

STANDARD & POOR'S



November 2011

INDIAN ENTREPRENEUR FUND

Mauritius domiciled open-end investment offering

Fund owner: Enterprise Investment Managers Ltd

Fund manager/adviser: ASK Investment Managers

Named portfolio manager/adviser(s):

Sumit Jain (since launch)

Peer group: Indian equities

Location: Mumbai

Launch date: March 2010

Fund size (August 2011): US\$26m

Contact group: +91 022 6652 0117 or

www.ieof.com

Further information on S&P's fund coverage can be found at www.FundsInsights.com

Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

Performance statistics

	Launch
Fund	10.2%
Standard & Poor's peer median	-7.0%
Index**	-9.4%
Fund rank	13/319

** S&P/IFCI India USD

Note: returns are cumulative

Calendar-year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine with tenth decile as rank one.

Performance Data Source - © 2011 The Management Group. All rights reserved. All statistical data on this report has been run to 1 September 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (October 2011)

This niche product invests in companies that are run by entrepreneurs or are family-owned businesses. Holding around 20 names, it is a high-conviction mandate that is constructed with reference to the BSE 500 benchmark.

It has been managed since launch by Sumit Jain who has seven years' investment experience. Compared to other managers within our Indian equities peer group, this is not lengthy, but he benefits from the support of three further portfolio managers. All four managers have worked together for the last five years. ASK IM has also recently appointed Prateek Agrawal as CIO, while the group's executive director and highly experienced Indian equities investor, Bharat Shah, acts as mentor to the team.

The team adopts a collegial approach to its stock analysis, with the four managers and two senior analysts driving the research and a further five associates providing support. Given the fund's philosophy, there is a fairly strict initial filter that strips out companies that do not satisfy the criteria of having ownership by a single promoter or family stake in excess of 26%. A liquidity screen removing stocks with a market cap below \$250m and profit before tax under \$20m further reduces the opportunity set prior to the team assessing areas such as corporate governance and management's previous track records, and producing stock models. Valuation plays an important role in selection.

The fund has a promising track record which has been built off a solid process. The fund achieves an S&P A rating.

Fund manager & team

ASK's investment team reports into recently appointed CIO Praeteeek Agrawal (17 years' experience) and consists of four portfolio managers, two senior analysts and five research associates. The managers and senior analysts lead the research and are assisted by the associates. As of September 2011 the team was responsible for \$350m, split between five main strategies: high growth-at-a-reasonable-price; deep-value; life - a play on superior capital efficiency underscoring highest quality; strategic value - a combination of deep value and strategic value in a portfolio of 18/20 stocks; and this product (IEF). The group's executive director, Bharat Shah, is an experienced investor in the Indian market and acts as a mentor to the investment team.

Sumit Jain - management studies (University of Mumbai) & DBF (ICFAI, Hyderabad), started his career as an FMCG analyst in early 2004 before moving to ASK IM in October 2005.

Prateek Agrawal - CIO - joined ASK IM in 2011 following three years at Bharti Axa Investment Managers and three years at ABN AMRO AMC where his roles included fund manager and head of equities.

Bharat Shah - CA, CWA, MBA (IIM Cal), has over 20 years' experience, including eight as CIO of Birla Sun Life AMC. He joined ASK IM in December 2002.

Management style

The fund aims to outperform its BSE 500 index benchmark through a portfolio of companies that are either run by entrepreneurs or are family-owned businesses (FOBs).

The market's largest 500 companies are split into four categories: FOBs, multinationals, public sector undertakings and pure professional firms. This product focuses exclusively on FOBs. A liquidity screen removes stocks with a market cap below \$250m and profit before tax below \$20m, leaving an investable universe of around 240 names.

Market knowledge of areas such as management quality, previous track records and corporate governance standards reduce the list further, allowing the team to produce detailed analysis on around 65 companies. A Garp-based style is employed and emphasises stocks with earnings growth in the region of 25%, capital efficiency (ROE/ROCE) of 25% and a price/value gap of 25%. Liquidity levels are further checked before the resultant 18-20 stock portfolio is constructed with reference to the index. Absolute limits are set at the stock (10%) and sector levels (25%), while poorly performing stocks are placed under review. Cash is held at around 5-10% but can be raised during volatile conditions.

