



**PGIM**

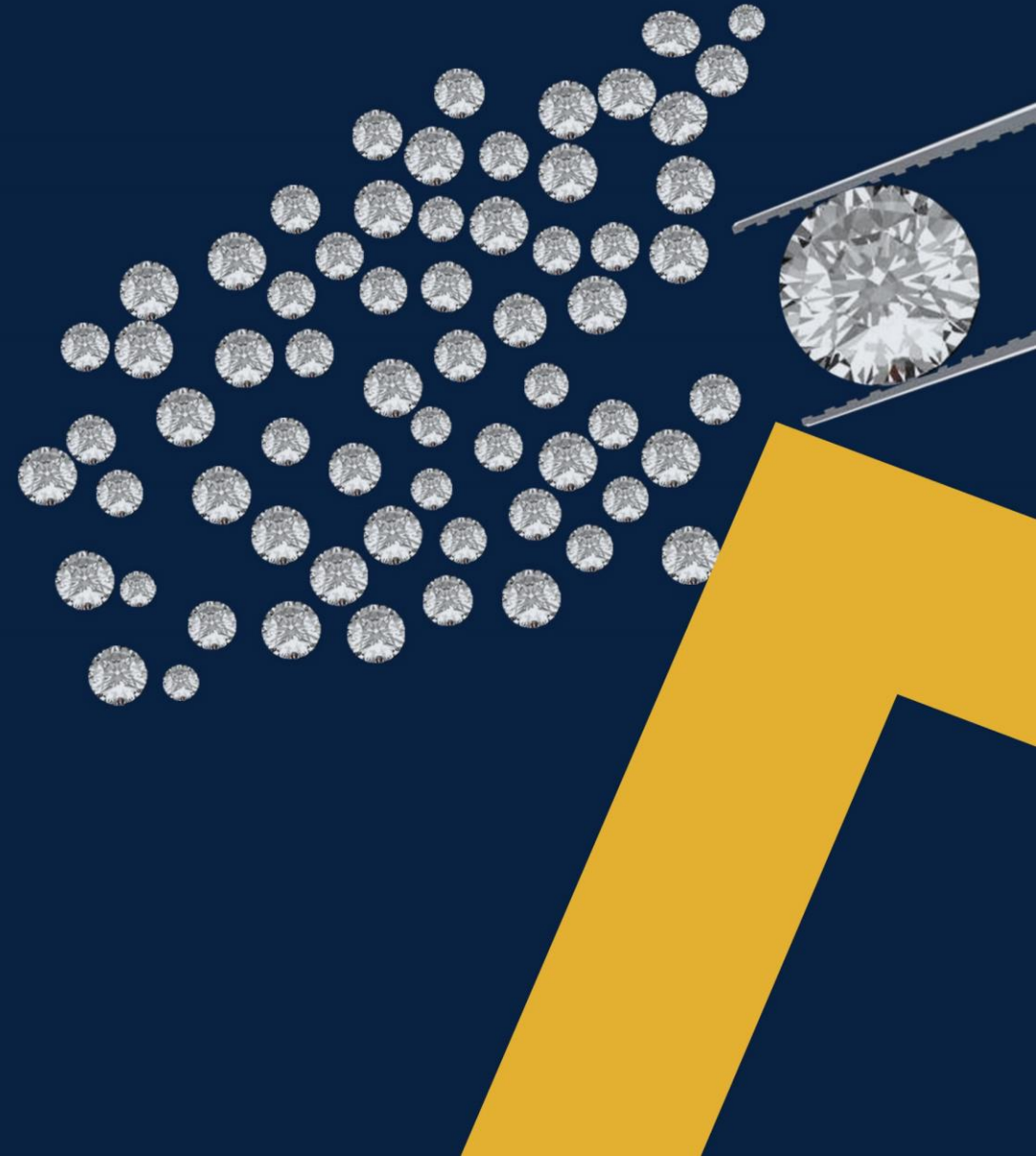
India Portfolio  
Management Services

Small today.  
Large tomorrow.

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

September 2024



## Phoenix Portfolio – Small Today, Large Tomorrow

- **Mid and Small-cap Strategy:** This strategy focuses on constructing a portfolio through comprehensive bottom-up research largely focusing on mid and small-cap stocks.
- **Focus on Turnarounds and Secular Good Quality Businesses:** We tend to buy businesses that often witness short-term cycles of decline in profitability and growth. We also look to take exposure to structurally good quality companies with strong balance sheets and cash flows.
- **Concentrated Approach:** High-conviction portfolio with 20-25 carefully selected stocks, ensuring optimal position sizing and liquidity.
- **Long Track Record:** Since its inception in August 2016, Phoenix portfolio has navigated multiple market cycles, delivering decent performance through disciplined investment processes.
- **Target Investor Profile:** Ideal for long-term investors seeking exposure to turnaround opportunities and high-quality mid and small-cap companies.

# Investment Process: Key Parameters (1/2)

Our portfolio manager employs a disciplined approach to identify and manage investments, focusing on quality, growth potential and risk management.



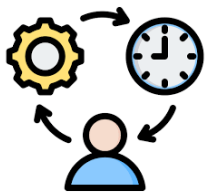
## Identifying potential growth opportunities:

The portfolio manager seeks companies with above-industry growth potential over next 3-5 years, strong internal cash generation without heavy reliance on external funding and management with a solid track record in ethical capital allocation and fairness to minority shareholders.



