

PORTFOLIO MANAGEMENT SERVICES

Newsletter: March 2019

DHFL Pramerica Phoenix Strategy



Pramerica

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

Dear Investor,

In this newsletter we will like to focus on stocks we are holding and changes made in the portfolio.

There was a buyback of ONGC shares at ₹159 and we had tendered the shares for buyback. For the clients in retail category the acceptance was 100% and for HNI it was 15.35% (Approx). Post the buy back the stock was again available around ₹146 and pre-dividend payout of ₹5.25. We have added the stock again in all the portfolios with a weightage of 2.75%. ONGC is one of the cheapest large cap stocks. At ₹150 (post dividend payout of ₹5.25) it trades at 7.5 times PE ratio for FY 2018 and at 6.5 times PE ratio for FY 2019. In our opinion most of the risks like low crude prices, imposition of subsidies in future if crude prices rise significantly, possible write-offs on investments etc. are factored in the current prices. Hence, we have added it back in the portfolios.

The other buyback in our portfolio company was of Dhanuka Agritech shares at ₹550 and we had tendered the shares for buyback as the stock was available at ₹420 in the market and there was wide difference between the market price and buyback price. For the clients in retail category the acceptance was 75% (Approx). We have bought back the number of shares which were accepted in the buyback.

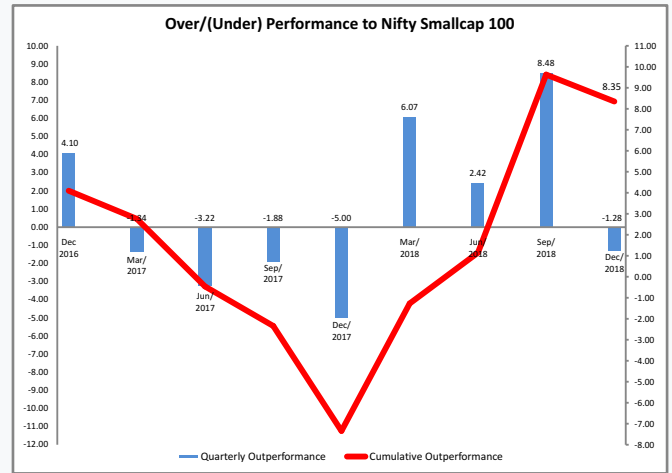
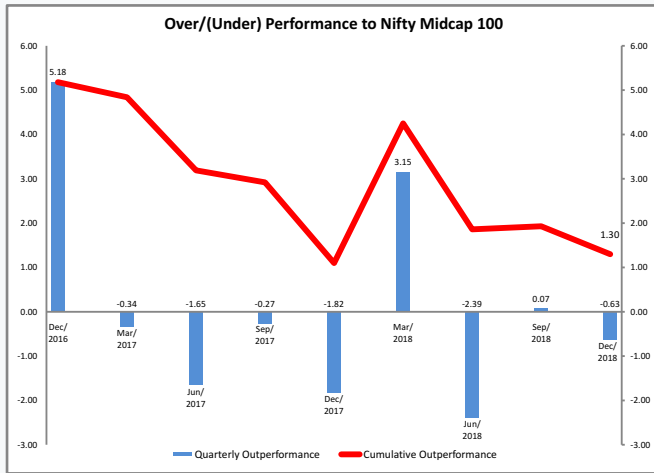
In the previous newsletter we had stated that we would like to remove Cummins from the model portfolio as it has risen sharply from our purchase price. After the results there was a significant correction in the stock price of Cummins from around ₹810 to ₹665. We took this opportunity to buy the shares in the portfolios where it was not present. Based on our current understanding of the company we would not like to buy it above ₹725.

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 February 28th, 2019

Date of Purchase	Equity	Sector	%
Aug/2016	Great Eastern Shipping Co Ltd	Shipping	4.75%
Aug/2016	Federal Bank Ltd	Banks	4.74%
Aug/2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	4.09%
Sep/2016	Apar Industries Ltd	Power Equipment	3.76%
Apr/2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	3.63%
Aug/2016	Oberoi Realty Ltd	Residential / Commercial / Sez Project	3.60%
Mar/2018	Cummins India Ltd	Engineering	3.52%
Apr/2017	Hexaware Technologies Ltd	Computers - Software	3.45%
Jan/2018	Indian Bank	Banks	3.44%
Aug/2016	Sobha Ltd	Residential / Commercial / Sez Project	3.41%
Oct/2016	DCB Bank Ltd	Banks	3.31%
Aug/2016	Ahluwalia Contracts India Ltd	Cement Products	3.29%
May/2018	Kirloskar Brothers Ltd	Compressors / Pumps	3.08%
Jul/2017	Mayur Uniquoters Ltd	Textiles	3.07%
Sep/2016	D B Corp Ltd	Printing And Publishing	2.99%
	Total		54.13%

Model Portfolio Details

Portfolio Details as on February 28th, 2019	
Weighted average RoE	11.89%
Portfolio PE (1-year forward) (Based on FY 20)	11.35
Portfolio dividend yield	1.29%

Portfolio Composition as on February 28th, 2019	
Large Cap	3.00%
Mid Cap	15.00%
Small Cap	68.25%
Cash	13.75%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 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 February 28th, 2019

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 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 February 28th, 2019

Period	Portfolio	NIFTY MIDCAP 100	NIFTY SMALLCAP 100
1 Month	-1.61%	-1.09%	-3.24%
3 Months	-2.51%	-4.47%	-4.53%
6 Months	-11.55%	-16.06%	-22.62%
1 Year	-14.57%	-14.97%	-28.99%
2 Years	1.50%	0.73%	-5.95%
Since inception date 01/08/2016	6.34%	4.92%	-0.97%
Portfolio Turnover Ratio*	29.49%		

*Portfolio Turnover ratio for the period March 1st, 2018 to February 28th, 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	57.30
CY 2018	-12.72	-15.42	-29.08
CY 2019 till 28-02-2019	-5.05	-6.46	-7.98
01-08-2016 to 28-02-2019	6.34	4.92	-0.97

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 March 07, 2019.

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