



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX STRATEGY





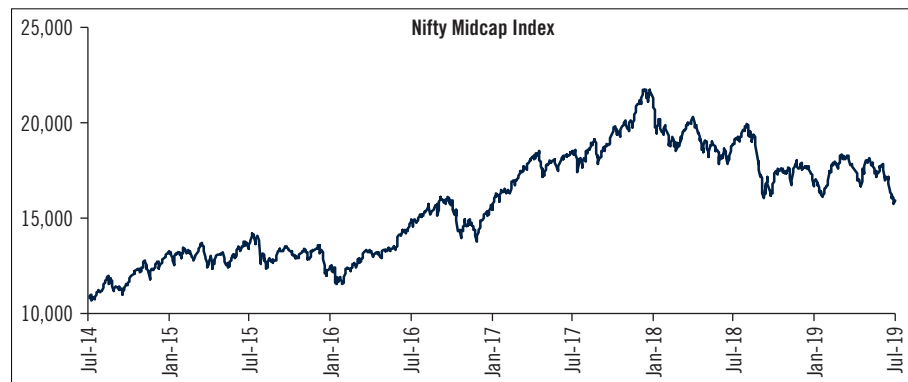
Himanshu Upadhyay,
Portfolio Manager

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

Dear Investor,

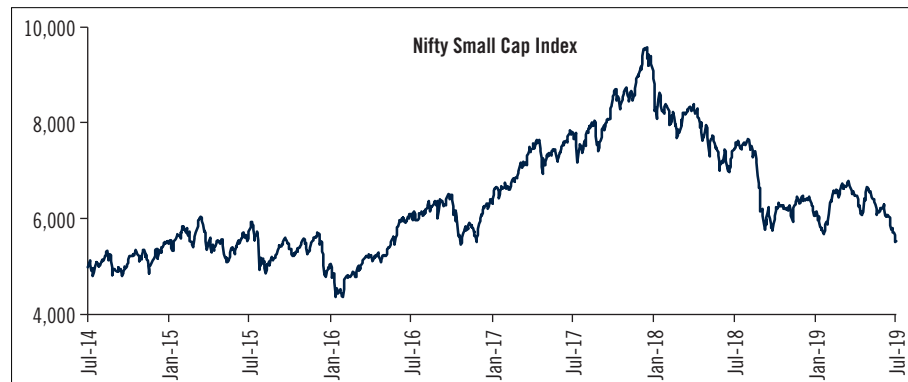
It has been an interesting last one and a half year for small and midcap companies where there has been decent correction in stock prices and the small cap index is down by 42.4% from its peak and similarly the midcap index is down by 26.7% from the peak as of 31 July 2019. The month of June and July have been much more brutal where small cap stocks have fallen on very low volume and much more sharply. Looking at the stock price movements it seems that buyers as a category of investors is slowly vanishing and only sellers are there in small cap space. The small and mid-cap euphoria we saw in 2015 to 2017 has started fading out and sanity in valuations is now emerging in our opinion.

Nifty Midcap 100 index



Source: nseindia.com

Nifty Smallcap 100 index



Source: nseindia.com

How are we performing and also what are we doing now?

Fall in the value of our portfolio is much less in comparison to both Nifty Smallcap 100 and Nifty Midcap 100 indexes in last 1 and 2 years, and the return over the three year period is better than the Nifty Smallcap 100 and Nifty Midcap 100 indexes. But some of our stocks have also fallen far more than the indexes and more than what we thought they could fall. We continue to hold onto these stocks and have used this opportunity to buy more of chosen few stocks, as we don't believe there has been a fundamental deterioration in their future prospects and the quality of these stocks. There are times when the stock price movement is extreme and we need to take care that we don't color our opinion about the quality, future prospects of a company based on the stock price movement. In 2017 almost all small and midcap companies were great and today the market opinion is on the other extreme.

