

PORTFOLIO MANAGEMENT SERVICES

Newsletter: May 2019

DHFL Pramerica Phoenix Strategy



Pramerica

From the desk of the Portfolio Manager for DHFL Pramerica Phoenix Strategy

Dear Investor,

In this newsletter we would like to focus on few queries we have received regarding the portfolio positions and what do we think about the future.

What are our thoughts on elections and how are we preparing for it?

Past experience tells us that election results have a transient impact on markets. As a fundamental investor our focus is on what can be sustainable opportunities in a business, the competence of management in capitalizing on opportunities, financial discipline and finally the most important parameter for us is valuation. In the past 15 months we have seen significant correction in the small cap space and to a certain extent in the Midcap space. We remain more optimistic from a medium to longer term perspective after the correction in the broader markets over the past 15 months.

Table 1: Major Index movement from 31st Jan 2018 to 30th April 2019

NSE Indexes	31-Jan-18	2-Apr-18	30-Apr-19	Price Change 31/01/2018 to 30/04/2019
Nifty 50	11,028	10,212	11,748	6.5%
NIFTY Midcap 100	20,785	19,097	17,566	-15.5%
NIFTY Smallcap 100	8,817	7,929	6,468	-26.6%
Sectorial Indexes				
Nifty Auto	11,612	11,058	8,351	-28.1%
Nifty Financial Services	11,262	10,261	12,555	11.5%
Nifty Energy	14,454	13,291	16,500	14.2%
Nifty Pharma	9,385	8,621	9,403	0.2%
Nifty Bank	27,379	24,329	29,765	8.7%
Nifty IT	12,986	12,707	16,705	28.6%
Nifty Media	3,489	3,333	2,409	-31.0%
Nifty Metal	4,066	3,540	3,089	-24.0%
Nifty Realty	345	296	258	-25.1%
Nifty Infrastructure	3,620	3,380	3,108	-14.1%
Nifty MNC	14,752	14,010	13,044	-11.6%
Nifty FMCG	27,127	26,501	30,337	11.8%

Source Bloomberg

We are not going to hold cash or get fully invested in anticipation of what will be the election results. The amount of cash is a function of how many good ideas we have in the market. If there are larger number of good investible ideas available at the right valuations, we would like to be nearly fully invested.

What do we mean by being nearly fully invested?

We do want to maintain minimum 4% to 5% cash in portfolios because of some sharp fall in the market or in a stock of our choice, we would like to act quickly and hence we would maintain some cash. So, from our perspective being invested 95-96% in the portfolio is fully invested. If we don't find stocks at prices we are comfortable with, we will like to keep cash till the time we find good ideas at right price to invest.

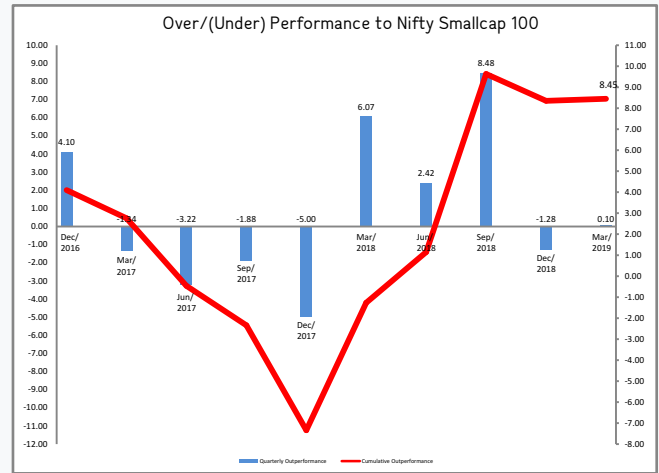
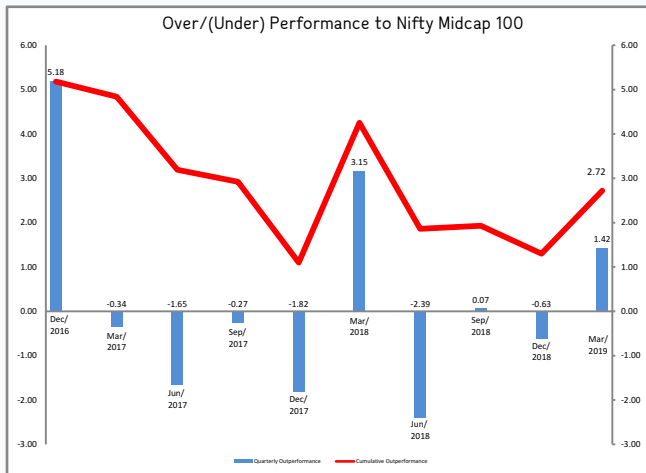
Are we changing our stand on any sectors because of elections?

