

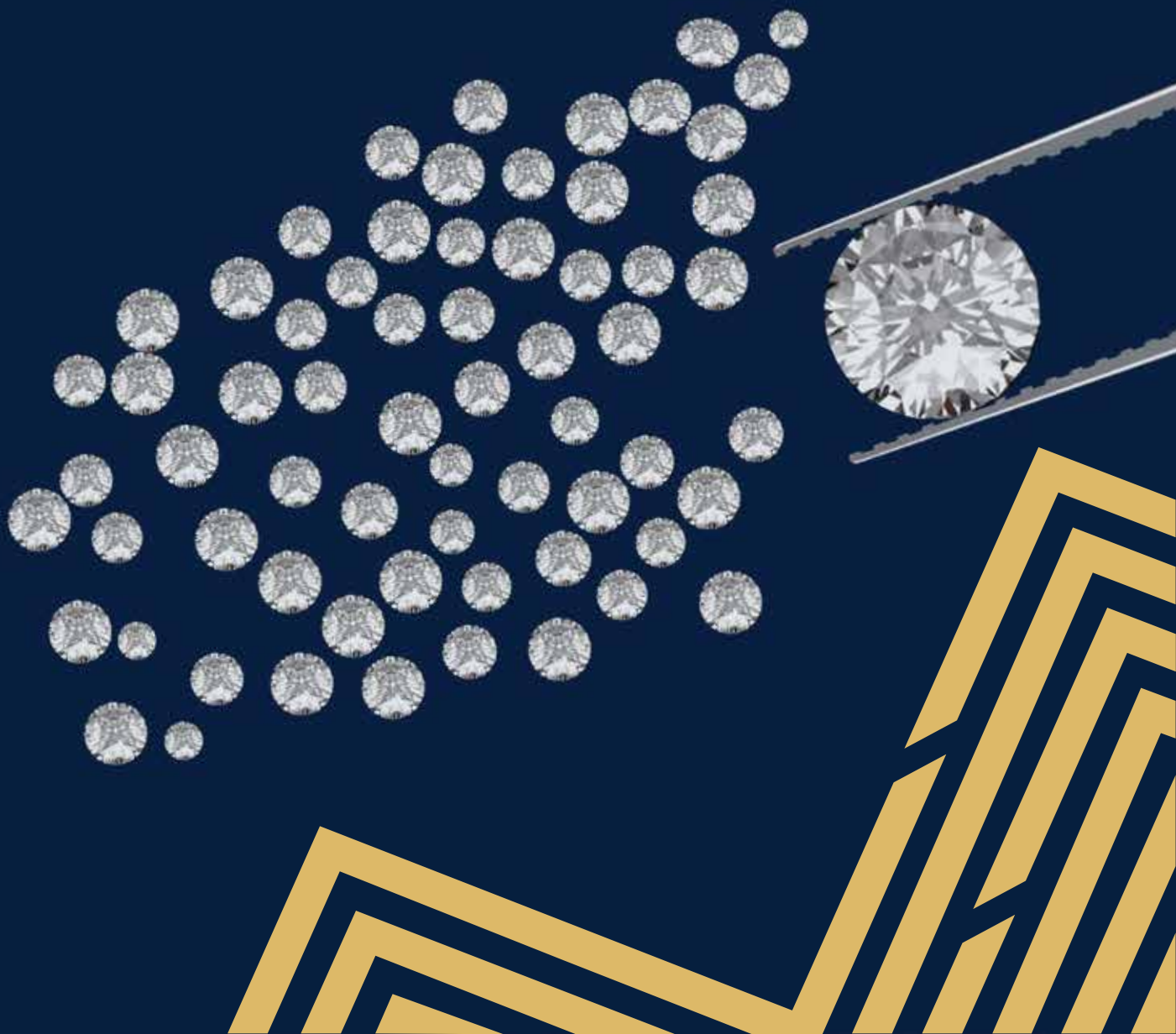


PGIM

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,

In this newsletter, we wish to discuss and reflect on the companies we are holding in client portfolios and how are we looking at the current scenario.

