



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

The Road to Recovery

Dear Investor,

Economic recovery is underway with high-frequency indicators improving as the lockdown is progressively relaxed. Majority of the sectors are showing strong signs of recovery. However, the same does not hold true for the equity markets where we have seen a selective buying irrespective of underlying business realities. The portfolio performance showed a wide divergence with its benchmark NSE 500 in the month of October 20. The Core Equity Portfolio delivered -2.66% as against the benchmark return of 2.57% for the period. CRISIL, PI Industries and Container Corporation were the top three contributors with returns of 16%, 11% and 7% respectively. The top three detractors were GEPIL (-52%), Bosch (-15%) and Rallis India (-13%).

CRISIL has consolidated its industry position as a leader in ratings. Ratings by CRISIL are the gold standard. With the regulatory push to channelise the corporate borrowings through the capital markets instead of borrowings from the banks, the business has significant growth potential. Economic recovery is another driver for the business.

PI Industries did well on the back of strong earnings growth in Q2. On a YoY basis, the domestic business grew 33%, while exports clocked an increase of 25%. EBITDA margins expanded with expansion of gross margins and operating leverage kicking in. The order book in CSM business of \$1.5 billion and strong growth in domestic business should work for the business. Management has raised resources through QIP to focus on the acquisition of high ROCE businesses in pharma and speciality chemicals.

Container Corporation of India is likely to see the long-term volumes and margins growth with the commissioning of DFIC. The Company posted an impressive 26% QoQ growth in sales in the quarter ending Sep 20.

GEPIL shares corrected sharply as the parent announced the decision to exit new-build coal power plants. Though the company will continue to service the existing customers, it has raised questions on the long-term prospects of the business as the thermal power is still a significant source of power generation in the country. Given the likelihood of long-term challenges for the business, we exited the position.

Rallis India was impacted by higher-than-expected fall in the international business though the domestic business registered a decent growth. We believe in the long-term growth prospects of farm essentials and crop care as a theme and hence will continue to hold the allocation in our portfolio.

Bosch (I) Ltd, shares did not fare well during the month. However, the automotive demand is improving, and a healthy recovery is expected in FY 22 as the economic activities normalize. Bosch expected to reap the benefits of increased content per vehicle as well as margin improvement driven by increased localisation.

The portfolio continues to focus on buying monopolies, annuities and business leaders across diversified sectors and industries. We are exiting few businesses and replacing them with beneficiaries of long-term themes like digitisation, financialization and health care. Our ground checks point out to recovery in manufacturing as well as the decent success of Make In India. Most of the underlying businesses in the portfolio barring few are doing well and are priced at reasonable valuations. All that a portfolio needs is sector/stock rotation and broad-based market that is cognizant of the valuations.

Wishing you a very Happy Diwali!

Stay safe.

Yours Sincerely,



**Top 15 Holdings of PGIM India Core Equity Portfolio
Discretionary Portfolio Regular Plan as on October 30th, 2020**

Date of Purchase	Equity	Sector	%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.93%
Aug-2018	Cipla Ltd	Pharmaceuticals	5.25%
May-2018	Bharat Electronics Ltd	Industrial Electronics	5.14%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	5.06%
Jun-2015	ITC Ltd	FMCG	4.76%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	4.58%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	4.55%
Mar-2015	Castrol India Ltd	Lubricants / oils	4.04%
Aug-2013	Cummins India Ltd	Engineering	3.98%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	3.90%
Sep-2015	State Bank of India	Banking / Financial Services	3.84%
Jul-2013	Container Corporation of India Ltd	Logistics	3.75%
Apr-2014	CRISIL Ltd	Credit Rating	3.75%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.64%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.17%
	Total		65.34%

Model Portfolio Details

Portfolio Details as on October 30th, 2020

Weighted average RoCE	27.75%
Portfolio PE (1-year forward) (Based on FY 20)	19.57
Portfolio dividend yield	2.67%
Average age of companies	61 Years

Portfolio Composition as on October 30th, 2020

Large Cap	34.25%
Mid Cap	31.00%
Small Cap	24.00%
Cash	10.75%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on October 30th, 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 October 30th, 2020

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on October 30th, 2020

PGIM India Core Equity Portfolio - Performance as on October 30th, 2020

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	-2.66%	2.57%	3.51%
3 Months	-1.64%	6.09%	4.87%
6 Months	9.25%	19.58%	18.08%
1 Year	-7.93%	-0.68%	-1.70%
2 Years	-1.56%	5.55%	6.84%
3 Years	-1.91%	1.49%	3.95%
5 Years	3.89%	7.25%	7.61%
Since Inception Date 08/07/2013	11.69%	10.76%	9.82%
Portfolio Turnover Ratio*	20.11%		

*Portfolio Turnover ratio for the period November 1st, 2019 to October 30th, 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 October 30th, 2020

	Current Year April 1, 2020 to October 30, 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	20.87%	-23.79%	3.79%	5.34%
Benchmark - NIFTY 500	36.94%	-27.60%	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.

Disclaimers and risk factors: PGIM India Asset Management Private Limited (erstwhile DHFL Pramerica Asset Managers Private Limited) is registered with SEBI (Portfolio Managers) Regulations, 1993 [as repealed and superseded by SEBI (Portfolio Managers) Regulations, 2020]. This Document is for information purpose only. This Document and the Information do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or the solicitation of an offer to buy or sell any securities/ schemes or any other financial products/investment products (collectively "Products") mentioned in this Document or an attempt to influence the opinion or behavior of the Investors/Recipients. Any use of the information contained herein for investment related decisions by the Investors/ Recipients is at their sole discretion & risk. Please read the Disclosure Document and the agreement along with the related documents carefully before investing. Investments in Products are subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks. There is no assurance or guarantee/ warranty that the objectives of any of the Products will be achieved. The investments may not be suited to all categories of Investors/ Recipients. Investors/ Recipients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors, as they believe necessary, before investing in such Products. The Client can avail the Portfolio Management Services directly from the Portfolio Manager without any recourse to distributors.

© 2020 Prudential Financial, Inc. (PFI) and its related entities. PGIM, the PGIM logo, and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

This document is strictly confidential and meant for private & restricted circulation only and should not at any point of time be construed to be an invitation for subscribing to PGIM India Core Equity Portfolio. The document is solely for the understanding of intended recipient and if you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful.

This document is dated November 23, 2020.

C179/2020-21

