



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

Phoenix Portfolio to remain focused on long term growth

Dear Investor,

Phoenix Portfolio delivered 10.63% versus 11.28% in Nifty Midcap 100 and 12.16% in Nifty Small cap 100 in the month of February. Six stocks from the portfolio, were up by more than 20%. Top performers were Mayur Uniquoters (+49%), Apar Industries (+27%), Carborundum Universal (+26%), DB Corp (+22%), NTPC and Great Eastern both up by 21% during the month. The returns were dragged by Oracle and Sobha both down by 5%, CCL Products and Care down by 4% each.

In our earlier communication, we have repeatedly stated the view that as the economy keeps on improving, the breadth in stock markets will also improve and more stocks will start to participate in the up move. The hypothesis has started working out to a certain extent, with every passing quarter as more and more companies are delivering good results. The confidence of further improvement of performance of the companies is visible in the language of promoters and professional managers on the conference calls and in the meetings, which was missing during the slowdown even before the COVID 19 struck.

In the Phoenix Portfolio as always, we remain focused on themes with tailwinds for longer term growth. At business level, we look for robust businesses run by competent management carrying low or no leverage and with margin of safety in valuations. The process helps us in maintaining our conviction in wake of adverse price movement if we believe that quality of the business has not deteriorated. Case in point is the last year when the markets corrected sharply stock price of many of our holdings in the Phoenix portfolio fell like 9 pins. All our big positions Mayur, Sobha, Cummins, Ashiana Housing, Federal bank corrected by 50-60% in a matter of few weeks. The belief in the process ensured that we did not exit in panic. From there lows some of these stocks have multiplied 2x to 3x. For e.g. at the end of February, Cummins was quoting at Rs. 787, up 3 times from last march low of Rs 281. Similarly Mayur and Sobha which were quoting at Rs 118 last March, have rallied to Rs 416 and at Rs 439 respectively at the end of February. Our policy of maintaining the cash came in handy during the market mayhem. We acted upon our conviction and added to existing holdings as we believed that businesses, that we owned will not face a challenge of survival.

This episode has helped us further cemented some aspects of our investment approach. The entire period reaffirmed the fact that it is extremely important that the portfolio companies should be robust businesses run by competent management carrying low or no leverage and with margin of safety in valuations, as no one can predict when and what will lead to a massive downturn in the markets. It is nearly impossible to start preparing on the day when markets are likely to correct and hence preparation for tough days must begin much ahead of the visibility of such a situation. Secondly holding cash is a better option during the period when good opportunities are not visible. Sooner or later the markets do give you chance to buy good businesses at favorable valuations. You can expect us to follow the approach even during the current upturn.

Bloomberg estimates of earnings suggests that the current PE of the portfolio is 14 times FY 22 which is way cheaper than frontline mid and small cap indices. The portfolio also has 2% dividend yield. At this point, we are also holding cash of around 8.63% that has got generated by booking some profits in Cummins, Nocil, Mayur Uniquoters and from buyback of Mayur Uniquoters.

Yours Sincerely



Top 15 Holdings of PGIM India Phoenix Portfolio as on February 28th, 2021

Date of Purchase	Equity	Sector	%
Aug-2016	Great Eastern Shipping Co Ltd	Shipping	6.28%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Pharmaceuticals	5.23%
Mar-2018	Cummins India Ltd	Engineering	5.13%
Aug-2016	Federal Bank Ltd	Banks	4.73%
Jul-2017	Mayur Uniquoters Ltd	Textiles	4.67%
Sep-2016	Oracle Financial Services Software Ltd	IT Services / Products	4.48%
Aug-2016	Sobha Ltd	Residential/Commercial/Sez Project	4.25%
Aug-2018	Carborundum Universal Ltd	Abrasives	3.92%
May-2019	Dhanuka Agritech Ltd	Pesticides And Agrochemicals	3.88%
Oct-2019	Ashiana Housing Ltd	Residential/Commercial/Sez Project	3.87%
Sep-2016	Apar Industries Ltd	Power Equipment	3.75%
Oct-2016	DCB Bank Ltd	Banks	3.44%
Aug-2016	Oberoi Realty Ltd	Residential/Commercial/Sez Project	3.38%
Apr-2018	Mahanagar Gas Ltd	LPG/CNG/PNG/LNG SUPPLIER	3.29%
May-2017	MOIL Ltd	Industrial Minerals	3.26%
	Total		63.56%

Model Portfolio Details

Portfolio Details as on February 28th, 2021	
Weighted average RoE	10.95%
Portfolio PE (1-year forward) (Based on FY 21)	14.08
Portfolio dividend yield	2.09%

Portfolio Composition as on February 28th, 2021	
Large Cap	3.00%
Mid Cap	21.50%
Small Cap	65.75%
Cash	9.75%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 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 February 28th, 2021

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on February 28th, 2021

PGIM India Phoenix Portfolio Performance as on February 28th, 2021

Period	Portfolio	Nifty Midcap 100	Nifty Smallcap 100
1 Month	10.63%	11.28%	12.16%
3 Months	16.71%	18.02%	22.46%
6 Months	26.97%	39.48%	44.04%
1 Year	26.95%	38.62%	41.84%
2 Year	7.88%	17.95%	16.45%
3 Year	-0.19%	5.77%	-1.24%
Since Inception Date 01/08/2016	7.25%	10.43%	6.30%
Portfolio Turnover Ratio*	27.10%		

*Portfolio Turnover ratio for the period March 1st, 2020 to February 28th, 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 February 28th, 2021

	Current Year April 1, 2020 to February 28, 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	76.77%	-38.70%	-3.73%	9.49%
Benchmark - NIFTY MIDCAP 100	98.81%	-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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