



PGIM

India Portfolio
Management Services

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

A judicious mix of structural and cyclical companies

Dear Investor,

PERFORMANCE RECAP

Our portfolio delivered a return of 0.3% vs -0.9% for the Nifty Smallcap 250 Index and -1.8% for the Nifty Midcap 150 Index for September 2022. Our portfolio outperformed the Nifty Smallcap Index by 120bps and the Nifty Midcap 150 Index by 210bps on account of our overweight stance on Healthcare sector, Real Estate and IT sector. The stocks which outperformed were J.B. Chemicals, Phoenix Mills, Indian Hotels, and KPIT Technologies. The stocks that dragged the performance were Greenply Industries and Jamna Auto.

On a one-year basis, the portfolio delivered a return of 7.4% vs -1.8% for the Nifty Smallcap 250 Index, outperforming by 9.2%. Our portfolio allocation to smallcaps is ~45%, hence, our performance should be viewed against the Smallcap Index. The portfolio outperformed the index mostly due to stock selection in Real Estate, Materials as well as Media Sector and an overweight in Industrials and IT sectors. The outperformers were Phoenix Mills, KPIT Technologies, Inox Leisure, J.B. Chemicals, Jamna Auto, 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. 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 respective 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.

New addition to the portfolio:

Mrs. Bectors Food: The company has a diversified portfolio of food products – i) Biscuits - domestic (33% contribution) ii) Exports of biscuits (26% contribution), iii) Domestic Breads (22% contribution), iv) Institutional buns to QSRs (12% contribution) and others (contract manufacture for Mondelez 6-7% contribution), with a regional presence. Reasonable ROE profile, decent effort to increase market share and opportunity to grow are the key positives.

PORTFOLIO OUTLOOK

Given the uncertain environment and slowdown in global growth, CY22 could be a challenging year for the markets. Higher interest rates both globally and in India could pose a risk to equity valuation premium enjoyed by the Indian Market in the near-term. Also, within India, food inflation seems to be sticky, given the erratic monsoons across the key states.

However, healthy tax collections, buoyant domestic savings and decent recovery from the Covid-led slowdown bode well for both investment and consumption, the two main pillars of long-term growth. This, along with formalization and increased capacity utilization, implies impetus to all-around economic activity levels. Hence, we remain positive on the Indian economy.

Cooling off a high inflationary environment (on a high base), lower energy prices and decent earnings growth trajectory augur well for Indian markets. While risks emanating from global events and geopolitical actions are not ruled out, we believe India is in a relatively good position.

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 and Industrials sector and underweight on Financials. We continue to be positive on the Tata Group which is reflected in our ~15% allocation to stocks belonging to the house of Tatas.

India has outperformed peers and over a medium term we see healthy growth, and a similar trend is likely to continue. India's outperformance is not an aberration, it is well warranted. From a 3-to-5-year perspective, we remain constructive on Indian Equities given the fact that the Indian Economy could be one of the fastest growing economies in the world.

Yours Sincerely

Surjitt Singh Arora

Top 15 Holdings of PGIM India Phoenix Portfolio as on September 30th, 2022

Date of Purchase	Equity	Sector	%
Sep-2021	Phoenix Mills Ltd	Real Estate	6.36%
Oct-2021	Kpit Technologies Ltd	Information Technology	6.25%
Apr-2022	Greenply Industries Ltd	Materials	5.33%
Aug-2018	Carborundum Universal Ltd	Materials	5.21%
Jul-2017	Mayur Uniquoters Ltd	Materials	5.09%
Oct-2021	Tata Consumer Products Ltd	Consumer Staples	4.84%
Oct-2020	KPR Mill Ltd	Consumer Discretionary	4.79%
Sep-2021	Procter & Gamble Health Ltd	Health Care	4.40%
Aug-2016	JB Chemicals & Pharmaceuticals Ltd	Health Care	4.36%
Sep-2021	Jamna Auto Industries Ltd	Consumer Discretionary	4.31%
Jan-2020	Indian Hotels Company Ltd	Consumer Discretionary	4.21%
Aug-2022	Sagar Cements Ltd	Materials	4.04%
Sep-2021	Trent Ltd	Consumer Discretionary	3.80%
Oct-2019	Ashiana Housing Ltd	Real Estate	3.73%
Aug-2016	Oberoi Realty Ltd	Real Estate	3.58%
	Total		70.30%

Portfolio Details as on September 30th, 2022

Weighted average RoE	12.54%
Portfolio PE (2-years forward)	25.92
Portfolio dividend yield	0.33%
Average age of companies (Years)	40

Portfolio Composition as on September 30th, 2022

Large Cap	13.92%
Mid Cap	29.78%
Small Cap	45.78%
Cash	10.51%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 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 September 30th, 2022

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 2022

PGIM India Phoenix Portfolio Performance as on September 30th, 2022

Period	Portfolio	Nifty Smallcap 250#	Nifty Midcap 150
1 Month	0.34%	-0.94%	-1.79%
3 Months	15.34%	13.72%	16.05%
6 Months	7.09%	-2.57%	4.70%
1 Year	7.38%	-1.77%	2.58%
2 Years	37.42%	35.66%	34.12%
3 Years	20.46%	25.28%	25.38%
5 Years	9.82%	8.59%	13.36%
Since inception date 01/08/2016	11.82%	11.23%	15.17%
Portfolio Turnover*	39.53%		

*Portfolio Turnover ratio for the period October 1st, 2021 to September 30th, 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 September 30th, 2022

	Current Year April 1, 2022 to September 30, 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	7.09%	32.85%	79.87%	-38.70%	-3.73%
Benchmark - NIFTY Smallcap 250#	-2.57%	35.80%	117.16%	-41.13%	-13.27%

#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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