

PORTFOLIO MANAGEMENT SERVICES

Newsletter May 2017



Pramerica

Dear Investor,

As stock market investors, we try to seek inspiration from various sources. Great quotes from great people are usually very inspiring in our quest to improve ourselves.

One of the greatest quotes that help us improve our investment performance ironically comes from someone who has nothing to do with the investing profession.

Rick Mears, a four-times champion in the Indianapolis 500 car race, is considered one of the greatest drivers in history. He is credited with this immortal quote:

“ To finish first, you must first finish ”

What is more important than finishing first is the ability of the car to withstand the rigours of the race course and to be able to cross the finishing line in one piece.

This remarkable quote from a car-racing champion has implications for us in the stock market.

In our anxiety to achieve the “highest return” or “best return” we would be well advised not to ignore the first principles of investing. As long as we focus on the quality of the business, the quality of the people running the business and the price at which the stock is purchased, we can be more confident of crossing the finishing line in one piece.

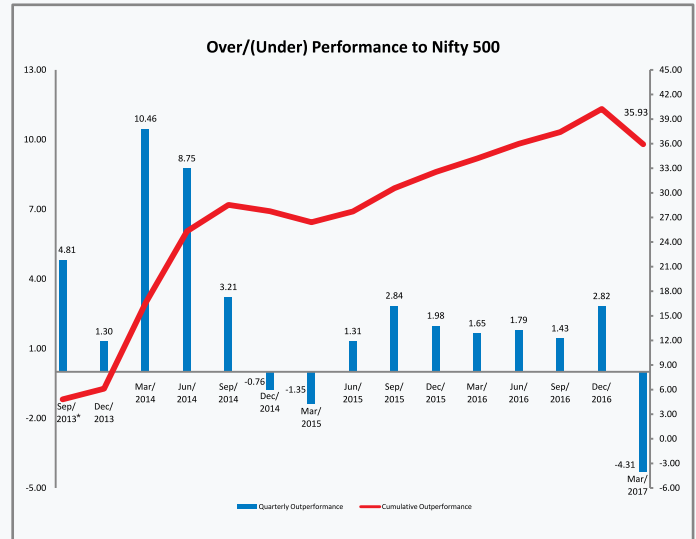
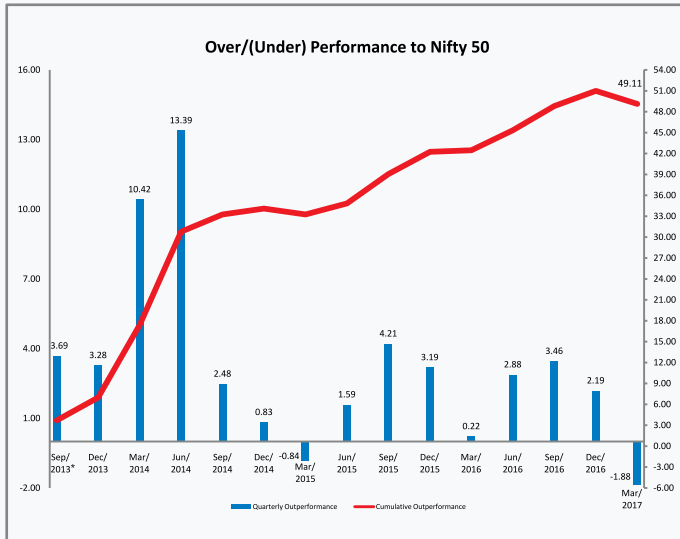
Staying with the analogy of driving, the most common causes of car accidents, according to various studies, are mostly because of driver error. An article in The Huffington Post lists 15 major causes of car accidents, and out of these, about 10 of them are directly attributable to the error of the driver. Another website www.drivers.com, in its article, has said that the top 3 reasons for car accidents are (a) distracted driving (b) speeding, and (c) drunk driving.

If a driver is careful in avoiding these mistakes but still suffers an accident, we can attribute it to bad luck. However, if a driver is driving recklessly and at very high speeds and then suffers an accident, the blame should squarely lie with the driver alone.

Similarly, if an investor sticks to a particular discipline and chooses to invest only in strong companies, and at prices that are not exorbitantly expensive, he/she would improve the chances of investment success. Even then, success is not guaranteed, but the failure can be attributed to factors beyond anybody’s control. On the other hand, if the investor turns reckless in his/her pursuit of high returns, the reasons for failure will lie squarely with the investor.

The least that we owe to ourselves as investors is to give ourselves a better chance of success.

DHFL PRAMERICA DEEP VALUE STRATEGY KEY PORTFOLIO PERFORMANCE INDICATORS



* Returns for the period 8th July, 2013 to 30th September, 2013. Performance depicted as at the above stated date is based on all the client portfolios under the Regular Portfolio of DHFL Pramerica Deep Value Strategy existing as on such date, using Time Weighted Rate of Return (TWRR). 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 30th, 2017

Date of Purchase	Equity	Sector	%
Sep/2015	State Bank of India	Banking / Financial Services	5.47%
Jul/2013	Container Corporation of India Ltd	Logistics	4.98%
May/2014	Infosys Ltd	IT Services	4.90%
Jul/2013	Indraprastha Gas Ltd	City Gas Distribution	4.35%
Aug/2013	Cummins India Ltd	Engineering	4.04%
Mar/2015	Castrol India Ltd	Lubricants / oils	3.79%
Jun/2015	ITC Ltd	FMCG	3.67%
Apr/2016	Sanofi India Ltd	Pharmaceuticals	3.58%
Jul/2013	Siemens Ltd	Engineering	3.52%
Jan/2016	Oracle Financial Services Software Ltd	IT Services / Products	3.35%
Jul/2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.32%
Jul/2014	Oil & Natural Gas Corporation Ltd	Oil Exploration	3.16%
May/2015	HDFC Bank Ltd	Banking / Financial Services	3.03%
Jul/2016	Rallis India Ltd	Pesticides And Agrochemicals	3.01%
Apr/2014	CRISIL Ltd	Credit Rating	2.77%
	Total		56.94%

Portfolio Details

Portfolio Details as on April 30th, 2017	
Weighted average RoCE	28.32%
Portfolio PE (1-year forward)	18.08
Portfolio dividend yield	1.29%
Average age of companies	58 Years

Portfolio Composition as on April 30th, 2017

Large Cap	42.25%
Mid Cap	28.75%
Small Cap	10.00%
Cash	19.00%

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 28th April 2017

Period	Portfolio	NIFTY 50	NIFTY 500
1 Month	2.89%	2.23%	3.82%
3 Months	8.22%	7.67%	10.18%
6 Months	7.97%	7.71%	9.61%
1 Year	24.35%	18.56%	24.78%
2 Years	14.72%	5.96%	9.94%
3 Years	24.22%	11.23%	15.57%
Since inception date 08/07/2013	32.92%	12.87%	16.88%
Portfolio Turnover Ratio*	15.28%		

*Portfolio Turnover ratio for the period 1st May 2016 to 30th April 2017

Important Disclosures regarding the consolidated portfolio performance: Performance depicted as at the above stated date is based on all the client portfolios under the Regular Portfolio of DHFL Pramerica Deep Value Strategy existing as on such date, using Time Weighted Rate of Return (TWRR) of each client and then computing an arithmetic average for the overall strategy. 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 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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