## Reasonable valuations considering future growth potential:

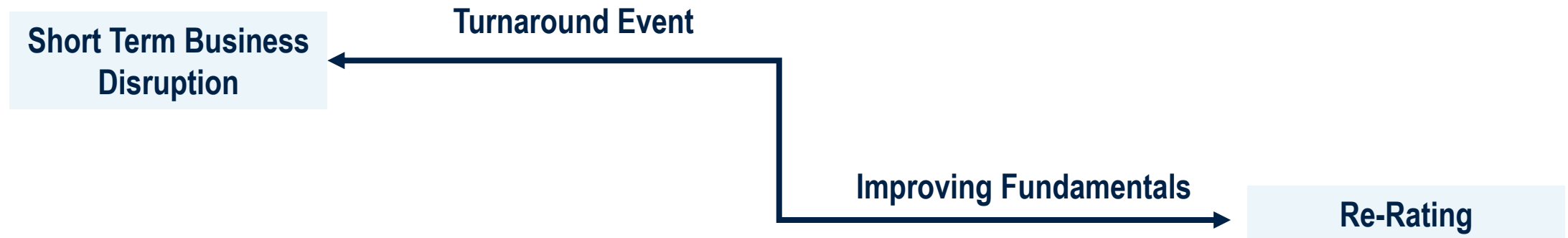
The portfolio manager is mindful of current valuations, ensuring they are reasonable relative to future growth prospects, and conducts periodic portfolio reviews to maintain optimal investment choices.



## Sell Discipline:

We implement a disciplined approach to selling stocks when the original investment thesis fundamentally changes, ensuring capital preservation. Additionally, if valuations appear to exceed reasonable PEG levels, we may consider exiting the position.

# Investment Process: Spotting Turnarounds (2/2)



Businesses occasionally may witness cycles of disruption or downturns due to many factors. A few triggers for us to look at turnaround opportunities using a bottom-up approach:-

- Lower Profitability vs historical trends
- Compressed profit margins vs historical trends
- Proven track record and capital efficiency
- Mergers and acquisitions or change in management/ownership or new technology

# Portfolio Proposition

1

**Turnarounds and secular good quality businesses:** We target companies at the bottom of their cycle, focusing on turnarounds with strong recovery potential, allocating 40-50% to such opportunities. This is balanced with quality small and midcap businesses that offer secular growth potential.

2

**Exposure to unique industries and sectors:** There are a few themes that have better representation in small and midcap space like hospitality, chemicals, home building, software products, etc.

3

## **Concentrated Portfolio:**

- **Concentrated Holdings:** A focused portfolio of 20-25 carefully selected stocks with potential to grow while managing risk.
- **Small and midcap approach:** Bottom-up approach to select stocks in mid and small-cap space.
- **Low Overlap:** Ensures portfolio differentiation and active management by maintaining low overlap with the benchmark.

4

**Risk Management Principles:** No more than 15% of the portfolio is invested in a single stock to mitigate concentration risk. Exposure to any single sector is restricted to 30% to ensure diversification across industries.

5

## **Dynamic Cash Management Strategy:**

- **Residual Cash Holding:** Cash is held as a residual component. The extent of cash holding is not pre-determined; it varies based on the availability of attractive investment opportunities. When opportunities are scarce, cash positions may increase to preserve capital.

# PGIM India Phoenix Portfolio - Metrics

## 01 Turnarounds and secular good quality businesses

The portfolio consists of companies that are either **turnarounds** or **good-quality businesses**

## 02 Quality Metrics

**Profitability:** \*ROE stands at **16.9%**,  
**Leverage:** ^debt to equity ratio is **0.21x**  
**Valuation:** PE ratio for FY26E is **27.9x**.

## 04 Risk Metrics

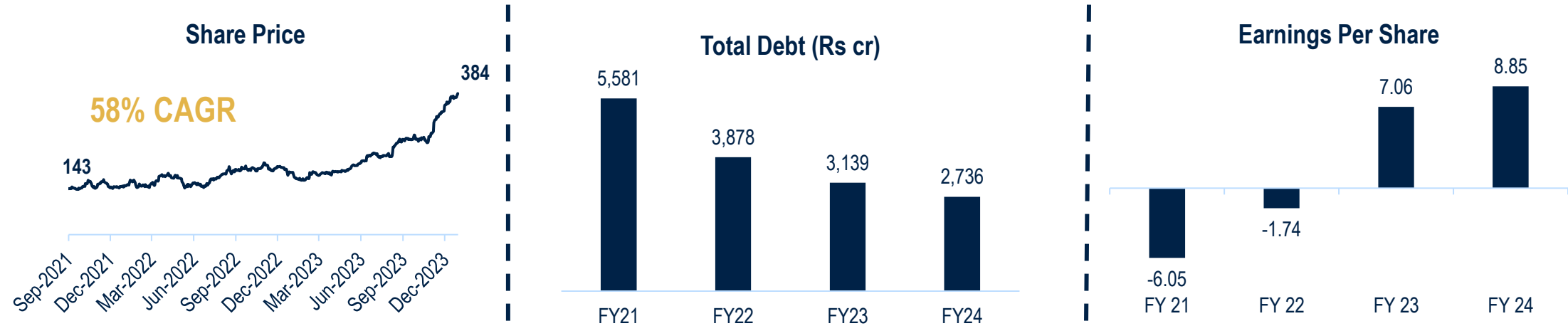
The portfolio exhibits a 3-year risk (standard deviation) of **14.9%**, a beta of **0.8**, and a Sharpe ratio of **1.4**, highlighting a balanced risk-return profile.

