

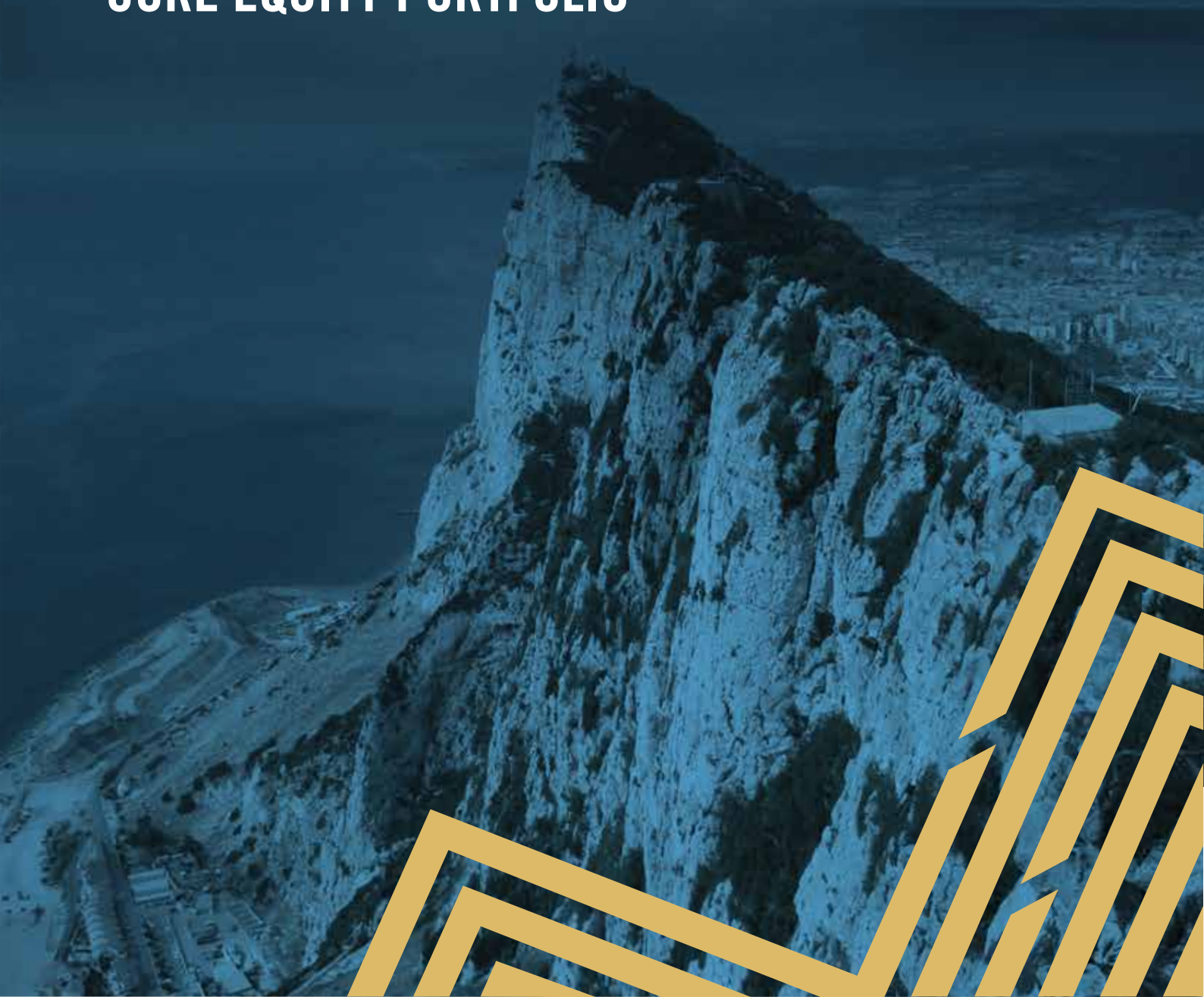


PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Budget to Accelerate Growth Momentum

Dear Investor,

PERFORMANCE RECAP

Our portfolio has delivered a return of -0.1% vs -0.5% for the CNX Nifty 500 during Jan'22, thereby outperforming the benchmark by 40bps. Our overweight stance on Power and Textile sector aided our performance. Our stock selection within Financial and Consumer Discretionary contributed to our positive returns. This was partially negated by our overweight stance in the Real Estate & Materials Sector. The stocks which outperformed were SBI, VST Tillers, Bata, Power Grid, ACC and Vardhman Textiles. The stocks which dragged our performance were Oracle Financial Services, HDFC Ltd, Infosys, KEI industries and Asian Paints.

On a one-year basis, our portfolio delivered a return of 33.3% vs 32.0% for the CNX 500, outperforming the benchmark by 130bps. The investment approach outperformed the index mostly due to stock selection in Consumer Discretionary and Financial sector as well as an overweight position in Industrials and underweight stance in the Financial sector.

