



PGIM

India Portfolio
Management Services

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX STRATEGY





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Portfolio Manager

From the desk of the Portfolio Manager for PGIM India Phoenix Strategy

Dear Investor,

In this newsletter, we would like to reflect on the themes we are continuously evaluating for investments in phoenix with a three to five year time frame in our minds.

Real Estate:

We believe over a period of time because of funding constraint for small builders, higher cost of funding if they are able to get funds, consumer preference for larger and reputed builders with increased regulatory oversight, will lead to many smaller players to move out of the business. This is leading to larger players gaining market share from these smaller players in the current downturn in real estate. When the downturn is over, the larger players will be growing at a much faster pace than the overall growth in the markets.

We own Prestige, Sobha and Oberoi in the Phoenix portfolio.

Manufacturing:

We have had poor job creation in the last few years in the Indian economy. In our opinion, to create jobs in the economy: jobs in the manufacturing sector will need to get created. Current measures taken by government of reducing taxes for corporates will make Indian manufacturing more competitive, globally.

Also, there has been slow growth in private capex over the last few years, which, we believe over a period of time will reverse because of better capacity utilization. Added to that, we have seen a severe slowdown in automobiles space leading to contraction in most ancillary companies. We believe both of these factors are cyclical in nature and in the next few quarters they will reverse.

We own Kirloskar oil engine, Kirloskar Brothers Limited, Apar Industries Ltd, Cummins India Ltd. NOCIL, Mayur Uniquoters, Carborundum, CCL products, Pokarna Ltd. and Himatsingka Seide Ltd. in the Phoenix portfolio.

Financials catering to small and medium enterprises (SME) space:

In our opinion, SMEs are an important part of the economy and where the requirements can vary from one client to the other. We believe this business has not yet become as commoditized as many other retail segments and hence the opportunity to make better spreads are still there. Also, the intensity of competition is much lesser than in the retail segment. With increase in GST and tax filings, the issues of lack of data for due diligence will also reduce in evaluating SMEs. Finally, with many NBFC's facing tight liquidity situation for almost a year and it seems that the crisis will continue for some more period. We believe that good and focused banks will be able to grow the business at a much faster pace in next few years.

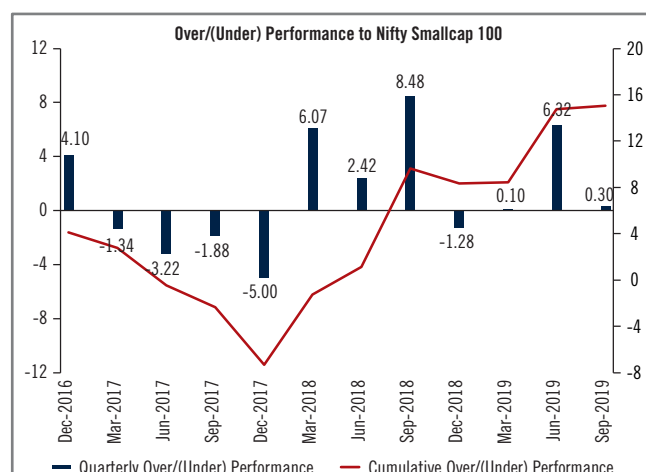
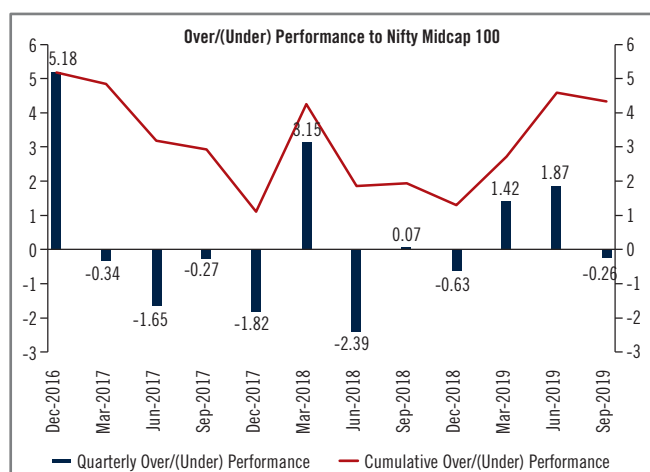
Currently we own Federal Bank and DCB in the Phoenix portfolio.

Yours Sincerely.



PGIM INDIA PHOENIX STRATEGY

KEY PORTFOLIO PERFORMANCE INDICATORS



Performance depicted as at the above stated date is based on all the client portfolios under PGIM India Phoenix Strategy existing as on such date, using Time Weighted Rate of Return (TWRR) of each client and then computing an arithmetic average for the overall strategy. Past performance may or may not be sustained in future.

