



**PGIM**

**India Portfolio  
Management Services**

Small today.  
Large tomorrow.

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





**Surjitt Singh Arora,**  
Portfolio Manager

### A Positive Real(i)ty

Dear Investor,

Our portfolio has delivered a return of 6.7% in the month versus 6.9% for CNX Mid-cap Index and 6.1% for CNX Smallcap Index. The top performing stocks were the realty stocks i.e. Shobha, Oberoi, Ashiana followed by Indian Hotels and J.B. Chemicals. The stocks which impacted our performance were DCB, DB Corp and Kewal Kiran Clothing. On a one-year basis, our portfolio delivered a return of 76.0% vs 78.9% for CNX Midcap and 87.0% for CNX Smallcap. The outperformers were the real estate stocks, followed by Carborundum Universal, Kirloskar Brothers and J.B. Chemicals.

The main objective of having a PMS product on the platform has been to provide a differentiated offering with a minimal overlap with the mainstream MF products. As per our understanding, most players have institutional imperatives that lead them to focus on opportunities with triggers in the near to medium term. A simple shift in the reference timeframe to long-term results provides a distinct advantage from an investment perspective and helps create a distinct portfolio. We chose this as an approach along with a clear definition of what we mean by quality.

#### **The portfolio is built around two themes:**

**Structural growth in a sector and companies:-** India is a developing economy and market, with a number of unorganized businesses with low penetration. 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 companies, etc. have been a play on this theme. We believe that some of tomorrow's multi-baggers will be from this space and we have therefore bought these companies with a thought of keeping 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. Companies in manufacturing, finance, auto ancillaries, commodities, textiles etc. have been some 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:

- Inox Leisure – Expected recovery in the sector and an open up trade; significant opportunity to see pent-up demand being fulfilled given significant content pipeline
- P&G Health – An MNC leader in Health Supplements and Vitamins
- Phoenix Mills – Leader in the mall development space; Strong execution capability in operating malls with marquee operational assets.
- Trent – Key beneficiary of apparel industry growth given its efficient business model and a strong balance sheet
- Jamna Auto – Leader in the suspension system for Commercial Vehicles (CVs) with strong aftermarket and export potential.

#### **Market Outlook**

The Q2FY22 earning season is about to start and from an optically low base, earnings trajectory should be positive. Further, opening up of activities, festive season and good monsoons augur well for the economy.



## From the desk of the Portfolio Manager for PGIM India Phoenix Portfolio

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 2 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 September 30th 2021

| Date of Purchase | Equity                                 | Sector                                     | %             |
|------------------|--|--|---------------|
| Sep-2021         | Inox Leisure Ltd                       | Film Production, Distribution & Exhibition | 5.88%         |
| Oct-2019         | Ashiana Housing Ltd                    | Residential/Commercial/Sez Project         | 5.40%         |
| Aug-2016         | Sobha Ltd                              | Residential/Commercial/Sez Project         | 5.37%         |
| Sep-2016         | Oracle Financial Services Software Ltd | IT Services / Products                     | 5.35%         |
| Aug-2016         | Great Eastern Shipping Co Ltd          | Shipping                                   | 5.19%         |
| Aug-2018         | Carborundum Universal Ltd              | Abrasives                                  | 4.91%         |
| May-2018         | Kirloskar Brothers Ltd                 | Compressors / Pumps                        | 4.37%         |
| Aug-2016         | Oberoi Realty Ltd                      | Residential/Commercial/Sez Project         | 4.28%         |
| Sep-2021         | Phoenix Mills Ltd                      | Residential/Commercial/Sez Project         | 3.97%         |
| Aug-2016         | JB Chemicals & Pharmaceuticals Ltd     | Pharmaceuticals                            | 3.91%         |
| Jul-2017         | Mayur Uniquoters Ltd                   | Textiles                                   | 3.81%         |
| Sep-2016         | Apar Industries Ltd                    | Power Equipment                            | 3.78%         |
| Oct-2020         | KPR Mill Ltd                           | Fabrics And Garments                       | 3.70%         |
| Sep-2021         | Procter & Gamble Health Ltd            | Pharmaceuticals                            | 3.45%         |
| Aug-2016         | Federal Bank Ltd                       | Banks                                      | 3.39%         |
|                  | <b>Total</b>                           |  | <b>66.76%</b> |

### Model Portfolio Details

| Portfolio Details as on September 30th, 2021   |       |
|--|-------|
| Weighted average RoE                           | 7.44% |
| Portfolio PE (1-year forward) (Based on FY 22) | 37.65 |
| Portfolio dividend yield                       | 0.93% |

| Portfolio Composition as on September 30th, 2021 |        |
|--|--------|
| Large Cap  | 0.00%  |
| Mid Cap  | 40.00% |
| Small Cap  | 57.00% |
| Cash   | 3.00%  |

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

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

### PGIM India Phoenix Portfolio Performance as on September 30th, 2021

| Period                          | Portfolio | Nifty Midcap 100 | Nifty Smallcap 100 |
|---------------------------------|-----------|------------------|--------------------|
| 1 Month                         | 6.73%     | 6.92%            | 6.11%              |
| 3 Months                        | 10.02%    | 12.66%           | 11.88%             |
| 6 Months                        | 32.41%    | 28.24%           | 34.23%             |
| 1 Year                          | 75.98%    | 78.91%           | 87.02%             |
| 2 Year                          | 27.65%    | 37.66%           | 39.50%             |
| 3 Year                          | 15.56%    | 20.99%           | 20.97%             |
| 5 Year                          | 12.52%    | 14.54%           | 12.15%             |
| Since Inception Date 01/08/2016 | 12.72%    | 14.98%           | 11.92%             |
| Portfolio Turnover Ratio*       | 35.58%    |                  |                    |

\*Portfolio Turnover ratio for the period October 1st, 2020 to September 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 September 30th, 2021

|                              | Current Year<br>April 1, 2021 to<br>September 30, 2021 | April 1, 2020 to<br>March 31, 2021 | April 1, 2019 to<br>March 31, 2020 | April 1, 2018 to<br>March 31, 2019 |
|------------------------------|--|------------------------------------|------------------------------------|------------------------------------|
| PGIM India Phoenix Portfolio | 32.41%   | 79.87%                             | -38.70%                            | -3.73%                             |
| Benchmark - NIFTY MIDCAP 100 | 28.24%   | 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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