



PGIM

India Portfolio
Management Services

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

A simple shift in perspective makes the difference

Dear Investor,

The Phoenix portfolio returned -2.56% during the month of August 2021 versus 2.16% by Nifty Midcap 100 and -2.46 % by Nifty Smallcap 100. The top three contributors were Carborundum Universal (up 23%), Cummins (up 17%) and Oracle Financial (up 9%) whereas S H Kelkar (down 13%), Kirloskar Brother, DCB and Kewal Kiran Clothing (down 12%) were the laggards.

The main objective of having a PMS product on the platform was to provide a differentiated offering with a minimal overlap with the mainstream MF products. In our understanding most players have institutional imperatives that leads them to focus on opportunities with triggers in the near to medium term. A simple shift in the reference time frame to long term, results in a distinct advantage from an investment perspective and helps create portfolios that are quantitatively different. Over the years we have attempted to follow this philosophy in the Phoenix Portfolio by focusing on buying mid and small cap companies mainly around two themes viz. structural growth opportunities and cyclical businesses.

India is a developing economy that is witnessing structural transformation in multiple sectors. Many business segments with structural tailwinds dominate the unorganized sector coupled with low penetration. The structural changes in the form of regulation, buyer behavior etc. is helping organized players gain market share. In our opinion it is a multiyear transformation that is likely to play out in sectors like real estate, agrochemical, pharmaceuticals, IT product companies. We have been holding exposure to the companies from the mentioned sectors. On the other hand, there are many companies in the mid and small cap space that are market leaders in their respective businesses and are profitable but are cyclical in nature. Our exposure to companies from manufacturing, finance, auto ancillaries, commodities, textiles etc. can be termed as cyclical. The revival of a cycle takes a longer time frame and hence the positions were built from a 3-to-5-year perspective.

Irrespective of the theme, the focus has been to buy strong companies, when they are not in the limelight hence likely to be available at a discount to the intrinsic value. The style does often lead to buying early into the cycle and tests patience, but works well for long-term investors who value downside protection as much as upside participation.

I would now like to take this opportunity to thank the investors, distribution partners and the management of PGIM India PMS for giving me an opportunity to actively partner in the investment journey so far. I have decided to move on, and henceforth my colleague Surjitt Singh Arora will be managing the portfolio. Prior to joining PGIM India PMS, Surjitt was Head of PMS business with Tata Mutual Fund. A Post-graduate from Sydenham Institute of Management Studies, he has been involved in various aspects of equity investments for over 15 years. The portfolio will continue to be managed within the overall PGIM India investment framework.

Yours Sincerely





Surjitt Singh Arora,
Portfolio Manager

The way forward

Dear Investor,

I am excited to begin my journey at PGIM India PMS at a time when the support from a global organization is value additive like never before. I am confident of replicating my success in my earlier role / firm in terms of consistency of performance, and I look forward to interacting with our investors and distributor partners.

As we look ahead, there seem to be multiple drivers of corporate profit growth, emerging. What started off as cost cutting driven growth in large companies is now increasingly supported by revenue growth and that could now spread to a broader listed universe over time. Hence, there is a likelihood of one of the strongest earnings growth beyond FY21 after a long-long time in India Inc' recent history.

Corporate earnings in the first quarter of FY22 have been in line with the elevated expectations, aided by the deflated base of 1QFY21 and localized / less stringent lockdowns v/s 1QFY21. Management commentaries across the board indicate an improvement in the demand environment post Jun'21, led by the easing of restrictions and sharp reduction in active Covid-19 cases.

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 August 31st 2021

Date of Purchase	Equity	Sector	%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.89%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	5.39%
Mar-2018	Cummins India Ltd	Engineering	5.12%
Oct-2019	Ashiana Housing Ltd	Residential/Commercial/Sez Project	4.65%
Aug-2016	Sobha Ltd	Residential/Commercial/Sez Project	4.56%
May-2018	Kirloskar Brothers Ltd	Compressors / Pumps	4.51%
Sep-2016	Apar Industries Ltd	Power Equipment	4.17%
Jul-2017	Mayur Uniquoters Ltd	Textiles	4.15%
Aug-2018	Carborundum Universal Ltd	Abrasives	4.05%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	3.81%
Aug-2016	Federal Bank Ltd	Banks	3.49%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	3.40%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/Sez Project	3.35%
Oct-2020	KPR Mill Ltd	Fabrics And Garments	3.28%
Nov-2020	CARE Ratings Ltd	Ratings	3.09%
	Total		62.91%

Model Portfolio Details

Portfolio Details as on August 31st, 2021	
Weighted average RoE	11.07%
Portfolio PE (1-year forward) (Based on FY 22)	12.38
Portfolio dividend yield	1.15%

Portfolio Composition as on August 31st, 2021	
Large Cap	3.50%
Mid Cap	22.50%
Small Cap	67.50%
Cash	6.50%

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

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

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

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	-2.56%	2.16%	-2.46%
3 Months	6.91%	10.25%	10.75%
6 Months	26.21%	22.13%	27.50%
1 Year	60.27%	70.34%	83.64%
2 Year	24.29%	34.71%	37.25%
3 Year	9.30%	12.57%	10.20%
5 Year	11.48%	13.08%	10.71%
Since Inception Date 01/08/2016	11.50%	13.73%	10.82%
Portfolio Turnover Ratio*	21.72%		

*Portfolio Turnover ratio for the period September 1st, 2020 to August 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 August 31st, 2021

	Current Year April 1, 2021 to August 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	24.06%	79.87%	-38.70%	-3.73%
Benchmark - NIFTY MIDCAP 100	19.94%	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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