

Parag Parikh Long Term Value Fund

(An Open Ended Equity Scheme)

A scheme designed for genuine Long Term Investors!

Factsheet

JANUARY 2018

This Scheme is Suitable for Investors who can remain invested for minimum 5 years!

| | |
|---|--|
| Name of the Fund | Parag Parikh Long Term Value Fund |
| Investment Objective | To seek to generate long term capital growth from an actively managed portfolio primarily of equity and equity related Securities |
| Type of the Scheme | An Open Ended Equity Scheme |
| Date of Allotment | May 24, 2013 |
| Name of the Fund Manager | Mr. Rajeev Thakkar - Equity Fund Manager (Overall 16 years of experience in fund management) Mr. Raj Mehta - Debt Fund Manager (Since January 27, 2016) Mr. Raunak Onkar - Fund Manager for Overseas Securities (Since Inception) |
| Assets Under Management (AUM) as on Jan 31, 2018 | ₹ 1,024.12 Crores |
| Average AUM for the Month | ₹ 1,013.55 Crores |
| Net Asset Value (NAV) as on Jan 31, 2018 | Regular Plan: 24.0565 Direct Plan: 24.6526 |
| Entry Load | Not Applicable |
| Exit Load | Exit Load is changed w.e.f. July 7, 2014. You are requested to refer to the SID (Page 89). |
| Weighted Average Expense Ratio | Regular Plan: 2.15%* Direct Plan: 1.65%* * Exclusive of GST on management fees & Inclusive of additional charges in respect of sales beyond T-15 cities. |
| Benchmark Index | Nifty 500 |
| Minimum Application Amount | New Purchase: ₹ 1,000 Additional Purchase: ₹ 1,000 Monthly SIP: ₹ 1,000 Quarterly SIP: ₹ 3,000 |

Note From Our CIO, Mr. Rajeev Thakkar

Market Fall – Why? LTCG Tax or Global macros?

Post an event happening, there are various reasons which are put out. In fact on the day of the budget the fall was not that much. The fall was more pronounced on the next day and later.

All we know is that the valuations have been stretched for a while now and we are selling stocks where we do not have comfort in the valuations and buying stocks wherever the opportunity seems good. On a net basis we have cash and equivalents of approx 18% as on January 31, 2018.

Does the market become very attractive now post the fall?

While the media headlines may make it seem that a lot has changed, effectively the fall in stock prices has been moderate in most cases. In pockets of euphoria, valuations are still stretched. That does not mean that opportunities will not be there. It is just that a 5% to 10% fall after such a steep run up does not mean too much. At the same time the underlying businesses are not affected by the stock market gyrations and quality businesses will continue to do well.

What has changed?

A strong underpinning of the rally was the fact that interest rates were very low and money was gushing into stocks, bitcoins and what not. The days of close to free money in terms of interest rates may be coming to an end. Given that growth has picked up globally, unemployment rates are low, commodity prices have picked up and wage rates are growing in the US, inflation may make a comeback and there is no reason now for Europe or Japan to keep pumping in tens of billions of dollar equivalents into their markets. Bond yields the world over are reflecting this.

Long Term Capital Gains Tax

There is a way to evade this tax.... Shhhh.....(Don't let the taxman hear this!)

How? Simple. Do not sell your investments (unless you need the money, in which case you have to pay the tax, sorry).

Each round of musical chairs in terms of shifting stocks or mutual fund units will result in either a short term capital gains tax of 15% or long term capital gains tax of 10% if the holding period is more than a year. A tax efficient investment plan is to lower the portfolio churn.

Continued to Page 2...



Dividend Plans

PPFAS does not have a dividend plan in its equity fund. Dividends are just paying you your own money. The fund's NAV immediately goes down to the extent of dividend. With the budget proposals, dividend option just does not make sense.

Say you invest ₹ 100 in a fund and the funds NAV goes up to ₹ 110 after a year.

