



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





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Portfolio Manager

Same process can yield different results

Dear Investor,

The Phoenix portfolio delivered returns of 5.79% versus 3.13 % by Nifty Midcap 100 and 8.1% by Nifty small cap 100 for the month of July 2021. The top performing stocks were Sobha (up 27%), Ashiana Housing and Apar (up 26%) and KPR (up 24%). GESCO (down 13%), DB Corp (down 8%) and Ahluwalia Contract (down 5%) were the bottom three performers.

It is interesting to see how the same process followed for portfolio construction can yield varied results. At a consolidated level, out of the current holdings the top 7 stocks and lowest 7 stocks for all clients are:-

Security	% G/L
JB Chemicals & Pharmaceuticals Ltd	386.54%
Dhanuka Agritech Ltd	176.66%
K P R Mill Ltd	170.77%
Carborundum Universal Ltd	155.62%
Ashiana Housing Ltd	128.13%
Kirloskar Brothers Ltd	105.08%
CCL Products India Ltd	101.35%

Security	% G/L
Oriental Carbon & Chemical Ltd	14.58%
Great Eastern Shipping Co Ltd	13.89%
Indian Hotels Company Ltd	8.58%
Federal Bank Ltd	7.34%
DCB Bank Ltd	-20.44%
Kewal Kiran Clothing Ltd	-28.60%
D B Corp Ltd	-49.93%

The data shows that the portfolio stocks that have delivered the best returns belong to diversified industries. Without exception, these stocks were bought when they were unpopular, the sector was not doing well and expectations from earnings were low. Naturally these stocks were cheap. All along we made sure that we bought strong disciplined players in their industry with a strong balance sheet and opportunity for above average growth. The belief was that whenever the cycle revives these companies will be the first ones to benefit and also have the potential to transform into a large company in times to come.

The companies that have not done that well are also bought using the same parameters. The logical question would be that if some of the stocks have not done well, why we don't simply exit them. To explain the thought process, we would like to quote findings of a study by Kevin Martelli of Martek Partners on "Analysis of Multi-bagger Stocks". The multi-baggers were defined as stocks that have



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

delivered more than 10x returns in the last 15 Years, from a universe of 21,000 globally-listed companies in 2014. The conclusions from the study were:-

- There is no magic formula to find long-term multi-baggers.
- A low entry price relative to the company's long-term profit potential is critical.
- Small is beautiful: 68 percent of multi-baggers in the selected sample were trading below a \$300 million market cap at their low. (They were microcaps.)
- Great stocks often offer extensive periods during which to buy them.
- Patience is critical.

In our opinion, the most critical points that are often overlooked in the chase of multi-baggers are the last two points. Even the strong companies will test the patience and hence focus on the business is more important than the stock price movement. In our opinion the companies which have not performed are testing our patience. So long as the business is doing well and has great prospects these stocks offer a good opportunity to add more. We expect the business performance to get better in the subsequent quarters and hence we are holding on to them.

The new addition to the portfolio is Sanghvi Movers, the 5th largest crane rental company in the world. Over the last few years, the capacity utilization and rentals were low, and with high depreciation expense the P&L showed a loss but it had good cash flows. However, the company has been reducing its debt with the cash flows. With the capex on infrastructure and other industries improving we expect the company to benefit from it.

We have done some profit booking in the last six months as some of the stocks have significantly run up helping the portfolio deliver 43.33%. The current cash of around 6% will be deployed as and when the markets present an opportunity.

Yours Sincerely



Top 15 Holdings of PGIM India Phoenix Portfolio as on July 31st 2021

Date of Purchase	Equity	Sector	%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.27%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	5.10%
May-2018	Kirloskar Brothers Ltd	Compressors / Pumps	4.97%
Oct-2019	Ashiana Housing Ltd	Residential/Commercial/ Sez Project	4.93%
Jul-2017	Mayur Uniquoters Ltd	Textiles	4.35%
Aug-2016	Sobha Ltd	Residential/Commercial/ Sez Project	4.25%
Mar-2018	Cummins India Ltd	Engineering	4.22%
Sep-2016	Apar Industries Ltd	Power Equipment	3.96%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	3.95%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	3.75%
Aug-2016	Federal Bank Ltd	Banks	3.66%
Aug-2018	Carborundum Universal Ltd	Abrasives	3.45%
Oct-2020	KPR Mill Ltd	Fabrics And Garments	3.39%
Nov-2020	CARE Ratings Ltd	Ratings	3.23%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/ Sez Project	3.12%
	Total		61.60%

Model Portfolio Details

Portfolio Details as on July 31st, 2021	
Weighted average RoE	11.07%
Portfolio PE (1-year forward) (Based on FY 21)	10.81
Portfolio dividend yield	1.14%

Portfolio Composition as on July 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 July 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 July 31st, 2021

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

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

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	5.79%	3.13%	8.10%
3 Months	23.83%	14.96%	22.85%
6 Months	43.32%	33.02%	46.61%
1 Year	77.54%	79.79%	110.00%
2 Year	24.17%	32.15%	38.01%
3 Year	11.22%	13.79%	12.12%
Since Inception Date 01/08/2016	12.29%	13.49%	11.57%
Portfolio Turnover Ratio*	24.68%		

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

	Current Year April 1, 2021 to July 31, 2021	April 1, 2020 to March 31, 2021	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	27.32%	80.21%	-38.70%	-3.73%	9.49%
Benchmark - NIFTY MIDCAP 100	17.40%	102.44%	-35.90%	-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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