



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Quality at a reasonable price

Dear Investor,

PERFORMANCE RECAP

Our portfolio has delivered a flat return vs -3.2% return for the Nifty 500 for September 2022, thereby outperforming by 320bps. Our overweight stance on Industrials, Real Estate, Chemicals and Autos aided our performance for the month. The stocks which outperformed were Timken India, Phoenix Mills, KEI Industries, Eicher Motors, Navin Fluorine and Escorts Kubota. The stocks which dragged our performance were VST Tillers & Tractors and ACC.

On a one-year basis, our portfolio delivered a return of 12.9% vs -1.5% for the Nifty 500, outperforming the benchmark by ~14.4%. 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 Specialty Chemicals and Consumer-oriented sectors 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 SBI contributed meaningfully to our outperformance, thereby, reflecting the high conviction calls in the portfolio.

INVESTMENT PROCESS

We invest in structurally strong companies, that are termed 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 the downturn as weaker players usually exit in the downturn.

All stocks which have a large weightage in the portfolio currently - SBI, Timken India, Bharat Electronics, KEI Industries, Navin Fluorine, Asian Paints, and Phoenix Mills, etc. were bought keeping the above mentioned thought process in mind.

New Addition to the portfolio

Escorts Kubota (EKL): EKL is well-poised to gain market share in India and globally, driven by new product launches, increase in share of non-agricultural based tractors, increase in global footprint and as a beneficiary of single exclusive vehicles of Kubota in India. The company has a strong balance sheet with zero debt, strong FCF and decent ROCE profile of 17-20%.

PORTFOLIO OUTLOOK

Given the uncertain environment and slowdown in global growth, CY22 could be a challenging year for the markets. Higher interest rates both globally and in India could pose a risk to equity valuation premium enjoyed by the Indian Market in the near-term. Also, within India, food inflation seems to be sticky, given the erratic monsoons across key states.

However, healthy tax collections, buoyant domestic savings and decent recovery from the Covid-led slowdown bode well for both investment and consumption, the two main pillars of long-term growth. This, along with formalization and increased capacity utilization, implies impetus to all-around economic activity levels. Hence, we remain positive on the Indian economy.

Cooling off a high inflationary environment (on a high base), lower energy prices and decent earnings growth trajectory augur well for Indian markets. While risks emanating from global events and geopolitical actions are not ruled out, we believe India is in a relatively good position.

India has outperformed peers and over a medium term we see healthy growth, and a similar trend is likely to continue. India's outperformance is not an aberration, it is well-warranted. From a 3-to-5-year perspective, we remain constructive on Indian Equities given the fact that the Indian Economy could be one of the fastest growing economies in the world.

Yours Sincerely

Surjitt Singh Arora

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

Date of Purchase	Equity	Sector	%
Sep-2021	Timken India Ltd	Industrials	6.82%
May-2018	Bharat Electronics Ltd	Industrials	5.88%
Sep-2021	Phoenix Mills Ltd	Real Estate	5.73%
Jul-2013	VST Tillers Tractors Ltd	Industrials	5.16%
Dec-2021	Astral Ltd	Industrials	5.14%
Sep-2015	State Bank Of India	Financials	5.14%
Aug-2013	Cummins India Ltd	Industrials	4.46%
Jan-2015	ICICI Bank Ltd	Financials	4.31%
Sep-2021	ACC Ltd	Materials	4.12%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	4.10%
Jun-2015	ITC Ltd	Consumer Staples	4.09%
Oct-2021	Navin Fluorine International Ltd	Materials	3.94%
May-2014	Infosys Ltd	Information Technology	3.75%
Aug-2018	Cipla Ltd	Health Care	3.75%
Aug-2022	Eicher Motors Ltd	Consumer Discretionary	3.53%
	Total		69.92%

Portfolio Details as on September 30th, 2022

Weighted average RoCE	18.90%
Portfolio PE (2-years forward)	25.61
Portfolio dividend yield	1.31%
Average age of companies (Years)	49

Portfolio Composition as on September 30th, 2022

Large Cap	41.81%
Mid Cap	39.23%
Small Cap	13.85%
Cash	5.90%

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

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

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

Period	Portfolio	NIFTY 500	NIFTY 50
1 Month	-0.02%	-3.23%	-3.74%
3 Months	14.31%	10.77%	8.33%
6 Months	8.10%	-0.44%	-2.12%
1 Year	12.94%	-1.48%	-2.97%
2 Years	28.63%	26.01%	23.30%
3 Years	17.25%	16.65%	14.21%
5 Years	11.03%	11.51%	11.80%
Since inception date 08/07/2013	15.62%	13.69%	12.28%
Portfolio Turnover*	31.76%		

*Portfolio Turnover ratio for the period October 1st, 2021 to September 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 September 30th, 2022

	Current Year April 1, 2022 to September 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	8.10%	24.45%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	-0.44%	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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