

Emkay PMS - September, 2016

Dear All,

Monsoon Festival.....Rains are back (after two years) & with a bang... just the booster that markets were waiting for, Indian equity markets (Nifty & Sensex) gained 3.5%-4% for the quarter, more importantly the rally was broad-based and momentum across the mid-small cap stocks was high. The mid-cap indices gained nearly 11%-12% & 20-24% in last three & six months respectively of this financial year.

The biggest gainers in the last few months has been cyclicals, with banking, auto, metals, Oil & Gas all sectors gaining in the range of 10%-15% in last three-four months. The optimism on revival of the Indian economy, on the back of good monsoons & lower oil prices has been the major drivers of this rally. In spite of global uncertainties & unprecedented events the Indian markets (equities, bonds & currency) have demonstrated resilience.

FII's continue to be net buyers during the quarter (US\$3bn), but interestingly DII's were net sellers (US\$1.2bn), must be due to selling by large insurance cos.

It was a very good quarter for Emkay PMS, few of our holdings – Bajaj Finance, Sundram Fasteners, LIC Housing Finance, Divis Lab, Mah Holidays did quite well. For most of our old investors, portfolios gained nearly 20% in last six months v/s benchmark indices gaining 10%-15%.

We continue to believe well managed companies in sectors like private sector banking & finance, auto, power utilities (very selective) and in some of the spaces like defense, railways, water, logistics and travel & tourism have the potential to create wealth for investors. We have very recently also made an allocation toward a debt-free rental yield generating Mumbai based real-estate asset, the company has highly ambitious plans to build nearly 8mn sq ft (currently 1.7mn) of operating assets over a period of next 7-10 years, a strong potential for wealth creation. Happy Investing!

Portfolio	April – Sep 2016 (Last 6 months)
Emkay Capital Builder Portfolios*	19.4%
NSE Nifty	11.3%
NIFTY 500	14.9%

Portfolio	FY16 + FY15 + FY14 (Last 36 months)
Emkay Capital Builder Portfolios*	80.5%
NSE Nifty	36.7%
Nifty 500	44.3%

*XIRR for all portfolios

**Warm Regards,
Sachin Shah
Fund Manager**



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