

Valuable Investments

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Annual Report - 2009

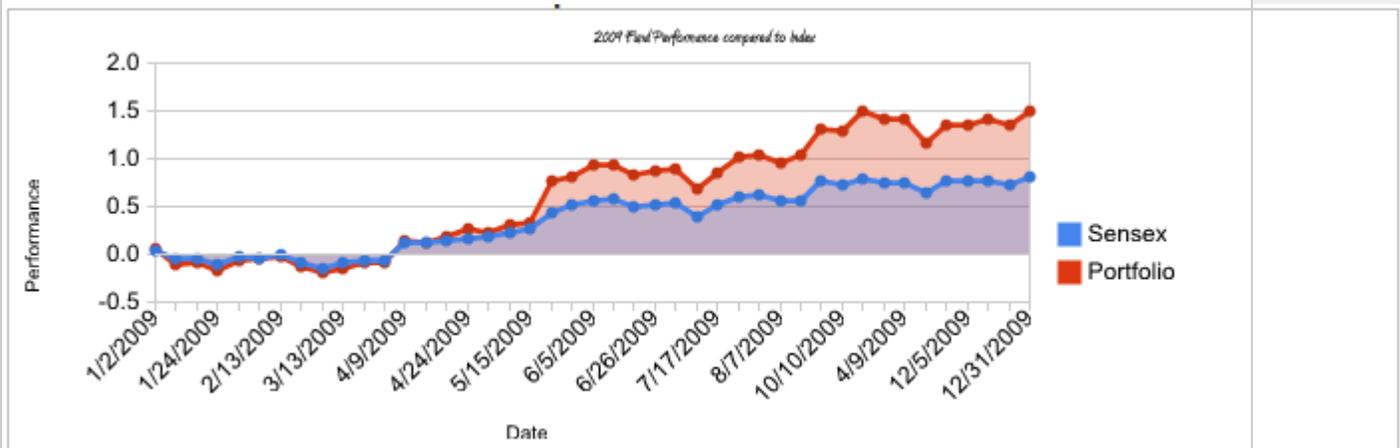
Wish you all a Very Happy New Year!! - Welcome 2010!!

New Year Quotes:

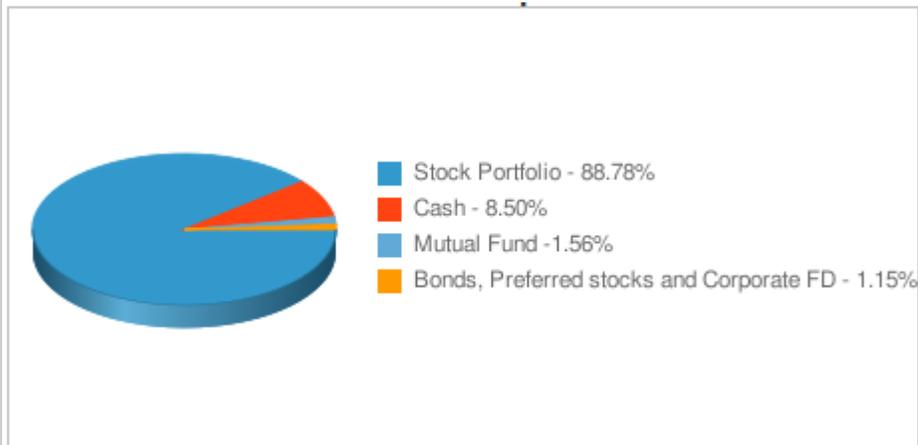
- Cheers to a new year and another chance for us to get it right. ~Oprah Winfrey
- Many people look forward to the New Year for a new start on old habits. ~Author Unknown
- Year's end is neither an end nor a beginning but a going on, with all the wisdom that experience can instill in us. ~Hal Borland

Reflections - 2009:

2009 India Portfolio Performance compared to Index:



2009 Year End Asset Allocation Snapshot:



Sensex started the year 2009 at 9,647 and my fund at 59.1, during the course of year after a wild ride, Sensex closed the year at 17,464 and fund at 148.27. In one word - "Great Year". In terms of percentage (Sensex: 81% & Fund: 150.8%), fund beat the index by around 70% difference. But again, I consider this year to be lucky year & expect almost everyone's portfolio to be up substantially last year.

My portfolio calculations are based on the total performance of all different assets - Stocks, Cash, Preferred stocks, Corporate FDs, Mutual Funds. So it provides a complete picture of the assets which are allocated for investments rather than one asset like stocks. I think this is the only way to measure the performance and check if it justifies your time, effort & risk. If we just take high risk/rewards asset alone like stocks, I think the numbers would be higher. I have written in detail how I calculate and track my portfolio [here](#). It's easy to do and takes only 5 minutes at weekend, best of all, I did not have to do anything special at year end to see how it worked out over last year and every step of the way!!