## 03 Portfolio Size & Diversification

The portfolio is well-diversified across market caps, including mid, and small caps. It exhibits **no overlap** with the benchmark, reflecting a truly differentiated investment approach.

# Case Studies: Wealth Creation by spotting turnarounds and good quality businesses

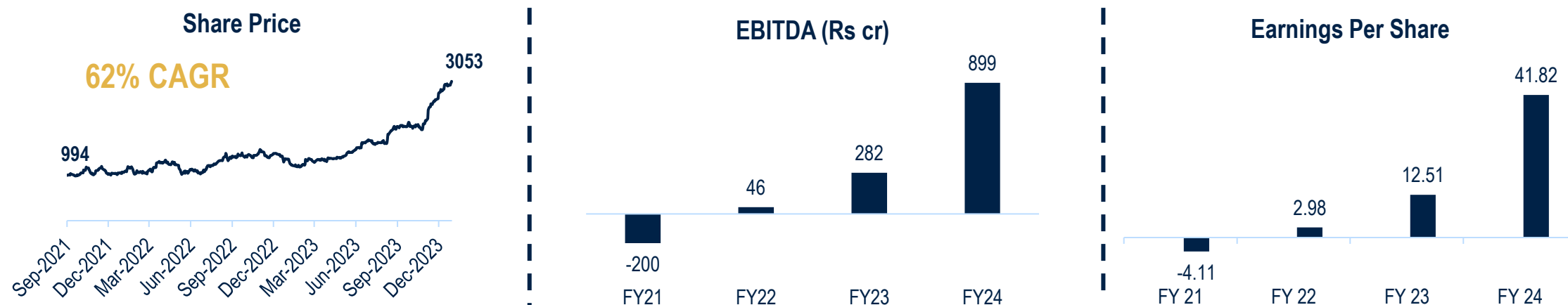
## Indian Hotels – Turnaround



- **Strategic Turnaround with New Growth Streams:** Indian Hotels capitalized on post-Covid recovery, benefiting from rising leisure and business travel. The introduction of asset-light models like Amma Trails and Qmin has diversified revenue streams, driving its turnaround.
- **De-leveraged Balance Sheet for Sustainable Growth:** By reducing debt and strengthening its financial position, Indian Hotels was well-positioned for future growth. Its de-leveraging strategy ensures resilience and long-term profitability.
- **Revival Driven by Occupancy Rebound:** With occupancies recovering from post-pandemic lows, Indian Hotels was experiencing a strong cyclical recovery, further supported by increasing demand in the travel sector.

# Case Studies: Wealth Creation by spotting turnarounds and good quality businesses

## Trent – Secular good quality business



- Resilient and Well-Positioned for Growth:** Trent demonstrated strong resilience by maintaining robust store expansion, even during challenging periods like FY21. With a healthy Same Store Sales Growth (SSSG) and positive operating cash flow, the company continues to be a leading player in discretionary spending, backed by its solid parentage.
- Proven Expansion Strategy:** Despite market disruptions, Trent achieved its highest-ever pace of store openings, with 28 Westside and 68 Zudio stores added in FY21. This aggressive expansion highlights the company's commitment to capturing market share in both premium and value segments.
- Quality-Driven Business with Operational Excellence:** Trent's ability to sustain gross margins through lower discounting and efficient inventory management, even amid an EBITDA loss, showcases its operational discipline and focus on long-term profitability.

