



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Himanshu Upadhyay,
Portfolio Manager

The difference is our long-term philosophy

Dear Investor,

The Core Equity Portfolio delivered 1.29% versus 8.69% by Nifty 50 and 6.53% by CNX 500 for the month of August 2021. The top contributions came from VST Tillers (up 27%), TCS (up 20%) and Cummins (up 17%). The laggards were Rallis (down 13%), Jagran (down 16%) and Bosch (down 7%).

The main objective of having a PMS product on the platform was 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 portfolios that are quantitatively different. We chose this as an approach along with a clear definition of what we meant by quality.

Our definition of a quality business is well documented - a business with a minimum scale in terms of revenue, that has gone through at least one downcycle, has demonstrated consistency in cash flows and return on capital employed over the last 10 years, and is run by a clean and competent management. What probably set us apart during the journey was our preference for buying a stock when the business is facing temporary headwinds, the stock is unpopular and is available at an attractive valuation. Given the approach, we choose to own companies that are market leaders, the rationale being that after a downturn market leaders come back strongly and gain market share at the expense of weaker players. Our portfolio holdings: SBI, Oracle Financial, Bharat Electronics, Cummins, Vardhman Textiles Indraprastha Gas etc. and the timing of the purchase reflects our philosophy. More importantly, we remained steadfast in our approach through the cycles.

I would take this opportunity to inform a change at our end. I have decided to move on and henceforth my colleague Surjitt Singh Arora will be managing the portfolio. I would like to thank the investors, distribution partners and the management of PGIM India PMS for giving me an opportunity to actively partner in the investment journey so far. Surjitt is an experienced money manager with more than 16 years of experience in various aspects of equity investments. A post-graduate from Sydenham Institute of Management Studies, Surjitt was Head of PMS business with Tata Mutual Fund prior to joining PGIM India PMS. The portfolio will continue to be managed within the overall PGIM India investment framework.

Yours Sincerely





Surjitt Singh Arora,
Portfolio Manager

The way forward

Dear Investor,

I am excited to begin my journey at PGIM India PMS at a time when the support from a global organization is value additive like never before. I am confident of replicating my success in my earlier role / firm in terms of consistency of performance, and I look forward to interacting with our investors and distributor partners.

As we look ahead, there seem to be multiple drivers of corporate profit growth, emerging. What started off as cost cutting driven growth in large companies is now increasingly supported by revenue growth and that could now spread to a broader listed universe over time. Hence, there is a likelihood of one of the strongest earnings growth beyond FY21 after a long-long time in India Inc's recent history.

Corporate earnings in the first quarter of FY22 have been in line with the elevated expectations, aided by the deflated base of 1QFY21 and localized / less stringent lockdowns v/s 1QFY21. Management commentaries across the board indicate an improvement in the demand environment post Jun'21, led by the easing of restrictions and sharp reduction in active Covid-19 cases.

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. Incrementally, we would be focusing on growth-oriented stocks. Our portfolio would be built on themes of Consumption, Digitization and Healthcare along with a few recovery plays. Our portfolio will have a two-fold objective - to provide stability along with higher probability of generating alpha.

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 August 31st, 2021

Date of Purchase	Equity	Sector	%
May-2018	Bharat Electronics Ltd	Industrial Electronics	7.29%
Jan-2016	Oracle Financial Services Software Ltd	IT Services / Products	5.99%
Sep-2015	State Bank of India	Banking / Financial Services	5.85%
Aug-2013	Cummins India Ltd	Engineering	5.53%
Jun-2015	ITC Ltd	FMCG	4.95%
Dec-2019	Vardhman Textiles Ltd	Spinning-Cotton/ Blended	4.73%
Oct-2017	Power Grid Corporation Of India Ltd	Power- Transmission	4.67%
Aug-2013	Great Eastern Shipping Co Ltd	Shipping	3.95%
Aug-2018	Cipla Ltd	Pharmaceuticals	3.91%
Jul-2013	VST Tillers Tractors Ltd	Agricultural Equipment	3.52%
Aug-2015	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	3.50%
Jul-2016	Rallis India Ltd	Pesticides And Agrochemicals	3.47%
Mar-2015	Castrol India Ltd	Lubricants / oils	3.36%
Jul-2013	Indraprastha Gas Ltd	City Gas Distribution	3.35%
Mar-2020	Suprajit Engineering Ltd	Auto Ancillaries	3.08%
	Total		67.15%

Model Portfolio Details

Portfolio Details as on August 31st, 2021	
Weighted average RoCE	27.99%
Portfolio PE (1-year forward) (Based on FY 22)	20.75
Portfolio dividend yield	2.08%
Average age of companies	60 Years

Portfolio Composition as on August 31st, 2021	
Large Cap	37.00%
Mid Cap	28.00%
Small Cap	28.50%
Cash	6.50%

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

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

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

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	1.29%	6.53%	8.69%
3 Months	8.77%	10.05%	9.94%
6 Months	16.68%	19.49%	17.92%
1 Year	39.24%	55.31%	50.45%
2 Years	20.67%	27.31%	24.65%
3 Years	9.33%	13.36%	13.62%
5 Years	9.26%	14.21%	14.29%
Since Inception Date 08/07/2013	15.83%	15.38%	14.05%
Portfolio Turnover Ratio*	12.72%		

*Portfolio Turnover ratio for the period September 1st, 2020 to August 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 August 31st, 2021

	Current Year April 1, 2021 to August 31st, 2021	April 1, 2020 to March 31st, 2021	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
PGIM India Core Equity Portfolio	16.30%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	18.21%	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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