



Pramerica



Happy New Year **2015**

# Managed Account Services

Monthly Factsheet - January 2015

Dear Investor,

Anyone who is contemplating to invest in equity shares will have these two questions:

- (a) Why am I investing in equity shares? And
- (b) How does one measure the performance of an equity portfolio?

As to the first question, the main reason why anyone invests in equity is that this asset class offers (over a longer period of time), the chance to generate higher returns and therefore get a better inflation-adjusted return. And the best way to measure the performance of an equity portfolio is to compare its performance with that of an appropriate benchmark (a diversified equity index).

While the comparison with an Index is a highly relevant comparison, one also has to bear in mind that **"continuous comparison"** with an Index can be counterproductive.

How does one beat an index? An investor can beat an index **only** if his/her portfolio is different from that of an Index. An investor buys a share after studying the underlying company's fundamentals, prospects and the valuation of its shares. As investors, we buy the share if we think it is undervalued.

Buying shares that are undervalued improves the chances for the investor to earn a good return on his/her investment. A share is undervalued only when the general market does not expect it to go up within a short period of time. And this happens only when the company concerned is relatively ignored by the market.

There is no rule, either man-made or divine, that says that as soon as we buy a share, it has to go up. The share can remain undervalued for several weeks/months after we buy it. It can very well become even more undervalued after we buy it.

Therefore, if we buy a share with the intention of beating the market, we can do it only when the rest of the market gets interested in the share (after we have accumulated our required quantities).

The waiting period for this can be quite frustrating for some investors.

Since this form of investing involves a waiting period, we have to be confident that the companies that we choose to invest in are fundamentally of acceptable quality. If that is so, the waiting period, or any fall in its share price subsequent to its purchase, causes less panic.

We think that this is a very good way to invest. That is what we are trying to do with your portfolio.

As Howard Marks beautifully puts it, **"In the world of investing, being correct about something isn't at all synonymous with being proved correct right away"**

We wish you and your family good health and happiness in the New Year 2015.

## KEY PORTFOLIO PERFORMANCE INDICATORS

### Month on Month Performance

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13*	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Pramerica Deep Value Strategy	-	-	-	-	-	-	-1.34%	-0.87%	4.66%	5.27%	3.31%	4.08%
Nifty	-	-	-	-	-	-	-1.20%	-4.71%	4.82%	9.83%	-1.95%	2.07%
Over/(Under) Performance	-	-	-	-	-	-	-0.14%	3.84%	-0.16%	-4.56%	5.26%	2.01%

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Pramerica Deep Value Strategy	-2.43%	4.96%	14.02%	1.84%	12.75%	10.54%	-0.46%	3.30%	4.18%	1.47%	2.36%	0.95%
NIFTY	-3.40%	3.08%	6.81%	-0.12%	7.97%	5.28%	1.44%	3.02%	0.13%	4.49%	3.20%	-3.56%
Out /Under Performance	0.97%	1.88%	7.21%	1.96%	4.78%	5.26%	-1.90%	0.28%	4.05%	-3.02%	-0.84%	4.51%

\* Returns for the period 3rd July 2013 to 31st July 2013  
Monthly Returns before charging expenses

Returns are for Pramerica Deep Value Strategy : Discretionary Regular

### Pramerica Deep Value Strategy Portfolio Performance as on 31st December 2014

Period	Portfolio	NIFTY	CNX500	CNXMIDCAP
1 Month	0.95 %	-3.56 %	-2.09 %	1.57 %
3 Months	4.85 %	3.99 %	5.58 %	10.21 %
6 Months	12.39 %	8.82 %	9.71 %	13.40 %
1 Year	66.60 %	31.39 %	37.82 %	55.91 %
Since inception date 08/07/2013	55.75 %	26.14 %	31.03 %	43.29 %
Portfolio Turnover Ratio	4.57%			

### 3 Month Absolute Returns

Period	From	To	Strategy Return	Nifty Return
Lowest Returns of Pramerica Deep Value Strategy	17-Sep-14	17-Dec-14	1.04%	0.68%
Lowest Returns of NIFTY	4-Nov-13	4-Feb-14	3.75%	-5.01%
Highest Returns of Pramerica Deep Value Strategy	9-Mar-14	9-Jun-14	36.29%	17.28%
Highest Returns of NIFTY	23-Feb-14	23-May-14	34.16%	19.68%

### Portfolio Characteristics

Characteristics	Portfolio	NIFTY
Average Daily Return	0.12%	0.07%
Daily Volatility	0.59%	0.82%
Beta	0.48	

Portfolio characteristics provided above are based on all the clients' portfolios under the regular portfolio of the strategy for the period from July 03, 2013 to December 31, 2014 for the purpose of understanding the volatility of the portfolio vis a vis the index.

**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 average methodology. 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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### Daily Movement