Company	Q3 FY2019				Q3 FY 2020				Growth				Sectors
	Revenue/ NII	EBITDA/ PPoP	PAT	EPS	Revenue/ NII	EBITDA/ PPoP	PAT	EPS	Revenue/ NII	EBITDA/ PPoP	PAT	EPS	
Bajaj Consumer Ltd	229.6	71.0	60.1	4.1	211.5	54.3	50.1	3.4	-8%	-24%	-17%	-17%	Consumer
Kewal Kiran Clothing	111.5	15.5	12.7	10.3	126.2	13.3	11.5	9.4	13%	-14%	-9%	-9%	Consumer
DCB Bank Ltd	293.6	173.8	86.1	2.7	323.1	189.9	96.7	3.1	10%	9%	12%	12%	Banks
Federal Bank Ltd	1077.3	707.8	333.6	1.7	1154.9	743.8	440.6	2.2	7%	5%	32%	32%	Banks
Oracle Financial Services	1185.9	499.5	306.0	35.6	1160.1	526.2	456.7	53.2	-2%	5%	49%	49%	IT
Hexaware Technologies	1252.4	191.3	123.4	4.1	1528.8	239.7	167.8	5.6	22%	25%	36%	37%	IT
Mahanagar Gas	752.7	239.1	148.3	15.0	744.5	258.9	186.1	18.8	-1%	8%	25%	25%	Utilities
D B Corp Ltd	659.7	139.8	75.7	4.3	598.7	141.7	81.6	4.7	-9%	1%	8%	8%	Media
Dhanuka Products Ltd *	216.8	21.5	14.6	3.0	271.5	34.3	27.7	5.8	25%	59.5%	90%	96%	Agrochemicals
Sobha Ltd	787.9	159.0	69.8	7.3	883.2	286.6	73.2	7.7	12%	80.3%	5%	5%	Real Estate
Oberoi Realty Ltd	528.6	188.1	137.9	3.8	527.4	229.9	148.2	4.1	0%	22%	7%	8%	Real Estate
Ashiana Housing Ltd.	67.1	7.2	5.8	0.6	73.8	-2.9	-6.4	-0.6	10%	NA	NA	NA	Real Estate
Kirloskar oil engine	868.7	72.0	40.6	2.8	835.6	69.4	46.4	3.2	-4%	-4%	14%	14%	Manufacturing
Kirloskar Brothers limited	817.1	19.0	-16.0	-2.0	894.8	106.0	62.0	7.8	10%	458%	NA	NA	Manufacturing
Apar Industries Ltd	2119.1	114.4	34.7	9.1	1836.6	123.1	36.7	9.6	-13%	8%	6%	5%	Manufacturing
Cummins India Ltd.	1514.3	228.2	197.5	7.1	1456.4	216.5	199.9	7.2	-4%	-5%	1%	1%	Manufacturing
NOCIL	261.2	73.0	44.9	2.7	194.3	36.6	21.0	1.3	-26%	-50%	-53%	-52%	Manufacturing
Mayur Uniquoters	160.8	34.0	21.8	4.8	124.6	25.0	18.2	4.0	-23%	-26%	-17%	-17%	Manufacturing
Carborundum	692.9	103.2	58.1	3.1	649.4	96.5	62.8	3.3	-6%	-6%	8%	6%	Manufacturing
CCL products	234.1	54.3	32.6	2.4	302.7	84.2	47.0	3.5	29%	55%	44%	46%	Manufacturing
Ahluwalia Contracts (India) Ltd	418.5	49.6	26.9	4.0	438.3	42.7	20.5	3.1	5%	-14%	-24%	-23%	Construction
Great Eastern Shipping Co Ltd*	952.0	371.1	68.6	4.6	1077.4	538.9	274.2	18.1	13%	45%	300%	293%	Shipping
JB Chemicals & Pharmaceuticals Ltd*	382.0	78.1	49.9	6.1	428.6	87.3	66.3	8.3	12%	12%	33%	36%	Pharmaceuticals
ONGC Ltd	27694.1	16570.8	8262.7	6.6	23710.1	12298.3	4151.6	3.3	-14%	-26%	-50%	-50%	Commodities
MOIL	332.8	154.6	120.3	4.7	256.2	55.2	55.5	2.2	-23%	-64%	-54%	-54%	Commodities