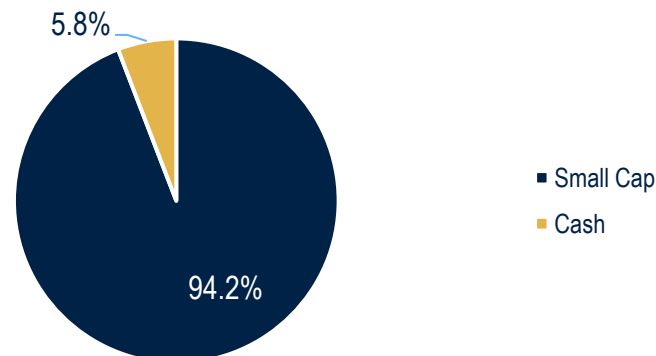


# PGIM India Phoenix Portfolio - Holdings

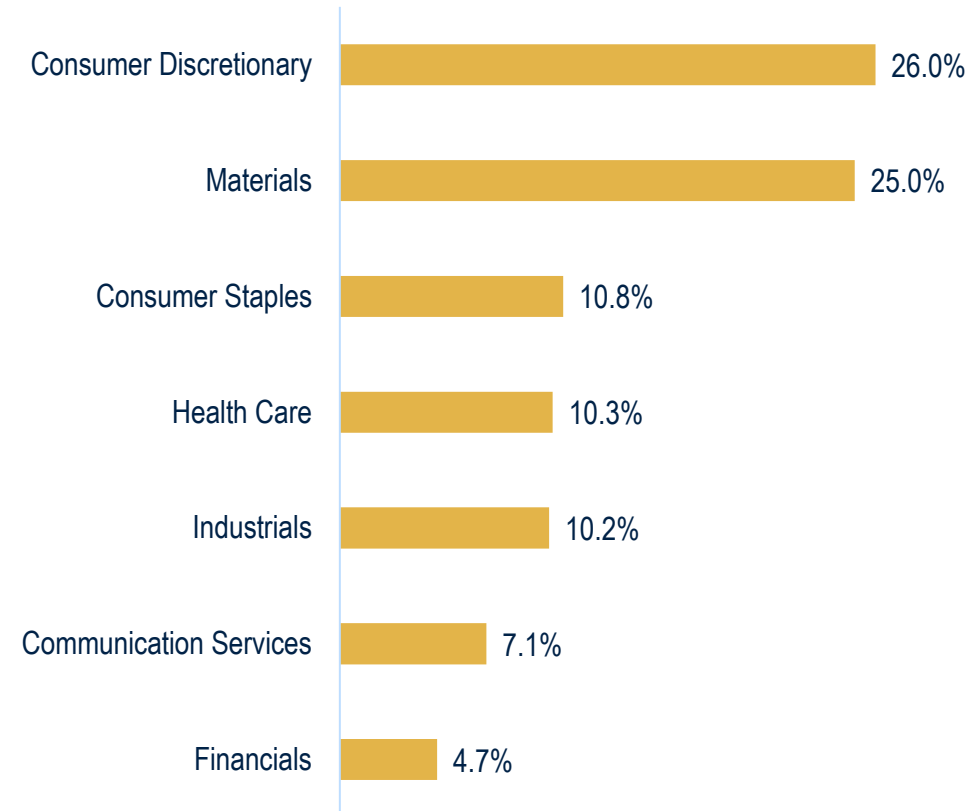
## Top 10 Holdings

Company	Weights
Gillette India	7.1%
Affle India	7.1%
Hawkins Cooker	6.6%
Sandhar Technologies	6.1%
Vst Tillers Tractors	5.8%
Procter & Gamble Health	5.5%
Paushak	5.3%
Rbz Jewellers	4.9%
Artemis Medicare Services	4.9%
Central Depository Services India	4.7%
<b>Total</b>	<b>58.0%</b>

## Size Classification



## Sector Classification



# PGIM India Phoenix Portfolio – Holdings Insights

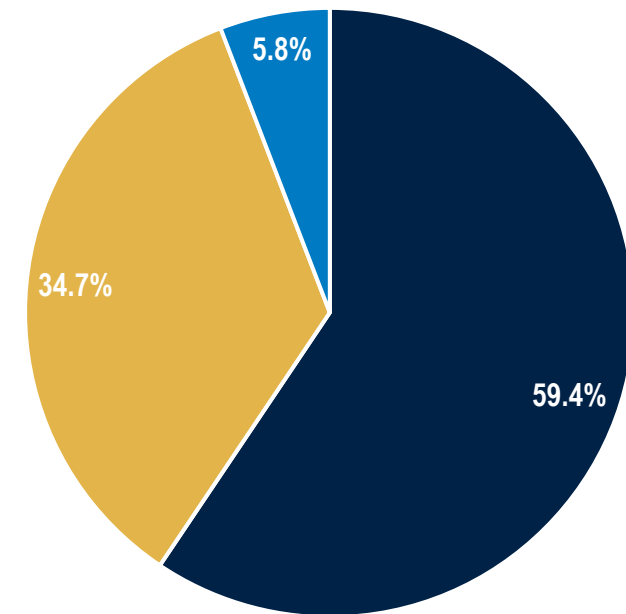


**Secular Good quality companies:** These are companies with strong, consistent growth driven by long-term structural trends, irrespective of economic cycles. They typically have strong fundamentals with robust balance sheets and sustainable cash flows coupled with the potential to grow.



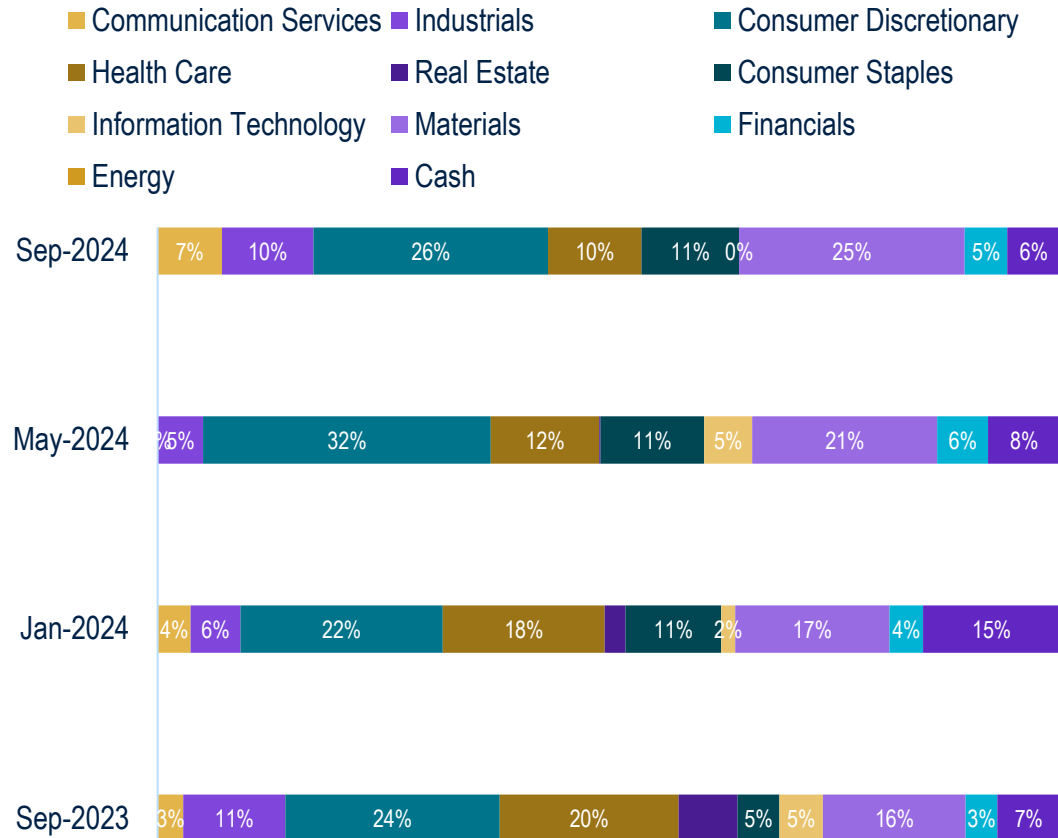
**Turnarounds:** Turnaround companies are those that have faced significant challenges or downturns but are positioned for recovery. With strong management interventions, strategic shifts, or operational improvements, these businesses offer potential growth while they recover from temporary periods of slow or no growth.

