

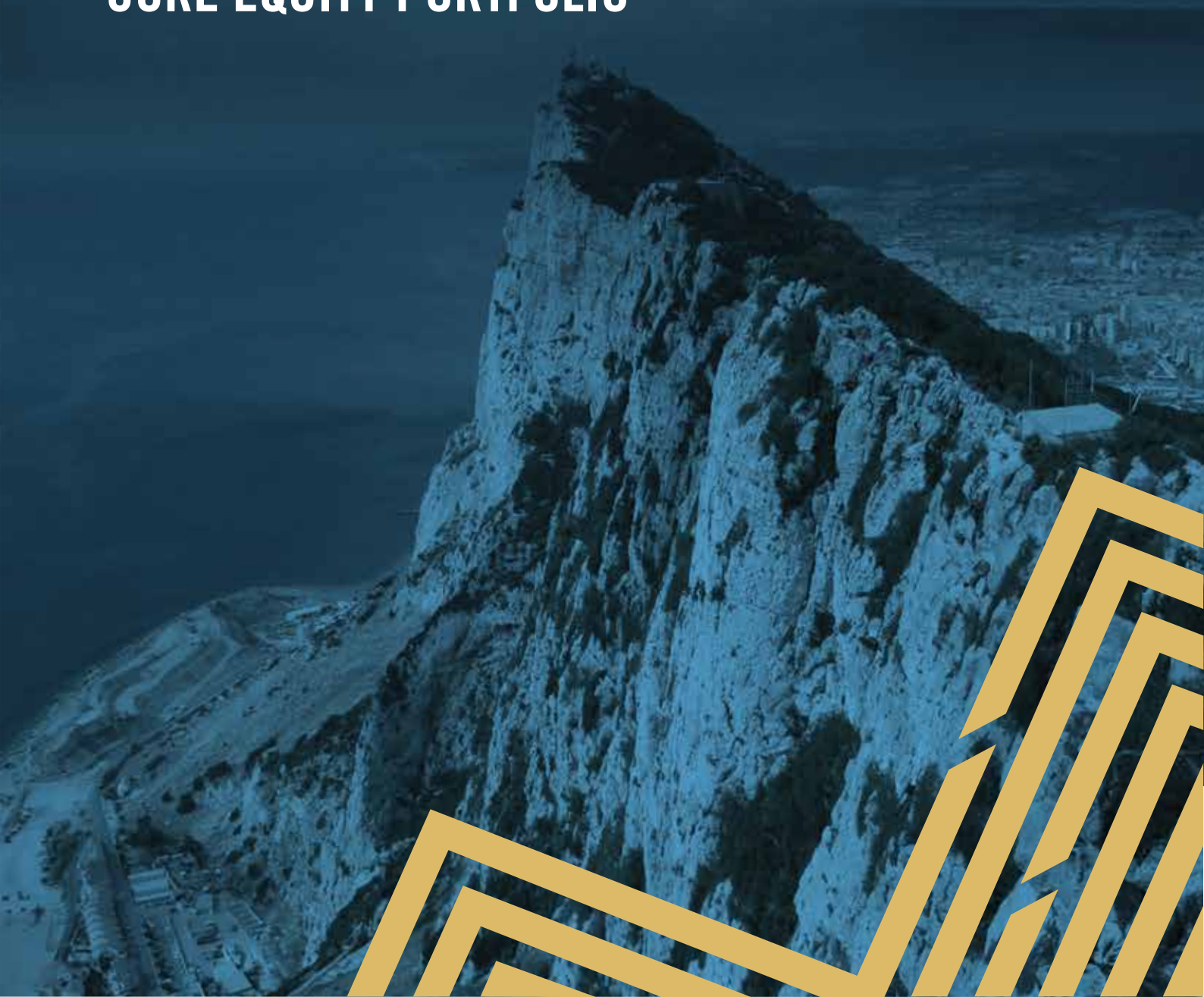


PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

Daring to be different

Dear Investor,

The month of July was a month of wide divergence between the performers and laggards from the portfolio. Strong contribution came from MCX (up 31%), Bosch (up 15%) and Cipla (up by 12%). On the other hand, the laggards for the month were Engineers India (-15%), Castrol (-10%) and IGL (-9%). On an overall basis, The Core Equity Portfolio (CEP) delivered 3.94% versus 6.62% for CNX 500 for the month of July.