* Buyback of shares in last 1 year

Source of data: Company fillings

Last leg of the current rally, has been a period where a few companies have done extremely well, and companies with deeper links to the macro-economic cycle have faced greater impact of the slowdown. A large part of our portfolios positioned to capture the economic revival through manufacturing and commodities saw a huge negative impact leading to the portfolios underperforming the benchmarks. The businesses are robust with favourable valuations, and we believe that our portfolio companies will see positive traction, once the dust settles.

Performance in a nutshell:

Consumer: We have two companies in the consumer space and they have been negatively impacted by the slowdown and higher competition.

Banks: We have two banks in the portfolio, DCB and Federal Bank. The reason we chose them was that they are conservative lenders and they will not blindly go for growth. We are firm believers in what Walter Bagehot (author of Lombard Street) stated: "Adventure is the life of commerce, but caution is the life of banking."

Media: We have DB Corp (Dainik Bhaskar) in our portfolio. The economic slowdown has led to a fall in the advertisement revenues of both radio and print media, resulting in declining sales for these companies. Last year, the price of paper rose quite significantly and had led to an erosion in margins. The price of paper has been falling and that has led to an improvement in margins. Looking at the current macro-economic environment, growth in



advertisements will remain a short-term challenge. Fall in the prices of paper and cost control should lead to stable margins.

Agriculture: We have Dhanuka Agritech in the agro-chem space. Revenue growth was led by good sales improvement in domestic market because of increased sowing in this season.

Real Estate: We have three companies in real estate; Sobha, Oberoi Realty and Ashiana Housing. The base hypothesis was that the business will become more organized and concentrated in contrast to the historical scenario. This should lead to the emergence of a few strong and large players.

Manufacturing: This is one space where the divergence between the results of companies has been quite high. For Kirloskar Brothers and CCL Products the results were good. On the other hand, Mayur Uniquoters and Nocil results were bad. Both Mayur Uniquoters and Nocil are heavily dependent on the automobile sector, and the slowdown in automobiles has a negative effect on these companies.

Shipping: The Q3FY20 results were one of the best results for GE Shipping in the last many years. Profits tripled from the same quarter last year. Barring some hiccups in short term, we remain positive on the business because of low leverage, strong cash generating capability even in a very tough environment and reducing orderbook for new ships.

Pharmaceuticals: We have JB Chemicals in the pharma space as one of our top holdings. The results were good. The 50% increase in price for Metrogyl, GSK leaving the Ranitidine market and the company purchasing rights of brands from Unique Pharma (for Rs 8 cr - one-time cost) are some of the key positives for JB Chemicals.