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FUND MANAGEMENT RATING

Portfolio & performance analysis (August 2011)

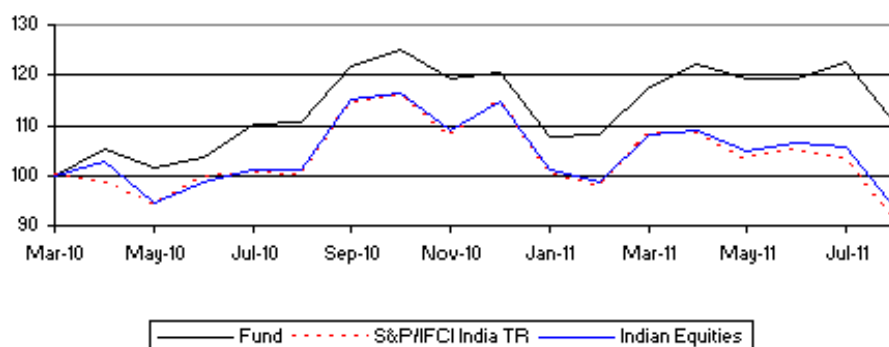
At review this \$26m portfolio was focused into 20 names, giving a top-10 concentration of 48%. As expected, this focus reflected sizeable sector deviations from the BSE 500 benchmark. Healthcare was the favoured area in both relative and absolute terms as seen through the index +14% overweight; the team is focusing on the current high levels of growth it sees in the generics market. Key holdings include the top two active weights - Divis Laboratories and Lupin. Power & electrical (+9%) and agrochem/fertilisers (+7%) are also favoured.

We were unsurprised to see the zero-weighting in oil & gas owing to the ownership structures of many of the companies, although software stocks (which have a wealth of entrepreneurial talent) were also avoided as many names currently do not satisfy the team's quality/growth/valuation selection criteria. FMCG (-9.6%) was also underweight, the sole holding being Pidilite Industries. Exposure to banks (-7.4%) was played through smaller regional players, IndusInd Bank and Yes Bank. Index heavyweight stocks Reliance Industries and Tata Consultancy Services (later bought) were zero-weighted, while Bharti Airtel was exited on concerns regarding its operating environment.

The market-cap breakdown showed a bias to mid-caps, with 41% of the fund in the \$500m to \$2bn area; 29% was held in stocks larger than \$2bn and 9% in those under \$500m. Cash at our data cut-off was 21% and, although it can be used tactically during volatile conditions, it has recently risen further due to inflows.

Since launch the fund has delivered strong returns relative to both the S&P Indian equities peer group and its benchmark. On a cumulative basis to end-August, it has delivered 10.2% compared to -7.0% for the median and -9.4% for the index. Although this is still a reasonably short track record, the fund has added value in the rising market of H2 2010, while the quality bias and higher cash element has driven relative outperformance this year to date.

Cumulative performance



Portfolio characteristics (August 2011)

No. of holdings	20
% in top 10	48.1
Turnover ratio (%)	52

Top 10 holdings

Company	%
Lupin *	5.1
Divis Laboratories *	5.1
IndusInd Bank	5.1
Opto Circuits India *	4.8
Exide Industries *	4.8
Muthoot Finance	4.8
Titan Industries	4.7
Coromandel International *	4.6
Bajaj Auto	4.6
Motherson Sumi Systems *	4.5

* In top 10 holdings a year ago

Sector allocation

Sector	%
Agrochem/fertilisers	8.8
Automobiles	13.9
Banks	9.0
Capital goods - power & electrical	12.2
FMCG	1.2
Healthcare	17.7
NBFC & FIs	4.6
Packaging	2.6
Retail	4.8
Telcoms	1.7
Utilities	1.9
Cash	21.6

Calendar year performance

	2007		2008		2009		2010		YTD September 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-	-	-	-	-	-	-	-	-8.7	15/344
Index**	-	-	-	-	-	-	-	-	-21.1	-
Median	-	-	-	-	-	-	-	-	-19.1	-

** S&P/IFCI India USD

Fund benchmark: BSE 500

Share class screened: MU0185S00183 (Retail A)

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Symbols and Definitions

Long-only fund ratings

- AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-hedge-funds ratings

Absolute return fund ratings

Specialist fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (UR) Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.
- (New) Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

- V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.
- V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.
- V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.
- V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.
- V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.
- V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.