I made couple of changes over the year and planning to go over few of those changes briefly below.

Allocated a percentage of portfolio (not hard allocation) for arbitrage/corporate action based opportunities and it worked out very well last year. One such investment was TRF when it announced 1:1 bonus shares issue. Sold the shares at 55% profit in 4-5 months (took longer than I expected to sell) which translate to around 132% annualized profits. Another one was Adlabs (now Reliance MediaWorld/Works), brought shares of Adlabs and sold Reliance World (Radio-BigFM) bonus shares received for handsome profit (still holding Reliance Media shares).

Sold very minor portion of 'Jindal Steel and Power Ltd.' shares for the first time after I started accumulating it in 2004 (6 years ago). It had a great run and the only reason for the decision to offload a little was because this single stock was growing more than 40% of my total stock portfolio. So currently I am selling it as and when it go over 40% of total stock portfolio. JISP is planning for Jindal Power IPO early next year, which may be an opportunity for next year, waiting to see the details of the issue. Over next year, I may reduce my total % of investment in JSPL even further.

Reduced the number of companies in the portfolio to 15, this may vary in future, but it was always my objective to keep the number of shares to minimum possible number.

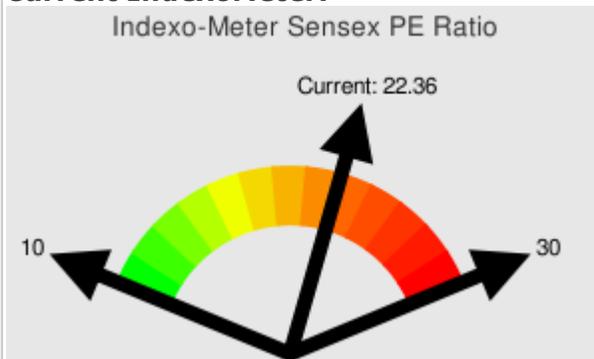
Increased the cash allocation in the portfolio and planning not to hurry to invest again when cash is available. This may be good lesson from last downturn, after all holding cash and waiting is not such a bad thing to do. I know it's easier said than done!! Currently I am holding around 8.5% my total portfolio in cash.

Another opportunity which came up last year mainly due to credit crunch was corporate Fixed Deposits offering high interest rates. Fund allocated a small percentage of assets by investing in Tata Motors FD & Tata Capital NCD (Non-Convertible Debenture) which offered around 11.5% - 12% interest for 3-5 years.

IndexoMeter:

Added 'IndexoMeter' to the site, I had written a post about importance of Index PE ratio [earlier](#). I believe that this could be used as an indicator while making investment decisions. This is not a crystal ball, but can be used as a data point along with other information. Current Index PE stands at 22.36. IndexoMeter is designed in an easy to read and understand format and I will try to update it on every weekends along with fund prices. Look for 'IndexoMeter' on top right side on the site.

Current IndexoMeter:



Stocks positions closed during the year: Portion of Reliance Petro; remaining got converted to Reliance Industries shares, SA Petrochem, Shradul Securities, Power Grid Corp, TRF, Reliance World (Radio).

New stock added: None, but modified existing positions.

Current Holdings:

1. Jindal Steel and Power
2. Sesa Goa
3. Parsvnath Developers
4. Godawari Power
5. Sunil Hitech
6. Reliance Capital
7. Punj Lloyd
8. Reliance Media (Adlabs)
9. IndiaBulls Financials
10. Reliance Industries

11. Sanghvi Movers
12. Great Eastern Shipping
13. Tata Investment Corporation
14. Reliance Communications
15. Housing Development and Infrastructure - HDIL

Best Performers: Jindal Steel and Power, Sesa Goa

Worst Performers: IndiaBulls Financials & Reliance Communications

US Fund:

I liquidated my US Fund on Aug/07 of 2009 for personal use. The performance from Jan/01/2009 to Aug/07/2009 was 31.44% while Index (Dow) was up 6.77%. Planning to build the portfolio again starting in 2010.

On a personal note, I joined for MBA in 2009 Fall. Just completed my first semester, work and studies are keeping me busy which is why the number of posts have reduced. I hope I can find more time in the future.

Again, last year was different and I consider myself lucky and next year I will have to work harder and be lucky at same time to even generate decent returns. Looking forward to a wonderful year - 2010!!

Wish you a - Very Happy New Year!!