



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Medium to long term potential positive for equities; Stock picking will be a critical element in return generation

Dear Investor,

On a one-month basis, our portfolio delivered a return of 0.6% vs -2.7% for CNX Mid-cap 100 Index and -1.0% for CNX Smallcap 100 Index. The outperformers were KPIT Tech, KPR Mills, Affle India, and Sobha.

In the last 3 months, our portfolio has delivered a return of 6.3% in the month versus 4.3% for CNX Mid-cap 100 Index and 3.9% for CNX Small-cap 100 Index. In terms of sectoral attribution, our over-weight stance on Real Estate & Consumption and our under-weight call on Financials aided our outperformance. Top performing stocks were KPR Mills, Oberoi Realty, Carborundum Universal, KPIT Technologies, Phoenix Mills, and Jamna Auto. The stocks which impacted our performance were J.B. Chemicals & Pharmaceuticals, Oracle Financial Services and SH Kelkar.

Our focus has been on companies with sustainable earnings growth potential, coupled with prudent capital allocation and efficiency. The stocks that have been added in the last three months to the portfolio are in-line with the above, for instance, Inox Leisure, Phoenix Mills, KPIT Technologies, Jamna Auto and Tata Consumer Products.

On a one-year basis, our portfolio delivered a return of 56.5% vs 50.4% for CNX Mid-cap 100 Index and 62.2% for CNX Smallcap 100 Index. The outperformers were Sobha Developers, Carborundum Universal, Ashiana Housing, Oberoi Realty, and J.B. Chemicals & Pharmaceuticals.

The portfolio is built around two themes:

Structural growth in a sector and companies:- India is a developing economy and market. There are a number of businesses which are unorganized and their penetration is very low. Such companies can grow by gaining market share from other players and increased consumption once there is affordability and consumer awareness. So, Real Estate, Pharmaceuticals, IT Product companies, etc have been a part of this theme. We believe some of tomorrow's multi baggers will be from this space and hence, we have bought these companies with a long-term perspective.

Cyclical businesses:- There are many companies in the mid and small cap space which are market leaders in their segments and are profitable but are cyclical businesses. For instance, companies in Manufacturing, Finance, Auto Ancillaries, Commodities, Textiles sectors etc. The thought here has been to be invested in these sectors for a period of 3 to 5 years.

We continue to remain overweight on recovery plays i.e. Consumption, Real Estate and Industrials sector and underweight on Financials.

Market Outlook

While the tapering by the US Fed, high global energy prices, new variant of the Corona Virus, and rising yields are cause for some concern, we believe that the long-term prospects remain healthy for Equities in general and India in particular. Importantly, corporate India's balance sheet has improved substantially over the recent years. Though we remain positive on medium to long term potential of equities, we believe stock picking will be a critical element in return generation.

In this context of expected gradual economic recovery and the assumption of a smooth vaccination drive, we continue to build our portfolios around earnings stability and identifying stocks with the potential to beat earnings expectations, thus providing the alpha.

We continue to believe that investors with a 3 to 5-year view would benefit from investing in the current scenario.

Yours Sincerely



Top 15 Holdings of PGIM India Phoenix Portfolio as on November 30th 2021

| Date of Purchase | Equity | Sector | % |
|------------------|--|------------------------|---------------|
| Sep-2021 | Inox Leisure Ltd | Communication Services | 5.92% |
| Aug-2016 | Sobha Ltd | Real Estate | 5.92% |
| Sep-2021 | Phoenix Mills Ltd | Real Estate | 5.26% |
| Aug-2018 | Carborundum Universal Ltd | Materials | 5.09% |
| Oct-2019 | Ashiana Housing Ltd | Real Estate | 4.71% |
| Oct-2021 | KPIT Technologies Ltd | Information Technology | 4.70% |
| Oct-2020 | KPR Mill Ltd | Consumer Discretionary | 4.60% |
| Sep-2016 | Oracle Financial Services Software Ltd | Information Technology | 4.55% |
| Aug-2016 | JB Chemicals & Pharmaceuticals Ltd | Health Care | 4.07% |
| Sep-2016 | Apar Industries Ltd | Industrials | 3.99% |
| Jul-2017 | Mayur Uniquoters Ltd | Materials | 3.90% |
| Aug-2016 | Oberoi Realty Ltd | Real Estate | 3.76% |
| Nov-2020 | S H Kelkar & Company Ltd | Materials | 3.55% |
| Aug-2016 | Federal Bank Ltd | Financials | 3.54% |
| Sep-2021 | Procter & Gamble Health Ltd | Health Care | 3.45% |
| | Total | | 67.01% |

Model Portfolio Details

| Portfolio Details as on November 30th, 2021 | |
|--|-------|
| Weighted average RoE | 6.40% |
| Portfolio PE (2-year forward) (Based on FY 23) | 25.37 |
| Portfolio dividend yield | 0.71% |

| Portfolio Composition as on November 30th, 2021 | |
|---|--------|
| Large Cap | 3.50% |
| Mid Cap | 35.00% |
| Small Cap | 51.50% |
| Cash | 10.00% |

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on November 30th, 2021

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 November 30th, 2021

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on November 30th, 2021

PGIM India Phoenix Portfolio Performance as on November 30th, 2021

| Period | Portfolio | Nifty Midcap 100 | Nifty Smallcap 100 |
|---------------------------------|-----------|------------------|--------------------|
| 1 Month | 0.64% | -2.69% | -0.98% |
| 3 Months | 6.26% | 4.34% | 3.88% |
| 6 Months | 13.61% | 15.03% | 15.04% |
| 1 Year | 56.55% | 50.40% | 62.18% |
| 2 Year | 29.04% | 31.19% | 35.37% |
| 3 Year | 15.07% | 19.20% | 19.69% |
| 5 Year | 12.70% | 14.75% | 12.79% |
| Since Inception Date 01/08/2016 | 12.20% | 13.95% | 11.08% |
| Portfolio Turnover Ratio* | 40.11% | | |

*Portfolio Turnover ratio for the period December 1st, 2020 to November 30th, 2021

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 - Annualised Performance as on November 30th, 2021

| | Current Year April 1, 2021 to November 30, 2021 | April 1, 2020 to March 31, 2021 | April 1, 2019 to March 31, 2020 | April 1, 2018 to March 31, 2019 |
|------------------------------|---|------------------------------------|------------------------------------|------------------------------------|
| PGIM India Phoenix Portfolio | 31.83% | 79.87% | -38.70% | -3.73% |
| Benchmark - NIFTY MIDCAP 100 | 25.14% | 102.44% | -35.90% | -2.66% |

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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