

## DHFL Pramerica Low Duration Fund

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months)

### 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 Macaulay Duration of the portfolio will be maintained between 6 months to 12 months.
- The Fund seeks to identifying investment opportunities in the short duration segment.
- The key element of this approach is having the ability to analyse and price credit risk for short dated securities.
- The Scheme shall be actively managed and the Fund Management team shall formulate a view of the credit quality, interest rate movement etc. by monitoring various parameters of the Corporates/ Indian economy, as well as developments in global markets.

### 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.

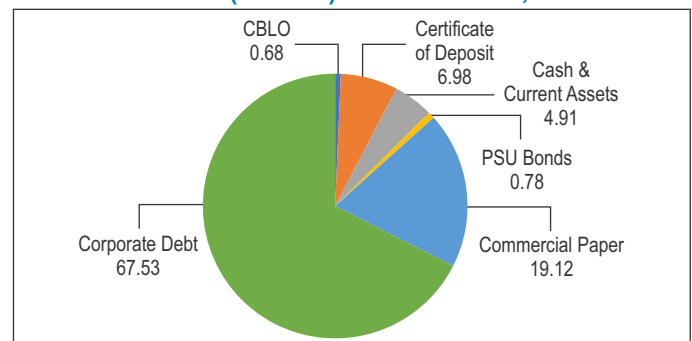
### Portfolio Positioning\*

- 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.

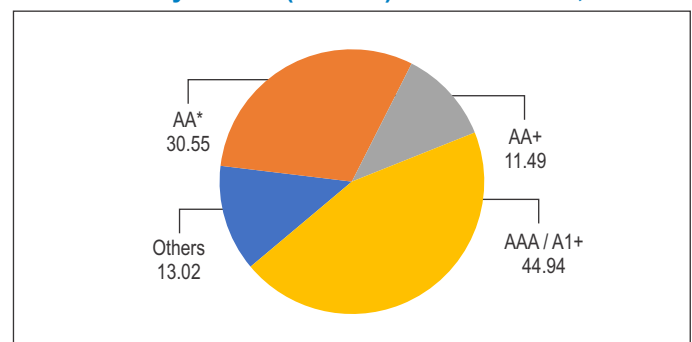
### Who should invest?

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 June 29, 2018



### Credit Quality Profile (% AUM) as on June 29, 2018



\* AA include securities rated as AA and AA-

### AUM as on June 29, 2018 (₹ in Crore): 761.81

Portfolio Yield (%)	9.30%
Modified Duration (years)	0.63
Avg. Portfolio Maturity (years)	0.72

## Portfolio (Top Ten Holdings) as on June 29, 2018

Issuer	% to Net Assets	Rating
Indiabulls Housing Finance Ltd.	9.81	CRISIL AAA
Emami Agrotech Ltd <sup>2</sup>	8.65	BRICK AA- (SO)
Himadri Specialty Chemical Ltd	6.52	CARE A1+
Magma Fincorp Limited	6.51	ICRA AA
Reliance Big Entertainment Pvt Ltd <sup>3</sup>	6.49	BRICK AA+ (SO)
Vodafone India Ltd	6.44	CRISIL AA-
Shapoorji Pallonji Infrastructure Capital Co. Ltd	6.16	CARE A1+
AU Housing Finance Limited	5.94	IND A+
Business Broadcast News Holdings Ltd <sup>4</sup>	5.00	CARE AA+(SO)
Indusind Bank Ltd.	3.93	CRISIL A1+

<sup>2</sup> Loan against shares with collateral of equity shares of Emami Ltd.

<sup>3</sup> Loan against shares with collateral of equity share of Reliance Capital Ltd.

<sup>4</sup> Guaranteed by Reliance Capital Ltd

### Macro Review

- Inflation for the month of May came in at 4.87%, which was in line with market expectations though Core Inflation inched higher to 6%, which is worrisome.
- The core CPI has been rising and is a cause for concern. Inflation will likely peak in the month of July when it is expected to come around 5.70-5.80%.
- The trade deficit for the month of April came in at US\$14.6 bn, highest in four months. It was led by higher Import growth in electronics, machinery and fertilisers.

— The current account deficit is expected to widen to 2.50-2.60% in FY19 from 2.00% in FY18. Portfolio flows are also expected to moderate this year and coupled with the widening trade deficit, the overall BOP surplus is expected to come down significantly.

— Crude prices rose by 2.50% during the month even though OPEC decided to increase production but is factoring in lower spare capacity to any supply risk and driving up the prices.

### Liquidity and Rates

— Liquidity became comfortable at the end of the month as currency in circulation numbers stabilized and government spending rose. Overall liquidity is expected to become tight going ahead from a structural perspective as the current account deficit widens and portfolio flows slow down.

— INR depreciated during the month even as RBI intervened in the currency market, INR depreciating by 1.58% last month. We continue to expect depreciation bias against INR on a widening current account deficit and also some incremental worsening in macroeconomic variables.

— The yield curve continue to be flat on the sovereign side though going forward we do expect some steepness in the curve as potential higher supply in the belly of the curve and domestic /global uncertainty makes the longer end of the curve underperform.

— The bond market, at the current yields, is factoring in incremental rate hikes of 25-50 bps in FY19 after the 25 bps hike in the June 2018 policy and we believe that at this juncture the behaviour of crude prices along with the evolving fiscal situation will be the most crucial variables in determining the stance of RBI.

### Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Min	Max	
Debt and Money Market Instruments including Government securities	0%	100%	Low to Medium

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

### Investment Style Box Key Features



**Benchmark index:**  
CRISIL Low Duration Debt Index  
(w.e.f. May 01, 2018)



**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 low duration 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.



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

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