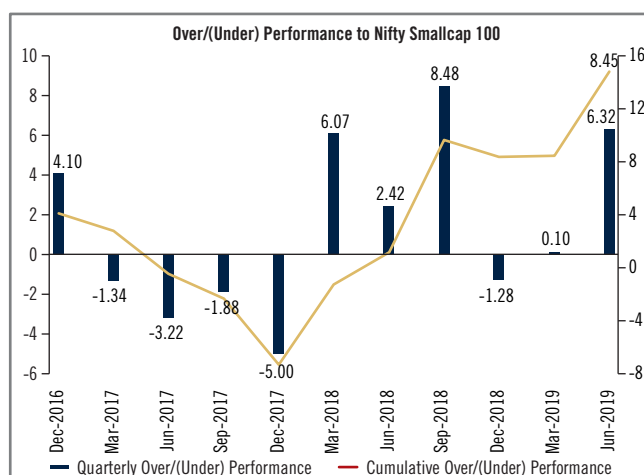
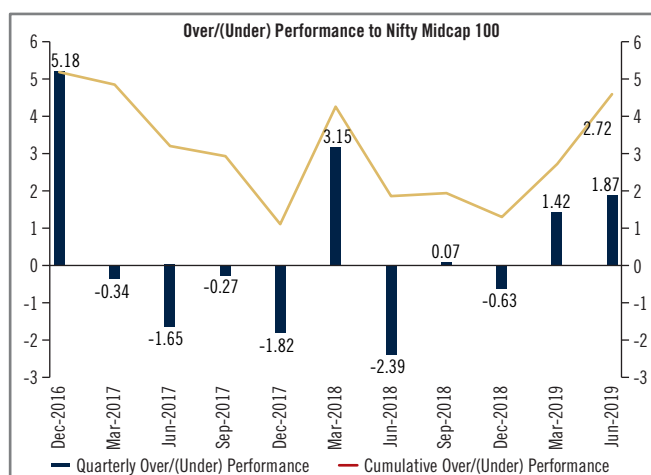
It does not mean that we should not review the companies we hold at regular interval or we cannot be wrong about our hypothesis or things cannot change over a period of time. We believe we should review the business and operational performance of the companies at regular intervals and also the economic scenario in which they are operating. But not give undue weightage to the stock price movements.

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 July 31st, 2019

Date of Purchase	Equity	Sector	%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	5.18%
Aug-2016	Federal Bank Ltd	Banks	5.05%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	4.85%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	4.45%
Apr-2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	3.99%
Aug-2016	Sobha Ltd	Residential/Commercial/ Sez Project	3.97%
Mar-2018	Cummins India Ltd	Engineering	3.87%
Apr-2017	Hexaware Technologies Ltd	Computers - Software	3.75%
May-2018	Kirloskar Brothers Ltd	Compressors / Pumps	3.69%
Aug-2016	Ahluwalia Contracts India Ltd	Cement Products	3.49%
Sep-2016	Apar Industries Ltd	Power Equipment	3.33%
Sep-2016	D B Corp Ltd	Printing And Publishing	3.28%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/ Sez Project	3.15%
Oct-2016	DCB Bank Ltd	Banks	3.14%
Mar-2019	Bajaj Consumer Care Ltd	Personal Care	3.07%
	Total		58.26%

Model Portfolio Details

Portfolio Details as on July 31st, 2019	
Weighted average RoE	13.86%
Portfolio PE (1-year forward) (Based on FY 20)	16.03
Portfolio dividend yield	1.59%

Portfolio Composition as on July 31st, 2019	
Large Cap	7.00%
Mid Cap	17.00%
Small Cap	64.50%
Cash	11.50%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on July 31st, 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 July 31st, 2019

Small Cap: Market cap lower than the 250th company in the nifty 500 (sorted by market cap in descending order) as on July 31st, 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 July 31, 2019

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	-8.00%	-9.82%	-10.94%
3 Months	-7.56%	-9.37%	-14.63%
6 Months	-3.70%	-5.82%	-9.97%
1 Year	-10.80%	-15.66%	-26.04%
2 Year	-3.56%	-7.27%	-15.88%
Since Inception Date 01/08/2016	4.92%	2.53%	-3.19%
Portfolio Turnover Ratio*	29.10%		

*Portfolio Turnover ratio for the period July 1st, 2018 to July 31st, 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 31-07-2019	2.01	-1.24	-3.86
01-08-2016 to 31-07-2019	4.92	2.53	-3.19

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

Disclaimers and risk factors: PGIM India Asset Management Private Limited (erstwhile DHFL Pramerica Asset Managers Private Limited) is registered with SEBI as Portfolio Manager as Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1993. This Document is for information purpose only. This Document and the Information do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or the solicitation of an offer to buy or sell any securities/ schemes or any other financial products/investment products (collectively "Products") mentioned in this Document or an attempt to influence the opinion or behavior of the Investors/Recipients. Any use of the information contained herein for investment related decisions by the Investors/ Recipients is at their sole discretion & risk. Please read the Disclosure Document and the agreement along with the related documents carefully before investing. Investments in Products are subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks. There is no assurance or guarantee/ warranty that the objectives of any of the Products will be achieved. The investments may not be suited to all categories of Investors/ Recipients. Investors/ Recipients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors, as they believe necessary, before investing in such Products.

© 2019 Prudential Financial, Inc. (PFI) and its related entities. PFI of the United States is not affiliated with Prudential plc, a company incorporated in the United Kingdom. The PGIM logo and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

This document is strictly confidential and meant for private & restricted circulation only and should not at any point of time be construed to be an invitation for subscribing to PGIM India Phoenix Strategy. The document is solely for the understanding of intended recipient and if you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful.

This document is dated August 20, 2019.

C75/2019-20



www.pgimindiapms.com

022-6159 3131

care@pgimindia.co.in