



**PGIM**

India Portfolio  
Management Services

Small today.  
Large tomorrow.

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**PGIM INDIA**  
**PHOENIX PORTFOLIO**

March 2024



## About us



Source: [www.pgim.com](http://www.pgim.com) and [www.prudential.com](http://www.prudential.com). \*For AUM Breakup please refer slide no. 30

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# About us

## Global Footprint



## Global Depth & Scale

<b>A leading global investment manager</b>	<b>1400+</b> investment professionals	<b>47</b> OFFICES	<b>18</b> COUNTRIES
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Source: [www.pgim.com](http://www.pgim.com)



# PGIM India Portfolio Management Services

# PGIM India Portfolio Management Services - Overview

- Launched in July 2013
- Experienced investment team
- Offers equity strategies with a focus on Growth at Reasonable Price





# PGIM India Phoenix Portfolio

# Overview

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- Why invest in Small and Mid Caps?
- Why Small and Mid Caps now?
- Why Phoenix?
- Investment Process
- Performance
- Features
- Annexure
- Disclaimers

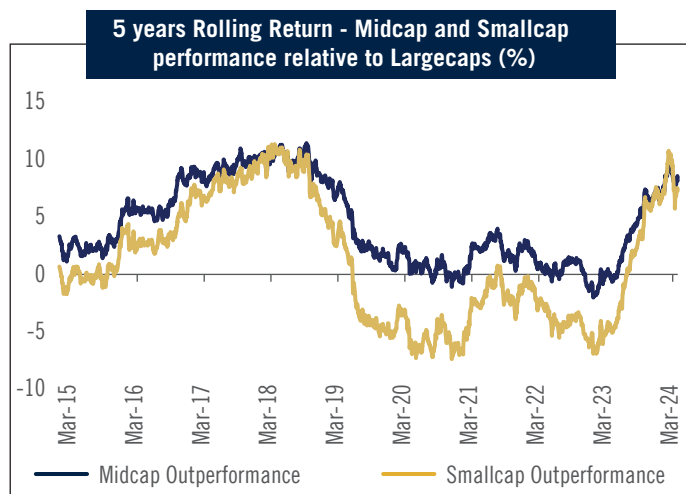


**Why Invest in Small  
and Mid Caps ?**



# Small and Mid caps have the potential to outperform Large caps

Small and Mid caps outperformed large caps 51% and 92% of the times, respectively, on a 5-year rolling basis



5 Years Rolling Returns Analysis	Midcap	Smallcap
Number of Observations	2249	2249
% of Observations beating Large Cap returns	92.1%	51.1%
Maximum outperformance	11.4%	11.4%
Maximum underperformance	-2.0%	-7.4%

Data representation is for March 2015 to March 2024 period

Source: MFIE

The above chart is for understanding purpose only. Past performance may or may not sustain in the future. Mid caps are represented by Nifty Midcap 150 TRI, Small caps by Nifty Smallcap 250 TRI and Large caps by Nifty 50 TRI.

# Some themes have better representation in Small/Mid Cap space

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- **Software Product Development Companies**

India is seeing emergence of some interesting IT product companies that are different from the normal IT Services companies

- **Discretionary Retail**

This segment is a beneficiary of rising per capita GDP and higher discretionary spends. Many sub segments find no representation in large caps like footwear, clothing brands, food and retail chain, etc.

- **Hospitality**

Increasing incomes will lead to people travelling more and holidaying. The need for hotel rooms & airlines will grow manifold

- **Real Estate**

Housing will be a long-term story in India. Post RERA, the transparency has gone up and overtime the competition will come down.

- **Home Building**

As a corollary to the real estate sector, as the sector takes off, there will be a good demand of tiles, sanitary ware, plywood etc. There is very little representation of large caps in the segment.

