



# Neeti Fund Limited

We Respect Capital

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# What is Neeti?

The word "Neeti" is from Sanskrit and, together with its variants, means morality, justice, ethical behaviour and truth.

Neeti is a fund of funds investing in both long only and long/short funds with a deep value bias.

- Conservative approach focused on capital preservation and steady compounding. As Peter Bernstein said "Survival is the only road to riches"
- Proven methodology to identify high quality, value oriented underlying managers. As Jan Van Eck says "In the new economy, measures of value is the wide moat philosophy which means looking at earnings on a forward-looking basis and making sure you don't overpay. That valuation discipline is very important." Our fund managers have this value discipline
- We aim to be the trusted outsourced CIO for our investors. A substantial portion of the Investment Advisor's personal wealth is invested in Neeti. Our interests are completely aligned with yours

# About The Investment Advisor

P. V. Ramanathan (Ram) is a Chartered Accountant by qualification who has been focused on analyzing managers since 2005.



## Network

Ram attends three to five value conferences a year and is connected widely with the value investing community globally. He has been investing personally with value managers since 2005 and a very large portion of his net worth is invested in the Neeti fund.

## Fund manager selection

Ram possesses a proven fund manager selection methodology – dynamic proprietary checklist, due diligence, and regular reviews. He has direct access to most fund managers with whom he invests. Many of these relationships have been built over a long time. Ram has been able to find managers not on the focus lists of most private banks.

## Fund manager qualities

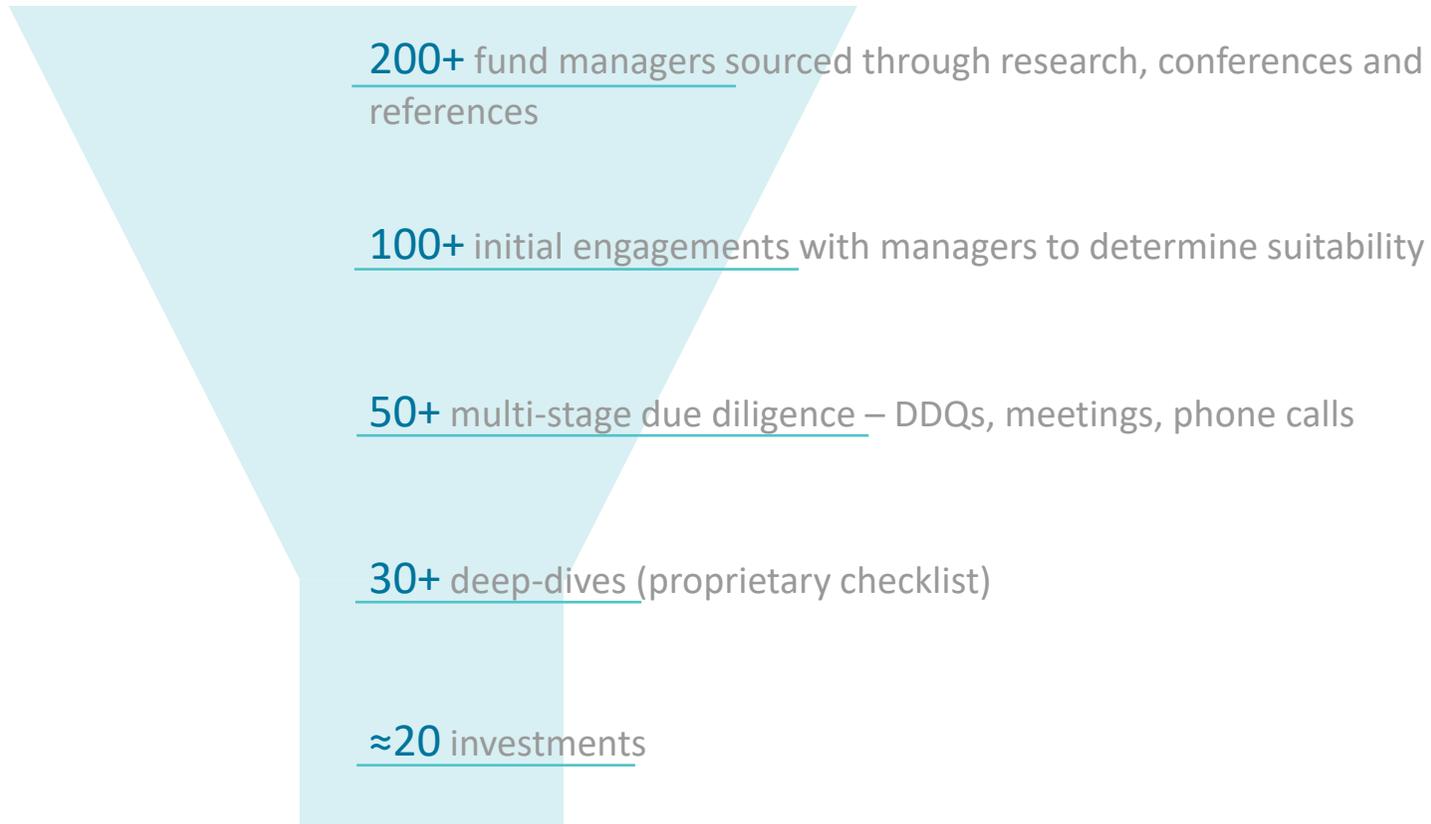
Ram's checklist focuses on qualitative factors in addition to quantitative factors. One such example is "fund manager's humility and constant need to learn." He also looks for fund managers that focus on the process and not the outcome.