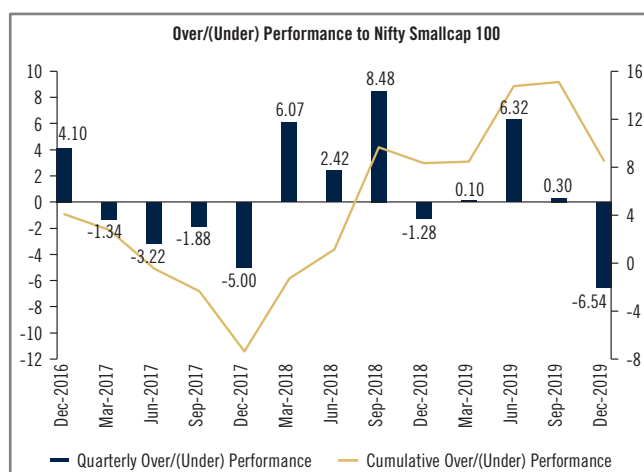
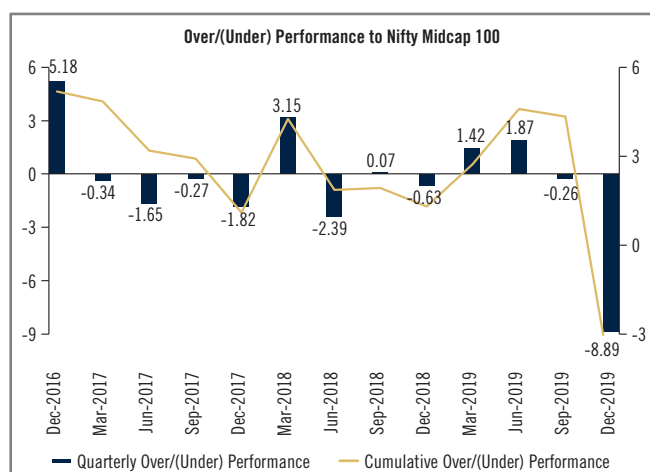
Commodities: This has been a pain point for us, but we remain convinced about these companies and hence we continue to hold them in our portfolio.

Yours Sincerely.



PGIM INDIA PHOENIX STRATEGY

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 Strategy 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 Strategy as on February 28th, 2020

Date of Purchase	Equity	Sector	%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	6.32%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	5.77%
Aug-2016	Federal Bank Ltd	Banks	5.48%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	5.42%
Apr-2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	4.59%
Aug-2016	Ahluwalia Contracts India Ltd	Cement Products	4.39%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	4.33%
Apr-2017	Hexaware Technologies Ltd	Computers - Software	4.00%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/ Sez Project	3.59%
Mar-2018	Cummins India Ltd	Engineering	3.52%
Jul-2017	Mayur Uniquoters Ltd	Textiles	3.39%
Oct-2016	CCL Products India Ltd	Tea & Coffee	3.36%
May-2018	Kirloskar Brothers Ltd	Compressors / Pumps	3.08%
Jan-2020	Indian Hotels Company Ltd	Hotels	3.08%
Mar-2018	Kewal Kiran Clothing Ltd	Fabrics And Garments	3.03%
	Total		63.35%

Model Portfolio Details

Weighted average RoE	12.47%
Portfolio PE (1-year forward) (Based on FY 20)	13.42
Portfolio dividend yield	1.90%

Portfolio Composition as on February 28th, 2020

Large Cap	3.00%
Mid Cap	24.50%
Small Cap	62.25%
Cash	10.25%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 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 February 28th, 2020

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 2020

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 February 28th, 2020

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	-8.24%	-7.93%	-10.46%
3 Months	-2.08%	-2.47%	-1.49%
6 Months	-3.10%	7.88%	4.57%
1 Year	-8.32%	0.39%	-4.37%
2 Year	-11.50%	-7.61%	-17.60%
3 Year	-1.67%	0.62%	-5.43%
Since Inception Date 01/08/2016	2.31%	3.64%	-1.93%
Portfolio Turnover Ratio*	16.04%		

*Portfolio Turnover ratio for the period March 1st, 2019 to February 28th, 2020

Calendar Year Performance of PGIM India Phoenix Strategy

Calendar Year	Portfolio Performance	Nifty Midcap 100	Nifty Smallcap 100
01-08-2016 to 31-12-2016	1.08%	-2.85%	-5.01%
CY 2017	40.71%	47.26%	57.30%
CY 2018	-12.50%	-15.42%	-29.08%
CY 2019	-10.46%	-4.32%	-9.53%
CY 2020 till 28-02-2020	-2.61%	-1.85%	-2.74%
01-08-2016 to 28-02-2020	2.31%	3.64%	-1.93%

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

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. 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 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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