



## DHFL Pramerica Equity Savings Fund

(Formerly known as DHFL Pramerica Equity Income Fund)

(An Open Ended Scheme investing in equity, arbitrage and debt)

### Why invest in DHFL Pramerica Equity Savings Fund?

DHFL Pramerica Equity Savings Fund seeks to provide capital appreciation and income distribution to the investors by using equity, equity derivatives, arbitrage opportunities and investments in debt.

### Investment Strategy

- The scheme seeks to achieve its investment objective primarily by employing various strategies which seek to exploit available arbitrage opportunities in equity markets combined with investments in unhedged equity positions as well as debt and money market instruments.
- A top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in selected sectors based on the Investment team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done from these sectors.
- The debt allocation is actively managed and the Fund Management team may endeavor to generate returns whilst moderating credit and interest rate risk.

### Portfolio Highlights

- The portfolio provides investors potential upside from both, Debt and Equity markets
- The Portfolio allocation enables the investor
  - To benefit from the a likely fall in interest rates
  - To benefit from the anticipated growth in equity markets
- Taxation of an equity scheme

### Portfolio Positioning\*

- 15% to 40% of the portfolio is invested in unhedged equity to benefit from the upside in the equity markets
- Both equity and bond markets experience volatility
  - About 25% to 35% of the portfolio would be invested in equity arbitrage positions to cushion the volatility in returns

### Who should invest?

DHFL Pramerica Equity Savings Fund is ideal for investors seeking to generate income from a tax efficient portfolio of equity and debt securities.

### Portfolio (Top Ten Holdings) as on April 30, 2018

Issuer	% to Net Assets	% of Nav to Derivatives
HDFC Bank Ltd.	9.80	
JSW Steel Ltd.	9.50	-9.50
Century Textiles & Industries Ltd.	8.86	-8.86
Sun Pharmaceutical Ind Ltd.	4.69	-4.69
HCL Technologies Ltd.	3.54	
ICICI Bank Ltd.	3.44	
Sun TV Network Ltd.	2.96	-2.96
Larsen & Toubro Ltd.	2.38	
Kotak Mahindra Bank Ltd.	2.08	
State Bank Of India	2.07	
<b>Equity Holdings</b>	<b>67.54</b>	<b>-27.84</b>
<b>Corporate Debt</b>	<b>16.00</b>	
<b>Fixed Deposits</b>	<b>5.01</b>	
<b>Cash &amp; Current Assets</b>	<b>11.46</b>	
<b>Total</b>	<b>100.00</b>	

\*These are based on the fund manager's current outlook and are subject to change.

## The market that was

After two months of weakness, Indian Equities recovered smartly in April 2018 with the Nifty up 6.2% in the month. IT continued to see outperformance on the back of rupee depreciation and disappointing CAD data even as earnings trends were mixed. Banks had a better month supported by decent earnings even as one of the large private sector banks reported a big cleanup quarter. On the other hand, Oil and Gas and Telecom sectors were subdued.

On the economy front, CPI inflation eased for the third consecutive month to 4.3% in Mar from 4.4% in Feb. India's Industrial Production data for the month of Feb (released in April) stayed buoyant at 7.1%. Mar trade deficit widened to \$13.7bn from \$12bn last month as exports slipped into YoY contraction. RBI left the policy rates unchanged in the April policy and the voting pattern (5-1) was also similar to the February policy. With core inflation at 4 year high of 5.4%, RBI's stance in the next meeting would be keenly watched.

Capital market activity was relatively muted in Apr with 14 deals totalling ~\$650mn during the month. FIIs were net sellers in Indian equities in Apr with \$978mn of equity outflows during the month which took their YTD buying total to \$1.1bn. DIIs meanwhile saw \$1.3bn of net buying – YTD DIIs have now bought \$5.1bn worth. Mutual Funds contributed \$1.4bn to the net buying even as Insurers net sold \$145mn during the month.

## Fund Manager's View

Some of the lead indicators such as auto/CV sales are showing signs of pickup and earnings season (though in its infancy) has seen a decent pickup (led by some of the large caps). GST collections also have shown buoyancy in the month of April, but how much is due to seasonal impact of March will only be known in subsequent months. Introduction of e-way bill should provide more teeth to the GST regime and improve efficiency of the same going forward

Outcome of Karnataka state elections and MSCI rebalancing will be keenly monitored by investors this month. Political stability would be a key barometer which would impact market sentiment and valuations going forward and with a slew of state elections schedule in the next 12 months along with the general elections, apart from earnings, would also provide direction to the market.

Last 18 months have seen a confluence of measures on economy and policy front which have had an impact all around. The economy seems to be stabilizing from these. The macro headwinds in the form of rising deficits, crude, core inflation, yields and (hence) currency are getting more pronounced. At the same time, the micro numbers in terms of corporate profitability is getting better compared to recent history. Overall outlook for Indian equities looks bright, short term volatility notwithstanding.

## Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile High/Medium/Low
	Min	Max	
A. Equity and Equity related instruments	65%	90%	High
A1. Of which Net Long Equity	5%	40%	High
A2. Of which Equity and Equity derivatives (Only Arbitrage opportunities)	25%	85%	High
B. Debt Securities and Money Market Instruments (including investments in securitized debt)	10%	35%	Low to Medium
C. Units issued by InVITs and REITs	0%	10%	Medium to High

Please refer to the Scheme Information Document for more details on asset allocation.

## Key Features



### Benchmark index:

70% of the NIFTY 50 Arbitrage TR Index and 30% of the NIFTY 50 TR Index



**Minimum application amount:** Minimum of Rs. 5000/- and in multiples of Re. 1/- thereafter. **Minimum additional investment amount:** Minimum of Rs. 1000/- and in multiples of Re. 1/- thereafter or 100 units. **Minimum repurchase / redemption amount:** Minimum of Rs. 100/- and in multiples of Re. 1/- thereafter or 0.1 units or account balance, whichever is lower.



### Exit load:

1% if the investor redeems / switch outs within 1 year from the date of allotment of units.



### Fund Manager:

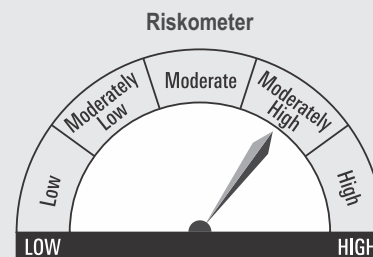
Mr. Alok Agarwal (Equity Portion) and Mr. Kumaresh Ramakrishnan (Debt Portion)

## Riskometer

This product is suitable for investors who are seeking\*:

- Capital appreciation and Income distribution over the medium term
- Investment primarily in equity and equity related securities and a small allocation to debt securities
- Degree of risk – **MODERATELY HIGH**

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk

The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding suitability of the funds based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



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