



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO





Surjitt Singh Arora,
Portfolio Manager

Focus on companies with high earnings visibility

Dear Investor,

PERFORMANCE RECAP

Our portfolio delivered a return of 6.59% vs a 2.87% return for the Nifty 50 TRI during the month of May '23, thereby outperforming by ~370bps. Our overweight stance on Autos, Chemicals, Pharma and Industrials aided our performance for the month. The stocks which outperformed were Maruti Suzuki, VST Tillers & Tractors, Eicher Motors, PI Industries, Syngene International and Astral Ltd.

On a one-year basis, our portfolio delivered a return of 20.91% vs a 12.94% return for the Nifty 50 TRI, outperforming the benchmark by ~800 bps. 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.

The portfolio outperformed the Index due to our overweight position in Industrials, Building Materials, Autos and underweight stance in the Information Technology (IT) sector. Four of our top holdings i.e. Timken India, Phoenix Mills, SBI, and Cummins India, contributed meaningfully to our outperformance, thereby reflecting the high conviction calls in the portfolio. Infosys and MCX were the laggards in our 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, 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 a higher market share after the downturn as weaker players usually exit in the downturn.

PORTFOLIO OUTLOOK

FY23 earnings were broadly in-line. The key highlights were:

- Full year FY23 Revenue and Earnings for Nifty 500 grew by 23% and 9% at Rs 136 trillion and Rs 11.09 trillion, respectively.
- Nifty 500 Earnings logged a healthy CAGR of 15% over FY18-23.
- Full year BFSI / Non-BFSI Net Earnings at Rs 4.4 trillion and Rs 6.7 trillion grew by 50% and -7.4%, respectively.
- BFSI constituted 39.4% of the overall earnings in FY23 vs 29% for full year FY22.
- Oil & Gas and Metal, Mining were key drags on earnings. Excluding the same, 402 non-BFSI companies earnings grew 9% in 4Q and 13% in FY23.

In the near-term, market focus would shift towards the general election schedule in 2024. As we approach closer to the date, we could see increased market volatility due to speculation about the election outcome. We are of the view that these are transient factors and would advise investors to look past them to benefit from the long-term India growth story. We continue with our positive stance on the Indian equity market from a medium to longer term perspective.

With global economies seeing a growth slowdown in an inflationary environment and uncertain geo-political situation, India appears favorably placed due to its relatively higher GDP growth rate and moderating inflation outlook. A higher proportion of working-age population, rising household income and stable government policy will act as structural growth drivers for the economy. Focus on continuous asset creation, benign policy environment, prudent fiscal management and improved global standing augurs well for the economic growth of the country. Corporate India, by and large, is expected to see strong earnings growth on the back of this structural demand outlook coupled with its strong balance-sheet.

We see consumption and manufacturing spearheading India's growth led by demographics, higher per capita income and penetration with exports remaining a longer term but invaluable growth driver. We are positive on Industrials, Autos and Building Materials. We have increased our weight in Information Technology (IT) sector and are now equal weight on the sector vs underweight earlier. We continue to believe that investors with a 3-to-5-year view may benefit from investing in the current scenario.

Yours Sincerely

Surjitt Singh Arora

Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio as on May 31st, 2023

Date of Purchase	Equity	Sector	%
Dec-2021	Astral Ltd	Industrials	7.05%
Nov-2022	Maruti Suzuki India Ltd	Consumer Discretionary	6.97%
Jul-2013	VST Tillers Tractors Ltd	Industrials	6.71%
Sep-2021	Timken India Ltd	Industrials	5.68%
Aug-2013	Cummins India Ltd	Industrials	4.81%
May-2018	Bharat Electronics Ltd	Industrials	4.72%
Aug-2017	P I Industries Ltd	Materials	4.65%
Aug-2022	Eicher Motors Ltd	Consumer Discretionary	4.64%
Feb-2023	Nestle India Ltd	Consumer Staples	4.54%
Sep-2021	Phoenix Mills Ltd	Real Estate	4.51%
April-2023	Syngene International Ltd	Health Care	4.18%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	4.00%
Sep-2015	State Bank Of India	Financials	3.98%
Oct-2021	Navin Fluorine International Ltd	Materials	3.94%
Feb-2023	Mphasis Ltd	Information Technology	3.88%
	Total		74.26%

Portfolio Details as on May 31st, 2023

Weighted average RoCE	25.69%
Portfolio PE (FY2025E)	22.99
Portfolio dividend yield	1.43%
Average age of companies (Years)	47
Standard Deviation	14.29%
Sharpe Ratio	1.41
Treynor Ratio	23.06
Jensen Alpha	8.55
Beta	0.87

Portfolio Composition as on May 31st, 2023

Large Cap	42%
Mid Cap	41%
Small Cap	14%
Cash	3%

Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on May 31st, 2023

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 May 31st, 2023

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on May 31st, 2023

PGIM India Core Equity Portfolio - Performance as on May 31st, 2023

Period	Portfolio	NIFTY 50 (TRI)#
1 Month	6.59%	2.87%
3 Months	11.30%	7.44%
6 Months	4.60%	-0.80%
1 Year	20.91%	12.94%
2 Years	17.15%	10.40%
3 Years	27.15%	26.09%
5 Years	11.75%	12.90%
Since inception date 08/07/2013	15.55%	13.69%
Portfolio Turnover*	52.07%	

*Portfolio Turnover ratio for the period June 1st, 2022 to May 31st, 2023.

#w.e.f. April 1, 2023, the benchmark has changed to the Nifty 50 (TRI) from Nifty 500.

To view the portfolio's performance relative to other Portfolio Managers, you may [click here](#).

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 - Annual Performance as on May 31st, 2023

	Current Year* April 1, 2023 to May 31st, 2023	April 1, 2022 to March 31, 2023	April 1, 2021 to March 31, 2022	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
PGIM India Core Equity Portfolio	12.98%	4.89%	24.45%	53.25%	-23.66%
Benchmark - NIFTY 50 (TRI)#	7.09%	0.59%	20.26%	72.54%	-25.02%

*Absolute returns for YTD period

Performance is calculated on Time Weighted Rate of Return (TWRR) basis. #w.e.f April 01, 2023 benchmark has changed from NIFTY 500 to NIFTY 50 (TRI)

To view the portfolio's performance relative to other Portfolio Managers, you may [click here](#).

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.

Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of
1) the timing of inflows and outflows of funds; and
2) differences in the portfolio composition because of restrictions and other constraints.

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 June 13, 2023.

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