


ARCSTONE
 CAPITAL

Discovery through research, value through partnering

Passage to India Opportunity (Cayman) Fund – A Shares

Fund Overview

Passage to India's (the "Fund's") investment objective is to produce long-term investment gains in excess of Indian indices by investing in value, small, underfollowed, and under-researched listed Indian securities. Informational inefficiencies create discounts in valuations, and offer an attractive hunting ground for truly long-term investors. This investment strategy requires a minimum of a three-year time horizon.

The Fund invests in 15-25 companies in a concentrated value oriented portfolio of Indian companies. The fund's average holding period for a company is greater than 7 years.

Investment Philosophy

The fund has a value orientation with a growth catalyst investment philosophy. We look for companies operating in economic segments growing faster than GDP that have a sustainable competitive advantage and are fairly valued. Typically, our companies address a large and growing market. The fund looks for smaller companies with a long-term competitive advantage, honest and long-term oriented management, and discounted valuation. A competitive advantage may be a superior product, large market share, or a new technology. A discounted valuation may be a low price-to-earnings or price-to-sales relative to the industry. Most of the fund's holdings are low to no debt companies with better than industry margins and returns on capital. We are sector agnostic.

We do our own research to generate ideas. After identifying an interesting company, we visit the company and often visit the physical plant(s). In India this is time consuming, expensive, arduous, and absolutely necessary. Meeting the promoters is the only way to judge the people who can either make or break the fund's investment. Personal interaction with management is absolutely critical to investment success. At times we inevitably get it wrong. When we do, we try to fail fast and move on.

A good product, the right people, at the right price, combined with a long-term outlook drives the portfolio. We believe a low turnover, value-focused investment perspective with a long-term horizon is an investment philosophy that will generate superior long-term returns.

Ultimately, as a company grows its top line and profitability, the investment community will take notice, liquidity will increase, and valuations will be re-rated. This provides the fund its exit strategy and a reward for its patience.

Performance

	YTD	1 year	3 years (ann)	5 years (ann)	10 years (ann)	15 years (ann)
Passage to India (Net of fees)	-3.71%	30.89%	22.35%	14.55%	15.48%	16.53%
USD-adj 250 Small Cap Index **	1.21%	55.57%	21.05%	15.94%	*15.97%	*14.96%
USD-adj BSE SENSEX Index **	0.95%	22.28%	9.21%	9.43%	8.94%	10.68%

* USD-adj BSE Small Cap Index

** Calculated based on published values on BSE website

As of March 2024 (unaudited)

Note: There is no BSE Small Cap Index product available to invest. Passage's concentrated portfolio is correlated with the index, but will regularly over and underperform the Index due to its concentrated holdings.

Fund Highlights

- 2014–2017: #1 Fund in Preqin Global Hedge Fund Report, 45% annualized return
- 2014: #1 Fund in Preqin Global Hedge Fund Report, 225% return
- 2013-2016: #3 Fund in Preqin Global Hedge Fund Report, 46% annualized return
- 2007: Fund inception

Investment Style

		Value	Growth	
	Sml	Dark Blue	Dark Blue	
	Med	Dark Blue	Dark Blue	
	Lrg	Light Blue	Light Blue	


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Fund Codes

ISIN	KYG694002760
Bloomberg	PASINLD KY/ PASINLP US

Fund Statistics

Sector	Indian SME's
Feeder Fund Domiciles	Mauritius/ Delaware/ Cayman
Launch date	Nov 2007
Base currency	USD
Fund size	USD 9M
Investment Manager	Arcstone Capital Ltd
Auditors	BDO
Custodian	Edelweiss Custodial Services Ltd
Administrator	ChiLin Global Fiduciary Services Ltd
Min. investment / additions (Individual)	USD 100,000 USD 10,000
Min. investment/ additions (Institution)	USD 1,000,000 USD 100,000
Subscription frequency	Monthly
Redemption frequency	Monthly w/60 days notification
Valuation	Monthly

Fund Charges

Management fee (Individual)	2.00%
Performance Fee (Individual)	20%
Management fee (Institution)	1.50%
Performance Fee (Institution)	15%

Contact Information

Office 22, Ebene Junction,
Rue de la Democratie, Ebène
Mauritius

Tel (US): +1 443 370 1873
Email: info@arcstonecapital.com
Web: www.arcstonecapital.com

Investor Profile

Investors should ideally have an investment time horizon of 10 years or longer, and a minimum of 3 years. Investors must be willing to tolerate shorter-term volatility driven by frequent differences between price and intrinsic business value. The discovery of the Fund's companies by the market and subsequent revaluation can take years, but the Fund is rewarded for its patience once this occurs. Investors must have a desire to invest in small, growing, and profitable businesses while ignoring the shorter-term volatility of the stock market.

Important Information

All fund returns are Passage to India Opportunity Fund (Cayman) Ltd, A Share returns net of all fund expenses and fees. Accrued performance fee allocations, if any, are based upon if an investor invested at the Fund's inception. The returns are unaudited and subject to change. Actual returns may differ from the returns presented. Past performance does not guarantee future results.

The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any interest in any Fund or to participate in any trading strategy. Any offer of shares or of limited partnership interest will only be made through a definitive Confidential Private Placement Memorandum prepared by or on behalf of the Fund which would contain material information not contained herein and which shall supersede this information in its entirety. This document contains privileged and/or confidential information, and may not be reproduced, modified, distributed, transmitted or published in part or full to any other person without the written permission of Arcstone Capital Limited. Although the sources of the information are believed to be reliable, no guarantee for their accuracy is made. This publication is not intended for US investors.