The weighted average returns of those portfolios with over 60% equity at any point since inception. These may be generically thought to be the "older" portfolios since "newer" portfolios take some time to build up and may not be representative of portfolio performance. They are of course included in the weighted average returns of all the portfolios.

d) The Sensex returns.

9) We will therefore be reporting "weighted average" returns along with those of the "representative" portfolio.

10) Should you find all these numbers too intimidating but want to focus only on a few, just look at the second and fourth columns of Table 4. That summarizes the overall performance of portfolios managed by me at Jeetay and the Sensex.

Table 1

Since Inception				
Period	**Portfolio Returns (%)**	**Sensex Returns (%)**	**% in cash**	
June 07, 2003 to June 07, 2004	80.80%	48.00%	Almost fully invested	Audited
July 05, 2004 to June 30, 2005	31.45%	42.10%	Around 65%	Audited
July 01, 2005 to March 31, 2006	30.32%	56.80%	Around 40%	Audited
April 01, 2006 to March 31, 2007	33.73%	15.62%	Around 20%	Audited
April 01, 2007 to March 31, 2008	7.41%	18.60%	Around 30%	Audited
April 01, 2008 to March 31, 2009	-22.26%	-37.94%	Around 35%	Audited
*April 01, 2009 to March 31, 2010	85.16%	80.50%	Around 30%	Audited
April 01, 2010 to March 31, 2011	29.09%	10.93%	Around 27%	Audited
April 01, 2011 to March 31, 2012	9.03%	-10.5%	Around 10%	Audited
April 01, 2012 to March 31, 2013	-8.23%	8.23%	Around 9%	Audited
April 01, 2013 to March 31, 2014	18.22%	18.85%	Around 15%	Audited
April 01, 2014 to June 30, 2014	31.78%	13.52%	Around 12%	Audited
July 01, 2014 to September 30, 2014	13.13%	4.79%	Around 12%	Audited
Cumulative Return	**1357.78%**	**669.52%**		

Table 2

Since 2008				
Period	**Portfolio Returns (%)**	**Sensex Returns (%)**	**% in cash**	
April 01, 2008 to March 31, 2009	-22.26%	-37.94%	Around 35%	Audited
*April 01, 2009 to March 31, 2010	85.16%	80.50%	Around 30%	Audited
April 01, 2010 to March 31, 2011	29.09%	10.93%	Around 27%	Audited
April 01, 2011 to March 31, 2012	9.03%	-10.5%	Around 10%	Audited
April 01, 2012 to March 31, 2013	-8.23%	8.23%	Around 9%	Audited
April 01, 2013 to March 31, 2014	18.22%	18.85%	Around 15%	Audited
April 01, 2014 to June 30, 2014	31.78%	13.52%	Around 12%	Audited
July 01, 2014 to September 30, 2014	13.13%	4.79%	Around 12%	Audited
Cumulative Return	**227.68%**	**70.18%**		

Table 3

Since 2013				
Period	**Portfolio Returns (%)**	**Sensex Returns (%)**	**% in cash**	
April 01, 2013 to March 31, 2014	18.22%	18.85%	Around 15%	Audited
April 01, 2014 to June 30, 2014	31.78%	13.52%	Around 12%	Audited
July 01, 2014 to September 30, 2014	13.13%	4.79%	Around 12%	Audited
Cumulative Return	**76.25%**	**41.38%**		

Table 4

Jeetay Returns** (Portfolios managed under the Jeetay Value Plan and allied Plans)

	"Representative" portfolio	**Weighted average returns of all discretionary portfolios**	**Weighted average returns of "older" portfolios**	**Sensex Returns**
2006-2007	33.73%	**28.66%**	30.11%	**15.62%**
2007-2008	7.41%	**7.12%**	8.68%	**18.60%**
2008-2009	-22.26%	**-23.85%**	-23.85%	**-37.94%**
2009-2010	85.16%	**78.40%**	79.00%	**80.50%**
2010-2011	29.09%	**18.57%**	18.40%	**10.93%**
2011-2012	9.03%	**3.32%**	3.07%	**-10.50%**
2012-2013	-8.23%	**-2.12%**	-2.77%	**8.23%**
2013-2014	18.22%	**18.20%**	18.30%	**18.85%**
April 01, 2014 to September 30, 2014	49.08%	**40.82%**	41.14%	**18.96%**

**Returns are before fees but after all other expenses

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In my career in investing, I have found that whilst the "homework" required to invest in good ideas takes time and effort and a disciplined focus on the quantitative and qualitative dimensions, the attitude and temperament to invest well is often neglected. "Your attitude determines your altitude" is true in work-life and also in investing. A modest ego, independent thinking, rationality, a willingness to go where the odds are more favorable rather than investing in what is fashionable, patience to the point of boredom, courage to back conviction, ruthlessness to correct error, emotional balance in volatile markets and above all a passion to play the game well - this is a mind-set that cannot be taught, it can only be learnt.

Furthermore, it is not how hard you work that determines success in investing, but how hard you think. Chasing every single data point may make you an informed analyst; it may not necessarily make you a successful investor. The "less-is-more" effect is dramatically evident in successful investors. There are too many interdependencies, too many feedback effects, too many uncertainties for detailed factual knowledge to be very useful and may only lead to unjustified confidence. Thinking, not just searching ; calibrating, not just calculating; looking at downsides, not just upsides is how I think time can be productively spent in investing.

I would again urge that this quarter's numbers be not taken too seriously. In my opinion, the performance of the recent past is unlikely to be repeated in the near future. Quality is not available at attractive valuations in the Indian markets, which is why we are not aggressively investing.

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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