■ Secular Good Quality Businesses ■ Turnarounds ■ Cash

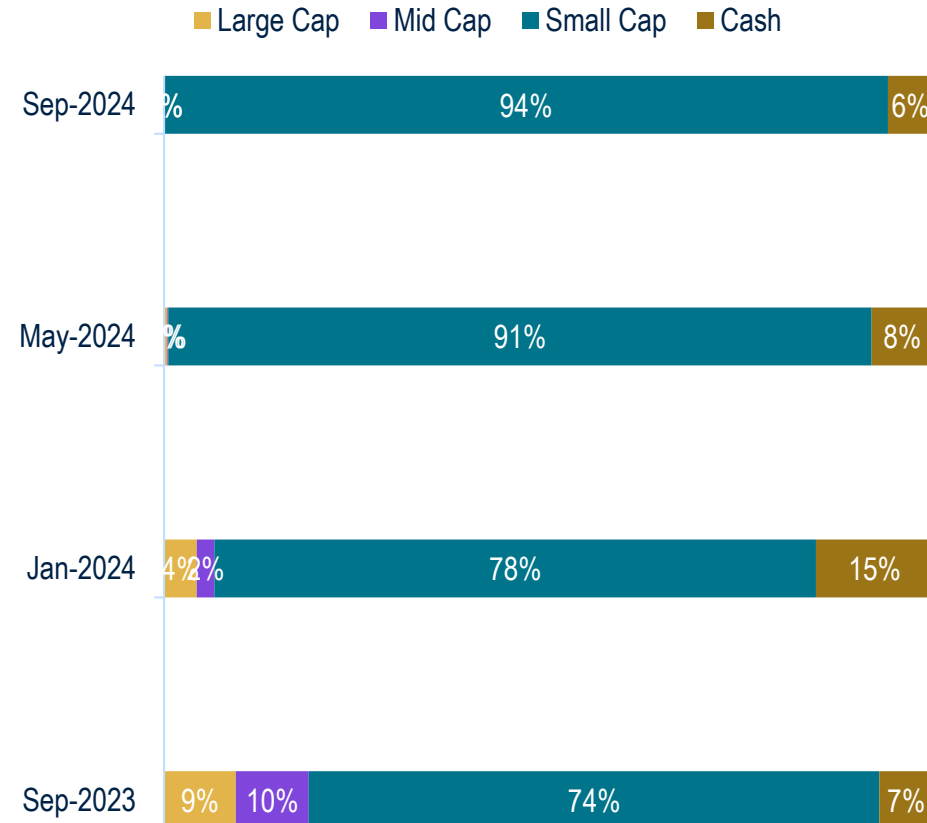


# PGIM India Phoenix Portfolio– Historical Holdings

### Historical Sector Allocation



### Historical Size Allocation

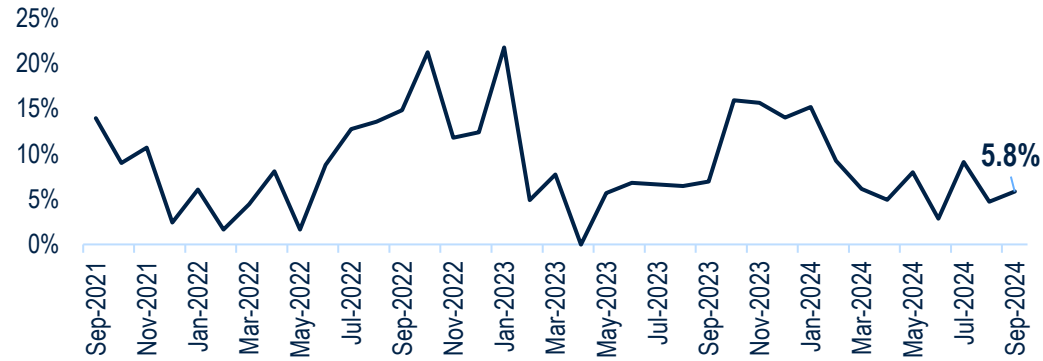


The portfolio’s historical holdings reveal a tilt towards mid and small-cap stocks, with a higher exposure to cyclical sectors such as consumer discretionary and materials. It identifies stocks through a bottom-up research approach.