## Why Should You Invest in Neeti?

If you have a substantial net worth (more than USD 100M), you could hire staff to replicate what Neeti does and save yourself double fees (i.e. at underlying fund level and at Neeti level). If not, Neeti is the answer - for the following reasons:

- Easy access to exceptional **managers you won't find elsewhere** - none of Neeti's underlying funds are on the whitelist of private banks
- Access to funds which have **high minimums**
- Access to funds which **are closed to new investors** and **access to special fee terms**
- **Flexibility** to invest in small/medium sized funds – large funds have constrained opportunity sets
- Broad **diversification**
- Complete **alignment of interests** – a substantial portion of Neeti's Investment Advisor's wealth is in Neeti. According to Morningstar, over half of the 7,700 mutual funds it analysed had zero personal investment from the investment manager

# How We Select Managers



# Manager Selection Process – What We Look For

We look for the following:

- Low or no management fee
- Performance fee after a threshold return is given to investors
- Fund Manager has significant personal assets in the fund
- The Fund Manager's philosophy is easy to understand
- Judicious use of shorts and leverage
- Strong value bias

# Allocation History

	31 December 2019	31 December 2020
Total number of funds	14 (13 Fund Managers)	19 (18 Fund Managers)
Long-only funds	9 (34% of value)	12 (41% of value)
Long-short funds	5 (63% of value)	7 (57% of value)
		<ul style="list-style-type: none"><li>• 8 “Core” Positions with approximately 70% of AUM</li><li>• 4 “Emerging” Positions with approximately 17% of AUM</li><li>• 7 “Coiled Spring” or “Starter” Positions with approximately 11% of AUM</li></ul>

# Typical Funds

# Fund - I

<b>Nature</b>	Long-short fund specializing in healthcare
<b>AUM</b>	USD 1.5 Bn
<b>Fund Manager</b>	<ul style="list-style-type: none"><li>• Invested USD 150M in the fund</li><li>• Wharton MBA, Masters in Molecular Biology from Cornell</li></ul>
<b>Performance</b>	<ul style="list-style-type: none"><li>• Returns from 2005 to 2010 (at previous fund) is 203%</li><li>• Includes 2008 return of -9.43%</li><li>• ITD returns at this fund +18%pa</li></ul>

## Fund Performance

2013	20.74%
2014	20.09%
2015	16.26%
2016	-2.5%
2017	10.27%
2018	1.8%
2019	60%
2020	26%