We do believe at this point of time no changes in portfolio are warranted due to elections. We continue to monitor the performance of a company on a regular basis and the valuations too. If there is change in these parameters, we review our stand.

Yours Sincerely,

(Himanshu Upadhyay)
Portfolio Manager

DHFL PRAMERICA PHOENIX STRATEGY KEY PORTFOLIO PERFORMANCE INDICATORS



Performance depicted as at the above stated date is based on all the client portfolios under DHFL Pramerica Phoenix 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 may or may not be sustained in future.

Top 15 Holdings of DHFL Pramerica Phoenix Strategy as on April 30th, 2019

Date of Purchase	Equity	Sector	%
Aug/2016	Great Eastern Shipping Co Ltd	Shipping	5.01%
Aug/2016	Federal Bank Ltd	Banks	4.58%
Aug/2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	4.07%
Sep/2016	Apar Industries Ltd	Power Equipment	3.54%
Mar/2018	Cummins India Ltd	Engineering	3.54%
Aug/2016	Ahluwalia Contracts India Ltd	Cement Products	3.44%
Apr/2017	Hexaware Technologies Ltd	Computers - Software	3.39%
Oct/2016	DCB Bank Ltd	Banks	3.33%
Jul/2017	Mayur Uniquoters Ltd	Textiles	3.21%
May/2018	Kirloskar Brothers Ltd	Compressors/Pumps	3.11%
Sep/2016	Oracle Financial Services Software Ltd	IT Services/Products	3.07%
Mar/2019	Bajaj Consumer Care Ltd	Personal Care	3.00%
Sep/2016	D B Corp Ltd	Printing And Publishing	3.00%
Aug/2016	Sobha Ltd	Residential/ Commercial/Sez Project	2.98%
May/2017	MOIL Ltd	Industrial Minerals	2.94%
	Total		52.21%

Model Portfolio Details

Portfolio Details as on April 30th, 2019	
Weighted average RoE	13.91%
Portfolio PE (1-year forward) (Based on FY 20)	12.92
Portfolio dividend yield	1.49%

Portfolio Composition as on April 30th, 2019	
Large Cap	6.00%
Mid Cap	18.50%
Small Cap	66.50%
Cash	9.00%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on April 30th, 2019

Midcap: Market cap below 100th company to the market cap of the 250th company in the Nifty 500 (sorted by market cap in descending order) as on April 30th, 2019

Small Cap: Market cap lower than the 250th company in the nifty 500 (sorted by market cap in descending order) as on April 30th, 2019

The above holding represents top 15 holdings of DHFL Pramerica Phoenix Strategy based on all the client portfolios under DHFL Pramerica Phoenix Strategy 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 Phoenix Strategy Portfolio Performance as on April 30th, 2019

Period	Portfolio	NIFTY MIDCAP 100	NIFTY SMALLCAP 100
1 Month	-1.58%	-3.79 %	-3.07 %
3 Months	4.70%	3.91 %	5.46 %
6 Months	3.52%	2.19 %	6.68 %
1 Year	-9.62%	-13.42 %	-22.91 %
2 Years	1.12%	-1.45 %	-6.79 %
Since inception date 01/08/2016	8.45%	6.51 %	2.24 %
Portfolio Turnover Ratio*	26.43%		

*Portfolio Turnover ratio for the period May 1st, 2018 to April 30th, 2019

Consolidated Portfolio CY Performance of DHFL Pramerica Phoenix Strategy

Period	Portfolio	NIFTY MIDCAP 100	NIFTY SMALLCAP 100
01-08-2016 to 31-12-2016	1.08	-2.85	-5.01
CY 2017	42.13	47.26	57.3
CY 2018	-12.72	-15.42	-29.08
CY 2019 till 30-04-2019	1.42	-1.73	0.29
01-08-2016 to 30-04-2019	8.45	6.51	2.24

Important Disclosures regarding the consolidated portfolio performance: Performance depicted as at the above stated date is based on all the client portfolios under DHFL Pramerica Phoenix 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 after charging of 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 Phoenix Strategy: The objective of the strategy is to generate capital appreciation over the long term by investing in a portfolio of equity of Indian companies

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This document is dated May 13, 2019.

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