



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Slow and steady wins the race

Dear Investor,

PERFORMANCE RECAP

Our portfolio delivered a return of 10.1% vs 8.6% for Nifty Small-cap 100 Index and 12.0% for Nifty Mid-cap 100 index during the month of Jul'22. Our portfolio outperformed the Nifty Small-cap Index by 150bps mainly on account of our overweight stance on Media, Healthcare and Industrial sector. The stocks which outperformed were Inox Leisure, Phoenix Mills, Indian Hotels, Sobha, J.B. Chemicals, Federal Bank and Mayur Uniquoters. The stocks that dragged the performance were Greenply Industries and KPIT Technologies.

On a one-year basis, the portfolio delivered a return of 6.5% vs -12.8% for Nifty Small-cap 100 Index outperforming by 19.3%. Our portfolio allocation to small caps is ~56%, hence, performance should be seen in the light of Small-Cap Index. The portfolio outperformed the index mostly on stock selection in Media, Materials as well as Real Estate Sector and an overweight in Industrials and IT sector. However, our portfolio was in line in terms of performance with the Nifty Mid-cap 100 index at 6.5%. The outperformers were Inox Leisure, Phoenix Mills, Jamna Auto, KPIT Technologies, Affle India and Indian Hotels.

INVESTMENT PROCESS

In this investment approach, we use a judicious mix of Structural and Cyclical companies

Structural growth:- India is a developing economy and market. There are a number of businesses which are unorganized and their penetration is very low. Hence, such companies can grow by gaining market share from other players and increased consumption once there is affordability and consumers become more aware. So Real Estate, Pharmaceuticals, IT companies, etc. have been a part of this theme. We believe some of tomorrow's multi-baggers will be from this space and hence, we have bought these companies with a long-term perspective.

Cyclical businesses:- There are many companies in the mid and smallcap space which are market leaders in their segments and are profitable but cyclical businesses. For instance, companies in Manufacturing, Finance, Auto Ancillaries, Commodities, Textiles sectors etc. The thought here has been to be invested for a period of 3 to 5 years.

PORTFOLIO OUTLOOK

As mentioned in our last month's newsletter, during Q1FY23 results, the key focus would be on management commentary on overall demand environment in the backdrop of elevated inflation, price & interest rate hikes and slowing global growth. Overall, the earnings season in India, so far, is in line with expectation, while revenue growth was ahead of expectation indicating a healthy demand environment. The commentary on growth seems to be quite positive with companies anticipating a bumper festive season ahead.

We are focusing on companies with visibility of earnings growth with higher certainty equivalent factor and not trading at very high valuations. The domestic story of reforms, relatively strong earnings growth and low debt position of Corporate India are the key positives for long-term equity investing. We continue to remain overweight on recovery plays i.e. Consumption, Real Estate, Multiplex and Industrials sectors and underweight on Financials. We continue to be positive on the Tata Group which is reflected in our ~18% allocation to stocks belonging to the house of Tatas.

From a long-term perspective, we remain constructive on Indian equities given the fact that the Indian economy would be one of the fastest growing economies in the world. We continue to believe that investors with a 3-to 5-year view would benefit from investing in the current scenario.

Yours Sincerely

Surjitt Singh Arora

Top 15 Holdings of PGIM India Phoenix Portfolio as on July 31st, 2022

Date of Purchase	Equity	Sector	%
Sep-2021	Phoenix Mills Ltd	Real Estate	6.84%
Sep-2021	Inox Leisure Ltd	Communication Services	6.21%
Oct-2021	Kpit Technologies Ltd	Information Technology	6.14%
Apr-2022	Greenply Industries Ltd	Materials	5.25%
Oct-2021	Tata Consumer Products Ltd	Consumer Staples	5.17%
Sep-2021	Jamna Auto Industries Ltd	Consumer Discretionary	4.99%
Aug-2018	Carborundum Universal Ltd	Materials	4.87%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Health Care	4.83%
Sep-2021	Procter & Gamble Health Ltd	Health Care	4.62%
Oct-2020	K P R Mill Ltd	Consumer Discretionary	3.98%
Aug-2016	Federal Bank Ltd	Financials	3.84%
Sep-2021	Trent Ltd	Consumer Discretionary	3.81%
Jan-2020	Indian Hotels Company Ltd	Consumer Discretionary	3.80%
Aug-2016	Sobha Ltd	Real Estate	3.79%
Aug-2016	Oberoi Realty Ltd	Real Estate	3.66%
	Total		71.80%

Model Portfolio Details

Portfolio Details as on July 31st, 2022	
Weighted average RoE	8.29%
Portfolio PE (1-year forward)	32.66
Portfolio dividend yield	0.34%
Average age of companies (Years)	30

Portfolio Composition as on July 31st, 2022	
Large Cap	11.44%
Mid Cap	33.00%
Small Cap	46.67%
Cash	9.10%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on July 31st, 2022

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, 2022

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on July 31st, 2022

PGIM India Phoenix Portfolio Performance as on July 31st, 2022

Period	Portfolio	Nifty Midcap 100#	Nifty Smallcap 100
1 Month	10.11%	12.03%	8.60%
3 Months	1.39%	-0.82%	-10.59%
6 Months	-2.50%	-2.11%	-17.50%
1 Year	6.49%	6.54%	-12.84%
2 Years	37.52%	38.43%	35.32%
3 Years	17.98%	23.00%	18.42%
5 Years	8.72%	9.87%	3.29%
Since inception date 01/08/2016	11.31%	12.31%	7.08%
Portfolio Turnover*	57.29%		

*Portfolio Turnover ratio for the period August 1st, 2021 to July 31st, 2022.

#w.e.f. August 1, 2022, the benchmark has changed to the Nifty Smallcap 250 Index from Nifty Midcap 100 Index.

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, 2022

	Current Year April 1, 2022 to July 31, 2022	April 1, 2021 to March 31, 2022	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	2.24%	32.85%	79.87%	-38.70%	-3.73%
Benchmark - NIFTY MIDCAP 100#	-0.20%	25.32%	102.44%	-35.90%	-2.66%

#w.e.f. August 1, 2022, the benchmark has changed to the Nifty Smallcap 250 Index from Nifty Midcap 100 Index.
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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