# Fund - II

<b>Nature</b>	<ul style="list-style-type: none"><li>• Deep value long/short fund which is globally unconstrained</li><li>• Some tactical shorts (and longs) with strong activism underlay. After building up his position, he selectively publicizes it on social media (large following), mainstream TV etc.</li></ul>
<b>AUM</b>	USD 743 M
<b>Fund Manager</b>	<ul style="list-style-type: none"><li>• Based in NY</li><li>• BA in Economics from Yale</li></ul>
<b>Performance</b>	Aims to earn 12 to 15% per annum

## Fund Performance

Annualised 5-year returns	19.3%
Annualised 3-year returns	27.2%
2018	35.8%
2019	21.2%
2020	26%

# Fund - III

<b>Nature</b>	Multi-stage investment manager dedicated to evidence-based investing in bio-technology and therapeutic innovation. 50+ team of which 30+ have deep scientific expertise across all areas of therapeutic innovation
<b>AUM</b>	USD 6.5 Bn
<b>Fund Managers</b>	<ul style="list-style-type: none"><li>• One, a PhD in Virology from Harvard</li><li>• The other a BA in Chemistry from Cornell</li></ul>
<b>Performance</b>	<ul style="list-style-type: none"><li>• Investing since 2002</li><li>• Track record since 2004</li></ul>

## Fund Performance

2020	35%
2019	34.2%
3-year trailing	32.9%
5-year trailing	25.5%
10-year trailing	28.5%
ITD (2004) p.a.	23.8%

# Fund - IV

<b>Nature</b>	<ul style="list-style-type: none"><li>• Global equity long/short healthcare fund</li><li>• 12-year track record that targets double digit returns in both up and down markets (+10.8 net in 2008)</li><li>• Manager maintains a net neutral (and mostly net short) exposure for the past 9 years</li><li>• ROR since inception (June 2006) is +10.7% pa v S&amp;P return of 7.4% with 50% lesser volatility</li></ul>
<b>AUM</b>	Approx. USD 420 M
<b>Fund Manager</b>	New York based medical doctor.

## Fund Performance

2019	4.0%
2020	11.8%
ITD (June 2006) p.a.	10.4%

# Fund - V

<b>Nature</b>	<ul style="list-style-type: none"><li>• Deep value long/short fund which is globally unconstrained</li><li>• Early investor in Ocado, Takeaway.com and Xero (all multi baggers).</li><li>• Tactical shorts to protect capital in times of stress (Lost only 13% in Feb/Mar 2020). Recovered that in Apr 2020</li></ul>
<b>AUM</b>	USD 300M mostly from 4 US institutions with 3 year hard lockup
<b>Fund Manager</b>	<ul style="list-style-type: none"><li>• Based in UK</li><li>• Oxford graduate</li></ul>

## Fund Performance

2016	-5.1%
2017	19.5%
2018	20.0%
2019	43.6%
2020	55.2%

# Fund - VI

<b>Nature</b>	<ul style="list-style-type: none"><li>• Focused on public traded companies in emerging and frontier markets where there is:<ul style="list-style-type: none"><li>▪ Significant international PE fund ownership OR</li><li>▪ Significant global multinational ownership OR</li><li>▪ Clear catalysts to close valuation gap within 12 months of purchase</li></ul></li><li>• The fund is closed to new investors</li></ul>
<b>AUM</b>	USD 280M, 16% belongs to fund manager
<b>Fund Manager</b>	Undergraduate degree and MBA from Harvard