This July marks the completion of 7 years for the CEP. Since inception the strategy has delivered a post-expense CAGR return of 12.46% vs 10.24% by CNX 500 during the same period. In this newsletter, therefore, we decided to recap what the strategy aims to achieve, what has worked, the challenges for the strategy and how we look ahead.

Right from the start, our approach to investing in equities was defined by the twin objectives of generating capital appreciation and managing the downside risk. We have a very clearly-defined robust process to identify quality businesses with a proven track record, run by honest and competent management and the process has been followed through the cycles of outperformance and underperformance.

The other defining characteristic of the portfolio management has been our preference to buy businesses when they are going through a period of temporary difficulties or are being ignored by the market. Apart from the logical reason of good companies being available at cheap valuations, it also allows us to build a portfolio different from other players so that you can get a portfolio with minimal overlap with mainstream products. Why be different? The reason can be best captured through the words of Howard Marks from his memo "**Dare to be Great II.**"

If your portfolio looks like everyone else's, you may do well, or you may do poorly, *but you can't be different. And being different is essential if you want a chance at being superior.* To get to the top of the performance distribution, you have to escape from the crowd. And in the course of trying to be different, you have to bear the risk of being **different and worse.**

Over the last 7 years, we have demonstrated the ability to be different on various occasions and the portfolio investors have benefited. We bought Indraprastha Gas when the court case was going on between PNGRB and IGL. It has been a multi-bagger since then. We bought Infosys when there was public spat between the CEO and the promoters. It worked out well for our investors. We stood apart from the crowd by avoiding NBFCs and being underweight on financials. It did hurt us for a little longer than expected but eventually the same position has created a performance delta for the portfolio. In the recent past, we were different from the market when we built a position in Agri stocks last year or when we bought defense stocks based on the fundamentals of the business. These now have started paying off.

We do acknowledge that not all the trades have worked out so far, but we believe that in most cases it is only a question on when and not whether they will play out. Wherever our hypothesis does not go as expected, we have and will course correct. The portfolio of the CEP even today has minimal overlap with mainstream offerings.

In managing CEP, the difference between the value of a business and the quoted price in the market is an extremely important anchor in making a buying or selling decision. Naturally, a sustained bull run is the challenging period for a portfolio approach like CEP due to extremely rich valuations in the markets and very few opportunities that fit the portfolio criteria. During such times we maintained cash position.

We expect the economy will take time to get back on feet, also it is difficult to ascertain which segments will lead first. We expect the demand for credit from public and corporate sector to be low because of heightened uncertainty and higher from the government side because of larger deficits. We expect low interest rate scenario to be there for a while. Given our assessment, we would like to maintain a diversified portfolio of companies across sectors with preference for businesses where a significant portion of revenue comes in the form of annuity and are very basic to the day-to-day operations of the economy. Be it Oracle Financial or Indraprastha Gas.

