PGIM India Asset Management Private Ltd.

<u>Risk for the stocks we own in the portfolio (PGIM India Phoenix portfolio)</u> :-

Slowdown in the domestic and global economy can lead to lower growth than our expectations and lower profitability for the companies in the portfolio. (for all the companies in the portfolio.)

We own consumption / recovery led stocks where Risks of resurgence of covid could impact performance. Slowdown in rural economy can also lead to lower than expected volumes.

Low GDP growth can lead to lesser demand for the manufacturing companies which can also lead to fall in the prices of finished goods for manufacturing and commodity companies in the portfolio. (Manufacturing companies in the portfolio.)

High interest rate and prolonged slowdown can have large negative impact on the residential demand for real estate companies in the portfolio. (Real Estate companies and Building Material companies.)

In case of pharma companies we hold the risk of adverse assessment of quality of products by various regulatory bodies can impact them negatively. Also not able to innovate and launch new products in the market can adversely impact the long term prospects of these companies. (Pharmaceutical companies)

We own a textile company where the spreads between the yarn and cotton are important drivers for earnings if the spreads reduce the earnings can get negatively impacted. (Textile company)

We have exposure to infrastructure and capital goods companies in the portfolio if the capex cycle does not revive the way we are expecting the growth will be a challenge for them. (Cement and Capital goods companies)

Higher stress in the economy can lead to higher NPA's for the bank stocks we hold. (Financial stocks in the portfolio.)

For the IT companies which we hold in the portfolio, lack of innovation and launch of new upgraded products in the market can lead to loss of market share or clients moving to competitor products.

Regulatory adverse action from the regulator can lead to lower profitability for utility companies in the portfolio and also there is a risk of exclusivity for a gas utility company in the portfolio. (Utilities)

Chemical companies are witnessing price erosion in their molecules; imports from China add to the competitive pressure.