



PGIM

India Portfolio
Management Services

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

A mix of long-term and cyclical plays

Dear Investor,

Our portfolio has delivered a return of -0.9% in the month versus 0.3% for CNX Mid-cap Index and -1.1% for CNX Smallcap Index. The top performing stocks were Federal Bank, Sanghvi Movers, Jamna Auto, Inox Leisure and Indian Hotels. The stocks which impacted our performance were J.B. Chemicals, Ashiana Housing, Sobha Developers, Carborundum Universal, and Oberoi Realty.

On a one-year time frame, our portfolio has delivered a return of 75.0% versus 78.5% for CNX Mid-cap Index and 85.0% for CNX Smallcap Index. The top-performing stocks were the real estate companies, followed by Carborundum Universal, Kirloskar Brothers, and Indian Hotels. The stocks which impacted our performance were Oracle Financial Services, KPR Mills and J.B. Chemicals.

The main objective of having a PMS product on the platform has been to provide a differentiated offering with a relatively concentrated portfolio as compared to MF products. We chose this as an approach along with a clear definition of what we mean by quality. The company is termed as a good quality company when it has reached a minimum scale in terms of revenue, has gone through at least one downcycle and emerged as a stronger company.

The portfolio is built around two themes:

Structural growth in a sector and companies:- India is a developing economy and market, and there are a number of businesses which are unorganized and where the penetration is very low. Hence, there are a number of companies which can grow by gaining market share from other players and increased consumption once there is greater affordability and consumer awareness. So, real estate, pharmaceuticals, IT product company, etc. have been a play on this theme. We believe some of tomorrow's multi-baggers will be from this space and thus we have bought these companies with the aim of holding them for many years.

Cyclical businesses:- There are many companies in the mid and small-cap space which are market leaders in their businesses and are profitable businesses but are cyclical businesses. Companies in manufacturing, finance, auto ancillaries, commodities, textiles etc. have been the sectors where we have tried to play this theme. The thought here has been to be invested for a period of 3 to 5 years.

Some of the names which we recently added to the portfolio are :

- Tata Consumer Products – Front end for the Tata Group's foray into Consumption (FMCG – salt, pulses, Beverages, etc.) space. Market share gains, distribution expansion and brand investments augur well for the medium-term prospects of the company.
- KPIT Technologies - The only automotive focused listed ER&D firm that offers a play on the global automotive pivot to Electric Vehicles (EVs) and increasing software content in the automobile.

We continue to remain Overweight on recovery plays i.e. Consumption and Industrials sector and Underweight on Financials.

Market Outlook

2/3rd of the earnings season is behind us. While on one hand, PSU Banks, Oil & Gas and Pharma companies outperformed expectations, on the other, Consumer, IT, Private Banks and Cement companies were in line with expectations. Nifty earnings are unchanged. Further, opening up activities, festive season and good monsoons augur well for the economy.

While Fed tapering, possible concerns from China, high global energy prices 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 last two years.

In this context of expected gradual economic recovery and assuming smooth vaccination drive, we continue to build our portfolios around earnings stability and identifying stocks with potential to beat earnings expectations thus providing the alpha. In this portfolio, our focus would be on structural as well as cyclical companies.

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 October 31st 2021

Date of Purchase	Equity	Sector	%
Sep-2021	Inox Leisure Ltd	Communication Services	6.21%
Sep-2021	Phoenix Mills Ltd	Real Estate	5.36%
Aug-2016	Sobha Ltd	Real Estate	5.21%
Sep-2016	Oracle Financial Services Software Ltd	Information Technology	5.16%
Oct-2019	Ashiana Housing Ltd	Real Estate	4.89%
Aug-2018	Carborundum Universal Ltd	Materials	4.61%
May-2018	Kirloskar Brothers Ltd	Industrials	4.34%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Health Care	4.13%
Aug-2016	Oberoi Realty Ltd	Real Estate	3.98%
Sep-2016	Apar Industries Ltd	Industrials	3.94%
Aug-2016	Federal Bank Ltd	Financials	3.90%
Oct-2020	KPR Mill Ltd	Consumer Discretionary	3.87%
Jul-2017	Mayur Uniquoters Ltd	Materials	3.54%
Sep-2021	Procter & Gamble Health Ltd	Health Care	3.43%
Sep-2021	Jamna Auto Industries Ltd	Consumer Discretionary	3.25%
	Total		65.82%

Model Portfolio Details

Portfolio Details as on October 31st, 2021	
Weighted average RoE	6.70%
Portfolio PE (2-year forward) (Based on FY 23)	25.9
Portfolio dividend yield	0.80%

Portfolio Composition as on October 31st, 2021	
Large Cap	3.50%
Mid Cap	33.00%
Small Cap	58.00%
Cash	5.50%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on October 31st, 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 October 31st, 2021

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on October 31st, 2021

PGIM India Phoenix Portfolio Performance as on October 31st, 2021

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	-0.95%	0.28%	-1.13%
3 Months	2.88%	9.54%	2.33%
6 Months	27.40%	25.93%	25.71%
1 Year	74.96%	78.53%	85.03%
2 Year	27.46%	34.57%	36.87%
3 Year	14.60%	21.02%	21.09%
5 Year	11.51%	13.88%	10.62%
Since Inception Date 01/08/2016	12.27%	14.78%	11.48%
Portfolio Turnover Ratio*	39.46%		

*Portfolio Turnover ratio for the period November 1st, 2020 to October 31st, 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 October 31st, 2021

	Current Year April 1, 2021 to October 31, 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	30.99%	79.87%	-38.70%	-3.73%
Benchmark - NIFTY MIDCAP 100	28.60%	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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