



**PGIM**

**India Portfolio  
Management Services**

Small today.  
Large tomorrow.

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





**Himanshu Upadhyay,**  
Portfolio Manager

### Tough month and Goodyear

Dear Investor,

The Phoenix portfolio did well in the April-to-June quarter with strong performance numbers. July however proved to be a tough month where Phoenix returns were 2.08% versus 5.22% for CNX Midcap and 8.57% for CNX Smallcap. Hexaware was the top performing stock and was up 14%, Kirloskar Brothers was up 13% and Dhanuka was up 12%. The laggards for the month were Carborundum, down 11%, Kewal Kiran, down by 9% and MGL, which was down by 7%.

We have trimmed our position in Dhanuka Agrichem in the month of July as the stock has gone up significantly and the weight had increased to 7% of our portfolio, which we have brought down to 6%. We believe the modernization of agriculture sector in terms of better farming practices is a longer-term theme where we want to participate. We have added the Goodyear stock to the portfolio.

Goodyear is an MNC company which manufactures automotive tyres viz. farm tyres at its Ballabgarh plant. Based on our channel checks it has approximately 30% market share in tractor tyres, contributing nearly 65% to its revenue. The company also caters to the aftermarket in passenger vehicles under "Goodyear" brand. It is nearly 35% of the business. In the short term, we expect the company to benefit from the revival in tractor sales and over a longer period from farm mechanization and from its focus on aftermarket on premium cars and SUVs which are still an underpenetrated category in India. The company has net cash of Rs 550 cr and 25% of the market capitalization.

Goodyear is the first company in the portfolio for which the fortunes are completely linked to domestic auto sector demand. We believe that the worst for the auto sector is over and as the lockdown eases and people start travelling more, the auto sector should start reviving. It is also important to remember that the auto sector was not just affected by the lockdown, the previous two years for the sector had been bad. We expect the sector to revive over the next few months. We continue to hold our position in the real estate stock as we believe, that industry consolidation is underway, and a few strong players will be the beneficiaries. There is lot of discussion around how real estate, both commercial and residential, will undergo a change in the post-COVID world. PGIM globally believe that the concept of office is here to stay though the format may see a change. On one hand there will be reduced requirement for space due to some staff shifting permanently to WFH model, but the requirement for additional space due to social distancing norms etc. will compensate for the reduction. On the residential side, as Indians, unless the concept of 'being settled' in life doesn't get delinked from owning a house, we don't see an alteration to the long-term trend. Though in the near term we could see some challenges.

Manufacturing continues to be a part of the portfolio for various reasons. Some of the factors include governments focus, preference of global players to have supply chain with China plus one strategy, move towards just in case inventory management. As the world is operating with Just in Time inventory management, the problem with one supplier stops the whole manufacturing operations. So, companies are looking for at least two suppliers in different geographies which can be beneficial for India. Also, domestic industry has become more competitive to capture the opportunities.

Finance exposure remains focused towards SME/MME lending that is seeing an underlying change due to formalization of the economy. In case of our exposure to Federal Bank, what we find interesting is that the bank has maintained NPA and GNPA better than industry without compromising on market share in both deposits and advances. Every year the gain is 5 to 10 basis points, but if we look at the last 5 years' market share of advances and deposits, it has grown from 0.77% to 1.18% and 0.82% to 1.09% respectively. Also, it is gaining market share both in its home market where it is already strong and also in the rest of India with the steady growth in profits. While the market currently is not looking at it, we expect at some point this will be recognized in the market and we should be handsomely rewarded for holding.

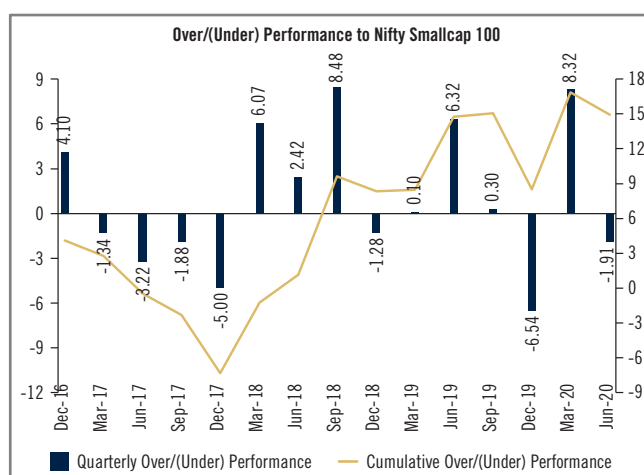
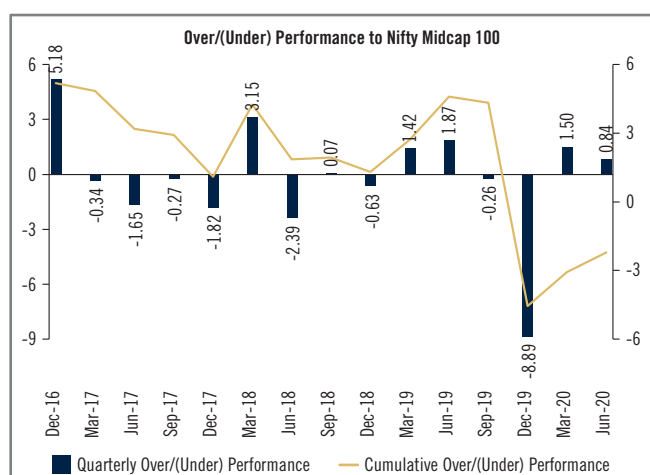
Through the filters of operating cash flow, ROE and manageable debt to equity, we strive to identify businesses that will survive the current cycle as well. The overall valuations are quite favorable and it could prove to be an opportune time for adding to the investments from a 3-to-5-year perspective.

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 July 31st, 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 July 31st, 2020	
Weighted average RoE	10.92%
Portfolio PE (1-year forward ) (Based on FY 20)	10.7
Portfolio dividend yield	1.62%

Portfolio Composition as on July 31st, 2020	
Large Cap	0.00%
Mid Cap	23.50%
Small Cap	64.50%
Cash	12.00%

**Large Cap:** Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on July 31st, 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 July 31st, 2020

**Small Cap:** Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on July 31st, 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 July 31st, 2020

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	2.08%	5.22%	8.57%
3 Months	14.67%	14.59%	22.87%
6 Months	-14.24%	-14.10%	-19.52%
1 Year	-13.13%	-2.83%	-9.25%
2 Year	-11.96%	-9.46%	-18.07%
3 Year	-7.05%	-5.81%	-13.72%
Since Inception Date 01/08/2016	0.13%	1.16%	-4.74%
Portfolio Turnover Ratio*	18.34%		

\*Portfolio Turnover ratio for the period August 1st, 2019 to July 31st, 2020

## PGIM India Phoenix Portfolio - Annualised Performance as on July 31st, 2020

	Current Year April 1, 2020 to July 31, 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	29.00%	-38.7	-3.73	9.49
Benchmark - NIFTY MIDCAP 100	32.19%	-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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