



**PGIM**

**India Portfolio  
Management Services**

Small today.  
Large tomorrow.

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**PGIM INDIA**  
**PHOENIX PORTFOLIO**





**Himanshu Upadhyay,**  
Portfolio Manager

### Reaping gains from agri sector

Dear Investor,

The month of June has been excellent for the markets, with the portfolio delivering 12.27% returns versus 10.78% for the Nifty Midcap 100 and 15.29% for the Nifty Small cap index. The best-performing stocks for the month of June were: - Mayur Uniquoters, up by 35%, Ashiana Housing, up by 33% and Hexaware, up by 31%. The laggards for the month were: - ONGC, which was down by 2% and Nocil, down by 4%.

Companies from agriculture-related sectors have become the flavor of the market on the back of a good monsoon last year, softening raw material prices, price rise in case of agriculture commodities and the reforms brought in by the government. We have been holding Dhanuka Agritech from the agri space. The stock has more than doubled from our average purchase price and we have booked profits and have reduced the weightage to 6.5%. From the risk management perspective, we generally prefer to cap positions below 7.5% of the portfolio.

The buyback/ delisting of the stocks by company managements at a price higher than our purchase price has become a regular feature for the portfolio. For example, JB Chemicals and Pharmaceuticals with 6.5% allocations in the portfolio. The promoters are selling their stake to a KKR fund and the buyer has given an open offer for 26% of the public shares at Rs 745. We will be tendering our shares in the open offer. Our average purchase price was Rs 330.

The story is different for another portfolio company Hexaware which is one of our top holdings. The promoter HT Global IT Solutions Holdings Limited has expressed its intention to make a voluntary delisting offer. The initial offer price of Rs.285 given by the promoters is low in our opinion and we expect a better offer. Therefore, despite a 30% rally in the stock, we have decided to wait for the final offer. We maintain 4.5% allocation for Hexaware.

Our largest sectoral exposure is to the real estate companies. We own Ashiana, Oberoi and Sobha who are predominantly in residential segment. We believe that this industry will see a strong consolidation in favor of stronger players. The Covid crisis will accelerate the trend further and these companies with balance sheet strength, brand trust will be the beneficiaries as soon as normalcy resumes.

The other large exposure is to banks at around 9.5% of the portfolio. In banking we have Federal and DCB as a part of the portfolio. Both these banks have a granular deposit and lending base. On careful inspection, we find that the quality of the balance sheet for both the players can easily rival some of the large peers. We believe that these players will be the beneficiaries as NBFCs cede the space due to funding constraints.

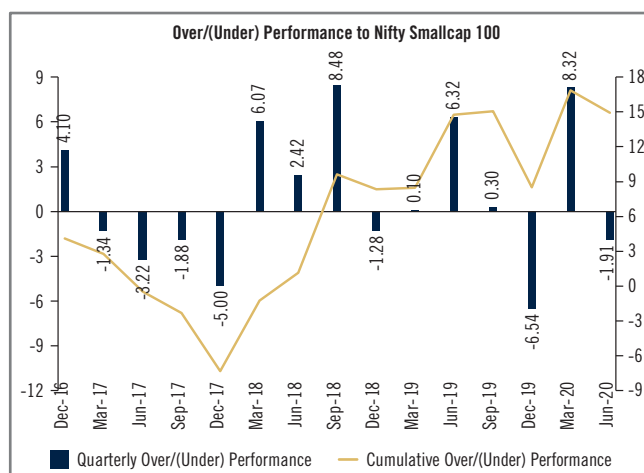
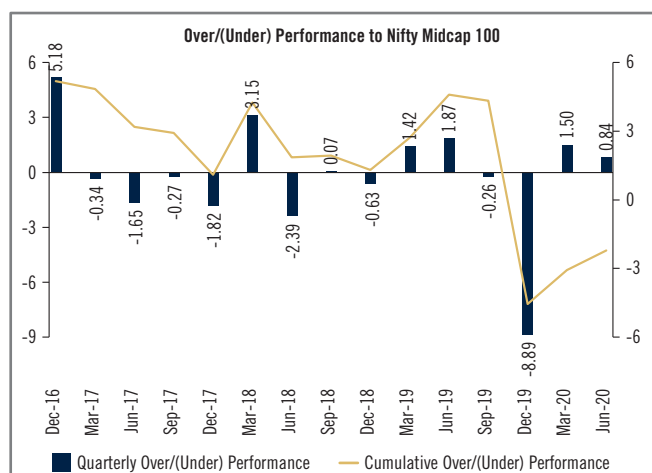
We hold a diversified portfolio with exposure to more than twelve segments of the market having a dividend yield of 2.02%. The times are challenging but we believe that our portfolio companies will rise to the occasion.