If the fund pays you ₹ 10 as dividends the net dividend to you after tax would be ₹ 9. In other words, tax on dividends will be ₹ 1. On the other hand if you redeem units in a growth plan of the same fund worth ₹ 10, ₹ 9.09 will be your principal amount ($\frac{₹ 10}{1.1}$) and only ₹ 0.91 will be your capital gains on which you will pay a tax of ₹ 0.09. That is right 9 paise in a growth plan vs ₹ 1 in the dividend plan.

In a similar fashion, even in a debt fund if you let the money accumulate in the fund in a growth plan for 3 years, the tax post indexation will be minimal as compared to taking dividends.

In simple words

- Growth plans are better than dividend plans now
- Even if you need regular cash flows, opt for Systematic Withdrawal Plans (SWP) instead of Dividend Plans

Fund Selection

Given the need to hold investments for long and in order to reduce churn, selecting a good multi cap fund would be the best in our view rather than trying to time various thematic funds or keep shuffling between large, mid and small cap funds. This is the need the Parag Parikh Long Term Value Fund seeks to address.

What are we doing?

At our end nothing much has changed. We are focussed on reading Annual Reports, Quarterly Releases and in evaluating businesses. We continue to focus on bottom up stock investment rather than pay too much attention to macro events.

Portfolio Disclosure

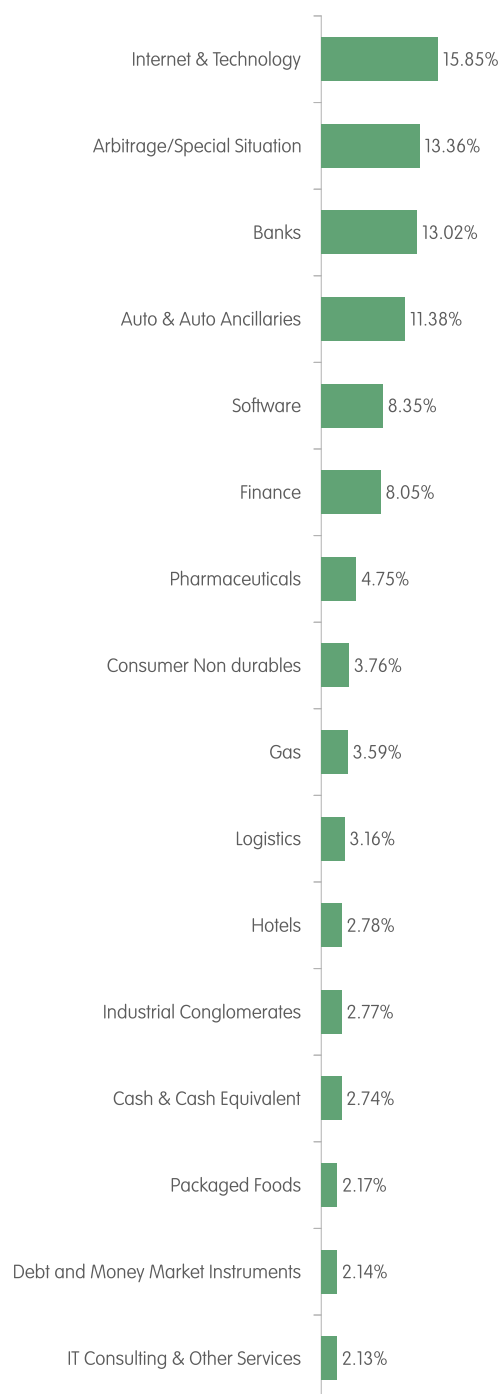
| Core Equity | | |
|---|--------------------------------|-----------------|
| Name | Sector | % of Net Assets |
| HDFC Bank Ltd | Banks | 7.23% |
| Bajaj Holdings & Investment Ltd | Finance | 6.59% |
| Persistent Systems Ltd | Software | 5.43% |
| Balkrishna Industries | Auto & Auto Ancillaries | 5.11% |
| Zydus Wellness Ltd | Consumer Non Durables | 3.76% |
| Indraprastha Gas Ltd | Gas | 3.59% |
| Axis Bank Ltd | Banks | 2.93% |
| Mphasis Ltd | Software | 2.92% |
| ICICI Bank Ltd | Banks | 2.86% |
| Maharashtra Scooters Ltd | Auto & Auto Ancillaries | 2.79% |
| Mahindra Holidays & Resorts India Ltd | Hotels | 2.78% |
| ICRA Ltd | Finance | 1.46% |
| Dr.Reddys Laboratories Ltd | Pharmaceuticals | 1.41% |
| IPCA Laboratories Ltd | Pharmaceuticals | 1.33% |
| Lupin Ltd | Pharmaceuticals | 1.25% |
| Pfizer Ltd | Pharmaceuticals | 0.76% |
| Arbitrage | | |
| Century Textiles Ltd* | | 3.58% |
| ITC Ltd* | | 2.63% |
| Bharti Airtel Ltd* | | 1.86% |
| State Bank Of India Ltd* | | 1.70% |
| Maruti Suzuki India Ltd* | | 1.39% |
| Yes Bank Ltd* | | 1.30% |
| Bank of Baroda* | | 0.90% |
| Total | | 65.56% |
| Overseas Securities, IDRs and ADRs | | |
| Alphabet Inc (Google Class C)# | Internet & Technology | 10.90% |
| Facebook INC# | Internet & Technology | 4.95% |
| Suzuki Motor Corp (ADR)^# | Auto & Auto Ancillaries | 3.48% |
| United Parcel Services INC# | Logistics | 3.16% |
| 3M Co# | Industrial Conglomerates | 2.77% |
| Nestle SA ADR^# | Packaged Foods | 2.17% |
| International Business Machines Corp# | IT Consulting & Other Services | 2.13% |
| Total | | 29.56% |
| Debt and Money Market Instruments | | |
| FDR | | 0.88% |
| CBLO | | 0.77% |
| Treasury Bill (Maturity Date: 08/02/2018) | | 0.49% |
| Invested Total | | 97.26% |
| Cash and Cash Equivalent | | 2.74% |
| Net Assets | | 100.00% |

