



Newsletter
June 2015

Managed Account Services

Dear Investor,

An interesting characteristic of many participants in the stock market is the urge to predict the stock price movements. This characteristic is found both among part-time and professional investors. Some media channels have elevated this to the level of a religion. The worth of an investor (or so it is strongly suggested to the viewers) is determined by the ability to predict various things - stock price movements, interest rate movements, currency movements, commodity price movements, and so on.

Let's pause for a moment to examine this.

The short term movement of stock prices is a function of many variables. Amongst other things, it is a function of

- (1) the performance of the companies concerned
- (2) the actual performance vis-à-vis the expected performance
- (3) How the difference between the actual performance and the expected performance is viewed by the investment community
- (4) the interest rate scenario
- (5) alternative investments avenues available to the investment community
- (6) the quantum of inflow of money into the markets
- (7) currency fluctuations, etc

It would call for extraordinary levels of clairvoyance for a person to be able to discern all of the above. Maybe, a very small percentage (I would put it at less than 0.1%) of all investors would be able to do this, if at all.

Let us not forget for a moment that we belong to the 99.9% majority.

If we are unable to predict stock price movements, does that mean that stock market investing is restricted for us? Not by a long shot.

We believe that there are some things more important than being able to predict the short term price movements. They are:

- (a) The realization that a strong earnings power is more important than short term earnings trajectory
- (b) The ability (displayed by a company) to compete more effectively than competition.
- (c) The track record of high return on capital.
- (d) The ability of the company to generate more cash than it requires
- (e) The management that does not go against the interest of minority shareholders.

Let us just restrict our choices to companies that display these characteristics. And buy them when these stocks are not very popular. We may not be able to predict **when** they will rise, but we can be confident of **why** they should rise.

In short, this is the way in which we are managing your portfolio.

“ A prediction about the direction of the stock market tells you nothing about where stocks are headed, but a whole lot about the person doing the predicting ”

- Warren Buffett

KEY PORTFOLIO PERFORMANCE INDICATORS

Month on Month Performance

	Jul-13*	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Pramerica Deep Value Strategy	-1.34%	-0.87%	4.66%	5.27%	3.31%	4.08%	-2.43%	4.96%	14.02%	1.84%	12.75%
Nifty	-1.20%	-4.71%	4.82%	9.83%	-1.95%	2.07%	-3.40%	3.08%	6.81%	-0.12%	7.97%
Over/(Under) Performance	-0.14%	3.84%	-0.16%	-4.56%	5.26%	2.01%	0.97%	1.88%	7.21%	1.96%	4.78%

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Pramerica Deep Value Strategy	10.54%	-0.46%	3.30%	4.18%	1.47%	2.36%	0.95%	3.73%	-0.66%	-1.41%	-1.91%	4.19%
Nifty	5.28%	1.44%	3.02%	0.13%	4.49%	3.20%	-3.56%	6.35%	1.06%	-4.62%	-3.65%	3.08%
Over/(Under) Performance	5.26%	-1.90%	0.28%	4.05%	-3.02%	-0.84%	4.51%	-2.62%	-1.72%	3.21%	1.74%	1.11%

* Return for the period 8th July 2013 to 31st July 2013.

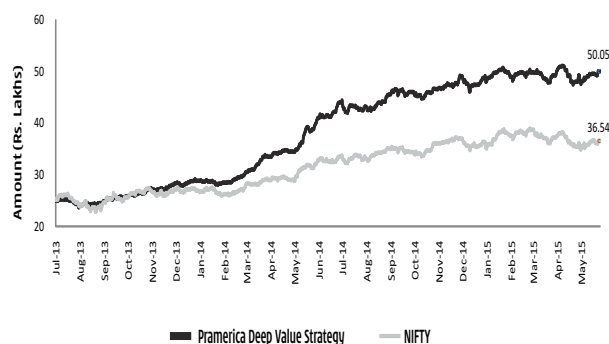
Monthly Returns before charging expenses.

Returns are for Pramerica Deep Value Strategy : Discretionary Regular.

Pramerica Deep Value Strategy Portfolio Performance as on 29th May 2015

Period	Portfolio	NIFTY	CNX500
1 Month	4.42 %	2.35 %	2.63 %
3 Months	0.74 %	-5.26 %	-3.86 %
6 Months	4.80 %	-1.80 %	0.60 %
1 Year	30.07 %	16.56 %	20.07 %
Since inception date 08/07/2013	44.39 %	21.14 %	25.40 %
Portfolio Turnover Ratio (as on May 31, 2015)	14.65%	-	-

Value of Rs. 25 Lakhs invested at inception



Important Disclosures regarding the consolidated portfolio performance: Performance depicted above is based on all the client portfolios under Regular Portfolio of 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 Pramerica Deep Value Strategy: 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 June 4, 2015.