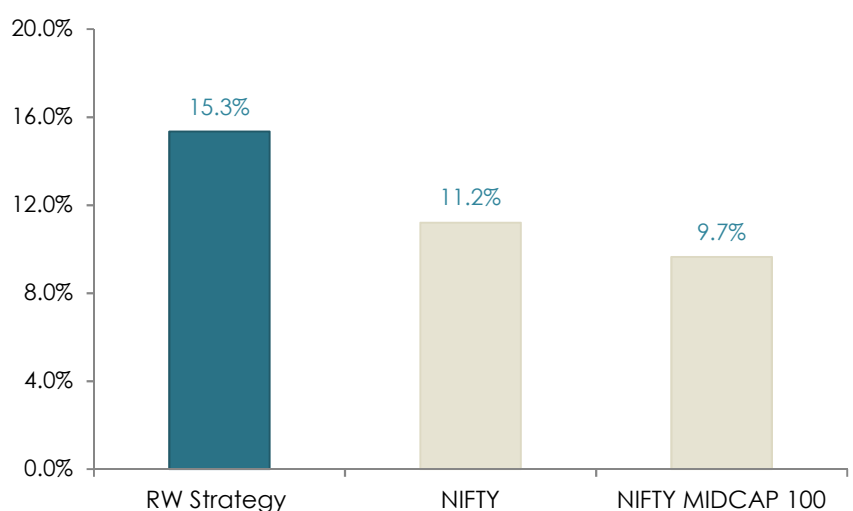


Investment Objective

RW Investment Advisors uses a proprietary framework that combines fundamental and technical factors to identify businesses that can create long term wealth. The guiding philosophy is capital protection and compounding over longer periods.

Chart 1: RW Strategy Performance (Actual IRR)



Top Performers

Scrip Name	Purchase Date	Purchase Price (Rs.)	CMP (Rs.) as of 31-03-2019	Growth (%)
HDFC Bank	13-Feb-14	634	2,317	265.4%
Bajaj Finance	17-Jan-18	1,702	3,025	77.7%
IndusInd Bank	30-Nov-16	1,079	1,782	65.2%
Abbott India	17-Mar-17	4,524	7,297	61.3%
Schaeffler India	30-Aug-17	4,250	5,507	29.6%

Disclaimers and Risk Factors

RW Strategy Inception Date: 17th December, 2013, Data as on 28th March, 2019, Data Source: RW Internal Research. RW Strategy results are for an actual Client as on 28th March, 2019. Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The stocks forming part of the existing portfolio under RW Strategy may or may not be bought for new client. The Company names mentioned above is only for the purpose of explaining the concept and should not be construed as recommendations from RW Advisors. Strategy returns shown above are post fees and expenses.

RW Investment Advisors LLP is registered with SEBI as an Investment Advisor (INA200004342) and is subject to its rules & regulations

Holding Companies

Asset Concentration	Holding
No. of Companies	18
Top 5 Company Holdings	40.1%
Top 10 Company Holdings	67.7%
Highest Exposure	HDFC Bank (12.3%)

Sector Allocation

Sectors	Allocation (%)
Banking & Finance	23.2%
IT Services	14.9%
FMCG	14.3%
Consumer Durables	12.9%
Paints & Varnishes	11.1%

Market Capitalization

Market Capitalization	Holding (%)
Large Cap	40.4%
Mid Cap	55.5%
Small Cap	4.1%
Avg. Market Cap (Rs. Bn)	1,184

Qualitative Analysis

Parameters	TTM
PAT Growth	22.7%
PE	40.0x
ROE	25.7%

Holding Period

Holding Period	No. Of Scrips
Less than 1 Year	7
Between 1 to 3 Years	9
More than 3 Years	2

In previous quarterly letters, we laid emphasis on investing in companies with franchise value and growth. In this letter, we would like to cover the behavioural aspect of investing at RW Advisors – i.e. are we buying and selling at the right time? which can add to defensiveness of the portfolio by ensuring lower draw-downs/volatility.

