

PORTFOLIO MANAGEMENT SERVICES

Newsletter May 2016



Pramerica

Dear Investor,

Often, we are asked, both by investors and distributors

- (a) “what is the best way in which a PMS adds value to the Investor?” or
- (b) “if we already have invested in equity mutual funds, why should we consider investing in a PMS unless the returns are significantly superior to that of a mutual fund?”

Our answer to this question has always been - the primary purpose of a PMS is not to compete with a mutual fund. Its primary purpose is to complement a mutual fund.

Let us not forget, one of the main reasons why investors have lost serious money in the stock market is the tendency to try and get the “highest” possible return at all times. In the stock market, there are times when stocks of mediocre businesses soar far higher than those of companies with strong fundamentals. In such situations, if the focus is on getting the “highest returns”, then that would mean that the quality of the portfolio is compromised, leading to its inevitable sad conclusion.

How would you think if a PMS offers a different way of stock selection, a different logic of portfolio construction (without in anyway compromising on quality of companies chosen) compared to a mainline mutual fund? In this way, a PMS is a natural diversification to a mutual fund, and this enables the investor to spread his/her risk within the overall equity asset class.

To illustrate, we did compare the portfolio of our DHFL Pramerica Deep Value Strategy to the following:

- (a) The main equity Index - the Nifty 50
- (b) The top 10 equity mutual funds of the country (ranked as per AUM)

Both these comparisons were done as of 31st March 2016.

As a point of interest, our PMS portfolio had only 23.52% commonality with the Nifty 50 Index. It also had only a 16.65% commonality on an average (with a maximum commonality of 21.32% and a minimum of 8.34%) to the top 10 equity mutual funds of the country.

This makes our PMS genuinely different (please note, it is neither superior, nor inferior) to the Index, as well as to a mainline mutual fund. Its different portfolio naturally acts as a hedge to the investor.

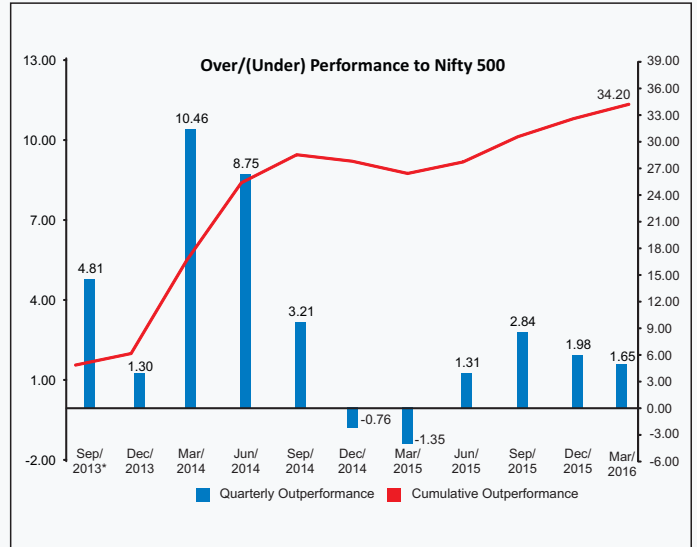
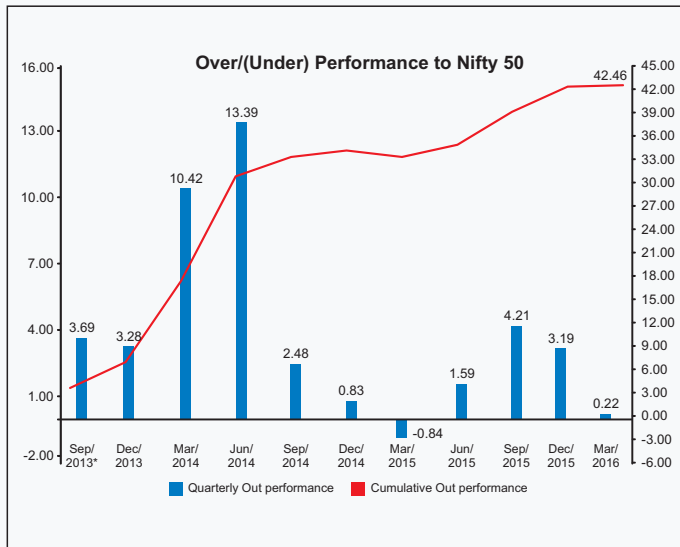
When the portfolio is different, and its logic of stock selection is different, its trajectory of returns will also be different. What matters ultimately, is the quality, balance sheet strength, prospects and the valuation of the companies in the portfolio.

That is the best way in which a PMS can be utilized.

Use an asset management company the same way you would use a restaurant. No restaurant would serve just one type of dish. We are here to serve different dishes. Whatever the client wants, we would serve it. Our job is to see that each dish uses the right quality ingredients, and is cooked with the appropriate mix of ingredients.

Happy investing.

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 April 30, 2016

Portfolio Details

Date of Purchase	Equity	Sector	% of Assets
Jul/2013	Indraprastha Gas Ltd.	City Gas Distribution	6.94
Jul/2013	Container Corporation of India Ltd.	Logistics	5.98
May/2014	Infosys Ltd.	Computers-Software	4.97
Jul/2013	Bosch Ltd.	Auto Ancillaries	4.84
Sep/2015	State Bank of India	Banking / Financial Services	4.54
Dec/2014	Colgate-Palmolive (I) Ltd.	FMCG	4.37
Jul/2013	Hero Motocorp. Ltd.	Motor Cycles/ Scooters	4.30
Jul/2013	Siemens Ltd.	Engineering	4.19
Jul/2013	VST Tillers Tractors Ltd.	Agricultural Equipment	4.01
May/2015	HDFC Bank Ltd.	Banking / Financial Services	3.97
Jul/2014	Oil & Natural Gas Corporation Ltd.	Oil Exploration	3.86
Jun/2015	ITC Ltd.	FMCG	3.80
Apr/2014	CRISIL Ltd.	Credit Rating	3.74
Jul/2015	Tata Motors Ltd. DVR	Automobiles	3.55
Jul/2013	Blue Star Ltd.	Air Conditioner	3.52
	Total		66.58

Portfolio Details as on April 30 th , 2016	
Weighted average RoCE	37.90%
Portfolio PE (1-year forward)	16.89
Portfolio dividend yield	1.80%
Average age of companies	55 Years

Portfolio Composition as on April 30 th , 2016	
Large Cap	59.50%
Mid Cap	27.00%
Small Cap	6.50%
Cash	7.00%

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 29th April, 2016

Period	Portfolio	NIFTY 50	NIFTY 500
1 Month	6.10%	3.33%	4.20%
3 Months	7.21%	3.78%	3.93%
6 Months	1.42%	-3.23%	-2.89%
1 Year	6.19%	-4.73%	-2.85%
2 Years	21.30%	8.11%	11.63%
Since inception date 08/07/2013	28.84%	10.90%	14.20%
Portfolio Turnover Ratio*	33.76%		

*Portfolio Turnover ratio for the period 1st May, 2015 to 30th April, 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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This document is dated May 06, 2016.

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