



**PGIM**

India Portfolio  
Management Services

Stable core.  
Strong portfolio.

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**PGIM INDIA**  
**CORE EQUITY PORTFOLIO**





**Himanshu Upadhyay,**  
Portfolio Manager

### The certainties in an uncertain world or Defying uncertainty

Dear Investor,

The Core Equity Portfolio delivered post-expense returns of 3.66% in the month of August compared to 3.72% delivered by its benchmark. The portfolio has generated YTD returns of 27.98%. The top contributors for the month were Vardhaman Textiles Ltd (up 27%), VST Tillers (up 21%) and Suprajit Engineering (up 17%). The laggards were Container Corporation (-12%), MCX (-5%) and Indraprastha Gas Ltd (-2%).

While the economy has recovered a bit over the past few months, the recovery has not been uniform and there is wide divergence in data points from sector to sector. As far as the shape of the economic recovery is concerned, economists have already created an alphabet soup, with the latest talk being of a K-shaped recovery. It essentially means that some sectors will benefit disproportionately while some will lose out and the gap between them will be wide. Given the uncertainty surrounding the economic recovery and corporate earnings, we have aligned our portfolios to businesses that are either annuity businesses or monopolies or market leaders that provide goods and services essential for the day-to-day functioning of the economy.

OFSS is one such annuity business. It provides the backend software required for operations of the BFSI segment. Once a bank or institution implements the product, it is very difficult to replace the entire back end software. The company earns annual fees for maintaining and upgrading the software. With more and more banks adopting digital platforms, especially in Europe and other parts of the world, the company has growth potential. With every implementation the annuity will keep growing. It is perhaps one of the few companies that has improved its margins over the years due to the nature of the business when other companies from the software sector have seen margin pressures. IGL is again an annuity, plus a near monopoly in markets that it operates in. A consumer/gas station opting for piped gas pays a monthly bill thus creating an annuity.

Some of the monopolistic businesses in the portfolio include businesses like Power Grid Corporation. Irrespective of the mode of power generation, the transmission and distribution of the power requires a grid. What's more, there is no other player to compete. It is a PSU but with sales, profit and margin numbers that can rival private sector businesses. Same is the case with BEL.

The other exposures that have strong leadership include Suprajit Engineering. India's largest and a global leader in two-wheeler cables. Vardhaman Textiles is a large integrated textile player with leadership in yarn manufacture and sewing threads. VST Tillers is another market leader with almost 55% market share.

Irrespective of the trajectory of recovery, banking facilities will be required, consumers will use piped gas, power will have to be transported from generating stations to the consumer and two-wheelers running on the road will need cables. Your portfolio predominantly has businesses that are critical to the functioning of the economy whether it is picking up or slowing down and with strong balance sheet and ability to survive the crisis.

We believe the market dynamics are ripe for a stock rotation. Stock rotation will happen from quality companies in overvalued sectors to quality companies where the price is not reflecting the business realities, and not to companies that are cheap for a reason. Your portfolio is well positioned to capture the change.

Yours Sincerely,



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

Date of Purchase	Equity	Sector	%
May-2018	Bharat Electronics Ltd	Industrial Electronics	5.66%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.26%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	4.96%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	4.88%
Jun-2015	ITC Ltd	FMCG	4.84%
Aug-2018	Cipla Ltd	Pharmaceuticals	4.57%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	4.29%
Aug-2013	Cummins India Ltd	Engineering	3.94%
Sep-2015	State Bank of India	Banking / Financial Services	3.93%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.77%
Mar-2015	Castrol India Ltd	Lubricants / oils	3.65%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	3.52%
Jul-2013	Container Corporation of India Ltd	Logistics	3.47%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.04%
Jul-2013	Bosch Ltd	Auto Ancillaries	2.97%
	<b>Total</b>		<b>62.75%</b>

### Model Portfolio Details

#### Portfolio Details as on August 31st, 2020

Weighted average RoCE	22.77%
Portfolio PE (1-year forward) (Based on FY 20)	17.69
Portfolio dividend yield	1.95%
Average age of companies	61 Years

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

Large Cap	31.00%
Mid Cap	27.00%
Small Cap	27.50%
Cash	14.50%

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

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

### PGIM India Core Equity Portfolio - Performance as on August 31st, 2020

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	3.66%	3.72%	2.84%
3 Months	16.82%	19.81%	18.86%
6 Months	4.73%	1.47%	1.66%
1 Year	4.47%	4.39%	3.30%
2 Years	-3.18%	-3.15%	-1.26%
3 Years	1.72%	2.53%	4.71%
5 Years	5.36%	7.04%	7.39%
Since Inception Date 08/07/2013	12.87%	10.68%	9.71%
Portfolio Turnover Ratio*	19.86%		

\*Portfolio Turnover ratio for the period September 1st, 2019 to August 31st, 2020

The above holding represents top 15 holdings of PGIM India Core Equity Portfolio - 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 - Annualised Performance as on August 31st, 2020

	Current Year April 1, 2020 to August 31, 2020	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019	April 1, 2017 to March 31, 2018
PGIM India Core Equity Portfolio	27.98%	-23.79	3.79	5.34
Benchmark - NIFTY 500	33.95%	-27.6	8.43	11.47

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

**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 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:** PGIM India Core Equity Portfolio seeks to generate returns by investing in a portfolio of quality companies that are available at reasonable valuations and have the potential of superior wealth creation over long term.

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This document is dated September 18, 2020.

C107/2020-21