Currency hedge to the extent of approximately 80% of exposure.

* Hedged by offsetting derivative position

^ Traded on US OTC Markets

Industry Allocation



Quantitative Indicators

| | |
|---|---------|
| Beta | 0.63 |
| Standard Deviation | 10.51% |
| Sharpe Ratio | 0.74 |
| Portfolio Turnover (Excl. Equity Arbitrage) | 11.86% |
| Portfolio Turnover (Incl. Equity Arbitrage) | 152.12% |

- Above figures are annualised.

- Risk free rate assumed to be 6.00% (FBIL Overnight MIBOR as on 31st January, 2018)

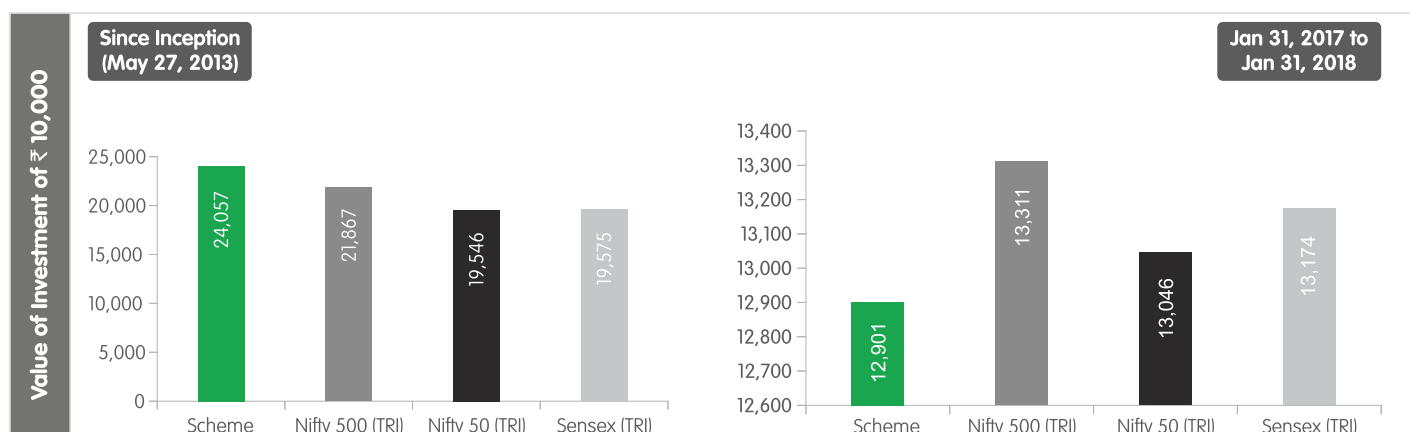
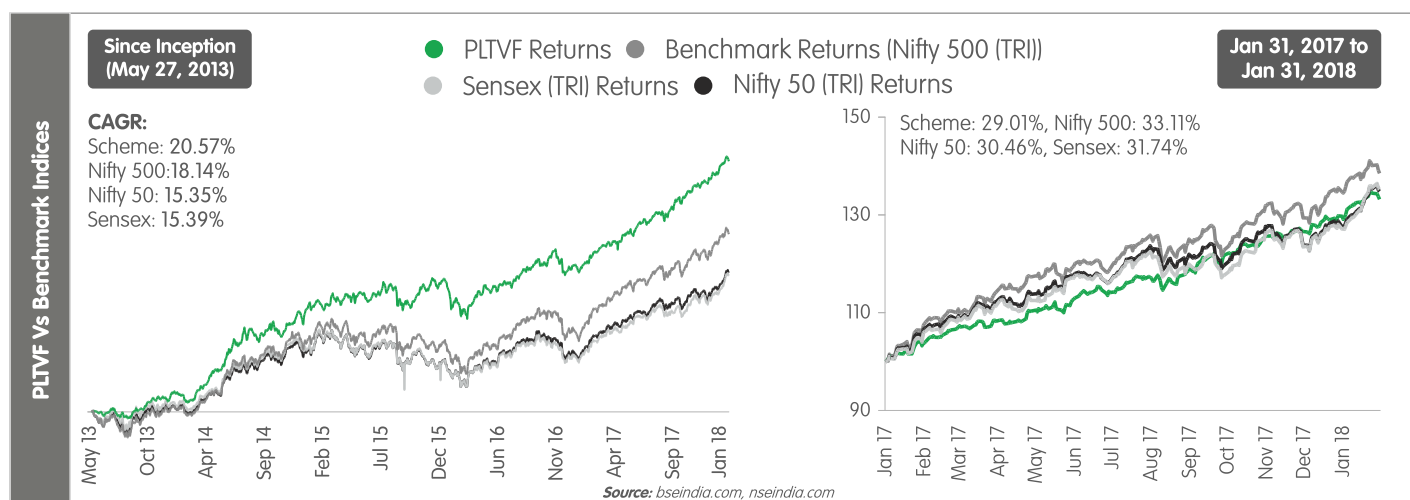
Lumpsum Investment Performance (Compounded annual returns)

| Date | Scheme | Benchmark | Index | Index | Value of Investment of Rs. 10,000/- | | | |
|---|--------|-----------------|----------------|----------------------|-------------------------------------|-----------------|----------------|----------------------|
| | PLTVF | Nifty 500 (TRI) | Nifty 50 (TRI) | S&P BSE Sensex (TRI) | PLTVF | Nifty 500 (TRI) | Nifty 50 (TRI) | S&P BSE Sensex (TRI) |
| Since Inception (May 27, 2013) | 20.57% | 18.14% | 15.35% | 15.39% | 24,057 | 21,867 | 19,546 | 19,575 |
| Jan 31, 2017 to Jan 31, 2018 (Last 1 Yr) | 29.01% | 33.11% | 30.46% | 31.74% | 12,901 | 13,311 | 13,046 | 13,174 |
| Jan 30, 2015 to Jan 31, 2018 (Last 3 Yrs) | 14.07% | 11.87% | 9.09% | 8.70% | 14,853 | 14,008 | 12,989 | 12,849 |

SIP Investment Performance

Assumption : ₹ 10,000/- is invested on the first of every month.

