



# Managed Account Services

Monthly Factsheet - June 2014

Dear Investor,

The eagerly awaited election results are out. The country has a single party absolute majority after many years. The new government promises to improve the business environment and reduce red tape in decision making. All these are good indicators.

Now, does this alter the decision making process in managing your portfolio? Not necessarily.

We will continue to focus on the things that we have been focusing on, viz.,

- The relative competitive advantage of the company concerned
- The ability of the company concerned to grow its sales, profits and cash flows in the foreseeable future
- The ability of the company concerned to grow its profits without too much additional debt or equity
- The quality of the management, both in terms of competence and in terms of integrity, and
- The price at which the stock is available.

These are the factors that will always be relevant, irrespective of whether there is a stable political environment or an unstable environment; whether there is a supposedly "business friendly" government or a "business unfriendly" government; whether we are going through "uncertainties" or relatively "certain" times (which is wishful thinking, in our opinion. No scenario can ever be predicted with certainty!!!)

Having said all that, the extreme skewness that we witnessed in the stock price behaviour of certain sectors like capital goods, engineering, and manufacturing-related stocks vis-à-vis stocks of certain other sectors like FMCG, Pharma and IT has been corrected to a large degree in the past few months.

This means that the out performance of your portfolio, which was achieved largely as a result of taking large bets on underperforming sectors, is unlikely to be repeated in the months to come. This is not to say that we expect your portfolio to do badly !! It just means that the comparative performance of your portfolio vis-à-vis the general market index is unlikely to be vastly superior in the months to come.

You can rest assured that we shall not deviate from the core principles (outlined above) while managing your portfolio.

Pramerica Deep Value Strategy Portfolio Performance as on 30 <sup>th</sup> May 2014				
Period	Portfolio	Nifty	CNX500	CNXMIDCAP
1 Month	12.79%	7.97%	10.41%	15.45%
3 Months	31.18%	15.18%	19.66%	29.93%
6 Months	39.82%	17.06%	21.65%	32.00%
Since inception date 03/07/2013	58.17%	23.43%	27.74%	35.80%
Portfolio Turnover Ratio	1.78%			

3 Month Absolute Returns				
Period	From	To	Strategy Return	Nifty Return
Lowest Returns of Pramerica Deep Value Strategy				
	15-Jul-13	5-Oct-13	2.00%	0.97%
Lowest Returns of NIFTY				
	4-Nov-13	4-Feb-14	3.56%	-5.01%
Highest Returns of Pramerica Deep Value Strategy				
	23-Feb-14	23-May-14	34.49%	19.68%
Highest Returns of NIFTY				
	23-Feb-14	23-May-14	34.49%	19.68%

Please read the performance related disclosures at the end of the document.

#### Important Disclosures regarding the consolidated portfolio performance

Performance depicted as at the above stated date is based on all the client portfolios under Pramerica Deep Value Strategy existing as on such date, using time weighted average methodology. **Past performance is no guarantee of future returns. The above portfolio performance is before charging of any expenses (as depicted above).** Return for period upto 1 year is absolute. Since inception date stated is considered to be the date on which the first client investment was made under the strategy. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have impact on client portfolio performance and hence may vary significantly from the performance data depicted above. Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation noticed in the returns of individual client portfolios. The Portfolio Manager does not make any representation that any investor will or is likely to achieve profits or losses similar to those depicted above. Investment objective of Pramerica Deep Value Strategy: Pramerica Deep Value Strategy seeks to generate returns by investing in a portfolio of value stocks which have the potential of superior wealth creation over long term.

#### Disclaimers and risk factors

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