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, has a consistency in cash flows and higher return on capital employed over the last 10 years. The 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 a downturn as weaker players usually vanish in a downturn.

All stocks which have a large weightage in the portfolio currently - SBI, Vardhman Textiles, Timken, Bharat Electronics, Asian Paints, HDFC Ltd, VST Tillers & Tractors, Phoenix Mills, etc. were bought with that thought process.

THE "BUILD INDIA" BUDGET - BUDGET TO ACCELERATE GROWTH MOMENTUM

The FY23 Union Budget remains focused on steering the economy on the path of strong growth with 1) higher allocation of capital expenditure, primarily in infrastructure, 2) announcing policy support to sunrise and new-age sectors, such as artificial intelligence, geospatial systems and drones, semiconductors and clean mobility systems among others, 3) laying the foundation for energy transition & creating levers for its funding and 4) taking forward the agenda of Atmanirbhar Bharat & inclusive growth.

The Budget math seems to be reliable, perhaps even understated at some instances. For example, tax revenue growth is pegged at 10%, which is an underestimation considering that nominal GDP is stated to grow by 13%. Average monthly GST collection is pegged at INR 1.3 lakh crore, which is lower than the collection trend of the last few months. Therefore, there might be positive surprises on the tax revenue and non-tax revenue fronts in FY23.

The key sectoral winners are capex-oriented sectors - real estate, infrastructure and defense.

PORTFOLIO OUTLOOK

The period of making easy money is behind us. Investor expectations in terms of risk-adjusted returns need to be moderated and be more realistic. The year 2022 would put demands on temperament (read patience) and will put convictions to test. Hence, we have constructed our portfolio of quality companies with stocks, where we have the conviction to increase the weightage if they correct 10-15%.

Two risks in 2022 which could impact short-term returns are: interest rates increase globally and supply-side pressures on account of supply chain disruption. Notwithstanding the above risks, increased uptake of vaccines, coupled with government response should see COVID move towards the endemic stage as people learn to live normal lives with the virus present. Domestic story of reforms, strong earnings growth and low debt position of Corporate India are the key positives for long-term equity investing.

Companies with strong brands, pricing power, and larger economies of scale continue to be a part of our portfolio. We continue to be positive on Industrials (Including Capital Goods) as we expect the capex cycle to pick-up pace. In addition, we are bullish on the Real Estate sector given the consolidation on the supply side and improvement in affordability on the demand side.

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

Yours Sincerely

Surjitt Singh Arora

Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio Regular Plan as on January 31st, 2022

Date of Purchase	Equity	Sector	%
Sep-2015	State Bank of India	Financials	6.99%
Sep-2021	Phoenix Mills Ltd	Real Estate	6.41%
Jul-2013	VST Tillers Tractors Ltd	Industrials	5.53%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	5.45%
Dec-2019	Vardhman Textiles Ltd	Consumer Discretionary	4.97%
Sep-2021	Timken India Ltd	Industrials	4.78%
May-2018	Bharat Electronics Ltd	Industrials	4.73%
Sep-2021	KEI Industries Ltd	Industrials	4.49%
Sep-2021	ACC Ltd	Materials	4.35%
Oct-2021	Navin Fluorine International Ltd	Materials	4.06%
May-2014	Infosys Ltd	Information Technology	4.00%
Aug-2013	Cummins India Ltd	Industrials	4.00%
Jun-2015	ITC Ltd	Consumer Staples	3.93%
Sep-2021	HDFC Ltd	Financials	3.84%
Dec-2021	Astral Ltd	Industrials	3.81%
	Total		71.34%

Model Portfolio Details

Portfolio Details as on January 31st, 2022

Weighted average RoCE	20.55%
Portfolio PE (2-year forward) (Based on FY 23)	28.47
Portfolio dividend yield	1.25%
Average age of companies	62 Years

Portfolio Composition as on January 31st, 2022

Large Cap	41.00%
Mid Cap	38.00%
Small Cap	17.50%
Cash	3.50%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on January 31st, 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 January 31st, 2022

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on January 31st, 2022

PGIM India Core Equity Portfolio - Performance as on January 31st, 2022

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	-0.08%	-0.50%	-0.08%
3 Months	3.33%	-1.10%	-1.88%
6 Months	6.49%	9.20%	10.00%
1 Year	33.30%	32.02%	27.18%
2 Years	19.72%	22.99%	20.38%
3 Years	13.39%	18.33%	16.98%
5 Years	10.70%	15.12%	15.16%
Since Inception Date 08/07/2013	15.68%	14.91%	13.48%
Portfolio Turnover Ratio*	48.30%		

*Portfolio Turnover ratio for the period February 1st, 2021 to January 31st, 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 January 31st, 2022

	Current Year April 1, 2021 to January 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	22.27%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	21.18%	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 February 10, 2022.

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