- **Chemicals**

The sector is seeing a lot of vibrancy in terms of growth and profitability as China clamps down on pollution. Lots of business is flowing to India

## Why Invest In A Small And Mid Cap Oriented PMS?

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- **Unconstrained**

A Midcap Mutual Fund has to mandatorily invest 65% in stocks of mid-sized companies i.e. 101st to 250th companies based on market capitalization. Similar restrictions exist for Small Cap whereas, a Portfolio Management Service (“PMS”) does not have any such restrictions, allowing for flexibility with respect to investments

- **Customization**

PMS, unlike MFs, can be customized to fit an investor’s preferences (including but not limited to one’s religious beliefs with respect to certain sectors)

- **Concentrated portfolios**

PMS can hold concentrated positions as it is not constrained by regulatory limits on sectoral or company-specific exposure



**Is it a good time to  
consider allocations to  
Small and Mid Cap segment?**

# Small and Mid Caps post a sharp recovery post drawdown

## Past small cap corrections

Bearish Events	Period	Drawdown	1 Year Return	2 Years Return	3 Years Return
Sub-prime Crisis	Jan 2008 - March 2009	-75.98%	171.20%	163.80%	146.50%
China stock market crisis, Greece debt default	Aug 2015 - Feb 2016	-23.70%	47.90%	89.20%	37.10%
SEBI reclassification, Credit Crisis, Covid	Jan 2018 - Mar 2020	-60.79%	131.90%	215.00%	193.40%
Russia-Ukraine conflict, inflation concerns	Oct 2021 - Jun 2022	-26.88%	37.45%	???	???

## Past mid cap corrections

Bearish Events	Period	Drawdown	1 Year Return	2 Years Return	3 Years Return
Sub-prime Crisis	Jan 2008 to Mar 2009	-69.58%	157.50%	161.30%	161.80%
European Crisis	Nov 2010 to Dec 2011	-38.29%	40.30%	29.80%	103.80%
SEBI reclassification, Credit Crisis, Covid	Jan 2018 to Mar 2020	-49.43%	116.60%	165.10%	172.20%
Russia-Ukraine conflict, inflation concerns	Oct 2021 to Jun 2022	-23.09%	39.68%	???	???

Small caps represented by Nifty Smallcap 250 and Mid caps represented by Nifty Midcap 100

**The extent of drawdowns is a factor in determining risk but the time taken to recover a drawdown is an equally important factor. Historically, small and mid caps have demonstrated a decent drawdown recovery.**

Data as on June 30, 2023. The Returns of 1 year, 2 years and 3 years are absolute returns and are calculated from the end of the correction for the mentioned events. Source: MFIE, Internal Analysis. The above table is only for illustration purpose and should not be construed or related to the performance of the strategy.



# Phoenix Portfolio Structural Growth and Cyclical Opportunities

## Phoenix Portfolio - Proposition

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- Focus on buying businesses that are close to the inflection in their lifecycle either due to cyclical or structural reasons.
- Concentrated portfolio of Small and Mid Cap companies.
- Low overlap with the mainstream products.
- Long term holdings with low churn.



# Phoenix Portfolio Construct



# Investment Process

## The investment process consists of

- (a) Screening all possible choices to create an investment universe of acceptable quality
- (b) Further filter the Universe on the basis of growth prospects and management quality
- (c) Construct the portfolio using filters of valuation levels, and sector exposure limits.



Note: Minimum 75% of the portfolio at all times follows the above-mentioned process. The fund manager may exercise discretion up to 25% of the portfolio for including financial companies, high conviction ideas or companies which meet most of the above criteria but fail on a single parameter.

