

PORTFOLIO MANAGEMENT SERVICES

Newsletter October 2015



Pramerica

Dear Investor,

What are the ingredients required to earn a good return from investing? One needs a reasonable amount of intelligence, and the right kind of temperament. Of the two, a proper temperament is definitely more important.

Contrary to popular perceptions, one does not need a phenomenal IQ to be successful in investing. Yes, one does need a reasonable degree of intelligence, but it is not necessary for an investor to be more intelligent than the others in the market to be successful.

What is more important, though, is having a proper temperament for investing. It is unfortunate that this important aspect has not been given the prominence it deserves. Most of the discussions on popular forums give great importance to the “analytical” aspect of investing, but very few forums talk about building a proper temperament for investing.

What do we mean by proper temperament?

- (a) To begin with, a proper investment temperament means understanding oneself thoroughly. An individual’s investment program should be an extension of his or her personality. A very risk-averse investor should not have an aggressive investment plan, and vice-versa.
- (b) Secondly, an investor should choose an investment style (or a combination of products representing the optimum mix of different styles) that best suits him or her. In this choice of the proper combination, your investment advisor plays a vital role. Choosing an investment product just because somebody else has the same, or because it has been strongly recommended by somebody else, makes no sense at all if it goes against the basic personality of the investor concerned.
- (c) Thirdly, an investor should not waver from the style (or a combination of styles), [even if it seems to be temporarily out of favour](#). This is probably the most important aspect in investing. If we choose to invest in a company for a certain set of fundamental reasons, it is important that we stick to that company as long as those reasons are not violated.
- (d) The great Benjamin Graham has explained this concept in a way that is impossible to improve upon: He has called the stock market a weighing machine in the long term, and a voting machine in the short term. In the long term, the facts will matter more (just as a weighing machine reflects the facts). In the short term however, the stock market is a voting machine, where perceptions and popular opinions matter more.
- (e) As investors, we have the choice of either (1) trying to predict which stock will move next and try and buy into it or (2) Have an investment philosophy based out of sound logic and fundamentals, and stick to the same philosophy, irrespective of what happens in the short term. The first method gives importance only to intelligence, while the second method gives importance to both intelligence and the right temperament.

“ The key to dealing with the future lies in knowing where you are, even if you
can’t know precisely where you’re going ”

- James Montier

KEY PORTFOLIO PERFORMANCE INDICATORS

Quarter on Quarter Performance

	Jul '13- Sep '13*	Oct '13 - Dec '13	Jan '14 - Mar '14	Apr '14 - Jun '14	Jul '14 - Sep '14	Oct '14 - Dec '14	Jan '15 - Mar '15	Apr '15 - Jun '15	Jul '15 - Sep '15
Pramerica Deep Value Strategy	2.38%	13.20%	16.77%	26.92%	7.12%	4.82%	1.67%	0.15%	-0.75%
Nifty	-1.31%	9.92%	6.35%	13.53%	4.64%	3.99%	2.51%	-1.44%	-5.01%
Over / (Under) Performance	3.69%	3.28%	10.42%	13.39%	2.48%	0.83%	-0.84%	1.59%	4.26%

* Return for the period 8th July 2013 to 30th September 2013.

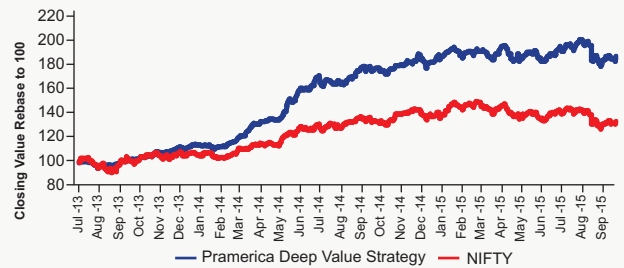
Returns calculated for 3 months gross of expenses.

Returns are Quarterly returns for Pramerica Deep Value Strategy - Discretionary Clients Regular Portfolio.

Top 15 Holdings of Pramerica Deep Value Strategy Discretionary Portfolio Regular Plan as on September 30, 2015

Security	Sector	% Assets
Indraprastha Gas Ltd.	City Gas Distribution	6.93%
Container Corporation of India Ltd.	Logistics	6.65%
Siemens Ltd.	Engineering	4.99%
Infosys Ltd.	Computers - Software	4.90%
Colgate-Palmolive (I) Ltd.	FMCG	4.86%
ITC Ltd.	FMCG	4.29%
Hero Motocorp Ltd.	Motor Cycles / Scooters	3.95%
CRISIL Ltd.	Credit Rating	3.78%
Oil & Natural Gas Corporation Ltd.	Oil Exploration	3.68%
Sun Pharmaceutical Industries Ltd.	Pharmaceuticals	3.55%
Blue Star Ltd.	Air Conditioner	3.41%
Divis Laboratories Ltd.	Pharmaceuticals	3.33%
Glaxosmithkline Pharmaceuticals Ltd.	Pharmaceuticals	3.24%
Bosch Ltd.	Auto Ancillaries	3.24%
State Bank of India	Banking / Financial Services	3.21%
Total		64.01%

Performance Comparison



Portfolio Details

Portfolio Details as on September 30, 2015

Weighted average RoCE	38.80%
Portfolio PE (1-year forward)	16.31
Portfolio dividend yield	1.67%
Average age of companies	56 Years

Portfolio Composition as on September 30, 2015

Large Cap	43%
Mid Cap	34%
Small Cap	13%
Cash	10%

The above holding represents top 15 holdings of Pramerica Deep Value Strategy – Regular Portfolio based on all client portfolios existing as on the date stated above, excluding any temporary cash investments. The above holdings do not represent the model portfolio being offered to the clients (including prospective clients) and hence it is possible that these stocks may not be part of the portfolios constructed for new clients. The above holdings are for illustration purpose only and it should not be considered as investment recommendation or analysis or advice or opinion from the Portfolio Manager on the above mentioned stocks. The above portfolio holdings are provided on an "as is" basis, and the Portfolio Manager makes no express or implied warranties or representations with respect to the accuracy, completeness, reliability, or fitness of the above portfolio holdings or any financial results you may achieve from their use. In no event shall the Portfolio Manager, its directors or employees or its affiliates have any liability relating to the use of the portfolio holdings.

Pramerica Deep Value Strategy Portfolio Performance as on 30th September 2015

Period	Portfolio	NIFTY	CNX500
1 Month	-0.44 %	-0.28 %	-0.35 %
3 Months	-0.75 %	-5.01 %	-3.64 %
6 Months	-0.59 %	-6.38 %	-4.76 %
1 Year	6.02 %	-0.20 %	3.59 %
2 Years	38.11 %	17.74 %	23.03 %
Since inception date 08/07/2013	34.93 %	14.57 %	18.68 %
Portfolio Turnover Ratio*	37.17%		

*Portfolio Turnover ratio as on 30th September 2015.

Important Disclosures regarding the consolidated portfolio performance: Performance depicted above is based on all the client portfolios under Regular Portfolio of Pramerica Deep Value Strategy existing as on such date, using Time Weighted Rate of Return (TWRR). Past performance is no guarantee of future returns. The above portfolio performances are before charging of any expenses. 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. 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.

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.

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This document is dated October 07, 2015.