



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

Future outlook is positive

Dear Investor,

The Portfolio delivered 8.19% vs 9.08% returns by Nifty 500 in the month of November 2020. The top three contributors to the performance were Cummins, up by 35%, SBI up by 29% and BEL up by 28%. The three laggards were MCX, which was down by 5%, Crisil down by 4% and Oracle Financial Services down by 3%.

Portfolio updates:-

All companies in the portfolio, without exception, turned profitable in Q2 FY 21. Most of the companies in the portfolio generated positive cash flows after working capital changes in the first half of the Financial Year, which is heartening to see especially when the first half was the worst from a business standpoint. A large majority of our portfolio companies are utility type or manufacturing businesses. In our view, for these companies the worst is behind them and the impact of lockdown on financials is now known. We expect the profitability to continue to improve for the overall portfolio in the coming quarters.

One issue with many companies in the portfolio was that the promoters i.e. the Government, was selling its stake continuously. With the government clearly communicating that the future stake sales will be more strategic sales of whole companies and not sales at any price, we expect the supply to reduce. This potentially should help the stock prices of the companies to move to fair value over the next few quarters. We expect the sentiment towards PSUs should improve in the near future with a number of companies doing buyback (HPCL, EIL, NTPC and NMDC).

We remain cautious on financial and consumption themes primarily for two reasons. First, we don't know what the impact of Covid-related slowdown on these sectors is. For example, in the case of banks what has been the impact of stress on economy and the customers we will get to know only in the next few quarters. If we look at almost all banks the NPAs are lower in Q2 FY 21 as against Q3 FY 20 which in our opinion is a highly unlikely scenario. We would like to wait for at least the next two quarters and then take a call on the impact of Covid-related slowdown on these institutions. In consumer space as well, we had witnessed a pre-Covid economic slowdown, and we expect that even post-Covid there will be continuing low volume growth for some more time. Benign inflation in commodities has helped these companies to keep on improving their profitability but we are not sure how long this can continue. The second reason is that the valuations in our opinion do not leave any margin of safety, hence the stance.

The cash position in the Portfolio remains at 7% and the market is at all-time high, both in terms of levels and valuation parameters. We have reassessed all our positions and the cash levels and we are comfortable with the current positioning. There are also two buybacks in the portfolio, of EIL and TCS. We have decided that we will be participating in these buybacks. It will give back some cash as EIL is a bigger position in the portfolio and the buyback is 11% of outstanding shares at Rs 84.

Yours Sincerely,



Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio Regular Plan as on November 27th, 2020

Date of Purchase	Equity	Sector	%
May-2018	Bharat Electronics Ltd	Industrial Electronics	5.78%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.15%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	5.11%
Jun-2015	ITC Ltd	FMCG	5.02%
Aug-2013	Cummins India Ltd	Engineering	4.83%
Aug-2018	Cipla Ltd	Pharmaceuticals	4.65%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	4.65%
Sep-2015	State Bank of India	Banking / Financial Services	4.45%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	4.34%
Mar-2015	Castrol India Ltd	Lubricants / oils	4.08%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	3.92%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.67%
Jul-2013	Container Corporation of India Ltd	Logistics	3.48%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.47%
Apr-2014	CRISIL Ltd	Credit Rating	3.21%
	Total		65.81%

Model Portfolio Details

Portfolio Details as on November 27th, 2020

Weighted average RoCE	27.75%
Portfolio PE (1-year forward) (Based on FY 21)	21.08
Portfolio dividend yield	2.42%
Average age of companies	61 Years

Portfolio Composition as on November 27th, 2020

Large Cap	34.25%
Mid Cap	28.50%
Small Cap	26.50%
Cash	10.75%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on November 27th, 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 November 27th, 2020

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on November 27th, 2020

PGIM India Core Equity Portfolio - Performance as on November 27th, 2020

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	8.19%	9.96%	9.08%
3 Months	0.68%	11.88%	12.20%
6 Months	24.44%	41.12%	39.23%
1 Year	1.88%	9.20%	7.18%
2 Years	2.58%	9.22%	10.16%
3 Years	0.90%	4.97%	7.64%
5 Years	5.96%	9.89%	10.30%
Since Inception Date 08/07/2013	13.06%	12.34%	11.32%
Portfolio Turnover Ratio*	19.07%		

*Portfolio Turnover ratio for the period December 1st, 2019 to November 27th, 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 November 27th, 2020

	Current Year April 1, 2020 to November 27, 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	33.44%	-23.79%	3.79%	5.34%
Benchmark - NIFTY 500	53.20%	-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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