



Pramerica

# Managed Account Services

Monthly Factsheet - April 2015

Dear Investor,

Too often, a dilemma faced by investors is - what does one do when the stock we buy does not move up immediately after we buy it? Or, goes down after we buy it? This is a situation faced by almost all investors.

Far too often, investors make the mistake of panicking and selling their investments merely because the stocks did not go up immediately after purchase.

No investor (professional or amateur) has the divine right of claiming that the stocks that he or she purchases should only go up (and that too, immediately after they have been purchased). The only thing (repeat, **THE ONLY THING**) that the investor can really do is to restrict his or her choice to companies that have strong fundamentals. If this is done, the waiting period is filled with significantly less tension.

The performance of our own PMS portfolio is a case in point. The comparative performance of our PMS portfolio in the past 4 months has been as follows (compared to the Nifty Index):

December 2014	-	4.51 %outperformance
January 2015	-	2.62 %underperformance
February 2015	-	1.72 %underperformance
March 2015	-	3.21 %outperformance

Now, please note that Pramerica's PMS portfolio underperformed the Nifty by 1.72% in February, but outperformed the Nifty by 3.21% in March. Between February and March, there was hardly any change in the portfolio. It was the same set of companies that underperformed in February, but outperformed in March. It can't be said that the portfolio was bad in February, but was better in March, because it was the portfolio of the same companies.

There is a lesson in this for all of us. Instead of focusing on how to "outperform" at all points of time, let us focus on the most important things that work in investing, viz.,

- Buying companies with strong business fundamentals
- Buying them at prices that are not extravagantly priced.

Just by sticking to these two points, we may not be the fastest, but we have a better chance of succeeding in building a portfolio that works.

If, in search of "continuous outperformance", one makes frequent changes in the portfolio, then that leads to increase in costs, and exposes the investor to higher taxes, both of which are avoidable. A portfolio with lower churn leads to lower costs, and therefore increases the chances of higher returns.

## KEY PORTFOLIO PERFORMANCE INDICATORS

### Month on Month Performance

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

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Pramerica Deep Value Strategy	1.84%	12.75%	10.54%	-0.46%	3.30%	4.18%	1.47%	2.36%	0.95%	3.73%	-0.66%	-1.41%
NIFTY	-0.12%	7.97%	5.28%	1.44%	3.02%	0.13%	4.49%	3.20%	-3.56%	6.35%	1.06%	-4.62%
Out /Under Performance	1.96%	4.78%	5.26%	-1.90%	0.28%	4.05%	-3.02%	-0.84%	4.51%	-2.62%	-1.72%	3.21%

\* 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 31st March 2015

Period	Portfolio	NIFTY	CNX500	CNXMIDCAP
1 Month	-1.41 %	-4.62 %	-3.61 %	-0.89 %
3 Months	1.60 %	2.51 %	3.02 %	3.32 %
6 Months	6.53 %	6.61 %	8.77 %	13.86 %
1 Year	45.06 %	26.65 %	33.56 %	50.96 %
Since inception date 08/07/2013	47.57 %	23.81 %	28.27 %	38.72 %
Portfolio Turnover Ratio	10.98%			

### 3 Month Absolute Returns

Period	From	To	Strategy Return	Nifty Return
Lowest Returns of Pramerica Deep Value Strategy	29-Dec-14	29-Mar-15	0.54%	1.15%
Lowest Returns of NIFTY	4-Nov-13	4-Feb-14	3.75%	-5.01%
Highest Returns of Pramerica Deep Value Strategy	9-Mar-14	9-Jun-14	36.29%	17.28%
Highest Returns of NIFTY	23-Feb-14	23-May-14	34.16%	19.68%

### Portfolio Characteristics

Characteristics	Portfolio	NIFTY
Average Daily Return	0.11%	0.06%
Daily Volatility	0.59%	0.82%
Beta	0.49	

Portfolio characteristics provided above are based on all the clients' portfolios under the regular portfolio of the strategy for the period from 8th July 2013 to 31st March 2015 for the purpose of understanding the volatility of the portfolio vis a vis the index.

**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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### Daily Movement

