



**PGIM**

India Portfolio  
Management Services

Stable core.  
Strong portfolio.

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**PGIM INDIA**

**CORE EQUITY PORTFOLIO STRATEGY**





**Himanshu Upadhyay,**  
Portfolio Manager

### Uncertainty amidst volatility

Dear Investor,

Incremental economic data points confirmed that the economy was slowing down even before the onset of the COVID 19 crisis. While Q3 GDP was revised downwards to 4.1% from 4.7%, Q42020 GDP growth, as anticipated, was lower at 3.1%. The government announced a Covid relief package of Rs.20 lakh crore and the RBI cut repo rate by 40 bps. Both the steps failed to enthuse the markets and the month of May saw the portfolio benchmark CNX 500 remain flat with 0.32% returns during the month after a stellar month of April. The portfolio underperformed the benchmark by 0.14%. Flat movement on indices, however, do not reveal the true story. There was strong diversion at a stock level. On one hand the portfolio's top three contributors rallied strongly - MCX was up 24%, Cipla was up 10% and ITC was up 8%. On the other hand, SBI (down 15%), Gescor (down 16%) and GE Power (down 14%) saw a strong correction.

We are in a period of heightened volatility. There are many unanswered questions like when will the corona-related cases taper down? will there be a second wave? how quickly will the economies revive? how many businesses will become defunct putting pressure on a fragile banking system? with liquidity sloshing around the globe, will we see hyperinflation? and many more.

The future is as unclear and uncertain to us as it is to everyone else in the market. We have to guesstimate the value of businesses in an environment where the future is uncertain, and history is a poor guide to what is happening now. So, we continue to stick to businesses that have seen multiple cycles, have proven business models, with products/services that will see a stable demand even post the lockdown. The average age of companies in the portfolio is 61 years. Businesses in our portfolio are market leaders, have strong balance sheets and are bought at reasonable value in our estimation. More importantly, we hold a diversified portfolio with allocations to more than twelve sectors, participating in themes ranging from green energy, farm mechanization, shift in consumer preference to revival in auto etc. These are core to our economy. In our opinion these businesses will be less impacted and also move back to their growth path much sooner than many other businesses. Hence, in the market correction, we chose to add more to our positions. We added to our positions in GE Power, Vardhman Textiles, Suprajit Engineering and VST Tillers and reduced weightage in Indraprastha Gas, MCX, Sanofi and completely exited Infosys from the portfolios.

It may sound counterintuitive, but most investment mistakes happen when there is highest certainty in markets while the period of heightened uncertainty and volatility offers the best opportunities to invest, so we will be adding a few new names to the portfolio.

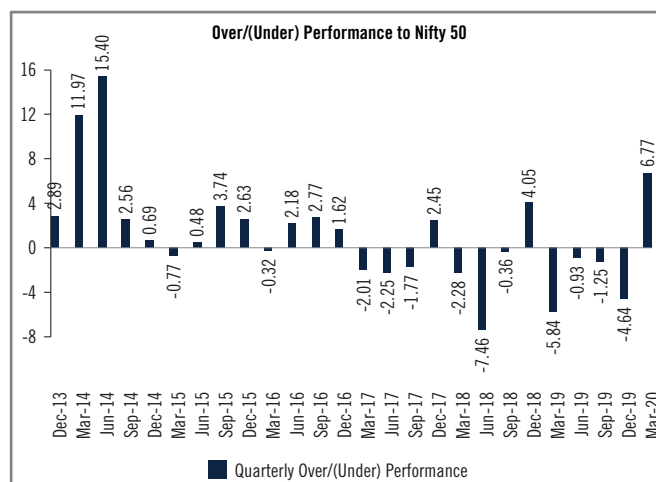
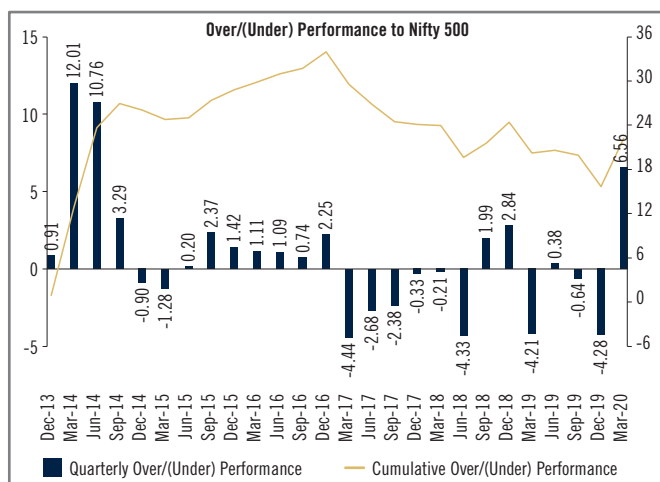
We believe that sectoral rotation in the market, from most popular to unpopular/ignored sectors, is likely to happen in the near future and the Core Equity Portfolio is well-positioned to capture the transition.

