



Managed Account Services

Monthly Factsheet - March 2015

Dear Investor,

The performance of a portfolio need not (indeed, **will not**) go up unidirectionally. The nature of the stock market is to be volatile. This does not mean that a company, whose stock has fallen 10% in the past one week, is 10% less efficient than it was a week ago.

Volatility of the stock prices is counted as risk by many people. The fact is that volatility is not risk at all. The word "risk" can be defined as "the prospect of the occurrence of an unsavoury event". As far as the equity market is concerned, the "unsavoury event" is the chance of a **permanent** loss of capital. Temporary loss of capital, caused by daily fluctuations in stock prices, is not risk, if one is not a short term trader of stocks.

Permanent loss of capital is caused by:

- (a) Investing in businesses where the fundamentals are weak or deteriorating
- (b) Paying too high a price for the stock, and
- (c) Investing in businesses where the management is either incompetent, or dishonest, or both.

The job of an investor (or fund manager) is to take logical steps to minimize the impact of these three risks.

As far as your portfolio is concerned, we have been following the following steps in building, and monitoring it:

- (i) Buy only stocks of companies with a successful track record of at least 15 years
- (ii) Buy only stocks that consistently have generated a high Return on Capital employed and positive free cash flow (there will be exceptions to this rule, like banking stocks, but they will be exceptions not exceeding 20% of overall portfolio)
- (iii) Buy them when they are not enormously popular. Even better, buy them when they are unpopular
- (iv) If, after purchase, the stock falls, then buy more of it
- (v) Buy each stock with the intention of holding it for at least a year, in order to minimize the impact of capital gains taxes.

You can rest assured that we have not deviated from this process at all. Some stocks have started performing in terms of price, whereas some others are still to be noticed by the rest of the market. But all our companies fulfill the criteria set out above.

We leave you with this marvellous quote from one of the world's greatest investors, Seth Klarman:

"Investment returns are not a direct function of how long or hard you work or how much you wish to earn... An investor cannot decide to think harder or put in overtime in order to achieve a higher return. All an investor can do is to follow a consistently disciplined and rigorous approach; over time, the returns will come"

Dear investor, that is exactly what we are attempting to do with your money.

KEY PORTFOLIO PERFORMANCE INDICATORS

Month on Month Performance

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

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Pramerica Deep Value Strategy	14.02%	1.84%	12.75%	10.54%	-0.46%	3.30%	4.18%	1.47%	2.36%	0.95%	3.73%	-0.66%
NIFTY	6.81%	-0.12%	7.97%	5.28%	1.44%	3.02%	0.13%	4.49%	3.20%	-3.56%	6.35%	1.06%
Out /Under Performance	7.21%	1.96%	4.78%	5.26%	-1.90%	0.28%	4.05%	-3.02%	-0.84%	4.51%	-2.62%	-1.72%

* 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 28th February 2015

Period	Portfolio	NIFTY	CNX500	CNXMIDCAP
1 Month	-0.66 %	1.06 %	1.02 %	-0.05 %
3 Months	4.03 %	3.65 %	4.65 %	5.88 %
6 Months	12.61 %	11.91 %	13.81 %	18.03 %
1 Year	67.75 %	41.82 %	49.28 %	68.06 %
Since inception date 08/07/2013	51.87 %	28.82 %	32.86 %	41.85 %
Portfolio Turnover Ratio	8.05 %			

3 Month Absolute Returns

Period	From	To	Strategy Return	Nifty Return
Lowest Returns of Pramerica Deep Value Strategy	17-Sep-14	17-Dec-14	1.04%	0.68%
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	0.12%	0.07%
Daily Volatility	0.59%	0.82%
Beta	0.48	

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 28th February 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