Chart 2: No. of quarterly purchases plotted against Nifty 50

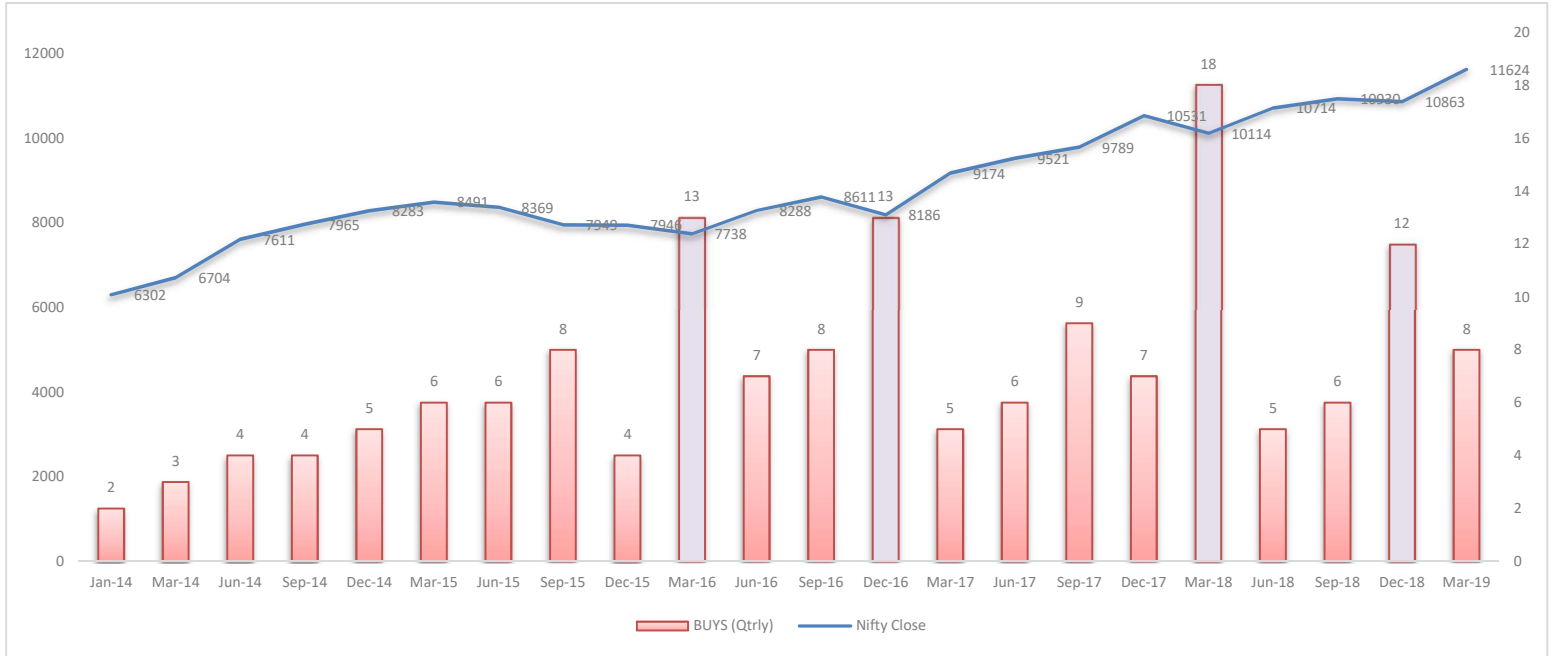
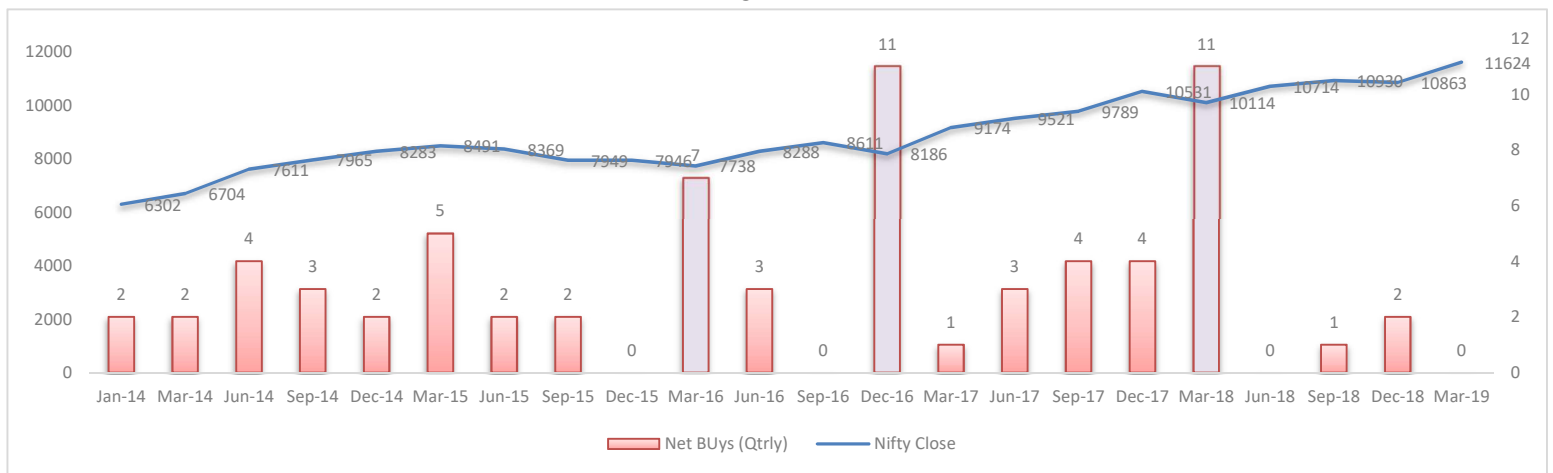