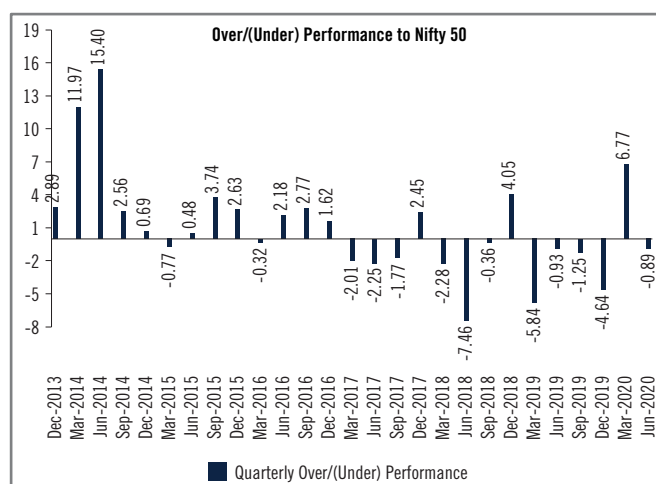
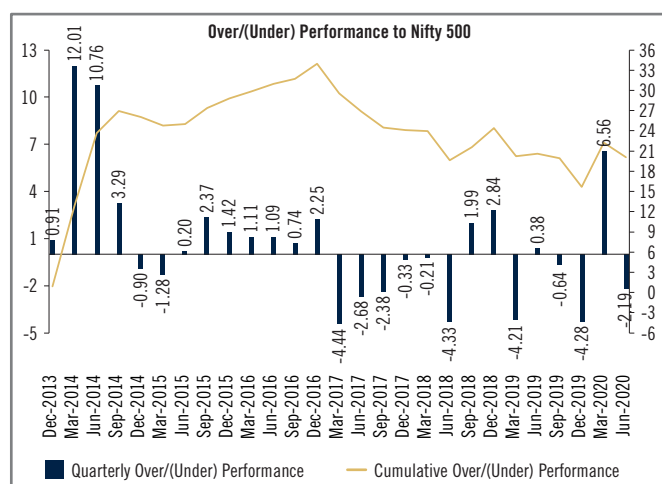
The portfolio is built with a time frame of 3 to 5 years with different time frames for individual stocks. Most of the stocks are expected to do well in two or three years, though some may take a bit longer. While we believe stocks in the portfolio have significant upside potential, if the price goes beyond our assessment of the value of the business, we will sell and replace with a new stock. To sum it up, we have followed the process to the tee through ups and downs and we intend to follow the same with minor tweak necessitated by the changing market dynamics. The future looks promising as there are early signs of sector/stock rotations in the market that augur well for the portfolio.

Yours Sincerely,



PGIM INDIA CORE EQUITY PORTFOLIO

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 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 Discretionary Portfolio Regular Plan as on July 31st, 2020

Date of Purchase	Equity	Sector	%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.61%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	5.41%
Aug-2018	Cipla Ltd	Pharmaceuticals	5.38%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	5.28%
May-2018	Bharat Electronics Ltd	Industrial Electronics	5.24%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	5.17%
Jun-2015	ITC Ltd	FMCG	5.15%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	4.37%
Mar-2015	Castrol India Ltd	Lubricants / oils	4.32%
Jul-2013	Container Corporation of India Ltd	Logistics	4.10%
Aug-2013	Cummins India Ltd	Engineering	3.66%
Sep-2015	State Bank of India	Banking / Financial Services	3.66%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.48%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.40%
Apr-2014	CRISIL Ltd	Credit Rating	3.04%
	Total		67.27%

Model Portfolio Details

Portfolio Details as on July 31st, 2020	
Weighted average RoCE	23.86%
Portfolio PE (1-year forward) (Based on FY 20)	17.73
Portfolio dividend yield	2.18%
Average age of companies	61 Years

Portfolio Composition as on July 31st, 2020

Large Cap	34.25%
Mid Cap	28.50%
Small Cap	26.25%
Cash	11.00%

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

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

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	3.94%	6.62%	7.49%
3 Months	11.59%	12.77%	12.31%
6 Months	-5.65%	-8.37%	-7.43%
1 Year	-1.72%	-0.10%	-0.40%
2 Years	-3.23%	-3.24%	-1.25%
3 Years	-0.15%	0.91%	3.19%
5 Years	3.49%	4.92%	5.35%
Since Inception Date 08/07/2013	12.46%	10.24%	9.40%
Portfolio Turnover Ratio*	18.21%		

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

PGIM India Core Equity Portfolio - Annualised Performance as on July 31st, 2020

	Current Year April 1, 2020 to July 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	23.46%	-23.79	3.79	5.34
Benchmark - NIFTY 500	29.14%	-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 August 17, 2020.

C081/2020-21



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