



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Leaders last long, grow strong

Dear Investor,

Our portfolio has delivered a return of 2.1% in the month vs 3.4% for the CNX 500. The top performing stocks were ITC, Bharat Electronics, MCX, Power Grid, SBI, and VST Tillers & Tractors. The stocks which impacted our performance were Oracle Financial Services, Indraprastha Gas, Infosys, Cummins, Rallis and Vardhaman Textiles.

On a one-year basis, our portfolio delivered a return of 46.6% vs 61.1% for CNX 500. The outperformers were SBI, Vardhaman Textiles, Cummins, Bharat Electronics and Sun Pharma. The stocks which dragged our performance were MCX, Rallis, Power Grid, Cipla and Indraprastha Gas.

The main objective of having a PMS product on the platform has been to provide a differentiated offering with a minimal overlap with the mainstream MF products. As per our understanding, most players have institutional imperatives that lead them to focus on opportunities with triggers in the near to medium term. A simple shift in the reference timeframe to long-term results provides a distinct advantage from an investment perspective and helps create a distinct portfolio. We chose this as an approach along with a clear definition of what we mean by quality.

A company is termed as a good quality company when it has reached a minimum scale in terms of revenue, has gone through at least one downcycle and emerged stronger, has a consistency in cash flows and higher return on capital employed over the last 10 years. The second thing is to always own companies which are market leaders in a particular domain. We have, over a period of time, seen that market leaders generally tend to come back stronger with higher market share after the downturn, as weaker players generally vanish in the downturn. All stocks which have a large weightage in the portfolio currently - SBI, Oracle Financial, Bharat Electronics, Cummins, Vardhaman Textiles etc. were bought with that thought process.

Some of the names which we recently added to the portfolio are :

- Asian Paints – Beneficiary of the theme - Big is getting bigger with shift from unorganized to organized sector;
- HDFC Ltd – A play on strong recovery in the real estate cycle;
- Timken – A MNC leader in taper roller bearings (used in Commercial Vehicles) with strong balance sheet;
- Phoenix Mills – Leader in the mall development space. Strong execution capability in operating malls with marquee operational assets;
- Bata – A strong recovery play with economy opening up and pace of vaccination gaining traction

Market Outlook

The Q2FY22 earning season is about to start and from an optically low base, earnings trajectory should be positive. Further, opening up activities, festive season and good monsoons augur well for the economy.

While Fed tapering, possible concerns from China, high global energy prices and rising yields are cause for some concern, we believe that the long term prospects remain healthy for equities in general and India in particular. Importantly, corporate India's balance sheet has improved substantially over the last 2 years.

In this context of expected gradual economic recovery and assuming smooth vaccination drive, we continue to build our portfolios around earnings stability and identifying stocks with potential to beat earnings expectations thus providing the alpha. Our portfolio would be built on themes of Consumption, Digitization and Healthcare along with a few recovery plays. Our strategy of investing in structurally strong companies with good cash flows, balance sheet strength and corporate governance continues.

We continue to believe that Investors with a 3 to 5-year view would benefit from investing in the current scenario.

Yours Sincerely



Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio Regular Plan as on September 30th, 2021

Date of Purchase	Equity	Sector	%
Sep-2015	State Bank of India	Banking / Financial Services	6.12%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.70%
Jun-2015	ITC Ltd	FMCG	5.44%
Aug-2013	Cummins India Ltd	Engineering	5.35%
Sep-2021	Phoenix Mills Ltd	Residential/Commercial/Sez Project	5.23%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	5.05%
Sep-2021	HDFC Ltd	Housing Finance	4.86%
May-2018	Bharat Electronics Ltd	Industrial Electronics	4.74%
Dec-2019	Vardhman Textiles Ltd	Spinning-Cotton/ Blended	4.72%
Aug-2018	Cipla Ltd	Pharmaceuticals	3.97%
Sep-2021	ACC Ltd	Cement	3.79%
Sep-2021	Asian Paints Ltd	Paints	3.67%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.59%
Aug-2015	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	3.54%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	3.45%
	Total		69.22%

Model Portfolio Details

Portfolio Details as on September 30th, 2021

Weighted average RoCE	21.90%
Portfolio PE (1-year forward) (Based on FY 22)	36.19
Portfolio dividend yield	1.41%
Average age of companies	65 Years

Portfolio Composition as on September 30th, 2021

Large Cap	44.50%
Mid Cap	33.00%
Small Cap	19.50%
Cash	3.00%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 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 September 30th, 2021

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on September 30th, 2021

PGIM India Core Equity Portfolio - Performance as on September 30th, 2021

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	2.12%	3.41%	2.84%
3 Months	6.38%	11.72%	12.06%
6 Months	18.77%	22.24%	19.93%
1 Year	46.61%	61.13%	56.64%
2 Years	19.53%	26.92%	23.89%
3 Years	13.08%	18.19%	17.24%
5 Years	9.92%	15.28%	15.40%
Since Inception Date 08/07/2013	15.96%	15.69%	14.29%
Portfolio Turnover Ratio*	39.15%		

*Portfolio Turnover ratio for the period October 1st, 2020 to September 30th, 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 September 30th, 2021

	Current Year April 1, 2021 to September 30, 2021	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
PGIM India Core Equity Portfolio	18.77%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	22.24%	75.99%	-27.60%	8.43%

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 October 12, 2021.

C201/2021-22

