



PGIM

**India Portfolio
Management Services**

Small today.
Large tomorrow.

PGIM INDIA
PHOENIX PORTFOLIO



From the desk of Portfolio Manager



Surjitt Singh Arora,
Portfolio Manager

Navigating the rough times or Stable portfolio in difficult times

Dear Investor,

PERFORMANCE RECAP

Our portfolio delivered a return of 4.79% vs 4.10% return for Nifty50 TRI index during the month of Apr'23. Our portfolio outperformed the Index by ~70bps on account of our overweight stance on Consumer Discretionary, Healthcare and Real Estate Sector. The stocks which aided our performance were Mrs. Bectors' Foods, Indian Hotels, J.B. Chemicals, P&G Health, Carborundum Universal and Oberoi Realty. This was partially negated by the underperformance of Greenply Industries, and Kajaria Ceramics.

On a one-year basis, the portfolio delivered a return of 7.19% vs a 6.89% for Nifty50 TRI Index, thereby outperforming by 30bps. The portfolio outperformed the index mostly on stock selection in Real Estate, Pharma as well as Media Sector and an overweight in Industrials and IT sector. The outperformers were Phoenix Mills, KPIT Technologies, Mrs Bectors' Foods, J.B. Chemicals, Carborundum Universal and Indian Hotels. The underperformers were Greenply, and Affle India.

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 tomorrows 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 small cap 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.

ADDITIONS TO THE PORTFOLIO

Graphite India: This is a high beta stock in a high beta sector. From a medium to longer term perspective, China focusing on carbon neutrality and discouraging steel exports out of China bodes well for graphite electrode prices as this gap would be bridged by higher proportion of Electric Arc Furnace (EAF) capacities from across the globe. With no fresh graphite electrode capacities additions expected over the medium term (apart from HEG's capacity expansion), all ex-China graphite electrode companies are expected to operate at near full utilization levels. Given the recent correction in the stock (1 year stock is down ~37%), we are constructive on the stock from a valuation perspective.

Artemis: The company has added 147 beds at Artemis Gurgaon in FY22 and is now looking to add another 250 beds at the same facility by FY25. Hence this would be a doubling of capacity over FY21 levels. Pre-Covid, Artemis had an international patient mix of 35-40%. Today this mix is at 26%. We expect that this mix will start trending towards its historical mix and hence margins should be positively impacted.

PORTFOLIO OUTLOOK

Indian markets are trading slightly above long term averages (and closer to +1SD). However, earnings growth are expected to be in the range of 13%-15% p.a. for the next two years and in light of growth valuations are not overly excessive. The vagaries of weather, normalcy of monsoon and possibility of El-Nino is there which can impact sentiments in the near term, however, we do not expect it to impact longer term growth prospects. In the event of the above, keeping food and hence over inflation levels elevated, it can impact consumption and interest rates in the economy and hence become a key monitorable.

Clearly we see India as a standout proposition in the global economy. With focus on continuous asset creation, benign policy environment, prudent fiscal management and improved global standing augurs well for the economic growth of the country. Further, lower leverage by India Inc and improved Balance sheet of the financial system provides fodder for growth as demand levels in the economy move up in tandem with income levels.

While global events can be a challenge, we reckon India is not only well placed to weather these challenges, but also benefit from the same in the longer run. We see consumption and manufacturing spearheading India's growth led by demographics, higher per capita income and penetration with exports remaining a longer term but invaluable growth driver.

We continue to remain overweight on recovery plays i.e. Building Materials, Real Estate, Consumption and Industrials sector. We have an allocation of ~22% in Materials Sector and a ~10% allocation to stocks belonging to the house of Tatas. We 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 April 30th, 2023

Date of Purchase	Equity	Sector	%
07-Aug-18	Carborundum Universal Ltd	Materials	5.75%
06-Jul-17	Mayur Uniquoters Ltd	Materials	5.38%
27-Oct-20	K P R Mill Ltd	Consumer Discretionary	5.26%
01-Aug-16	JB Chemicals & Pharmaceuticals Ltd	Health Care	5.26%
04-Nov-22	VST Tillers Tractors Ltd	Industrials	5.02%
17-Sep-21	Procter & Gamble Health Ltd	Health Care	4.91%
23-Aug-16	Oberoi Realty Ltd	Real Estate	4.81%
11-Oct-21	Tata Consumer Products Ltd	Consumer Staples	4.73%
17-Nov-22	Kajaria Ceramics Ltd	industrials	4.56%
24-Aug-22	Sagar Cements Ltd	Materials	4.55%
28-Sep-21	Phoenix Mills Ltd	Real Estate	4.54%
13-Sep-21	Jamna Auto Industries Ltd	Consumer Discretionary	4.54%
17-Sep-21	Trent Ltd	Consumer Discretionary	4.42%
12-Apr-22	Greenply Industries Ltd	Materials	4.15%
20-Sep-21	Affle India Ltd	Communication Services	4.12%
	Total		72.00%

Portfolio Details as on April 30th, 2023

Weighted average RoE	14.61%
Portfolio PE (FY2024E)	25.03
Portfolio dividend yield	0.55%
Average age of companies (Years)	51

Portfolio Composition as on April 30th, 2023

Large Cap	5%
Mid Cap	37%
Small Cap	50%
Cash	7%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on April 30th, 2023

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 April 30th, 2023

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on April 30th, 2023

PGIM India Phoenix Portfolio Performance as on April 30th, 2023

Period	Portfolio	NIFTY 50 (TRI)
1 Month	4.79%	4.10%
3 Months	5.06%	2.40%
6 Months	1.04%	0.46%
1 Year	7.19%	6.89%
2 Years	18.08%	12.43%
3 Years	31.87%	23.75%
5 Years	7.57%	12.31%
Since inception date 01/08/2016	10.90%	12.88%
Portfolio Turnover*	36.62%	

*Portfolio Turnover ratio for the period May 1st, 2022 to April 30th, 2023.

#w.e.f. April 1, 2023, the benchmark has changed to the Nifty 50 (TRI) from Nifty Smallcap 250 Index.

To view the portfolio's performance relative to other Portfolio Managers, you may [click here](#).

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 April 30th 2023

	Current Year April 1, 2022 to April 30, 2023	April 1, 2022 to March 31, 2023	April 1, 2021 to March 31, 2022	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
PGIM India Phoenix Portfolio	4.79%	3.25%	32.85%	79.87%	-38.70%
Benchmark - NIFTY 50 (TRI)#	4.10%	0.59%	20.26%	72.54%	-25.02%

#w.e.f. April 1, 2023, the benchmark has changed to the Nifty 50 (TRI) from Nifty Smallcap 250 Index. Performance is calculated on Time Weighted Rate of Return (TWRR) basis. To view the portfolio's performance relative to other Portfolio Managers, you may [click here](#).

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.

Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of
1) the timing of inflows and outflows of funds; and
2) differences in the portfolio composition because of restrictions and other constraints.

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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This document is dated May 11, 2023.

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