

PORTFOLIO MANAGEMENT SERVICES

Newsletter June 2016



Pramerica

Dear Investor,

The latest quarterly results are almost entirely out. There is a mixed bag of results, but the good news is that some sectors that were laggards until recently have started showing some positive signs.

According to CMIE data, the results for the quarter ending March 2016 were like this:

Year-on-year growth	Jan - Mar 2015		Jan - Mar 2016	
Sector	Revenue	Net Profit	Revenue	Net Profit
Automobiles	5.3%	-14.8%	17.0%	54.0%
Pharma & Healthcare	9.4%	6.4%	15.9%	15.8%
Information Technology	5.2%	5.2%	15.6%	15.6%
FMCG	8.5%	7.5%	5.6%	10.6%
Banking	12.2%	1.3%	8.3%	-115.0%
Oil & Gas	-29.9%	-27.0%	-12.4%	-18.9%

Source: Hindustan Times / CMIE Prowess

Sectors that were lagging, such as Automobiles and Engineering (not featured in the table above) have started delivering better returns, whereas there is still a lot of pain in the sectors like PSU Banks and Oil & Gas.

According to Bloomberg, the earnings growth of the Nifty 50 Index over the next two years (CAGR) is estimated to be 19.7% (between calendar 2015 and calendar 2017), and that of the BSE 200 is estimated to be 18.8% during the same period.

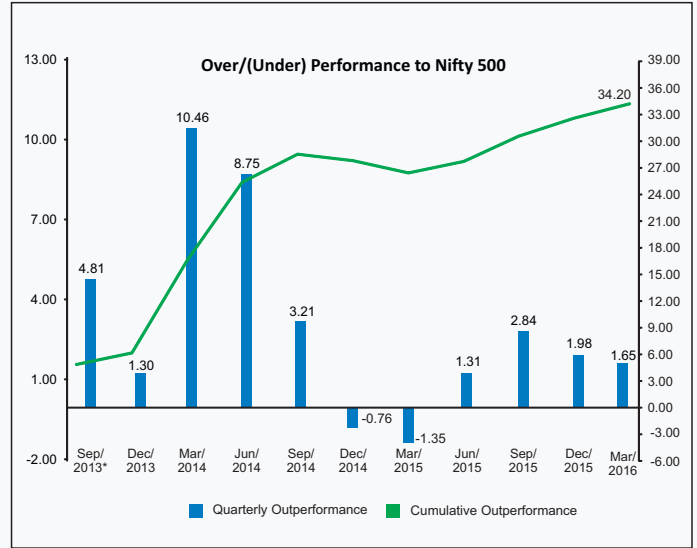
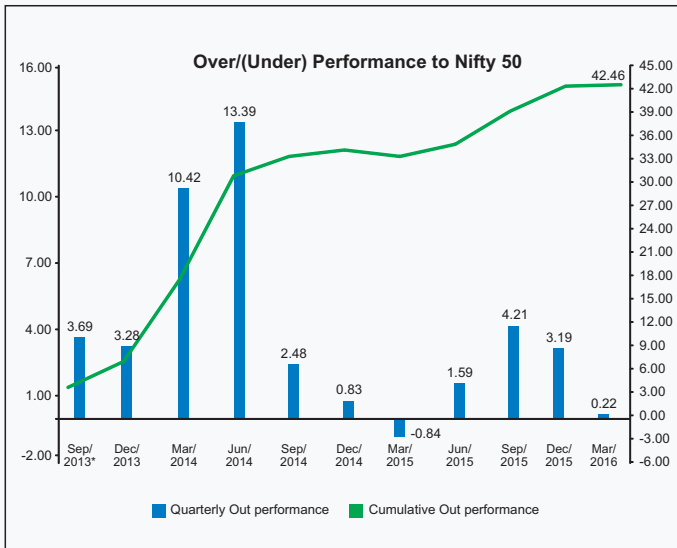
We are therefore sanguine about the earnings growth for corporate India being better in the next two years compared to what it was during the previous two-three years.

Of course, successful investing calls for sticking to companies with strong balance sheets, good managements, and in not buying those stocks with extravagant levels of valuation. Our endeavour shall be just that.

Warm regards,

EASundaram

DHFL PRAMERICA DEEP VALUE STRATEGY Key Portfolio Performance Indicators



*Return for the period 8th July 2013 to 30th September 2013. Past performance may or may not be sustained in future

Top 15 Holdings of DHFL Pramerica Deep Value Strategy Discretionary Portfolio Regular Plan as on May 31, 2016

Date of Purchase	Equity	Sector	%
Jul/2013	Indraprastha Gas Ltd	City Gas Distribution	6.50%
Jul/2013	Container Corporation of India Ltd	Logistics	6.28%
Jul/2013	Bosch Ltd	Auto Ancillaries	5.15%
Sep/2015	State Bank of India	Banking / Financial Services	4.88%
May/2014	Infosys Ltd	IT Services	4.88%
Jul/2013	Siemens Ltd	Engineering	4.36%
Dec/2014	Colgate-Palmolive (I) Ltd	FMCG	4.36%
Jul/2013	Hero Motocorp Ltd	Motor Cycles/Scooters	4.25%
May/2015	HDFC Bank Ltd	Banking / Financial Services	4.13%
Jun/2015	ITC Ltd	FMCG	4.05%
Apr/2014	CRISIL Ltd	Credit Rating	4.00%
Jul/2014	Oil & Natural Gas Corporation Ltd	Oil Exploration	3.70%
Jul/2015	Tata Motors Ltd DVR	Automobiles	3.59%
Jul/2013	Blue Star Ltd	Air Conditioner	3.32%
Jul/2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.28%
		Total	66.73%

Portfolio Details

Portfolio Details as on May 31st, 2016	
Weighted average RoCE	36.00%
Portfolio PE (1-year forward)	20.57
Portfolio dividend yield	1.76%
Average age of companies	55 Years

Portfolio Composition as on May 31st, 2016	
Large Cap	55.00%
Mid Cap	29.50%
Small Cap	3.50%
Cash	12.00%

The above holding represents top 15 holdings of DHFL 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

DHFL Pramerica Deep Value Strategy Portfolio Performance as on 31st May 2016

Period	Portfolio	NIFTY 50	NIFTY 500
1 Month	2.77 %	3.95 %	3.27 %
3 Months	18.40 %	16.79 %	16.71 %
6 Months	4.95 %	2.83 %	1.76 %
1 Year	4.50 %	-3.24 %	-2.24 %
2 Years	16.14 %	6.23 %	8.28 %
Since inception date 08/07/2013	29.07 %	12.05 %	15.01 %
Portfolio Turnover Ratio*	32.98%		

*Portfolio Turnover ratio for the period 1st June 2015 to 31st May 2016

Important Disclosures regarding the consolidated portfolio performance: Performance depicted above is based on all the client portfolios under Regular Portfolio of DHFL 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 DHFL Pramerica Deep Value Strategy: DHFL 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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