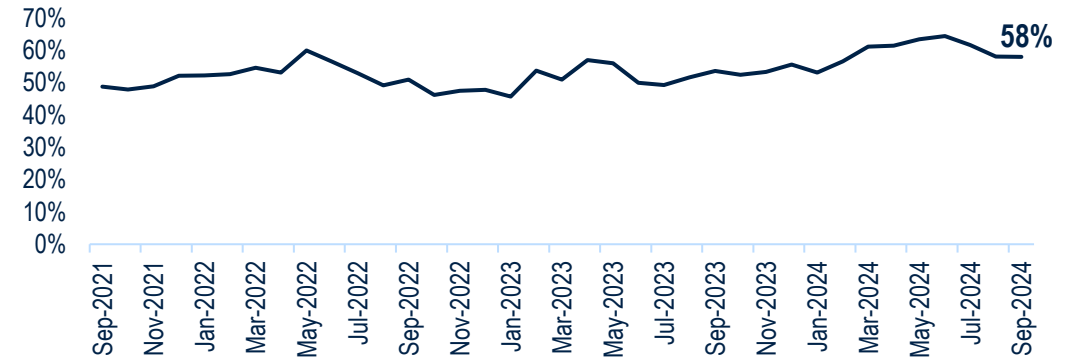
Source: PGIM India Internal. Data as of 30-Sep-2024. Classification as per GICS Sector Name. Data represented is for Actual portfolio.

# PGIM India Phoenix Portfolio– True to the mandate

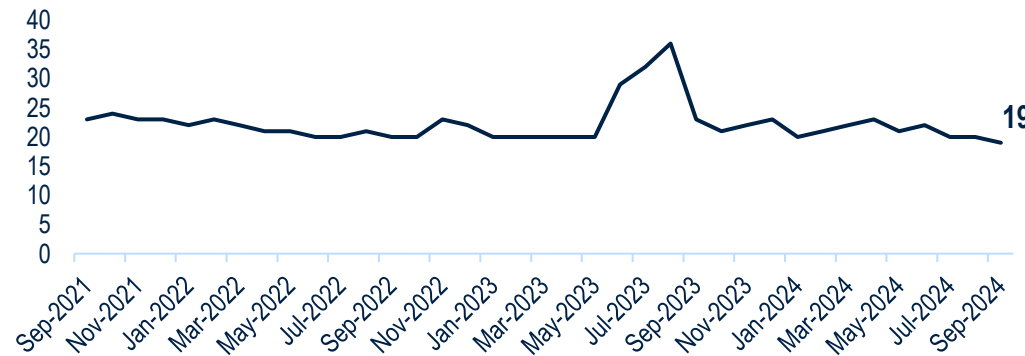
Cash levels Since Inception



Weight of Top 10 Holdings



Number of Holdings (Excl Cash)



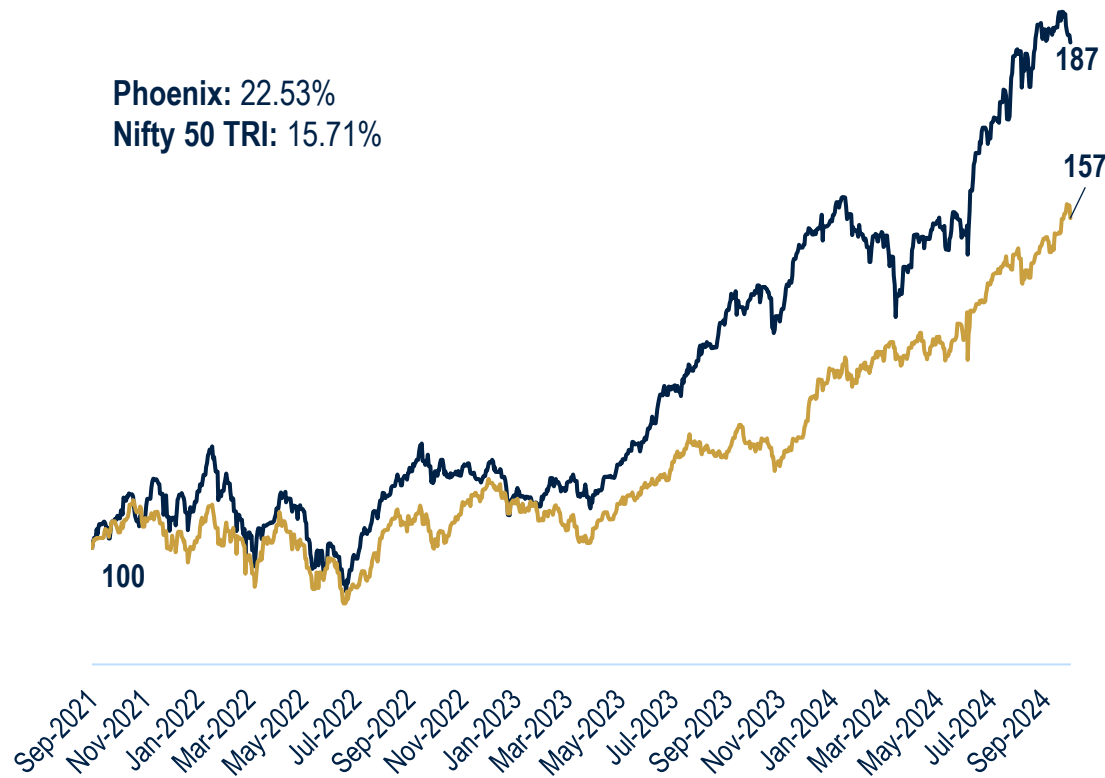
Historically, the portfolio has held an average of 23 stocks with an average cash holding of 9%, and the top 10 holdings have accounted for an average of 54% of the portfolio

# PGIM India Phoenix Portfolio - Performance

Performance since new fund manager\* (Rebased to 100)