| | Since Inception from June 1, 2013 | Jan 31, 2017 to Jan 31, 2018 (Last 1 Year) | Jan 30, 2015 to Jan 31, 2018 (Last 3 Years) |
|---|-----------------------------------|--|---|
| Total Amount Invested | 5,70,000 | 1,20,000 | 3,60,000 |
| Market value of Investment | 9,01,877 | 1,37,909 | 4,75,782 |
| Returns (Annualised) (%) | 19.44% | 28.69% | 18.95% |
| Nifty 500 (TRI) Returns (Annualised) (%) | 18.86% | 28.63% | 20.12% |
| Nifty 50 (TRI) Returns (Annualised) (%) | 15.91% | 28.28% | 17.75% |
| S&P BSE Sensex (TRI) Returns (Annualised) (%) | 15.59% | 30.80% | 17.83% |



Note: • Different plans shall have a different expense structure • Scheme returns shown here are for Regular Plan
• Past performance may or may not be sustained in future • Greater than one year returns are CAGR returns • The scheme has not yet completed 5 years
• Data presented here is upto the last calendar month • The fund manager manages only one scheme i.e 'Parag Parikh Long Term Value Fund'.

We have our Skin in the Game

The combined holding of 'Insiders' in Parag Parikh Long Term Value Fund amounts to **11.36% of the AUM as at January 31st, 2018**. For more details please visit the '**Scheme**' section of our website.

Definitions

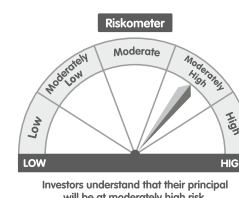
| | |
|---|--|
| Fund Manager | An employee of the asset management company such as a mutual fund or life insurer, who manages investment of the scheme. He is usually part of a larger team of fund managers and research analysts. |
| Application amount for fresh subscription | This is the minimum investment amount for a new investor in a mutual fund scheme. |
| Minimum additional amount | This is the minimum investment amount for an existing investor in a mutual fund scheme. |
| SIP | SIP or systematic investment plan work on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposit. For instance, an investor may opt for an SIP that invests ₹500 every 15 th of the month in an equity fund for a period of three years. |
| NAV | The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund. |
| Benchmark | A group of securities, usually a market index whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmark include the Nifty, Sensex, BSE200, BSE500, 10-year Gsec. |
| Entry Load | A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchase the units of a mutual fund. The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is ₹ 100 and the entry load is 1%, the investor will enter the fund at Rs 101. |
| Exit Load | Exit load is charged at the time of redeeming (or transferring an investment between schemes). The exit load percentage is deducted from the NAV at the time of redemption (or transfer between schemes). This amount goes to the Asset Management Company and not into the pool of funds of the scheme. |
| Standard Deviation | Standard deviation is a statistical measure of the range of an investment is performance. When a mutual fund has a high standard deviation, its range of performance is wide implying greater volatility. |
| Sharpe Ratio | The Sharpe Ratio named after its founder, the Nobel Laureate William Sharpe is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk. |
| Beta | Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market. |
| AUM | AUM or assets under management refers to the recent / updated cumulative market value of investments managed by a mutual fund or any investment firm. |
| Holdings | The holding or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in term of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager. |
| Nature of Scheme | The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories. |
| Portfolio Turnover Ratio | A measure of how frequently assets within a fund are bought and sold by the managers. Portfolio turnover is calculated by taking either the total amount of new securities purchased or the amount of securities sold - whichever is less - over a particular period, divided by the total net asset value (NAV) of the fund. The measurement is usually reported for a 12-month time period. |

This product is suitable for investors who are seeking long term capital growth.

Investment objective of the scheme

The investment objective of the Scheme is to seek to generate long-term capital growth from an actively managed portfolio primarily of Equity and Equity Related Securities. Scheme shall invest in Indian equities, foreign equities and related instruments and debt securities.

Investors should consult their financial advisers if in doubt about whether this scheme is suitable for them.



PPFAS Asset Management Private Limited

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Sponsor: Parag Parikh Financial Advisory Services Private Limited

| | |
|-----------------------------|---|
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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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