



**PGIM**

**India Portfolio  
Management Services**

**Small today.  
Large tomorrow.**

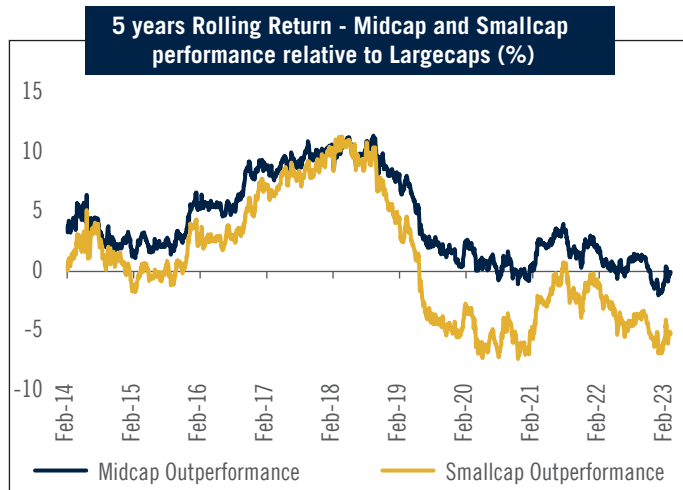
**PGIM INDIA  
PHOENIX PORTFOLIO**



# 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 93% of the times, respectively, on a 5-year rolling basis



Data representation is for Feb 2014 to Feb 2023 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

5 Years Rolling Returns Analysis	Midcap	Smallcap
Number of Observations	2329	2329
% of Observations beating Large Cap returns	93.40%	51.00%
Maximum outperformance	11.40%	11.40%
Maximum underperformance	-2.00%	-7.40%

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

- Software Product Development Companies**  
 India is seeing emergence of IT product companies offering distinguished products and services from their larger counterparts
- 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

Not all Small and Mid Caps are new businesses

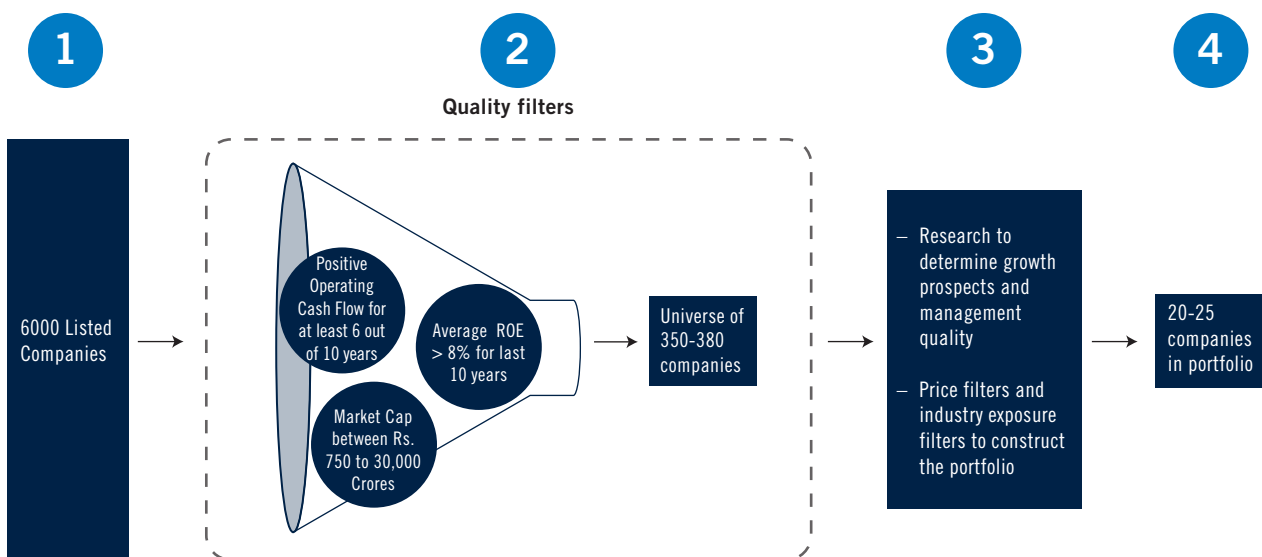
Matured Businesses

New opportunities due to structural changes

# PGIM India Phoenix Portfolio - Proposition

- 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.

## Investment Process : Quality Filters



*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

- The portfolio manager looks for:
  - The ability of the company to grow its sales and profits 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