## Investment Process : Multi-Stage Filters

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- The portfolio manager looks for:
  - The ability of the company to grow its sales and profits greater than industry average, over the next 3-5 years
  - The ability of the company to do this without consistently resorting to additional external funding
  - The track record of the management in capital allocation, and in treating minority shareholders fairly
- Portfolio manager is conscious of prevailing valuations at all times, which should be reasonable considering future growth prospects
- Sell Discipline – when the investment thesis changes fundamentally, we look to exit from the stock

## Portfolio Sell Discipline

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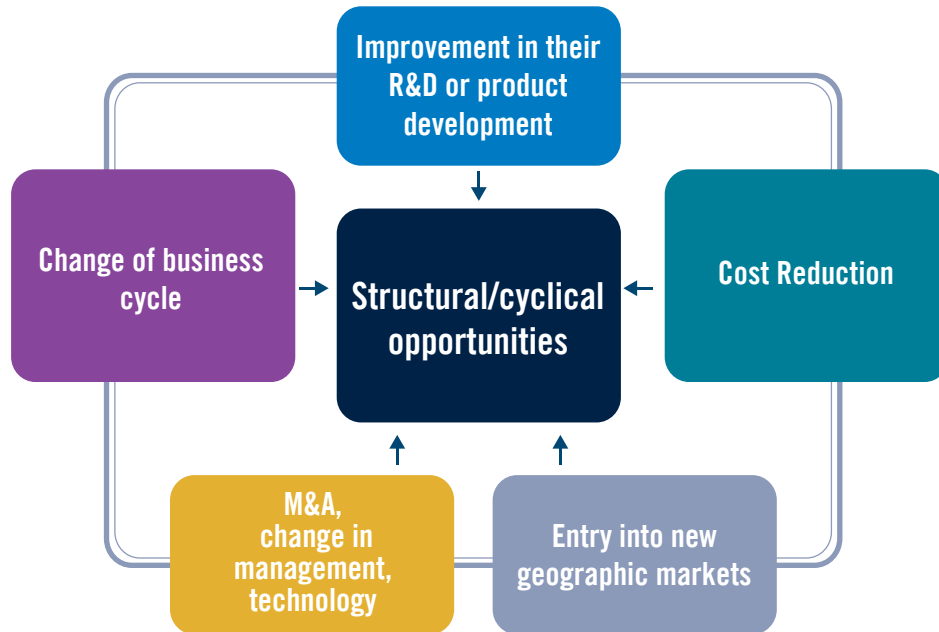
- When the fundamental thesis for buying a stock changes
- When the valuation is unable to explain the stock's price
- When for the same perceived level of risk, we spot a superior opportunity
- When there is a redemption request

## Not all Small and Mid Caps are new businesses

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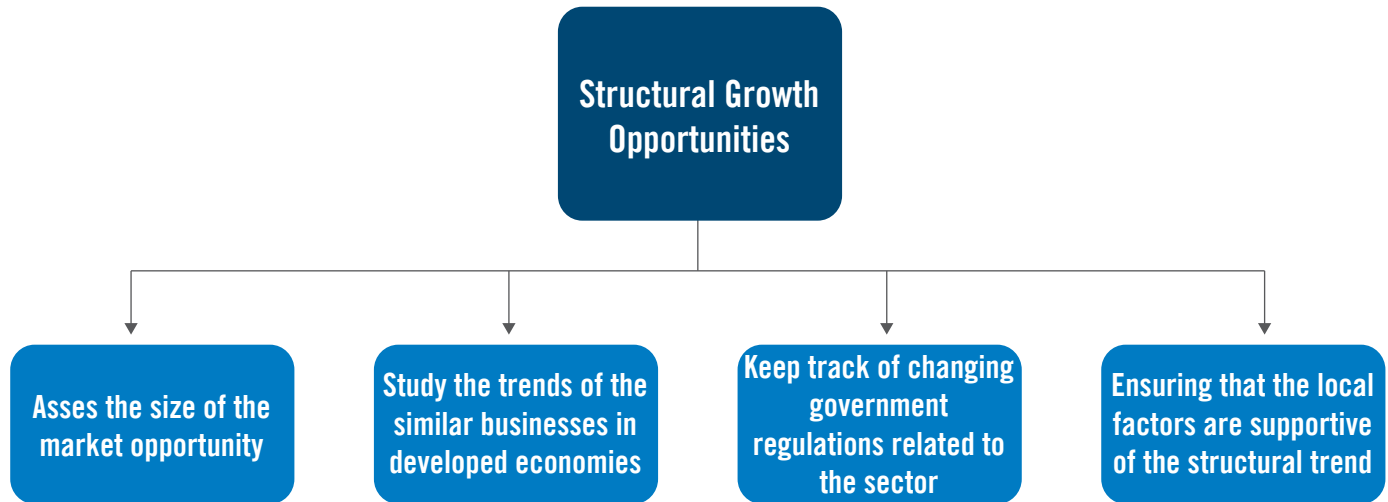


