



January 31, 2011

Dear Friends,

Happy New Year. Hope all is well.

The Crescendo Model Portfolio had a return of 17.1% versus a return of 17.3% for the BSE Sensex in the year 2010. While we closely matched the market performance, we did so with a very low equity exposure of around 25-35% and a very large cash cushion. Throughout 2010, we were unable to find the kind of bargains we have been finding in earlier years and hence preferred to keep a significant part of the portfolio in cash.

Let us be clear in saying that we do not like holding cash. We would rather invest all the capital in growing, well-managed companies that are available at cheap prices, but, unfortunately, 2010 was not the year of cheap prices. We hope 2011 provides us ample opportunities to deploy this cash and going by the first few weeks of 2011, we sense that could be the case.

We want to quote something that Yusuf Pathan (an Indian cricketer) said recently - *"I went in thinking that I will play my shots, that I won't be in any hurry to play those shots, that I will wait for the balls in my area. That is my strong point, and I have been successful doing that."*

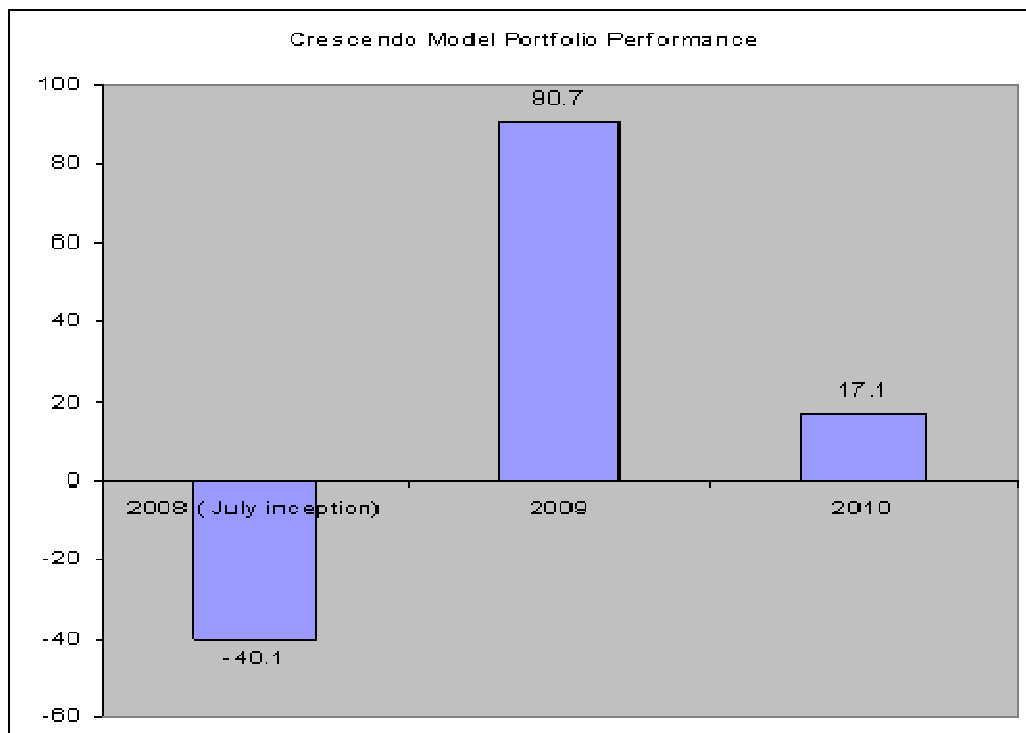
And that is exactly our mental model for investing. We wait until we get the right opportunity and we invest when we get it or else we simply wait (which surprisingly is more difficult).

Lastly, we want to re-emphasize on some of our core principles:

- We treat your portfolios no different than our own. If we buy something for you, it is being bought for our portfolio as well.
- We run a value based portfolio advisory service with emphasis on protecting the downside risk and providing a decent return (we do not aim to beat the market on an on-going basis).
- We assume that you have entrusted us with a significant part of your networth.

Performance figures:-

Time Period	Crescendo Model Portfolio	BSE Sensex
2010	17.1%	17.3%
2009	90.7%	81%
2008 (July-Dec)	-40.1%	-31.6%
Cumulative	33.8%	45.3%
Annualized	13.5%	18.6%



The minimum investment for new clients remains at INR 5 lacs while existing clients can invest in INR 1 lac increments. Our investment values continue to be aligned wherein performance based fees are applicable only after annual returns of 10% to clients.

We would appreciate your referrals, interest and support and look forward to a long term relationship with you. We will write to you again in July 2011.

If you have any questions, please email us at info@crescendo.co.in or call us at

9819987077.

Warm Regards,

Pradeep Vaswani & Ajit Singh Dua
Crescendo Capital Advisors