

# PORTFOLIO MANAGEMENT SERVICES

Newsletter

October 2017



Pramerica

**Remember**

*If I'm buyin somethin' because everybody else is buyin' it  
And telling me that the money flow will keep the market hyper  
It's time to remind myself of the story of the rats  
That followed a strange guy they called the Pied Piper*

*If we think small caps, NBFCs and Housing Finance  
Are the sure things to keep goin' up, thanks to liquidity  
Folks used to think the same way in 2007, and before that in 1999  
About stocks in construction, and in IT*

*When you hear that it's a new world and the old rules don't matter  
'tis time to remember the words of this gent  
A giant, he was, they called him John Templeton,  
And he said "the four most expensive words are – This time it's different"*

*When we buy groceries, and when we buy fruit  
We are considered smart when we find a bargain  
Why the hell then, when we choose to buy shares  
We only think of jumping on to the gravy train?*

*When a stock goes sharply up, we sure feel good  
We feel like flying, and grin with glee,  
The ground under us tells us to have a good look at it  
And think of fundamentals, and of PE*

*Before I sound too much like a prophet of doom  
I want to make sure to clear that nagging doubt  
The idea is not to zig when everybody zags  
Just urging you to spread your risk out*

*Almost everyone will rise some day, and so will they fall  
When that happens, we don't want to get beat  
Think of it as buying an umbrella in summer  
When the rains suddenly come, we'll have steadier feet*

Dear Investor,

Just like any other investor in the stock market, we too feel good when the stocks that we have purchased rise sharply. The "wealth effect" indeed makes us feel good. There are confirmatory reports that fund inflows are robust, India's economy is doing better than others, mid-and small caps offer much better scope for appreciation, and several other such opinions.

Many of them may certainly be true. At the same time, when we create our investment program, it is in our interest to remember a few things:

- a) Have adequate diversification – not just in terms of the names of companies, but also in terms of the product profile. How much equity and how much fixed income to have in our portfolio
- b) Within equity, how much exposure is there to different styles of investing – large cap, mid-cap, aggressive growth, value-oriented products etc.
- c) At what valuation levels are we entering the stock?
- d) **What is the average levels of liquidity in the stock? More importantly, how does the level of liquidity change in bullish and bearish markets?**
- e) **Are all our investment products in the same category or in the same style? In that case, the products would all rise (and fall) together.**

These are some of the simple precautions that we would urge the investors to take. The essence of these is enunciated in the poem above.

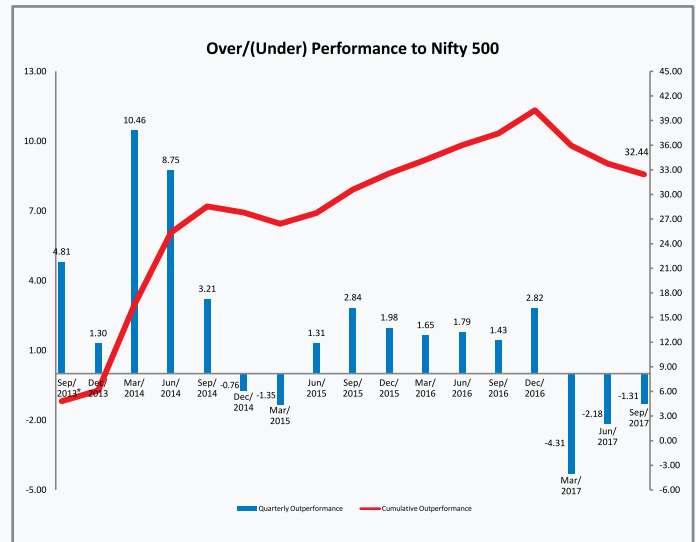
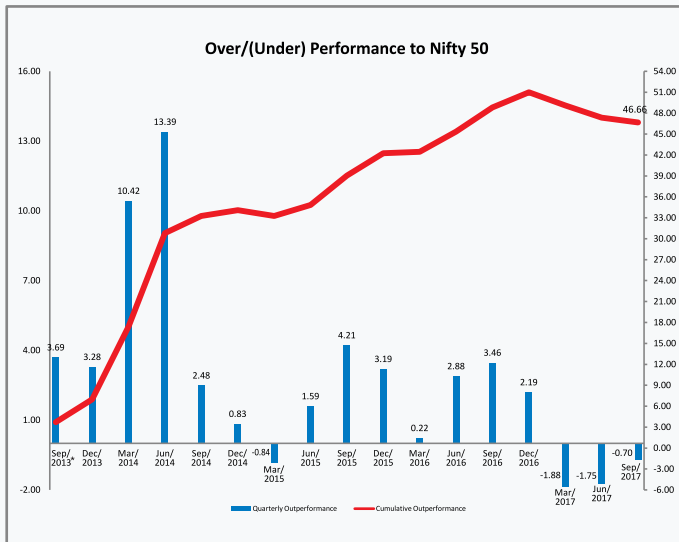
Have a great festive season!!

Warm regards,

(EASundaram)

Portfolio Manager.

# 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 Sept 29th, 2017

Date of Purchase	Equity	Sector	%
Jul/2013	Container Corporation of India Ltd	Logistics	5.86%
May/2014	Infosys Ltd	IT Services	5.07%
Sep/2015	State Bank of India	Banking / Financial Services	5.07%
Jul/2013	Indraprastha Gas Ltd	City Gas Distribution	4.44%
Oct/2013	Divis Laboratories Ltd	Pharmaceuticals	4.43%
Mar/2015	Castrol India Ltd	Lubricants / oils	4.10%
Aug/2013	Cummins India Ltd	Engineering	4.10%
Jan/2016	Oracle Financial Services Software Ltd	IT Services / Products	3.91%
Apr/2016	Sanofi India Ltd	Pharmaceuticals	3.91%
Jun/2015	ITC Ltd	FMCG	3.82%
Jul/2014	Oil & Natural Gas Corporation Ltd	Oil Exploration	3.55%
Nov/2016	Persistent Systems Ltd	COMPUTERS - SOFTWARE	3.38%
Jul/2013	Siemens Ltd	Engineering	3.27%
Jun/2016	Jagran Prakashan Ltd	Printing and Publishing	3.23%
Apr/2014	CRISIL Ltd	Credit Rating	2.99%
	<b>Total</b>		<b>61.13%</b>

### Portfolio Details

Portfolio Details as on September 29th, 2017	
Weighted average RoCE	30.91%
Portfolio PE (1-year forward )	19.26
Portfolio dividend yield	1.50%
Average age of companies	59 Years

### Portfolio Composition as on September 29th, 2017

Large Cap	45.00%
Mid Cap	39.75%
Small Cap	3.00%
Cash	12.25%

**Large Cap:** Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on 29th September 2017

**Midcap:** Market cap below 100th company to the market cap of the 300th company in the Nifty 500 (sorted by market cap in descending order) as on 29th September 2017

**Small Cap:** Market cap lower than the 300th company in the nifty 500 (sorted by market cap in descending order) as on 29th September 2017

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 September 2017

Period	Portfolio	NIFTY 50	NIFTY 500
1 Month	1.47%	-0.08 %	0.33 %
3 Months	2.28%	2.99 %	3.60 %
6 Months	4.35%	7.05 %	8.24 %
1 Year	13.15%	13.94 %	17.22 %
2 Years	16.39%	11.71 %	14.55 %
3 Years	12.76%	7.14 %	10.30 %
Since inception date 08/07/2013	29.75%	12.86 %	16.33 %
Portfolio Turnover Ratio*	10.59%		

\*Portfolio Turnover ratio for the period 1st October 2016 to 29th September 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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