RELIANCE PORTFOLIO MANAGEMENT

EMERGING INDIA PORTFOLIO

April 2018

Portfolio Manager's Speak

India today is in a unique position and is one of the very few economies that are undertaking transformational reforms that would be building blocks for sustained long term growth. Recent initiatives like simplification of tax administration, GST, demonetisation, Aadhaar based payments, housing sector subsidies amongst others are expected to fundamentally alter the characteristics of the Indian economy and put the country on a higher growth trajectory. Domestic growth will also benefit from an improvement in investment cycle and exports spurred by growth revival in US, EU and Japan.

Emerging India Portfolio is designed to identify Mid cap companies which has the potenial to provide an opportunity to provide multi-bagger returns as they benefit from the following four factors:

- As disposable income increases, several **discretionary consumption products** and **service** companies which are small so far will **build scale**
- **Lower** interest rate reduces **cost of funding** for smaller companies significantly
- Shifting of business from **unorganized** to **organized** companies due to GST and demonetisation
- **Lower base** of the small and mid cap companies will make it easier for them to **grow at a higher rate** as compared to large companies

Portfolio Performance *

Period	Portfolio	CNX MIDCAP	NIFTY
3 Months	2.4%	-2.4%	-2.6%
6 Months	7.0%	3.6%	3.9%
1 Year	15.5%	12.2%	15.4%
Since inception date 07/03/2017	25.9%	19.9%	17.0%

(* Post Expenses (except entry and exit charges) <1 year Absolute Returns & > 1 Year CAGR, as on April 30th, 2018, Past performance may or may not sustain in the future)

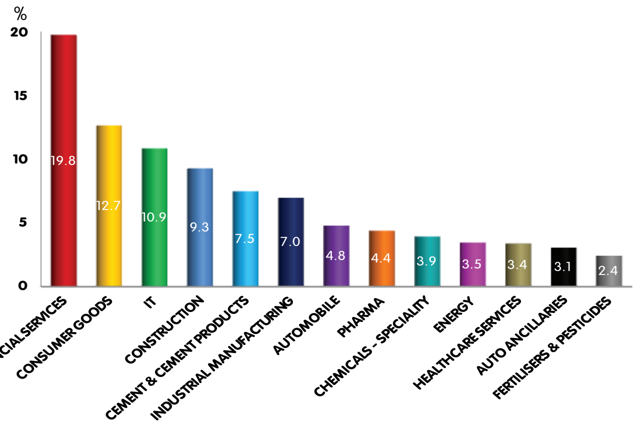
Top 10 Holdings^

Security	% Assets	Security	% Assets
Development Credit Bank Ltd	7.7%	Cholamandalam Investment and Finance Company Ltd	5.6%
VIP Industries Ltd	6.9%	Ashoka Buildcon Ltd	5.6%
IIFL Holdings Ltd	6.5%	Suprajit Engineering Ltd	4.8%
Tata Elxsi Ltd	6.3%	Cyient Ltd	4.6%
Whirlpool of India Ltd	5.8%	Star Cement Ltd	4.5%

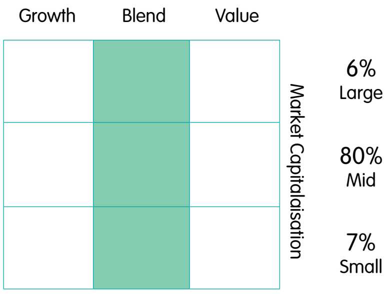
Key Portfolio Features

- Mid Cap portfolio of high growth emerging businesses that are existing / potential leaders in their field of operations
- **Benchmark agnostic** concentrated portfolio of our **top 15 – 25 ideas**
- Investments are made with a 3 year plus **Buy & Hold** view.
- **Bottom-up stock picking** resulting in a **Unique & Differentiated** Portfolio

Sector Allocation#^



Investment Style



Portfolio Snapshot

Type	Open Ended
Benchmark	NIFTY / CNX Midcap
Mode of Investment	Cash or Securities

Key Investment Themes

Rising Discretionary Spending
- Consumer Durables
- Building Products
- Housing Finance
- Kitchenware
- Retail Chains

Domestic Manufacturing
- Pharma outsourcing
- Auto ancillary
- Defence
- Agrochemicals

New Economy
- Flexi Staffing
- Diagnostics
- Consumer Finance

Infrastructure Revival
- Roads
- Railways
- Metro projects
- Gas Utilities
- Ports

\# The current portfolio holdings may or may not be a part of the future portfolio holdings. Investors Portfolio may vary from the strategy level portfolio shown above in the top holdings. CNX Midcap is provided as an additional benchmark for comparison with portfolio performance. Source: Bloomberg, NSE

^ All data as of 30th April 2018

Must 5 Investment Framework – Uncompromising Focus on Quality

Business potential	Corporate governance	Earnings track record	Promoters ownership	Capital allocation
• Growth Opporunity (Scale) • Sustainable Competitive Advantage	• Treatment of Minority Shareholders • Promoters Track Record • Accounting Red Flags	• Consistent Performance across Business Cycles • Revenues, EBITDA, Profit Growth • Margin Profile • Return of Equity (ROE) • Return on Assets (ROA)	• Equity Dilution • Share Pledge	• Unrelated Diversification • Leverage

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Absolute Freedom Option – Emerging India Portfolio Strategy is an option under Absolute Freedom Strategy

A highly flexible investment option, which offers a diversified investment portfolio across large cap, mid cap, small cap and micro cap stocks. This option follows an aggressive approach to portfolio construction with focus on highly active money management, using cash as an investment tool; and derivatives as a hedging tool.

Investments in securities are subject to market risks. There are no assurances or guarantees that the objectives of any of the Products will be achieved. The investments may not be suited to all categories of investors. The value of the Portfolios can go up or down depending on various market factors. Past performance of the Portfolio Manager does not indicate the future performance of the Products or any other future Products of the Portfolio Manager. Investors are not being offered any guaranteed or indicative returns through any of the Products. The names of the Products do not in any manner indicate their prospects or returns. The performance of the Products may be adversely affected by the performance of individual companies, changes in the market conditions, micro and macro factors and forces affecting capital markets in particular like interest rate risk, credit risk, liquidity risk and reinvestment risk.

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