MUTUALFUNDS Sahi Hai

DHFL Pramerica MUTUAL FUND

DHFL Pramerica Low Duration Fund

(An Open Ended Income Scheme)

Why invest in DHFL Pramerica Low Duration Fund?

DHFL Pramerica Low Duration Fund is a fund that seeks to generate regular income by investing primarily in investment grade and low duration debt and money market instruments.

Investment Strategy

- The Fund focuses on enhancing the portfolio by identifying optimum credit opportunities in the market.
- The Scheme may assume moderately higher credit risk as compared to a Scheme investing predominantly in AAA bonds/sovereign securities.

Portfolio Characteristics*

- The fund focuses on adding value through credit identification, while strict portfolio discipline and actively managed mark to market holdings help in moderating the return volatility.
- The fund also actively seeks to identify mispriced securities in the shorter tenor space, primarily in CPs and Corporate Bonds.
- Portfolio invested in debt and money market securities across the credit spectrum.

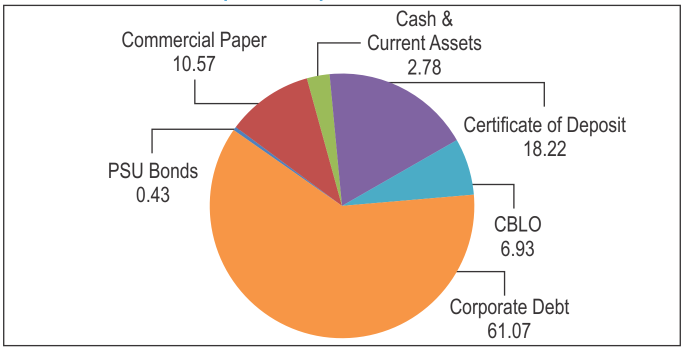
Portfolio Positioning*

- Combination of a higher rated CD & CP mix and attractive credit spreads in the non AAA/A1+ rated securities helps the fund capture a relatively higher yield vis-à-vis the flagship ultra short term fund.
- The fund would maintain a weighted average portfolio maturity in the range of 6 to 12 months.

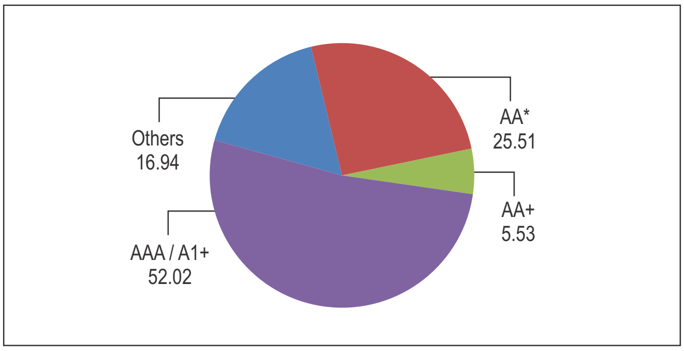
Who should invest?

DHFL Pramerica Low Duration Fund is ideal for investors seeking to invest in a portfolio of debt and money market instruments for an investment horizon of 6 to 12 months.

Asset Allocation (% AUM) as on November 30, 2017



Credit Quality Profile (% AUM) as on November 30, 2017



* AA include securities rated as AA and AA-

AUM as on November 30, 2017 (₹ in Crore): **1,153.56**

Portfolio Yield (%)	**8.21%**
Modified Duration (years)	**0.54**
Avg. Portfolio Maturity (years)	**0.62**

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

Portfolio (Top Ten Holdings) as on November 30, 2017

Issuer	% to Net Assets	Rating
Adani Properties Private Limited@	7.88	BRICK AA- (SO)
CG Power Solutions Limited	6.93	Privately Rated$
HDFC Bank Ltd.	6.38	CARE A1+
ICICI Bank Ltd.	6.28	ICRA A1+
Janalakshmi Financial Services Pvt Ltd	6.24	ICRA A
National Bank For Agriculture & Rural Development	5.55	CRISIL A1+
Edelweiss Commodities Services Ltd	4.47	ICRA AA
Reliance Big Entertainment Pvt Ltd##	4.33	BRICK AA+ (SO)
Magma Fincorp Limited	4.32	ICRA AA
Piramal Realty Pvt Ltd	4.08	CARE A1+

$ Rated by SEBI Registered Credit Rating Agency

@ Loan against share of Adani Group (mainly Adani Ports)

Loan against shares with collateral of equity share of Reliance Capital Ltd.