## Approach to identifying opportunities in mature businesses

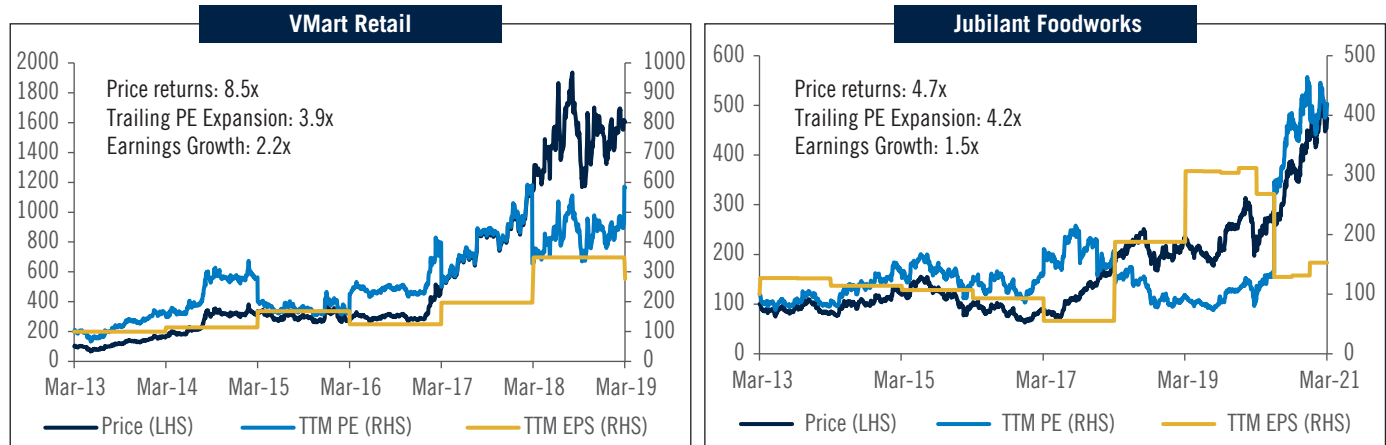


# Approach to identifying opportunities in structural growth areas

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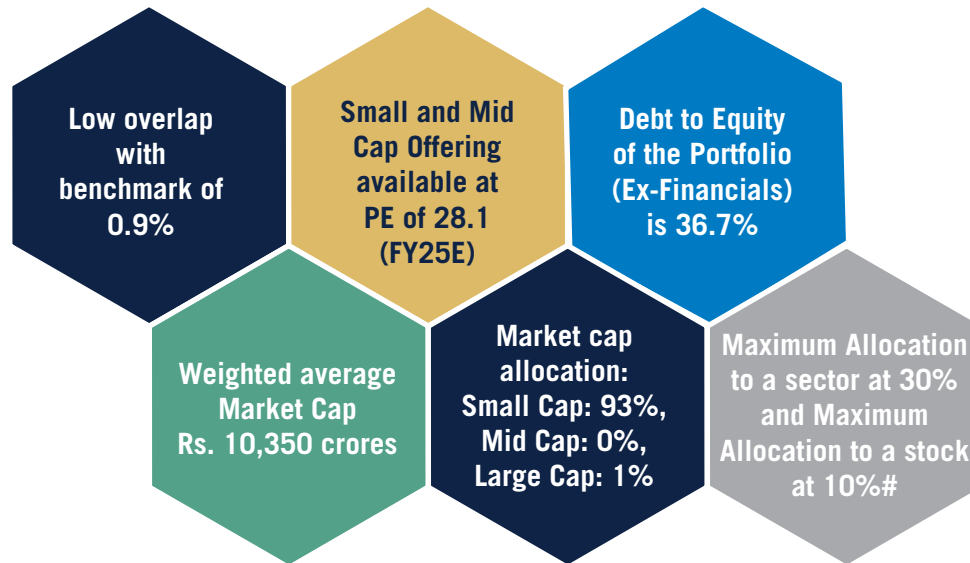
# Past examples of quality businesses that have grown sales and profitability



