

The Mayur Hedge Fund

NAV	\$91.44
MTD	-5.71%
YTD	1.94%

Fund Objective

The Funds investment objective is absolute return oriented with a long bias to achieve long-term capital appreciation through investing predominantly either directly or indirectly in equity and fixed income related instruments of Indian companies.

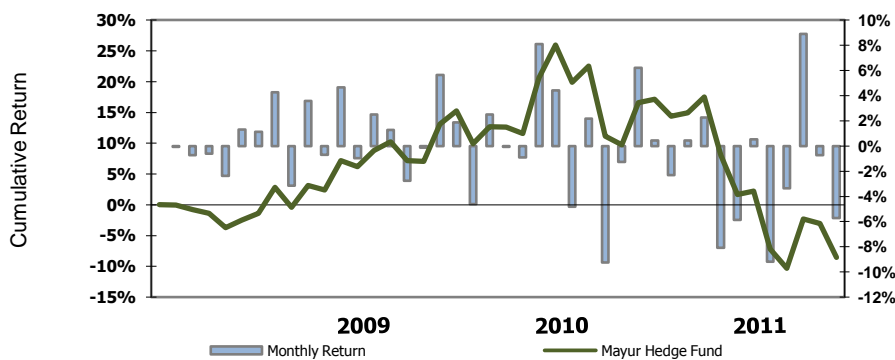
Key Statistics

Returns	Mayur HF	Eurekahedge India L/S	Risk	Mayur HF	Eurekahedge India L/S
YTD 2012	1.94%	8.53%	Standard Deviation	14.61%	4.50%
Avg. Monthly Return	-0.13%	0.20%	Max Drawdown	-28.79%	-7.23%
Best Month	8.91%	2.98%	Sharpe (5.00%)	-0.44	-0.54
Worst Month	-9.25%	-2.50%	Beta		2.12
% Positive Months	46.34%	60.98%	Correlation		0.65

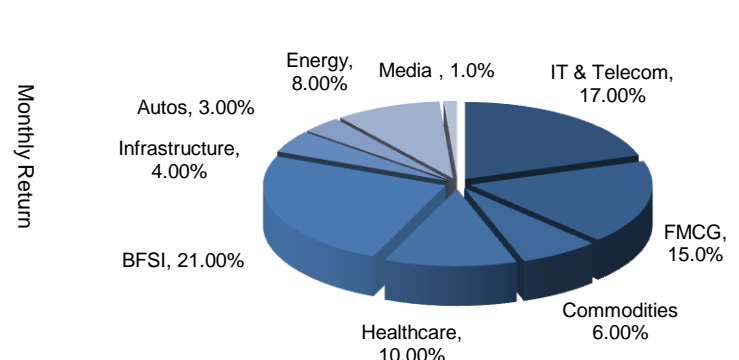
Monthly Returns (Net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2012	8.91%	-0.74%	-5.71%											1.94%
2011	-9.25%	-1.27%	6.22%	0.45%	-2.32%	0.45%	2.28%	-8.09%	-5.88%	0.53%	-9.19%	-3.36%	-26.78%	
2010	-2.76%	-0.12%	5.66%	1.87%	-4.63%	2.51%	-0.05%	-0.90%	8.10%	4.43%	-4.83%	2.19%	11.15%	
2009	-0.61%	-2.36%	1.31%	1.12%	4.28%	-3.16%	3.58%	-0.71%	4.65%	-0.95%	2.51%	1.28%	11.10%	

Portfolio Performance



Sector Allocation (% of Equity)



Top 5 Long Equity Positions

Position	% of NAV
Position 1	5.38
Position 2	5.19
Position 3	5.10
Position 4	4.83
Position 5	4.80
Top 5 Long positions as % of NAV	25.30%

Liquidity Analysis

Position	%
Equity Long	
Large Caps (>US\$ 1,000 mm)	81.00%
Mid Caps (US\$ 200 - 1,000 mm)	19.00%
Small Caps (< US\$ 200mm)	0.00%
Total Equity Long(% of NAV)	85.00%

Commentary

Indian equities slipped in March after an impressive performance in the first two months of January and February of the year as the outcome of key events like Union budget, monetary policy and outcome of state assembly polls failed to boost sentiments and take markets further higher. Nifty edged lower and ended the month down 1.7% while the BSE mid cap and BSE small cap lost 0.60% and 3.4% for the month.

