



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Strong investment framework along with conviction calls aids long-term performance

Dear Investor,

PERFORMANCE RECAP

Our portfolio has delivered a 2.0% return vs a 3.4% return for Nifty 500 during the month of November 2022, thereby underperforming by 140 bps. Our overweight stance on Industrials, Chemicals and Real Estate impacted the performance for the month. The stocks which underperformed were Astral Poly Technik, VST Tillers & Tractor, and Phoenix Mills. This was partially compensated by the overweight position in Autos i.e. Escorts Kubota and Timken India, which outperformed during the month.

On a one-year basis, our portfolio delivered a return of 16.9% vs 8.9% for Nifty 500, outperforming the benchmark by ~8.1%. The changes in the portfolio (during Sept-Nov'21 period) with a tilt towards Growth At Reasonable Prices (GARP) approach has led to an improvement in the overall performance as against a pure Value Approach, earlier. The portfolio outperformed the index mostly due to stock selection in Speciality Chemicals as well as an overweight position in Industrials and underweight stance in the financial sector. Three of our top holdings i.e. Timken India, Phoenix Mills and State Bank India contributed significantly to our performance, thereby, reflecting the high conviction calls in the portfolio.

INVESTMENT PROCESS

We invest in structurally strong companies, that are termed as good quality companies. A good quality company is a company that has reached a minimum scale in terms of revenue, has gone through at least one downcycle and emerged as a stronger company. It also has a consistency in cash flows and higher return on capital employed over the last 10 years. Second aspect has been 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 usually exit in the downturn.

All stocks which have a large weightage in the portfolio currently – State Bank of India, Timken India, Bharat Electronics, KEI Industries, Navin Fluorine, Escorts Kubota, and Phoenix Mills were bought keeping the above mentioned thought process in mind.

New Additions to the Portfolio

PI Industries: PI Industries is one of India's leading agrochemical companies, operating in two business segments: domestic Agri-inputs and custom synthesis. It has 3 formulation facilities and 9 multiproduct plants at 3 strategic locations. Domestic business contributes 33% of revenues. Domestic revenues are dominated by 5 products of which Nominee Gold (rice herbicide) forms a significant part. CSM business contributes 67% of revenues. In CSM, PI works with almost all innovators such as BASF, Syngenta, Bayer, and Kumiai Chemical. Here it provides end-to-end integrated and innovative solutions to its customers for developing new molecules – from the post-discovery phase to commercialization.

Maruti Suzuki: On the back of new launches, Maruti Suzuki's (MSIL) order backlog has increased to record high levels of 412k units. Its commitment to recovering lost share in SUVs is reinforced by its four launches (new Brezza, Grand Vitara, and mid-cycle upgrades of Ertiga and XL6) in a span of four months. Grand Vitara currently has around 75000 units of order backlog. Around 35% of the orders are for the strong hybrid variant. Also, large part of orders for Grand Vitara are for both strong and mild hybrids and for higher end variants.

PORTFOLIO OUTLOOK

Indian markets continue to perform well. While valuations of NIFTY at ~20x 1 year forward earnings are a tad higher than historical averages, it is also a reflection of macro stability, healthy earnings growth that India Inc. is seeing and is particularly noteworthy in light of the global challenges as well as an inflationary environment. While we do not rule out near term volatility, we expect a healthy earnings growth trajectory to continue aiding India's premium valuations.

If you see our portfolio, majority of our investment companies are either Debt-free or have very low Net Debt: Equity ratio. We prefer companies which are inward oriented, driven by domestic demand as against those who are pre-dominantly dependent on exports given the current global environment. At the same time, domestic data is quite encouraging whether it is credit growth, personal loan growth, GST collections, auto sales or IIP data.

With most of the developed world teetering on the brink of recession and larger emerging markets also seeing much lower growth rates, we believe that Indian economy should show strong resilience and performance in the times to come. While India is not totally immune to global shocks and events, however being largely a domestic consumption driven economy the risks are lesser and smaller in comparison. Further, with lower leverage and repaired balance sheets India Inc. and the financial system is in much better situation to weather out any global financial volatility.

Yours Sincerely

Surjitt Singh Arora

Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio Regular Plan as on November 30th, 2022

Date of Purchase	Equity	Sector	%
Jul-2013	VST Tillers Tractors Ltd	Industrials	6.66%
May-2018	Bharat Electronics Ltd	Industrials	5.80%
Dec-2021	Astral Ltd	Industrials	5.78%
Aug-2013	Cummins India Ltd	Industrials	4.98%
Sep-2015	State Bank Of India	Financials	4.85%
Jan-2015	ICICI Bank Ltd	Financials	4.55%
Sep-2021	Timken India Ltd	Industrials	4.52%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	4.19%
Sep-2021	ACC Ltd	Materials	4.17%
Sep-2022	Escorts Kubota Ltd	Industrials	4.11%
Jun-2015	ITC Ltd	Consumer Staples	4.09%
Sep-2021	Phoenix Mills Ltd	Real Estate	4.04%
May-2014	Infosys Ltd	Information Technology	4.01%
Aug-2017	PI Industries Ltd	Materials	3.80%
Oct-2021	Navin Fluorine International Ltd	Materials	3.69%
	Total		69.24%

Portfolio Details as on November 30th, 2022

Weighted average RoCE	18.41%
Portfolio PE (2-years forward)	25.26
Portfolio dividend yield	1.26%
Average age of companies (Years)	50

Portfolio Composition as on November 30th, 2022

Large Cap	42%
Mid Cap	37%
Small Cap	16%
Cash	5%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on November 30th, 2022

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 30th, 2022

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on November 30th, 2022

PGIM India Core Equity Portfolio - Performance as on November 30th, 2022

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	2.05%	3.39%	4.14%
3 Months	4.66%	4.05%	5.63%
6 Months	15.59%	12.94%	13.11%
1 Year	16.94%	8.86%	10.45%
2 Years	26.96%	21.99%	20.28%
3 Years	17.96%	17.56%	15.87%
5 Years	10.59%	11.74%	12.90%
Since inception date 08/07/2013	15.88%	14.31%	13.16%
Portfolio Turnover*	40.47%		

*Portfolio Turnover ratio for the period December 1st, 2021 to November 30th, 2022

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 30th, 2022

	Current Year April 1, 2022 to November 30, 2022	April 1, 2021 to March 31, 2022	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	13.16%	24.45%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	7.06%	20.96%	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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