



## 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.

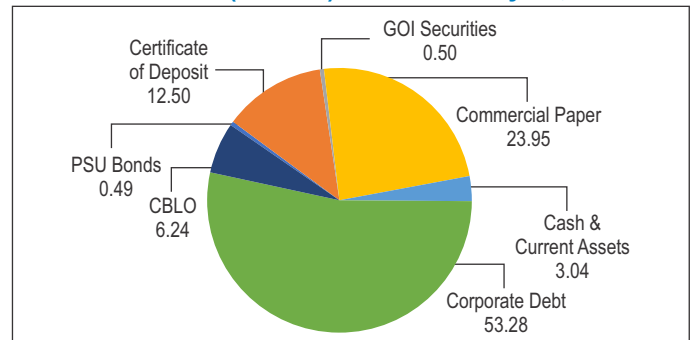
### Portfolio Positioning\*

- 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.

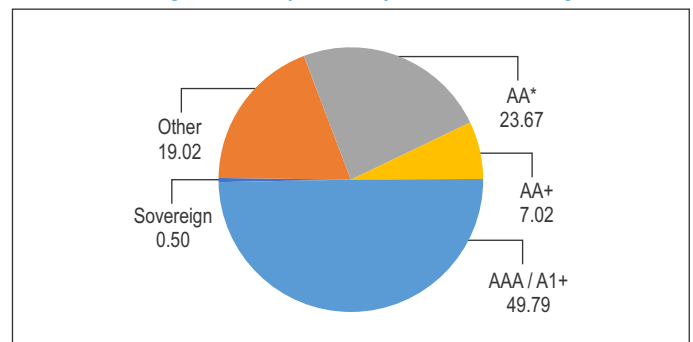
### Who should invest?

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 January 31, 2018



### Credit Quality Profile (% AUM) as on January 31, 2018



\* AA include securities rated as AA and AA-

### AUM as on January 31, 2018 (₹ in Crore): 1,025.38

Portfolio Yield (%)	8.60%
Modified Duration (years)	0.49
Avg. Portfolio Maturity (years)	0.57

## Portfolio (Top Ten Holdings) as on January 31, 2018

Issuer	% to Net Assets	Rating
Adani Properties Private Limited <sup>1</sup>	8.97	BRICK AA- (SO)
ICICI Bank Ltd.	7.13	ICRA A1+
Janalakshmi Financial Services Pvt Ltd	7.01	ICRA A-
Edelweiss Commodities Services Limited	5.03	ICRA AA
KEC International Limited	4.84	CRISIL A1+
Gruh Finance Limited	4.84	CRISIL A1+
Magma Fincorp Limited	4.84	ICRA AA
Reliance Big Entertainment Pvt Ltd <sup>2</sup>	4.84	BRICK AA+ (SO)
Larsen & Toubro Ltd.	4.83	CRISIL A1+
Piramal Realty Pvt Ltd	4.63	CARE A1+

<sup>1</sup> Loan against share of Adani Group (mainly Adani Ports)

<sup>2</sup> Loan against shares with collateral of equity share of Reliance Capital Ltd.

### Liquidity and Rates

- Liquidity remained relatively easy in January with the daily overnight rates fixing well below the operating rates.
- We expect liquidity to tighten moderately as we move into February and March on the back of a pick up in credit growth and higher issuances by banks to fund this growth.

### Union Budget 2019

- The Government presented a non-populist union budget for FY 2019, which was focused on the rural and farm sectors.
- Key highlights of the budget included a projected increase in slippage for FY 19 forecast at 3.3% (+ 30 bps over the earlier glide map) on the back of a 30 bps slippage likely in FY 18 (the current year). The focus on slightly higher spending in a pre-election year is not unexpected.

- Revenue assumptions are led by a +16% growth projection in tax revenue. While direct taxes should track the forecast, GST revenues are yet to stabilize and will need to quickly do so showing higher buoyancy if they are to meet the around 20% growth target assumed for FY 19.
- A slew of measures and new schemes were announced at the budget with the most ambitious one being on Health Insurance with the government proposing a National Health Protection Scheme covering over 10 crore poor families (approximately 50 crore beneficiaries) with a coverage of up to 5 lakh rupees per family per year for secondary & tertiary care hospitalization. This is to be the world's largest government funded health care programme.
- Besides, the budget also announced an increase in MSP to 1.5 times of the cost of production for all Kharif crops.
- On fiscal management, a key positive is the decision to adopt the FRBM committee recommendations to bring down Central Government's Debt to 40% of GDP. Besides, Government has also accepted the recommendation to use fiscal deficit target as the key operational parameter.

### Fund Manager's View

- Yields inched higher in December as fiscal and Inflation concerns weighed on the market, with the 10yr benchmark moving up by 25bps to end the month at a yield of 7.32%.
- We expect the yields to stay elevated as the fiscal situation is challenging and crude oil prices are showing an uptrend.
- We expect the yield curve to have a steepening bias on back of higher borrowing volumes in dated securities. The 10 year benchmark G sec is expected to trade in a range of 7.00% -7.50% over the next quarter.
- The positive factor is the continued strength in INR despite the rise in commodity prices and deterioration of the fiscal situation.
- Given the fact that the fiscal situation remains challenging and the best of inflation prints are probably behind us, we continue with our recommendation to Investors to stick to the Short duration products and Accrual Funds.

### 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

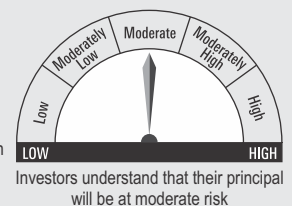
**Fund Manager:**  
Mr. Kumaresh Ramakrishnan

### 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.



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](http://www.dhflpramericamf.com) 18002662667

The Asset Management Company is not guaranteeing / offering / communicating any indicative yields or guaranteed returns on investments made in the scheme(s).

**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**

Pramerica and Pramerica Financial are trade names used by Prudential Financial, Inc., a company incorporated and with its principal place of business in the United States, and by its affiliated companies in select countries outside the United States. None of these companies are affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom