



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





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Portfolio Manager

CEP set to face the economic cycle

Dear Investor,

The year has begun on a good note for the Core Equity Portfolio (CEP). In January 2021, the portfolio delivered 1.24% vs -1.87% for Nifty 500 and -2.48% for Nifty 50. The top three contributors for the month were Bosch (up 20%), Cummins (up 16%) and Thermax (up 9%). The three lowest performers were Engineers India Ltd (down 7%), Coal India (down 7%) and MCX (down 5%).

The last few quarters have been tough for the economy and not just because of the slowdown due to COVID-19. Even before the shock of the COVID-19 pandemic the economy was slowing down. In the last few months, the Government has taken some interesting measures towards improving the growth prospects in the economy. Reducing the corporate tax rates, lowering the tax rates further down to 15% for new manufacturing companies, making changes to labour laws, introducing PLI (Production Linked Incentive) schemes for various sectors and focusing on manufacturing in India (Atmanirbhar Bharat). In a similar vein, the budget also focuses on developing new infrastructure and aiding the manufacturing sector.

According to our assessment, since the onset of the pandemic, global companies are increasingly adopting the China +1 strategy to reduce the dependence of supply lines on China. Moreover, the benefit of having a very large domestic market will encourage a lot of MNCs to set up their manufacturing facilities in India. Furthermore, the competency of India as a manufacturing centre has improved over the years. Many companies with multi-country operations have acknowledged this fact on various forums and investor con calls. In one of the recent calls, the Managing Director of Cummins India stated that India is the most cost-effective base out of their three main manufacturing hubs i.e., North America, China and India. He further stated that they are exploring the possibility of using India as their export base.

These factors augur well for the portfolio where the manufacturing and capex-driven companies have a major weightage. Even within the manufacturing companies in the portfolio, there is a wide array of industries which they cater to with different growth drivers.

The largest position on the manufacturing side is Bharat Electronics Ltd, which operates in the defence electronics space and will see a positive tailwind due to the government's focus on getting more defence items manufactured in India. Business fortunes for Bosch, Castrol, VST Tillers & Tractors and Suprajit Ltd are driven by the growth in the automobile sector. For Castrol, wider industrial recovery is also a positive.

Sun Pharmaceuticals, Cipla and Rallis are in the space of manufacturing medicines, API and agrochemicals. Increased spending on pharma, healthcare and agri inputs are key drivers for them in the domestic as well as the international market.

Similarly, on the capex recovery side, we have a diversified exposure through Engineers India, Cummins and Thermax. Engineers India deals in oil and gas pipelines, refineries and petrochemicals capex. For Cummins, the demand for power gensets is the key driver for business. This demand originates from a host of applications like in data centres, factories, hospitals, malls etc and industrial engines for railways, construction and mining equipment etc. Thermax operates in capital goods segment and benefits from capex in various manufacturing sectors like steel, cement, refinery, chemicals etc.

The above perspective focuses on the sectors and companies which are expected to benefit from the anticipated economic recovery in the near to medium term. The chosen companies have a proven track record for excellence, market leadership and financial prudence. The rest of the portfolio also mirrors similar characteristics and is well-positioned to use the opportunity presented by the economic cycle.

Yours Sincerely



Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio Regular Plan as on January 31st, 2021

Date of Purchase	Equity	Sector	%
May-2018	Bharat Electronics Ltd	Industrial Electronics	6.39%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.15%
Jun-2015	ITC Ltd	FMCG	4.99%
Sep-2015	State Bank of India	Banking / Financial Services	4.87%
Aug-2018	Cipla Ltd	Pharmaceuticals	4.84%
Aug-2013	Cummins India Ltd	Engineering	4.75%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	4.63%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	4.23%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	4.00%
Mar-2015	Castrol India Ltd	Lubricants / oils	3.87%
Feb-2018	Multi Commodity Exchange Of India Ltd	Other Financial Services	3.76%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.58%
Dec-2019	Vardhman Textiles Ltd	Spinning-Cotton/ Blended	3.41%
Jul-2013	Bosch Ltd	Auto Ancillaries	3.28%
Aug-2015	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	3.22%
	Total		64.97%

Model Portfolio Details

Portfolio Details as on January 31st, 2021

Weighted average RoCE	28.99%
Portfolio PE (1-year forward) (Based on FY 21)	21.69
Portfolio dividend yield	2.34%
Average age of companies	60 Years

Portfolio Composition as on January 31st, 2021

Large Cap	36.25%
Mid Cap	28.50%
Small Cap	26.00%
Cash	9.25%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on January 31st, 2021

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 January 31st, 2021

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on January 31st, 2021

PGIM India Core Equity Portfolio - Performance as on January 31st, 2021

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	1.24%	-1.87%	-2.48%
3 Months	16.32%	17.96%	17.11%
6 Months	13.92%	25.09%	23.13%
1 Year	7.55%	14.61%	13.98%
2 Years	4.58%	12.03%	12.19%
3 Years	1.40%	5.23%	7.33%
5 Years	8.24%	12.25%	12.50%
Since Inception Date 08/07/2013	13.53%	12.82%	11.78%
Portfolio Turnover Ratio*	17.39%		

*Portfolio Turnover ratio for the period February 1st, 2020 to January 31st, 2021

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 January 31st, 2021

	Current Year April 1, 2020 to January 31, 2021	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	40.59%	-23.79%	3.79%	5.34%
Benchmark - NIFTY 500	61.54%	-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 February 19, 2021.

C276/2020-21