Liquidity and Rates

— Liquidity witnessed some pressure in the second fortnight of the month despite the system remaining positive.

— RBI has been conducting OMO sales in the last few months in an attempt to drain out the surplus liquidity. The system liquidity had steadily built up as a result of deposit growth in the banking system post demonetization and Fx inflows arising from FPI inflows.

— However a steady decline in the net system liquidity surplus led the RBI to cancel the 10th OMO in November. From a surplus of close to INR 4trn pre mid September, November end surplus was down almost by half to around INR 2 trillion.

— It appears that further OMOs are unlikely at this juncture unless there is a substantial liquidity build up again from current levels.

— RBI has thus far drained out excess liquidity through a combination of dated OMO (Open Market Operations) sales of Govt bonds (INR 900 bio), Cash management bills (INR 1.3 trillion) and Market Stabilisation Scheme (MSS) bonds (INR 1 trillion).

Fund Manager's View

— GDP for the second quarter of the fiscal ending September came in at 6.3%. Post the very weak first quarter print at 5.7%, there was some revival in Q2 as expected. The number of 6.3% partly understates the recovery that is underway although nascent in the private sector.

— Even as the GDP print has moved only from 5.7% to 6.3% in the last two quarters, core GVA has moved from 5.5% to 6.8% in the same period. The print reflects that the Private sector (led by manufacturing) is finally shaking off the after effects of demonetization and GST.

— Industry grew at 5.8% in Q2 as against 1.6% in Q1. Interestingly, industry is back to the same levels of growth as at the Sep 16 quarter in the pre-domentization phase.

— The pull back in growth in Q2 was largely led by manufacturing even as services and agriculture remain subdued. Agriculture had a weak quarter growing at 1.7% as against 2.3% in the previous quarter. Services grew at 7.1%.

— On the negative side, Govt spending slowed down after a very strong Q1. Govt spending is expected to slow down further in Q3 and Q4 as spending is pruned to meet the fiscal deficit targets. This could pose a drag to growth in the second half of the fiscal even as the Private sector is expected to pick up momentum.

— In the last few months, concerns regarding any likely slippage on the fiscal front have been keeping the bond markets under pressure. Benchmark yields as a result have moved higher from close to 6.5% at the end of July to over 7% now.

— While we do not expect a rate easing in the near term, the 100 bps spread in our view is factoring in most of the negatives and prevailing concerns. Also, even at a higher CPI average of 4.5% for fiscal FY 19, the repo rate (6%) offers a real rate differential of close to 150 bps. As such we continue to expect a status quo on rates in the medium term.

— In the absence of any slippage in borrowings in the current fiscal from the budgetary numbers, yields are likely to ease somewhat from current levels. We however believe that a sustained rally in yields would be difficult given the reversal in inflation trends and some fresh pressures in oil prices seen in recent months.

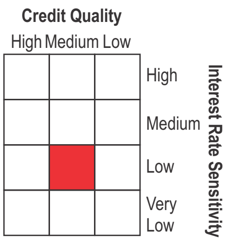
— While we retain a structural positioning which is neutral in nature, we see some tactical opportunities in the near term. We reiterate that the risk-reward for allocation to the longer end remains modest and as such would prefer positioning at the short to mid end of the curve.

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile High/Medium/Low
	Min	Max	
Debt and money market instruments with maturity upto 1 year	80%	100%	Low to Medium
Debt instruments with maturity above 1 year	0%	20%	Low to Medium

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

Investment Style Box



Key Features

Benchmark index:
CRISIL Liquid Fund Index

Exit load:
Nil

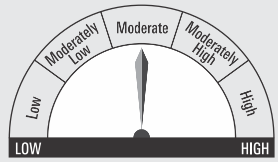
Fund Manager:
Mr. Kumaresh Ramakrishnan

Riskometer

This product is suitable for investors who are seeking*:

- Income over the short term
- Investment in debt and money market instruments
- Degree of risk – **MODERATE.**

*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 moderate 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.

www.dhflpramericamf.com 18002662667

C140/17-18