Yours Sincerely,



# PGIM INDIA PHOENIX PORTFOLIO

## KEY PORTFOLIO PERFORMANCE INDICATORS



Performance depicted as at the above stated date is after charging of expenses and based on all the client portfolios under PGIM India Phoenix Portfolio existing as on such date, using Time Weighted Rate of Return (TWRR) of each client. Past performance may or may not be sustained in future.

### Top 15 Holdings of PGIM India Phoenix Portfolio as on June 30th, 2020

Date of Purchase	Equity	Sector	%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	6.47%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	6.26%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.94%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	5.75%
Apr-2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	4.88%
Apr-2017	Hexaware Technologies Ltd	Computers - Software	4.81%
Oct-2016	CCL Products India Ltd	Tea & Coffee	4.16%
May-2017	MOIL Ltd	Industrial Minerals	4.07%
Mar-2018	Cummins India Ltd	Engineering	3.93%
Aug-2016	Federal Bank Ltd	Banks	3.88%
Jul-2017	Mayur Uniquoters Ltd	Textiles	3.85%
Sep-2016	Apar Industries Ltd	Power Equipment	3.01%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/ Sez Project	3.00%
Aug-2016	Sobha Ltd	Residential/Commercial/ Sez Project	2.95%
Aug-2016	Ahluwalia Contracts India Ltd	Cement Products	2.86%
	<b>Total</b>		<b>65.82%</b>

### Model Portfolio Details

Portfolio Details as on June 30th, 2020	
Weighted average RoE	11.97%
Portfolio PE (1-year forward) (Based on FY 20)	10.4
Portfolio dividend yield	2.02%

### Portfolio Composition as on June 30th, 2020

Large Cap	0.00%
Mid Cap	24.50%
Small Cap	68.00%
Cash	7.50%

**Large Cap:** Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on June 30th, 2020

**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 June 30th, 2020

**Small Cap:** Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on June 30th, 2020

The above holding represents top 15 holdings of PGIM India Phoenix Portfolio based on all the client portfolios under PGIM India Phoenix Portfolio 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 Portfolio Performance as on June 30th, 2020

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	12.27%	10.78%	15.29%
3 Months	26.47%	25.63%	28.38%
6 Months	-11.56%	-14.02%	-20.91%
1 Year	-21.65%	-16.71%	-25.57%
2 Year	-11.58%	-10.06%	-19.80%
3 Year	-6.93%	-6.05%	-14.22%
Since Inception Date 01/08/2016	-0.37%	-0.12%	-6.82%
Portfolio Turnover Ratio*	16.26%		

\*Portfolio Turnover ratio for the period July 1st, 2019 to June 30th, 2020

## PGIM India Phoenix Portfolio - Annualised Performance as on June 30th, 2020

	Current Year April 1, 2020 to June 30, 2020	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019	April 1, 2017 to March 31, 2018
PGIM India Phoenix Portfolio	26.38	-38.7	-3.73	9.49
Benchmark - NIFTY MIDCAP 100	25.63	-35.9	-2.66	9.07

Performance is calculated on Time Weighted Rate of Return (TWRR) basis

**Important Disclosures regarding the consolidated portfolio performance:** The performance related information provided herein is not verified by SEBI. Performance depicted as at the above stated date is based on all the client portfolios under PGIM India Phoenix Portfolio existing as on such date, using Time Weighted Rate of Return (TWRR) of each client. 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 live 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 Portfolio:** The objective of the portfolio is to generate capital appreciation over the long term by investing in quality Mid and Small Cap Indian companies.

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