## Portfolio Sell Discipline

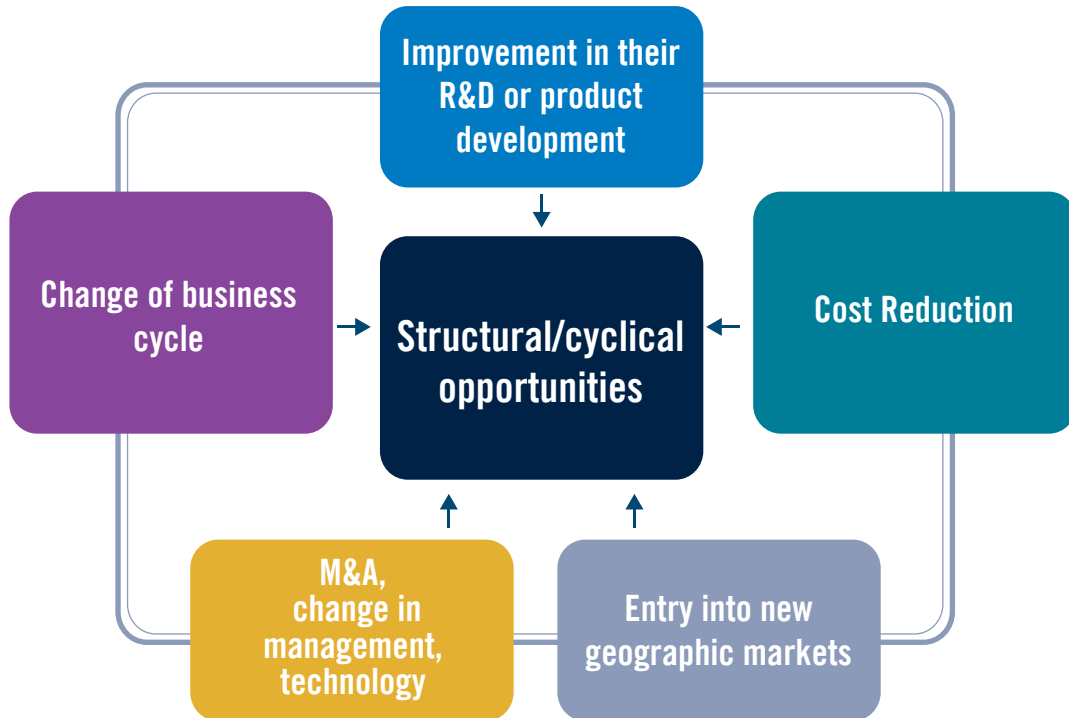
When the fundamental thesis for buying a stock changes

When the valuation is unable to explain the stock's price

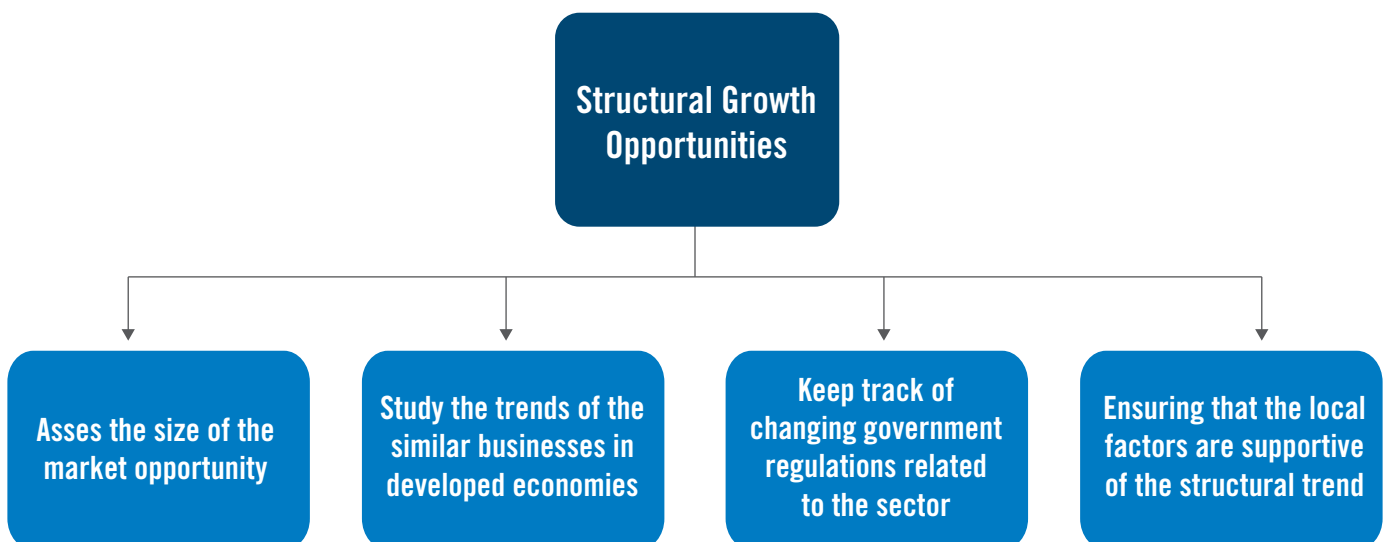
When for the same perceived level of risk, we spot a superior opportunity

When there is a redemption request

## Approach to identifying opportunities in mature businesses



## Approach to identifying opportunities in structural growth areas



# 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

## About the Portfolio Manager



**Surjitt Singh Arora**  
Portfolio Manager

- Surjitt Singh Arora is Portfolio Manager – Portfolio Management Services at PGIM India Asset Management Private Limited. He is the Portfolio Manager for PGIM India Phoenix Portfolio and PGIM India Core Equity Portfolio.
- Surjitt Singh Arora has more than 18 years of rich work experience in the Equity Markets including over 8 years in the asset management industry. In his last stint, Surjitt was Head - PMS and Head - Principal Officer with Tata Asset Management. Prior to that he was with Tata Mutual Fund as Equity Research Analyst.
- Surjitt holds a Bachelor's degree in Management Studies from Sydenham College, Mumbai and a Master's degree in Management Studies from Sydenham Institute of Management and Research (SIMSREE), Mumbai.

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