

PORTFOLIO MANAGEMENT SERVICES

Newsletter August 2017



Pramerica

Dear Investor,

One of the challenges of managing a portfolio for others is to resist the temptation of doing something that you do not want to do, because in your judgement doesn't seem the right thing to do, but it seems so much easier to do.

Temptation is a very powerful thing. It often seems like the easy way out of a tough situation. Especially when you observe that several others are doing the same thing.

Your PMS portfolio, we agreed, is supposed to be managed according to a particular mandate.

- We will buy shares of companies that meet certain criteria of past track record, leadership position, financial soundness and corporate governance
- We will buy these shares when they aren't too popular. In other words, when the valuation of such shares is not significantly higher than its long-term averages, or significantly above its estimated growth rate in earnings
- We would not dilute the quality of what goes into the portfolio, even if it means underperforming temporarily.

These are times shares of stronger companies lag behind those of companies with weaker business models, or weaker balance sheets. These are times when sticking to quality and reasonable valuations, becomes even more important.

Let me share with you some statistics of your portfolio in order to reassure you that we are sticking to exactly the things that we said that we would be doing.

Portfolio's weighted average Return on Capital Employed (RoCE)	-	29.99 %
Portfolio's dividend yield	-	1.46 %
Average age of companies in the portfolio	-	59 years
Average P/E of the portfolio (based on estimated 2018 EPS)	-	18.62

Every company in your portfolio is either a market leader or a strong No.2 in its field.

Every company has a long track record, and above-average future prospects

Every share in the portfolio is purchased when it is not too expensive (compared to its historical valuation levels, and/or compared to its estimated sustainable future earnings growth)

We are confident that there is no company in the portfolio that would cause any consternation to you in terms of its corporate governance track record.

These are the ingredients that generate sustainable long-term returns, and you can rest assured that we are not going to abandon them.

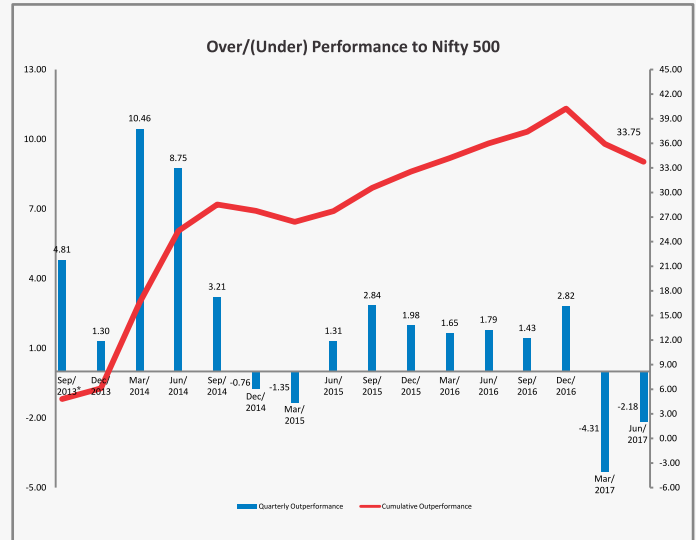
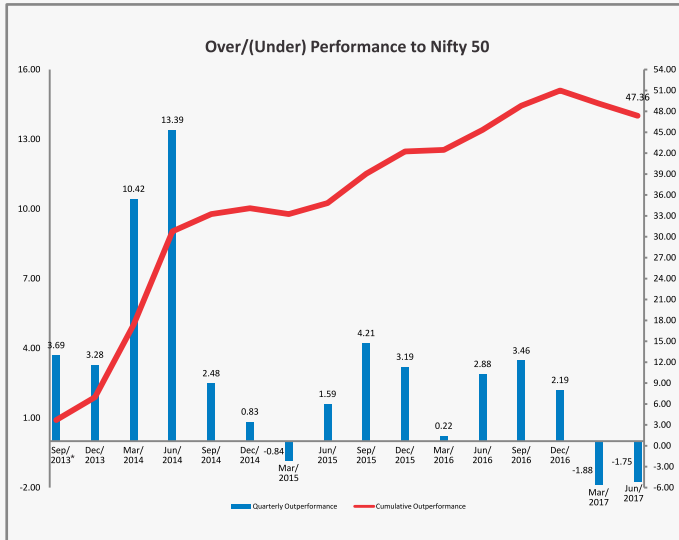
Warm regards,

Yours sincerely,

(EA Sundaram)

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 July 31st, 2017

Date of Purchase	Equity	Sector	%
Sep/2015	State Bank of India	Banking / Financial Services	5.80%
May/2014	Infosys Ltd	IT Services	5.47%
Jul/2013	Container Corporation of India Ltd	Logistics	4.98%
Jul/2013	Indraprastha Gas Ltd	City Gas Distribution	4.30%
Aug/2013	Cummins India Ltd	Engineering	4.20%
Apr/2016	Sanofi India Ltd	Pharmaceuticals	3.88%
Mar/2015	Castrol India Ltd	Lubricants / oils	3.86%
Jan/2016	Oracle Financial Services Software Ltd	IT Services / Products	3.66%
Jun/2015	ITC Ltd	FMCG	3.44%
Jul/2014	Oil & Natural Gas Corporation Ltd	Oil Exploration	3.29%
Oct/2013	Divis Laboratories Ltd	Pharmaceuticals	3.28%
Jul/2013	Siemens Ltd	Engineering	3.19%
Jun/2016	Jagran Prakashan Ltd	Printing and Publishing	2.98%
Nov/2016	Persistent Systems Ltd	COMPUTERS - SOFTWARE	2.98%
Jul/2016	Rallis India Ltd	Pesticides And Agrochemicals	2.96%
	Total		58.27%

Portfolio Details

Portfolio Details as on July 31st, 2017	
Weighted average RoCE	29.99%
Portfolio PE (1-year forward)	18.62
Portfolio dividend yield	1.46%
Average age of companies	59 Years

Portfolio Composition as on July 31st, 2017	
Large Cap	41.50%
Mid Cap	36.25%
Small Cap	9.50%
Cash	12.75%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on 31st July 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 31st July 2017

Small Cap: Market cap lower than the 300th company in the nifty 500 (sorted by market cap in descending order) as on 31st July 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 31st July 2017

Period	Portfolio	NIFTY 50	NIFTY 500
1 Month	2.55%	5.84 %	5.54 %
3 Months	3.36%	8.31 %	7.05 %
6 Months	12.83%	17.71 %	19.16 %
1 Year	16.68%	16.65 %	19.96 %
2 Years	12.56%	8.67 %	11.23 %
3 Years	16.09%	9.28 %	12.38 %
Since inception date 08/07/2013	31.59%	14.23 %	17.68 %
Portfolio Turnover Ratio*	11.63%		

*Portfolio Turnover ratio for the period 1st August 2016 to 31st July 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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