Source: Bloomberg, ACE Equity. Stocks mentioned are for illustration purpose only and not meant as a recommendation to buy or sell the securities. The charts have been rebased. The Portfolio may or may not invest in these stocks. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

## Why Phoenix Portfolio?

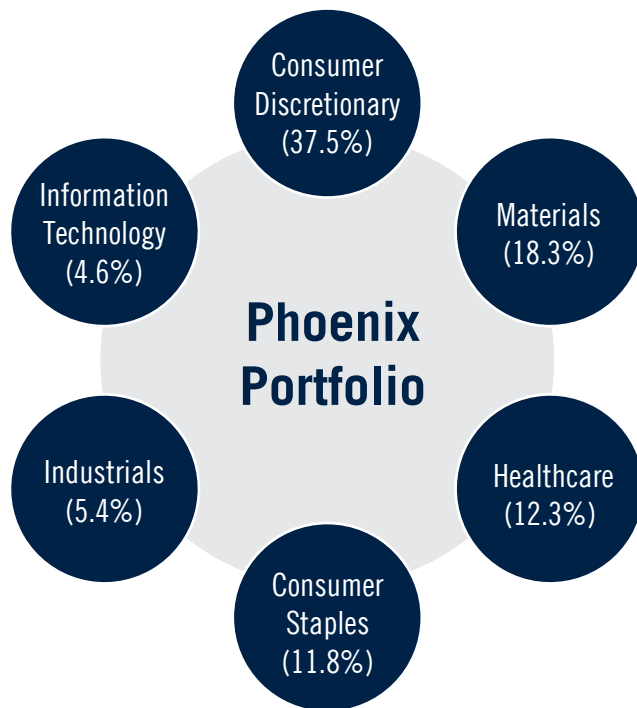
### A Unique Opportunity with



Data as on March 31, 2024. Past performance may or may not sustain in future. Above metrics are for model portfolio. Source: Bloomberg # Current Portfolio Construct



## Phoenix Portfolio – Holdings



Company	Portfolio Weightage
Artemis Medicare Services Ltd	7.9%
Sandhar Technologies Ltd	7.5%
RBZ Jewellers Ltd	7.5%
Radico Khaitan Ltd	7.0%
Hawkins Cooker Ltd	5.9%
Greenply Industries Ltd	5.4%
VST Tillers Tractors Ltd	5.3%
Carborundum Universal Ltd	5.1%
Thomas Cook India Ltd	4.9%
C E Info Systems Ltd	4.6%

Classification as per GICS Sector Name. Data represented is for Actual portfolio. Data as on March 28, 2024.

## PGIM India Phoenix Portfolio - Performance

Performance as on March 31, 2024		
Period	Portfolio	Nifty 50 TRI
1 Month	-2.38%	1.57%
3 Months	-5.08%	2.92%
6 Months	3.28%	14.09%
1 Year	35.86%	30.08%
2 Year	18.36%	14.38%
3 Year	22.94%	16.31%
5 Year	15.42%	15.27%
Since Inception Date 01/08/2016	13.31%	14.53%
Portfolio Turnover Ratio*	1.76	

\*Portfolio Turnover ratio for the period April 1, 2023 to March 31, 2024

Data as on March 31, 2024. Source: Internal Research

Past performance may or may not sustain in future ; w.e.f. April 1, 2023, the benchmark has changed to Nifty 50 TRI from the Nifty Smallcap 250 Index