— PGIM India Phoenix Portfolio — Nifty 50 TRI

Phoenix: 22.53%  
Nifty 50 TRI: 15.71%

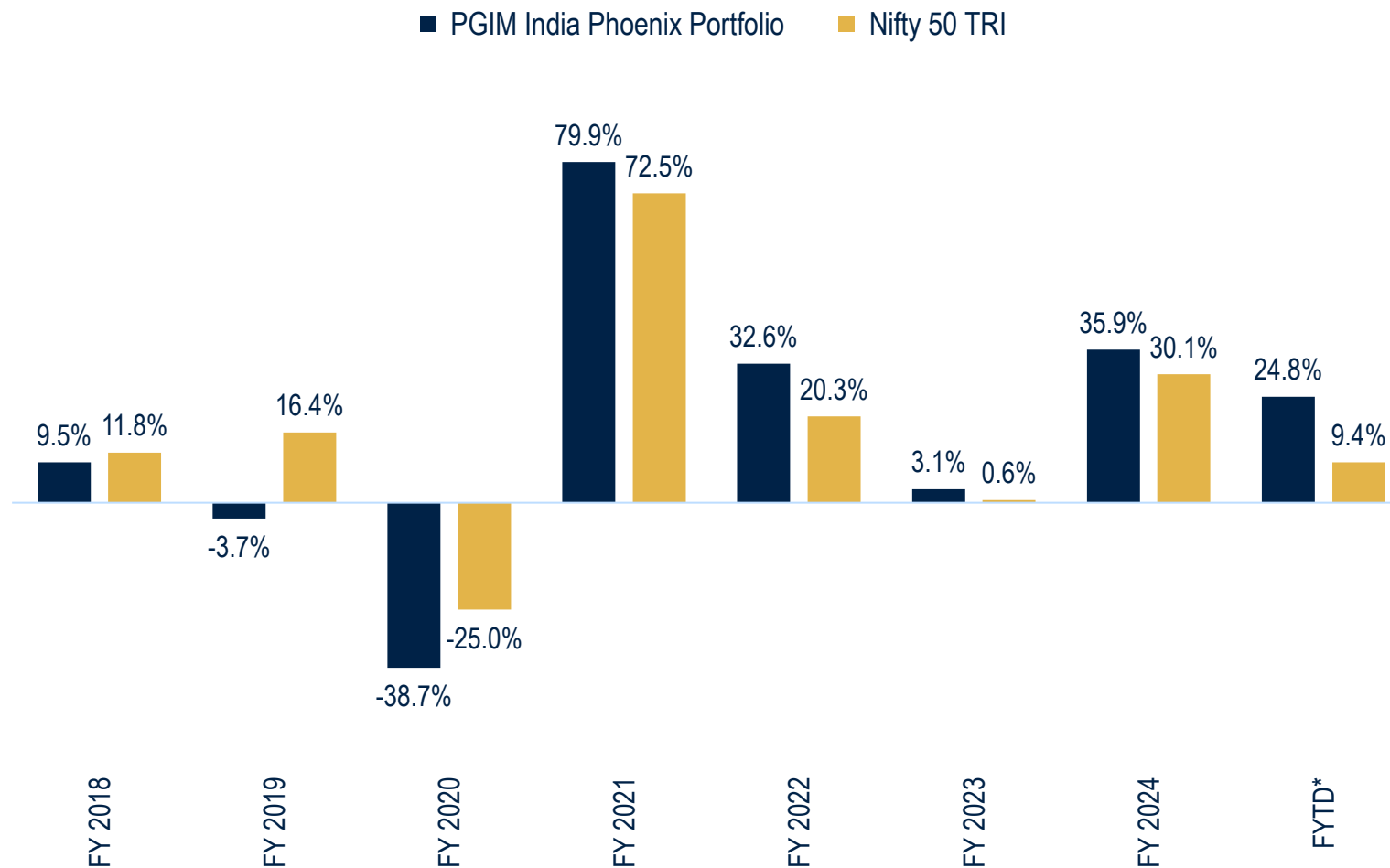


Data from 30-Sep-21 to 30-Sep-24

Period	Portfolio	Nifty 50 TRI
1 Month	-1.18%	2.28%
3 Months	9.68%	7.81%
6 Months	26.10%	16.58%
1 Year	30.23%	33.00%
3 Years	21.00%	14.93%
5 Years	23.59%	18.97%
Since Inception	15.68%	15.74%
Portfolio Turnover Ratio*	1.51	-

\*Portfolio Turnover ratio for the period September 1, 2023, to September 30, 2024

# PGIM India Phoenix Portfolio - Performance



Performance is calculated on Time Weighted Rate of Return (TWRR) basis.

Source: PGIM India Internal, MFI ICRA. Data as of 30-Sep-2024. \*from 31-Mar-24 to 30-Sep-24. for actual portfolio Past performance may or may not be sustained in the future. ; w.e.f. April 1, 2023, the benchmark has changed to Nifty 50 TRI from Nifty Smallcap 250 TRI To view the portfolio's performance relative to other Portfolio Managers, you may click [here](#)

# Top 10 Contributors: Multi-Sector, Multi-Size Winners

Top 10 Winners	Size	GICS Sectors	Average Weight	Total Returns	Part of Nifty 50
Ce Info Systems Ltd	Small Cap	Information Technology	3.1%	64%	No
Phoenix Mills Ltd	Mid Cap	Real Estate	4.7%	234%	No
Vst Tillers Tractors Ltd	Small Cap	Industrials	3.3%	107%	No
Trent Ltd	Large Cap	Consumer Discretionary	3.4%	281%	No
Kpit Technologies Ltd	Mid Cap	Information Technology	2.8%	155%	No
Gillette India Ltd	Small Cap	Consumer Staples	1.9%	32%	No
Artemis Medicare Services Lt	Small Cap	Health Care	2.8%	221%	No
Sandhar Technologies Ltd	Small Cap	Consumer Discretionary	2.5%	114%	No
Central Depository Services	Small Cap	Financials	1.7%	43%	No
Mrs Bectors Food Specialitie	Small Cap	Consumer Staples	0.9%	180%	No