## Fund Performance

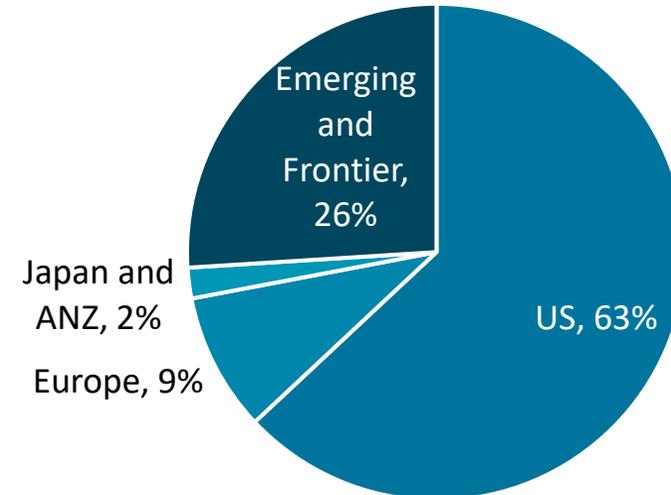
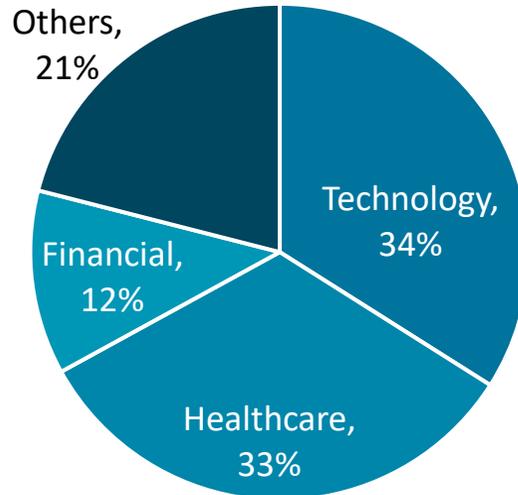
ITD (2004) Return annualised	13.53%
2019 Return	16.6%
2020 Return	23.7%

# Thoughts on Portfolio Construction

Neeti has a conservative approach focused on capital preservation and steady compounding (we lost only 9% in March 2020). Our dream for Neeti is for it to be as anti-fragile as possible - in other words, survive and thrive irrespective of market conditions. This is achieved by careful portfolio construction:

- We are overweight long short funds - 57% of assets - which cushion us from severe market drawdowns
- We are overweight "healthcare/pharma/biotech/therapeutic innovation" - traditionally a very defensive sector. All three funds in this sector that we invest in are outstanding funds which have weathered the 2008 and March 2020 storms very effectively and have stellar long-term track records. In July 2017, Goldman Sachs predicted that by the year 2025, fully 40% of the US Government budget will be healthcare. With the current pandemic, we expect this level to be achieved much earlier
- Our Long only managers run concentrated portfolios which will provide outsized returns over the long term - however, short term results may be "lumpy"

# Distribution – Sectors and Geographies



At 31<sup>st</sup> Dec 2020

Approximate look through allocations based on underlying fund manager reports.

Healthcare includes pharma, biotech, therapeutic innovation etc.

“Others” includes Property, Industrial, Services, Consumer General.

Emerging and Frontier markets include China, India, Korea etc and Europe includes Eastern Europe.

# Fund Characteristics

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Model portfolio returns (after all fees and charges) for Neeti Fund, back-tested to 2014, are as follows:

<b>Year</b>	<b>Model Portfolio</b>	<b>Index<sup>^</sup></b>
2014	16.33%	1%
2015	6.56%	-1.48%
2016	-1.85%	3.5%
2017	21.94%	18.96%
2018	6.41%	-8.41%
2019	13.6% <sup>^^</sup>	18.8%
2020	24.8% <sup>^^</sup>	10.9%

<sup>^</sup> The index is a composite of MSCI ACWI IMI Index and the Credit Suisse Long Short Equity Index weighted based on the respective allocations to “Long Only” and “Long/short” Equity Funds.

<sup>^^</sup> Actual return for Neeti Fund.

# Fund Characteristics

<b>Administrators</b>	Apex Fund Services Ltd. - DIFC
<b>Investment Managers</b>	Dalma Capital Management Limited - DIFC
<b>Investment Advisors</b>	Neeti Ltd, Cayman Islands
<b>Auditors</b>	Grant Thornton Cayman Islands
<b>Legal Advisors</b>	Walkers (Dubai) LLP - DIFC
<b>Bankers</b>	The Northern Trust International Banking Corporation, NJ - USA
<b>NAV</b>	Monthly, independently calculated
<b>Fund Manager Letters</b>	Quarterly
<b>New Subscriptions</b>	First day of every month
<b>Exit Fee</b>	Within Year 1 – 3% Within Year 2 – 2% Within Year 3 – 1% After Year 3 – 0%
<b>Redemption Dates</b>	30 June and 31 Dec every year with 120 days notice

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