

Aries PMS

(FOR PRIVATE CIRCULATION ONLY)

January 2017

As on 31st December, 2016

Investment Objective

- An intermediate yield fixed income strategy focusing on suitably chosen debt assets can offer significant risk-adjusted returns over Indian G-Sec investments in the next 3-5 years.

Benchmark

- S&P BSE India Corporate Bond Index

YTM of the Portfolio (Including Cash & Equivalents)

- 11.30%

Minimum Investment

- Initial investment of INR 25,00,000/-.
- Additional Investment of INR 1,00,000/-.

Ideal Investment Horizon

- 3 - 4 years

Investment Style

Maturity

Short	Medium	Long	Yield	
				Low
				Medium
			High	

The target gross yield for the portfolio will be in the range of 12% – 15% and the portfolio duration will be 3 – 4 years.

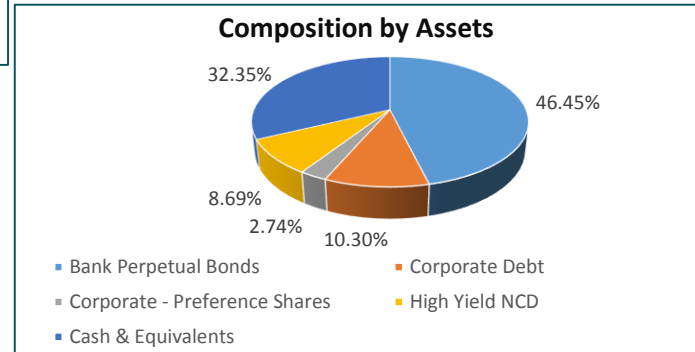
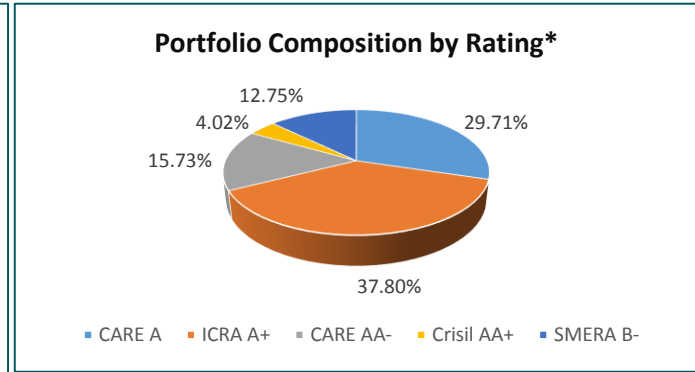
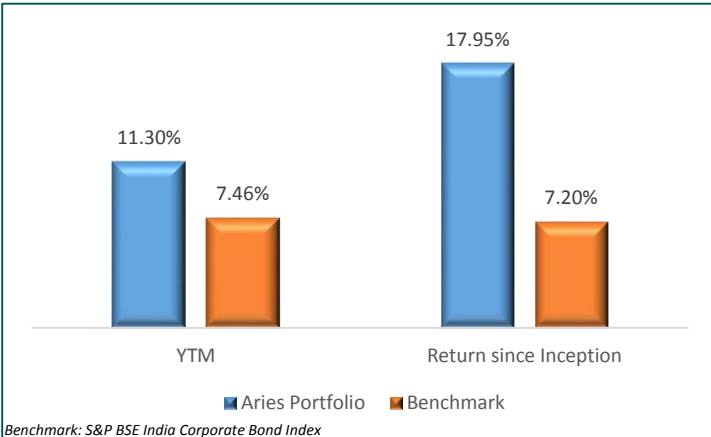
Aries PMS focusses investing in intermediate yield credit including papers with rating between AA and BB and other equivalent assets/securities. This space covers debt assets between two extremes - the relatively but low-yield sovereign/AAA debt on one hand and the unrated/B-rated real estate backed NCDs on the other.

**The target gross yield is a mere statement of expectation of portfolio manager based on reasonable assessment of current scenario. Actual returns may vary from the targets stated above.*

Portfolio Construction Methodology:

The portfolio will invest in a mix of fixed income securities with allocation being decided on three parameters:

- Credit Risk**
Part of the portfolio will be invested in superior quality corporate and bank fixed income instruments with credit rating in the range of “AA+” to “AA-”. This portion of the portfolio seeks to provide stable returns with negligible risk. Remaining will be invested in a mix of securities with ratings in the range of “A+” to “BB”. This portion of the portfolio seeks to generate higher risk adjusted returns by way of superior credit selection.
- Duration**
Portfolio duration will be targeted at 3 – 4 years. However, the maturities of the underlying instruments could be spread across the curve and may range from short term corporate bonds with a maturity of a few months to long term (15 years) government securities. Average maturity will be dynamically managed based on the interest rate view, inflation and credit risk.
- Liquidity**
Investments will be made in securities which are expected to be reasonably liquid. In case of illiquid securities, only those securities which have a maturity period of less than 3 years will be invested in.



Suitable for:

This product is suitable for investors seeking medium term capital appreciation with regular income. Aries is ideal for investors wanting to hold a fixed income portfolio with low to moderate risk appetite expecting a moderate spread of returns over government debt of similar maturity.