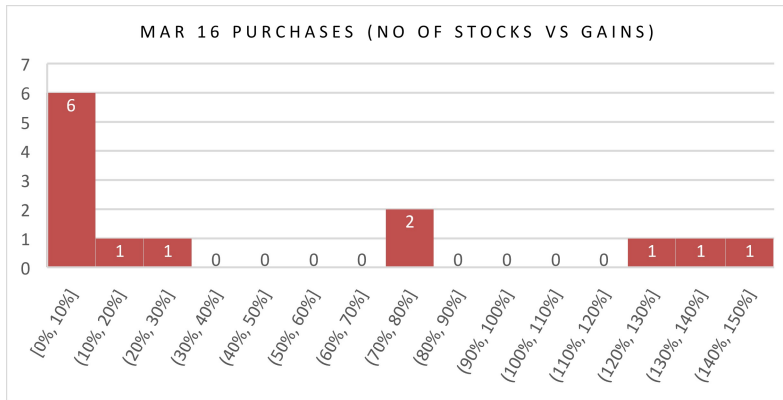
Chart 3: No. of net purchases by quarter plotted against Nifty 50



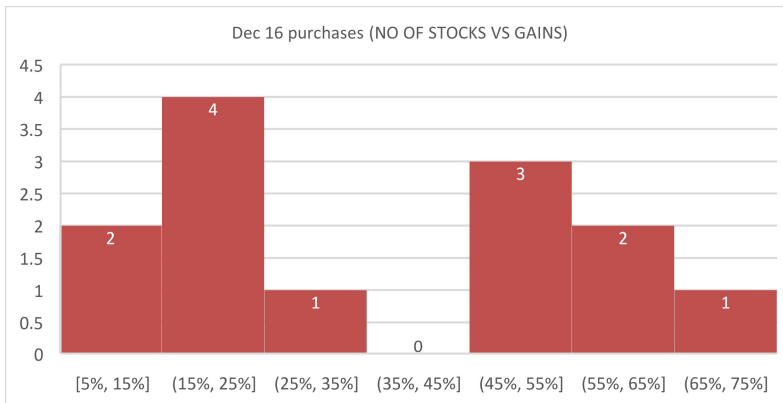
Key observations from purchase data above:

- We stepped up purchases in the quarters ending March 2016 (Brexit), Dec 2016 (Demonetization), March 2018 and Dec 2018 (mid-cap meltdown), while there were reasonable market corrections
- March 2018 was an aberration in the sense that we felt prey to FOMO (fear of missing out) given the strong performance of 2017. It is worth examining the trades from that quarter. In hindsight, we should have been more patient
- On the whole, It appears that we are doing ok in timing the purchases, although we can fine tune it further

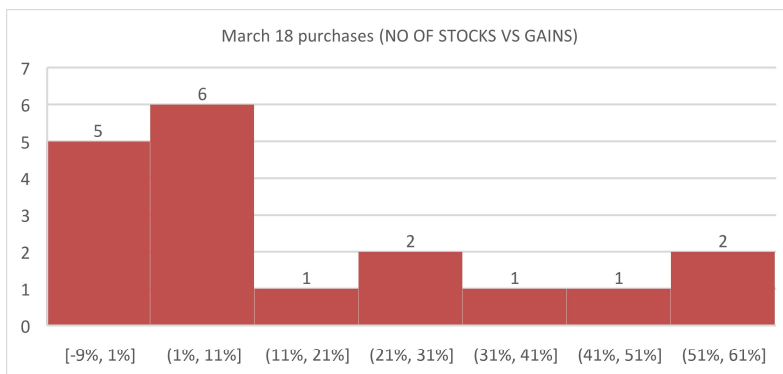
Chart 4: Profit histograms of purchases made in quarters ending Mar 16, Dec 16 and Mar 18



- Gains are plotted on the x axis, while the number of companies achieving those gains on the y axis
- Market correction was primarily due to Brexit related hype, although nothing much materialized in reality
- We made a total of 13 purchases, interestingly none of them returned a negative return in the 3 years
- We only own 1 company from that vintage in the current portfolio
- Therefore, most returns shown in the graph are realized gains with an average gain of 49% with no losers



- Market fall during this quarter was due to the fear of demonetization after effects
- Infact, a few of the organized players gained market share tremendously due to demon
- As discussed in the previous quarterly letter, although we did well on the number of purchases, we should have bought the highest quality companies eg. Titan during the fall
- Average gain was 35% with no losers. We own 1 company from that vintage in the current portfolio



- After the heady gains of CY17, market dropped a bit in March 2018
- We made about 18 purchases – of which, 5 have returned negative returns after an year. Average gain was 14%. We still own 7 of the companies bought then
- We still need some more time to judge the purchases from this vintage since its only been a year
- To be candid, In hindsight, we should have been more patient

When it rains, we are hopefully not filling just thimbles. It's a sage advice for any one in the markets by none other than the Oracle of Omaha. We probably side-stepped the patience piece a bit in March 18 and should get that back in focus. Longevity of holding a stock only comes by buying the right stock at the right time – we still have a long way in perfecting this.

A word on the current laggards in the portfolio –

Emami – It's a large position in the portfolio and is down about 15% from the purchase price. I'm waiting for volume growth to return for paring the position. Despite showing early signs of improvement, Keshking's growth has been disappointing in the face of Patanjali's threat. It has good cash flow and valuation support at the current level although the product portfolio is not inspiring. It should take atleast couple of quarters given the consumption slowdown in rural India

Eicher motors – Although a small position, Eicher has the largest drawdown of all the investments till date at 25%. Franchise is worn-down along with a deterioration in auto environment. Sooner or later, we will have to exit at a 15% loss as and when the auto cycle turns. Vinod Dasari (new CEO) is a great leader given his track record at Ashok Leyland but it seems unlikely that things will turn significantly in the next one year for the stock to regain its old glory.