- **Our stock selection spans across various sectors, reducing dependency on a single sector's performance.**
- **Strong returns from stocks outside of the benchmark highlight our active, unconstrained approach.**
- **Diverse allocation across mid and small-cap stocks contributes to the portfolio returns**

# Fund Facts

<b>Portfolio Name</b>	<b>PGIM India Phoenix Portfolio</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 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



# Experienced Investment Management Team



# About the fund manager



**Surjitt Singh Arora**  
**Principal Officer - PMS**  
PGIM India Asset Management

Surjitt Singh Arora is a Principal Officer – Portfolio Management Services at PGIM India Asset Management Private Limited. He is the Portfolio Manager for PGIM India Phoenix Portfolio, PGIM India Core Equity Portfolio, and PGIM India Equity Portfolio, PGIM India Equity Portfolio – Series I (High conviction themes), PGIM India Equity Portfolio – Series II.

Surjitt Singh Arora has more than 18 years of rich work experience in the Equity Markets. In his last stint, Surjitt was Head - PMS and Head - Principal Officer with Tata Asset Management, where he was managing Tata ACT and Tata Emerging Opportunities Portfolio. Prior to that, he was an 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 Studies, Research and Entrepreneurship Education (SIMSREE), Mumbai.



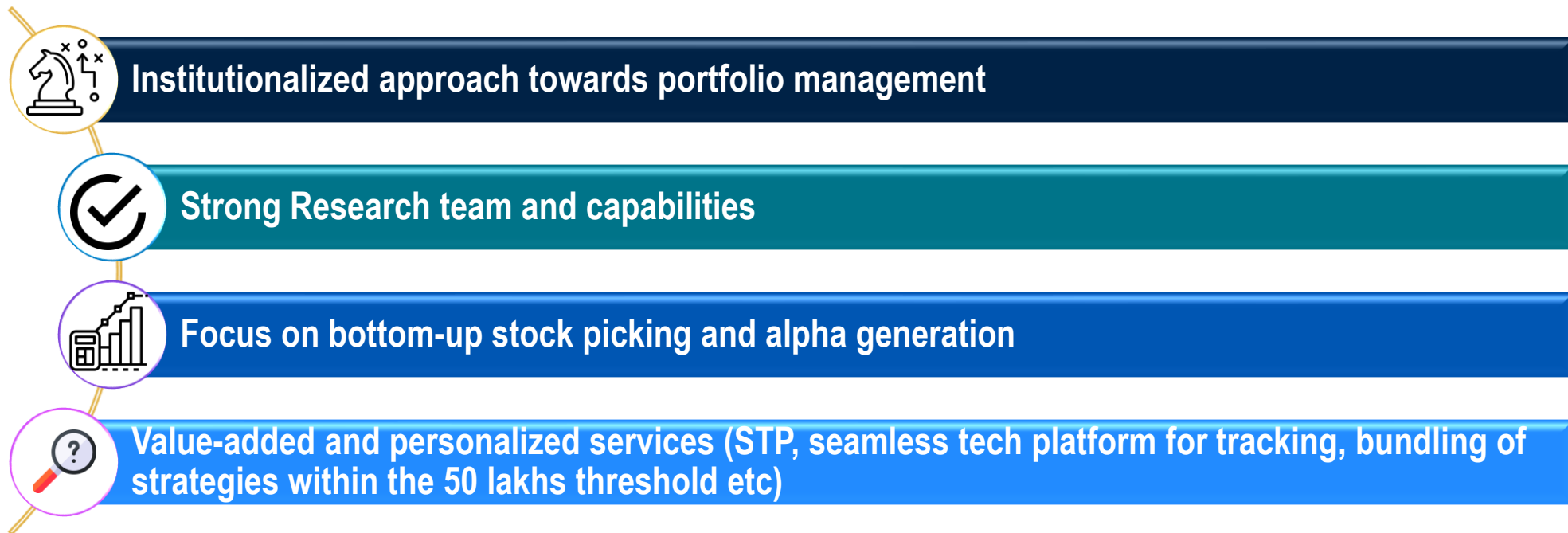
**PGIM**

**India Portfolio  
Management Services**

- ✓ Global legacy of more than 140 years
- ✓ Indian PMS business track record of over a decade

# PGIM India Portfolio Management Services (PMS) : Overview

- PGIM India PMS was launched over a decade ago in 2013. PMS business has seen multiple market cycles.
- Currently PGIM India PMS is managing over Rs. 400 crores across multiple strategies
- Guided by an experienced fund management team with over 50+ years of combined experience in capital markets



# PGIM – A Global Player



**A leading global  
investment manager**

**1400+  
investment  
professionals**

**41  
OFFICES**

**19  
COUNTRIES**

# Disclaimer (1/2)

The holding represents the top 10 holdings and the top 6 GICS Sector Name of PGIM India Phoenix Portfolio - Regular Portfolio based on all client portfolios existing as of September 30, 2024, excluding any temporary cash investments. The said 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 said stocks. The said 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 said 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

## **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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# Disclaimer (2/2)

## 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 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 a period up to 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, the 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 the 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.

## Disclaimers and Risk Factors:

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