

July 03, 2018.

Dear Sir/Madam,

It has been a lumpy ride for the market this quarter. **There has been a deep correction, especially in mid and small caps, after nearly 4 years of outperformance against Nifty/Sensex.** Some of the reasons are high valuations, corporate frauds, Poor governance, auditor changes, businesses not delivering on earnings etc. **As a result, in the last 2 quarters, our Marvel plan felt the brunt as that fund is midcap oriented. This is on back of consistent outperformance for 5 years in Marvel Plan. Macros have deteriorated to a great extent in 2018 , mainly because of rising interest rates around the world along with rising crude oil.** This makes it hard for Equity markets to do better in short term. **Another major setback is that the rupee has started depreciating.** This is not a good sign for importers as their raw material cost will go up whereas at the same time it is a positive factor for export oriented sectors like I.T and Pharma.

Going forward, Market will remain cautious because we are going into elections next year. FIIs have been continuously selling since the beginning of the year. **Trade war has also created some uncertainty but I feel that India will not be much impacted as we export only 8 to 9% of GDP against China whose export is 19% of GDP and most other developing countries have much higher exports. I feel that liquidity withdrawn across the world by central banks will correct Price Earnings Multiple. Going ahead, one should be careful with high valuation stocks which has still not corrected.**

I also wanted to put some light on our portfolio's performances as they are not doing well in last 6 months. It is due to various combination of some factors. **In PMS, we have always been conscious about the appropriate valuation that should be given to buy a good business. In doing so we have missed on some high quality names which we felt were richly valued and were above our threshold limit of buying.** Current market scenario is such that they are getting more & more expensive as they continue to deliver good results. **On the other hand we have been invested in stocks which were attractively valued but are going through a tough time and so the near term results have not been so good.** Resulting into **temporary underperformance which we think will rebound once the companies start delivering on the basis of increased earnings.** Equity is a game of patience and if you want to outperform over long term then you have to take few bold calls which might give you short term underperformance. I am also enclosing an informational piece written by me on "Investing is simple but not easy".

CONCEPT WEALTH PLUS (PMS) PERFORMANCE						
PMS Funds	Concept Legend (Inception : 28th July, 2009)	BSE 200 Return	Sensex Return	Concept Marvel (Inception : 12th Oct, 2009)	BSE 200 Return	BSE Midcap Return
Return Since Inception	219.90	144.65%	131.04%	171.60	119.49%	142.24%
Annualized	13.91%	10.54%	9.83%	12.14%	9.43%	10.68%
Last 5 Year	17.74%	14.67%	12.80%	17.64%	14.67%	20.97%
Last 1 Year	3.86%	11.06%	14.56%	-5.42%	11.06%	5.51%

*Returns as on 30th June, 2018 and are post expenses.

*Past performance may or may not be sustained in future.

On 28th July, 2018 we are completing 9 years of wealth management. We celebrate our anniversary by organizing a programme every year under 'CREATION OF WEALTH' series. **The 9th Annual Programme is scheduled on 22nd July 2018(Sunday)** at Platinum Jubilee Hall of Chamber of Commerce at Sarsana, Surat (usual venue). **The theme for this time is 'INVESTING in NEW INDIA'**. We are going to look at the various growth parameters of economy in the context of next 10 years and will also try to identify good INVESTMENT opportunities via a panel discussion. The panel will consist 5-6 experts who would be discussing on the same central idea which will be moderated by Conception Jasmin Akbari. I will be presenting on 'How India is riding a new wave'. We shall also have a presentation on 'INVESTWELL Advisory', our new vertical, by our chairman Mr. Hemant Desai. Hereby I cordially invite you to attend the programme and be the part of NEW INDIA. You will also be receiving the invitation card shortly.

Finally on concluding remarks I want to say that **short term sharp corrections are part of markets which should be ignored as it does not damage long term compounding. Long term outlook is very much essential to earn out of equities.**

Yours Truly,

Siddharth B. Mandalaywala