Yours Sincerely,



# PGIM INDIA CORE EQUITY PORTFOLIO STRATEGY

## KEY PORTFOLIO PERFORMANCE INDICATORS



Performance depicted as at the above stated date is after charging of expenses and based on all the client portfolios under the Regular Portfolio of PGIM India Core Equity Portfolio Strategy existing as on such date, using Time Weighted Rate of Return (TWRR) of each client. Past performance may or may not be sustained in future.

### Top 15 Holdings of PGIM India Core Equity Portfolio Strategy Discretionary Portfolio Regular Plan as on May 31st, 2020

Date of Purchase	Equity	Sector	%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	6.54%
Aug-2018	Cipla Ltd	Pharmaceuticals	5.83%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.76%
Jun-2015	ITC Ltd	FMCG	5.73%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	5.35%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	5.23%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	4.54%
May-2018	Bharat Electronics Ltd	Industrial Electronics	4.51%
Mar-2015	Castrol India Ltd	Lubricants / Oils	4.28%
Jul-2013	Container Corporation of India Ltd	Logistics	4.09%
Aug-2013	Cummins India Ltd	Engineering	3.84%
Sep-2015	State Bank of India	Banking / Financial Services	3.67%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.54%
Aug-2019	Coal India Ltd	Industrial Minerals	3.31%
Jul-2013	Bosch Ltd	Auto Ancillaries	2.72%
	<b>Total</b>		<b>68.94%</b>

### Model Portfolio Details

Portfolio Details as on May 31st, 2020	
Weighted average RoCE	23.82%
Portfolio PE (1-year forward) (Based on FY 20)	15.82
Portfolio dividend yield	2.16%
Average age of companies	61 Years

### Portfolio Composition as on May 31st, 2020

Large Cap	33.25%
Mid Cap	30.75%
Small Cap	26.25%
Cash	9.75%

**Large Cap:** Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on May 31st, 2020

**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 May 31st, 2020

**Small Cap:** Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on May 31st, 2020

The above holding represents top 15 holdings of PGIM India Core Equity Portfolio Strategy - Regular Portfolio based on all client portfolios 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 Core Equity Portfolio Strategy Portfolio Performance as on May 31st, 2020

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	0.18%	0.32%	0.28%
3 Months	-10.36%	-15.31%	-14.47%
6 Months	-16.45%	-20.29%	-20.54%
1 Year	-17.17%	-19.83%	-19.23%
2 Years	-8.01%	-8.14%	-5.08%
3 Years	-2.95%	-1.95%	-0.09%
5 Years	1.54%	2.36%	2.58%
Since Inception Date 08/07/2013	10.85%	8.23%	7.37%
Portfolio Turnover Ratio*	15.14%		

\*Portfolio Turnover ratio for the period June 1st, 2019 to May 31st, 2020

## Calendar Year Performance of PGIM India Core Equity Portfolio Strategy

Calendar Year	Portfolio Performance	Nifty 500	Nifty 50
08-07-2013 to 31-12-2013	13.2%	8.4%	7.4%
CY 2014	61.7%	37.8%	31.4%
CY 2015	1.8%	-0.7%	-4.1%
CY 2016	9.2%	3.8%	3.0%
CY 2017	22.8%	35.9%	28.7%
CY 2018	-3.3%	-3.4%	3.2%
CY 2019	-0.8%	7.7%	12.0%
CY 2020 till 31-05-2020	-15.2%	-20.8%	-21.3%
08-07-2013 to 31-05-2020	10.9%	8.2%	7.4%

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

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

**Investment objective of PGIM India Core Equity Portfolio Strategy:** PGIM India Core Equity Portfolio Strategy seeks to generate returns by investing in a portfolio of value stocks which have the potential of wealth creation over long term.

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