

From the desk of Rajen Shah

31st December, 2011

Dear Value Investors,

This quarter saw the launch of our top line fund – **Angel Evergreen Large Cap Portfolio**. This growth portfolio will have almost 70-75% of its assets in blue chip companies with the remaining to be deployed in small and mid cap companies. The race will be with BSE Sensex and Nifty and the objective would be to obviously beat the same and deliver superior returns.

However one needs to keep in mind that **Equity Investment** is all about, first **Patience** and then **Returns**. Unfortunately most investors fail to understand this basic principle of investing. Infact what we have noticed in case of Angel Lotus Fund (launched on 24th April 2010) is that many investors have off late started losing patience and redeeming their investments (most of them have not even stayed for 18-24 months in the fund, minimum asked for at the time of their investment in the fund) and the reason – ***"The fund has not performed for the past 12 months and we are in losses"***. Here we need to understand that moving up and down is an intrinsic character of the market and one should not get deterred by the same. Stock markets are like pendulum, swinging both ways to the extreme, irrationally high on over optimism in markets and incredibly low on utter pessimism. It's only for a brief while that it's at fair valuation. So one needs to take advantage of this wild swings as and when these happens - meaning exiting when the market is absurdly high and investing when its dirt cheap. Unfortunately most of the investors do exactly the opposite, invest when times are good and redeem when times are bad (as seen in Angel Lotus Fund). Infact history has shown us time and again that the best time to invest is when there is gloom and doom and not boom because when there gloom and doom you get stocks cheap and from there they can only rise!! So forget about redeeming your investments, the right strategy would be to increase your exposure at every dip.

Most of the companies which we own for you in the fund are very good businesses and are likely to grow at more than the respective average industry growth for many years to come. Markets will surely acknowledge this in the months/years to come. Till then the mantra is sit tight on these investments and don't get swayed by irrational price movements in them.

Happy 2012 and hope it turns out to be a much better year!!!

RAJEN SHAH

FUND MANAGER - Angel Oyster / Angel Lotus / Angel Evergreen Fund

Disclaimer: The sector allocation indicated above is on an aggregate portfolio basis for each strategy. Individual clients may witness variations in their portfolios depending on their entry/profit booking in each strategy. The sector allocation is dynamic and subject to change without any prior intimation. Investments in securities are subject to market risks and other related risks and there is no assurance or guarantee that the objectives/strategies of the portfolio management scheme shall be fulfilled/successful. The names of the schemes do not, in any manner, indicate their prospects or returns.