Top 15 Holdings of PGIM India Phoenix Strategy as on September 30th, 2019

Date of Purchase	Equity	Sector	%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	6.12%
Aug-2016	Federal Bank Ltd	Banks	5.24%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	4.86%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	4.85%
Apr-2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	4.38%
Apr-2017	Hexaware Technologies Ltd	Computers - Software	3.84%
Sep-2016	Apar Industries Ltd	Power Equipment	3.77%
Mar-2018	Cummins India Ltd	Engineering	3.70%
Aug-2016	Sobha Ltd	Residential/Commercial/ Sez Project	3.54%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/ Sez Project	3.44%
Aug-2016	Ahluwalia Contracts India Ltd	Cement Products	3.37%
May-2018	Kirloskar Brothers Ltd	Compressors / Pumps	3.29%
Sep-2016	D B Corp Ltd	Printing And Publishing	3.28%
Mar-2019	Bajaj Consumer Care Ltd	Personal Care	3.18%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	3.10%
	Total		59.96%

Model Portfolio Details

Portfolio Details as on September 30th, 2019	
Weighted average RoE	14.61%
Portfolio PE (1-year forward) (Based on FY 20)	15.44
Portfolio dividend yield	1.83%

Portfolio Composition as on September 30th, 2019	
Large Cap	7.75%
Mid Cap	18.50%
Small Cap	65.75%
Cash	8.00%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 2019

Midcap: Market cap below 100th company to the market cap of the 250th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 2019

Small Cap: Market cap lower than the 250th company in the nifty 500 (sorted by market cap in descending order) as on September 30th, 2019

The above holding represents top 15 holdings of PGIM India Phoenix Strategy based on all the client portfolios under PGIM India Phoenix Strategy existing as on the date stated above, excluding any temporary cash investments. The above holdings do not represent the model portfolio being offered to the clients (including prospective clients) and hence it is possible that these stocks may not be part of the portfolios constructed for new clients. The above holdings are for illustration purpose only and it should not be considered as investment recommendation or analysis or advice or opinion from the Portfolio Manager on the above mentioned stocks. The above portfolio holdings are provided on an "as is" basis, and the Portfolio Manager makes no express or implied warranties or representations with respect to the accuracy, completeness, reliability, or fitness of the above portfolio holdings or any financial results you may achieve from their use. In no event shall the Portfolio Manager, its directors or employees or its affiliates have any liability relating to the use of the portfolio holdings.



PGIM India Phoenix Strategy Portfolio Performance as on September 30, 2019

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	1.15%	2.39%	2.71%
3 Months	-9.48%	-9.22%	-9.78%
6 Months	-10.52%	-12.23%	-16.17%
1 Year	-5.31%	-6.58%	-9.06%
2 Year	-4.10%	-5.93%	-14.13%
3 Year	3.39%	1.31%	-3.05%
Since Inception Date 01/08/2016	4.12%	2.61%	-2.63%
Portfolio Turnover Ratio*	17.21%		

*Portfolio Turnover ratio for the period October 1st, 2018 to September 30th, 2019

Consolidated Portfolio CY Performance of PGIM India Phoenix Strategy

CY	Portfolio Performance	Nifty Midcap 100	Nifty Smallcap 100
01-08-2016 to 31-12-2016	1.08	-2.85	-5.01
CY 2017	42.13	47.26	57.3
CY 2018	-12.72	-15.42	-29.08
CY 2019 till 30-09-2019	-8.56	-10.35	-13.26
01-08-2016 to 30-09-2019	4.12	2.61	-2.63

Important Disclosures regarding the consolidated portfolio performance: Performance depicted as at the above stated date is based on all the client portfolios under PGIM India Phoenix Strategy existing as on such date, using Time Weighted Rate of Return (TWRR) of each client and then computing an arithmetic average for the overall strategy. Past performance is no guarantee of future returns. The above portfolio performance is after charging of expenses (as depicted above). Return for period upto 1 year is absolute. Since inception date stated is considered to be the date on which the first client investment was made under the strategy. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have impact on client portfolio performance and hence may vary significantly from the performance data depicted above. Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation noticed in the returns of individual client portfolios. The Portfolio Manager does not make any representation that any investor will or is likely to achieve profits or losses similar to those depicted above.

Investment objective of PGIM India Phoenix Strategy: The objective of the strategy is to generate capital appreciation over the long term by investing in a portfolio of equity of Indian companies

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