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

For the full disclaimer on consolidated portfolio performance, please refer slide no. 31

## PGIM India Phoenix Portfolio - Performance

Annualised Returns as on March 31, 2024		
Period	PGIM India Phoenix Portfolio	Benchmark - NIFTY 50 TRI
April 1, 2023 to March 31, 2024	35.86%	30.08%
April 1, 2022 to March 31, 2023	3.25%	0.59%
April 1, 2021 to Mar 31, 2022	32.85%	20.26%
April 1, 2020 to March 31, 2021	79.87%	72.54%
April 1, 2019 to March 31, 2020	-38.70%	-25.02%
April 1, 2018 to March 31, 2019	-3.73%	16.45%
April 1, 2017 to March 31, 2018	9.49%	11.76%
August 1, 2016 to March 31, 2017	20.61%	6.82%

Data as on March 31, 2024. Inception date - August 1, 2016 Performance is calculated on Time Weighted Rate of Return (TWRR) basis. Source: Internal Research  
Past performance may or may not sustain in future ; w.e.f. April 1, 2023, the benchmark has changed to Nifty 50 TRI from the Nifty Smallcap 250 Index

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

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# PGIM India PMS Team



# Investment Approach

<b>Portfolio Name</b>	<b>PGIM India Phoenix</b>
<b>Investment objective</b>	The objective of the portfolio is to generate capital appreciation over the long term by investing in quality Small and Mid Cap Indian companies.
<b>Types of Securities</b>	All funds would be predominantly invested in listed equity and equity related securities.
<b>Basis of Selection</b>	The central theme of the product is that the Portfolio Manager would choose stocks of companies that, in his assessment, are close to an inflection point in their lifecycle either due to a cyclical or structural changes. The Phoenix Portfolio, as the name suggests, would concentrate on companies whose financial and operational performance (profit margins, market share etc.) at the time of investment would be below the long-term average performance displayed by the company.
<b>Asset Allocation</b>	At least 75% of the portfolio would be invested in the shares of Small and Mid Cap companies.. Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds of the Portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.
<b>Investment Horizon</b>	Markets usually take time to spot value, hence it is advisable for investors to be invested for at least 3 years.
<b>Risk associated</b>	Please refer to Disclosure document at <a href="http://www.pgimindiapms.com">www.pgimindiapms.com</a>
<b>Benchmark Index</b>	Nifty 50 TRI
<b>Principal Officer</b>	Surjitt Singh Arora

# AUM Breakup

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**AUM Breakup: Asset class wise disclosure of AAUM: AUM as on March 31, 2024 (Rs in Crores):** Income: 467.13, Equity Other than ELSS: 18163.95, Balanced: 0.00, Liquid: 612.95, Gilt: 122.41, Equity ELSS: 657.75, Hybrid: 1554.85, Index Fund: 30.68, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 1620.63, Total: 23230.36; **Average AUM for the month:** Income: 484.96, Equity Other than ELSS: 17938.29, Balanced: 0.00, Liquid: 657.84, Gilt: 121.41, Equity ELSS: 646.57, Hybrid: 1568.33, Index Fund: 30.57, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 1626.73, Total: 23074.69; **Disclosure of percentage of AUM by geography: % of Total AUM as on March 31, 2024:** Top 5 cities: 49.29%, Next 10 cities: 17.56%, Next 20 cities: 7.29%, Next 75 cities: 8.12%, Other: 17.74%, Total: 100.00%; **Disclosure of AUM by Service Category: AUM as on March 31, 2024 (Rs. in Crores):** Mutual Funds: 23230, PMS: 312, Advisory: 2847, Total: 26389.

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# Disclaimer

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## **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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## **Important Disclosures regarding the consolidated portfolio performance:**

The holding represents top 10 holdings and the top 6 GICS sector allocations of PGIM India Phoenix Portfolio - Regular Portfolio based on all client portfolios existing as on March 31, 2024, excluding any temporary cash investments. 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 the Regular Portfolio of 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.



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