Sector wise, defensives were back in favour in March, reversing the trend seen over the previous two months. BSE FMCG and BSE Healthcare were the best performing sectors with a positive return of 7.8% and 4.6% respectively for the month while BSE Real Estate and BSE Power underperformed by 9.1% and 8.3% respectively. Foreign Institutional Investors (FIIs) remained net buyers (cash) in Indian markets with USD1.55bn of net inflows during the month while Domestic mutual funds (DMF) remained net sellers with USD280mn of Indian equities. After substantial up-move from all time lows, the INR lost 3.8% against USD and against all major global currencies as well during March. While the central bank continues to intervene, the structural issues of trade deficit and dependence on foreign capital are expected to weigh on rupee in the near future.

During the month the RBI said core inflation is finally showing signs of moderation due to slowdown in domestic demand and decline in prices of non-oil commodities. However, it cautioned that fuel inflation had not risen despite the sharp rise in global crude prices, indicating 'suppressed' inflation in fuel prices. The RBI also mentioned that growth is decelerating due to the uncertain global environment, lag impact of past rate hikes and domestic policy uncertainties. The tone of the policy statement clearly indicates that while growth concerns would outweigh inflation hereon, the timing and magnitude of rate cuts would depend on the trajectory of inflation and pace of fiscal consolidation. RBI decided to keep the key policy rates unchanged, including CRR and SLR. Hence, the repo rate remains at 8.5% and consequently the reverse repo and marginal standing facility (MSF) stands at 7.5% and 9.5% respectively.

Most of the experts view that the Union Budget presented had directions on curtailment of subsidy, but not necessarily concrete actions. Unlike the optimistic fiscal deficit target of 4.6% of GDP in FY12, the 5.1% target pegged for FY13 seems much more realistic and highly probable. However, adjusting for optimistic revenue assumptions (on customs, spectrum) and under-allocation of subsidies, fiscal deficit will still overshoot the target for FY13E as well. Overall the budget didn't include any big bang reforms. While the government resisted the temptation to be over-populist, it also missed the opportunity to send out a strong message of its intent and thrust on reforms. The Budget did not mention any specific timelines for implementation of big reforms like Direct Tax Code, Goods & Services Tax and FDI in aviation, multi-brand retail that would structurally be positive for India in the long term.

A prolonged period of tight liquidity in money markets, concerns over hefty borrowing programme for H1FY13 and toning down of expectation on quantum of rate cuts have resulted in sharp increase in long tenure yields off late. However, given the sharp downtick in growth, deteriorating private sector margins (EBITDA margin contraction of 256bps in Sensex ex-oil companies in Q4FY12E) and inflation at 7% to 8% mark.

Q4FY12 is expected to be yet another weak quarter as against earlier trend of strong revenue growth. Momentum is seen to be slowing down in topline growth while margin continues to remain in contraction mode leading to muted earnings growth. Core defensive sectors (pharma and consumer goods) are yet again expected to post good set of results while growth in cyclicals is expected to lag. Going into FY13, the earnings trajectory seems to be bottoming out as reflected in the rising upgrade to downgrade ratio. India's dependence on oil continues to be an overhang for the markets. Rising crude exacerbates the 'twin-deficit' problem of the Indian economy, initially with an import bill raising the current account deficit, and then the delayed pass-through translating into a higher subsidy burden and hence higher fiscal deficit. With growth concerns outweighing inflation currently, RBI is expected to oblige with rate cuts. However the timing and magnitude of rate cuts would depend on the trajectory of inflation, inflation expectation and pace of fiscal consolidation.

Fund Information

Fund Manager:	Mayur Asset Management Ltd.	Management Fee:	2%
Administrator :	International Management Mauritius Ltd	Incentive Fee:	20%
Domicile:	Mauritius	Highwater Mark :	Yes
Start Date:	Nov-08	Subscription :	Monthly
Minimum Investment:	250,000.00	Redemption :	Quarterly
Currency:	USD	Redemption Notice:	45 days
Subscription Fees :	\$499,999 and Less	Lock Up :	First year
	\$500,000 to \$999,999		
	\$1,000,000 and Above		
	2.0%	Structure	Open Ended Expert Fund
	1.5%	Bloomberg Ticker:	MAYURHE KK EQUITY
	1.0%		

Contact Information

Hedge Funds & Fund Of Funds
Global Tower
Sharq, Al Shuhada' St.
P.O.Box: 28807 Safat, 13149 Kuwait.
Phone : (965) 2295 1000
Fax : (965) 2295 1005
www.globalinv.net

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