



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

Committed to long-term fundamentals

Dear Investor,

The Phoenix Portfolio delivered 7.07% returns vs 5.72% for Nifty Midcap 100 and 7.82% for Nifty Small cap 100 index in the month of December. The top three contributors came from the real estate sector - Sobha (up 33%), Oberoi (up 26%) and Ashiana (up 24%). Goodyear also delivered 27% return for the month of December including a dividend of Rs 80. The bottom three performers were S H Kelkar (- 8%), Kirloskar Brother (-7%) and Cummins (- 2%).

Over the last few months, the market breadth has started to improve and companies across sectors have participated in the upward move. As the economic recovery starts to percolate and becomes more widespread a larger portion of our portfolio is expected to participate in the run.

Quite often if a stock from the portfolio is not moving, the expectation from us is that we should sell it and buy something else. We are fundamental long term investors. For a fundamental investor, the price movement has limited impact on the structure of the portfolio unless the valuation has run hugely ahead of fair value. It is the single most important attribute of our investment style and process. Our focus in Phoenix strategy remains on buying businesses with strong growth potential, run by competent managements who can capture the opportunities while managing risks and most importantly, are willing to share the benefits with minority shareholders.

We bought real estate because of our strong conviction that this business will consolidate, with few players in every micro market. Large players will be able to get cheap capital (raw material in the business) and will have better sales traction as consumers will prefer to buy from them. In the month of March and April the stocks of real estate companies corrected sharply. But we held on to our positions as we believed that housing is a necessity with a long-term demand and the crisis should lead to faster death of weaker players helping the stronger players. In fact, we further added to our positions in the stocks. Finally, as the numbers are getting better in terms of sales for real estate companies we are getting rewarded for our patience and buying when everyone was selling.

Even in the case of banks we have held our positions in DCB and Federal bank for a long time because we believe that the quality of their asset book is better than other banks in small and mid-cap space. Management is working to build a good liability franchise in slow steady fashion. We expect over a period even these two positions to be handsomely rewarded though they are currently in a marginal loss.

We wish to clarify that we are not dogmatic about our positions or we cannot commit an error. We have sold certain positions like Himatsingka, KOEL, Vijaya Bank (BOB) etc. where events did not shape up as we expected. The only point we are making is we would not like to buy and sell just because the stock price is moving up or down. We would like to take our time, think carefully, make a valuation estimate and then decide on to buy or sell at a price.

Portfolio updates:

We had participated in NTPC buyback and bought the shares back from the market which got sold at Rs 115 in buyback.

Yours Sincerely.



Top 15 Holdings of PGIM India Phoenix Portfolio as on December 31st, 2020

| Date of Purchase | Equity | Sector | % |
|------------------|--|-------------------------------------|---------------|
| Aug-2016 | Great Eastern Shipping Co Ltd | Shipping | 5.72% |
| Aug-2016 | JB Chemicals & Pharmaceuticals Ltd | Pharmaceuticals | 5.17% |
| Sep-2016 | Oracle Financial Services Software Ltd | IT Services / Products | 5.15% |
| Jul-2017 | Mayur Uniquoters Ltd | Textiles | 4.66% |
| Mar-2018 | Cummins India Ltd | Engineering | 4.61% |
| May-2019 | Dhanuka Agritech Ltd | Pesticides And Agrochemicals | 4.48% |
| Aug-2016 | Sobha Ltd | Residential/Commercial/ Sez Project | 4.35% |
| Oct-2019 | Ashiana Housing Ltd | Residential/Commercial/ Sez Project | 4.11% |
| Aug-2016 | Federal Bank Ltd | Banks | 4.10% |
| Aug-2016 | Oberoi Realty Ltd | Residential/Commercial/ Sez Project | 3.87% |
| Aug-2018 | Carborundum Universal Ltd | Abrasives | 3.87% |
| Oct-2016 | DCB Bank Ltd | Banks | 3.83% |
| Oct-2016 | CCL Products India Ltd | Tea & Coffee | 3.80% |
| Apr-2018 | Mahanagar Gas Ltd | LPG/CNG/PNG/LNG SUPPLIER | 3.71% |
| May-2017 | MOIL Ltd | Industrial Minerals | 3.32% |
| | Total | | 64.75% |

Model Portfolio Details

| Portfolio Details as on December 31st, 2020 | |
|--|--------|
| Weighted average RoE | 11.08% |
| Portfolio PE (1-year forward) (Based on FY 21) | 14.81 |
| Portfolio dividend yield | 2.36% |

| Portfolio Composition as on December 31st, 2020 | |
|---|--------|
| Large Cap | 3.00% |
| Mid Cap | 21.25% |
| Small Cap | 68.75% |
| Cash | 7.00% |

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on December 31st, 2020

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 December 31st, 2020

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on December 31st, 2020

PGIM India Phoenix Portfolio Performance as on December 31st, 2020

| Period | Portfolio | Nifty Midcap 100 | Nifty Smallcap 100 |
|---------------------------------|-----------|------------------|--------------------|
| 1 Month | 7.07% | 5.72% | 7.82% |
| 3 Months | 19.83% | 22.73% | 21.72% |
| 6 Months | 28.31% | 41.75% | 53.58% |
| 1 Year | 13.41% | 21.87% | 21.47% |
| 2 Year | 0.77% | 7.97% | 4.83% |
| 3 Year | -3.86% | -0.46% | -7.97% |
| Since Inception Date 01/08/2016 | 5.44% | 8.10% | 3.51% |
| Portfolio Turnover Ratio* | 25.53% | | |

*Portfolio Turnover ratio for the period January 1st, 2020 to December 31st, 2020

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 December 31st, 2020

| | Current Year April 1, 2020 to December 31, 2020 | 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 | 62.01% | -38.7% | -3.73% | 9.49% |
| Benchmark - NIFTY MIDCAP 100 | 78.08% | -35.9% | -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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