



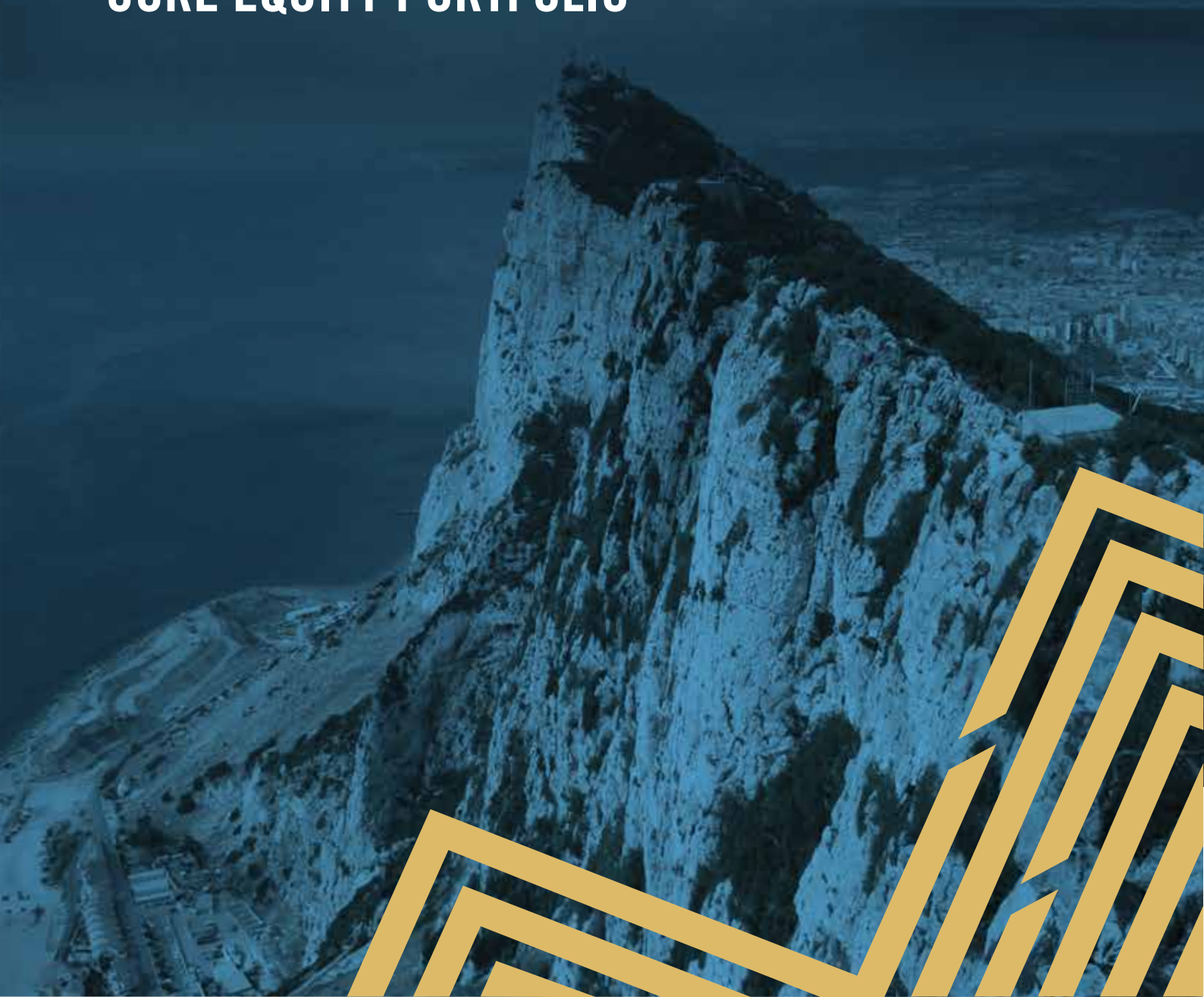
**PGIM**

India Portfolio  
Management Services

Stable core.  
Strong portfolio.

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**PGIM INDIA**  
**CORE EQUITY PORTFOLIO**





**Surjitt Singh Arora,**  
Portfolio Manager

### Focusing on Growth at Reasonable Price (GARP) framework

Dear Investor,

#### PERFORMANCE RECAP

Our portfolio delivered a return of 2.93% vs. a 3.03% return for Nifty 50 TRI during the month of July 2023, remaining broadly in-line. Our overweight stance on Autos, Pharma and Industrials aided our performance for the month. The stocks which outperformed were Maruti Suzuki, VST Tillers & Tractors, Syngene International and Astral Ltd.

On a one-year basis, our portfolio delivered a return of 22.52% vs. 16.28% return for Nifty 50 TRI, outperforming the benchmark by ~624 bps. The changes in the portfolio with a tilt towards Growth at Reasonable Prices (GARP) approach has led to an improvement in the overall performance.

The portfolio outperformed the benchmark index due to our overweight position in Industrials, Building Materials, Autos and Underweight stance in the Information Technology (IT) sector. Five of our top holdings i.e., Astral Ltd, VST Tillers & Tractors, 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.

The outperformance should be considered in the light of lower Beta i.e. 0.79 vs. Nifty 50 TRI. At the same time, the Sharpe ratio of the strategy is 1.93 vs. 1.42 for Nifty 50 TRI. Hence, the risk-adjusted return is superior.

#### 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. Second aspect has been to always own companies which are market leaders in a particular domain. Over a period of time, we have 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.

#### ADDITIONS TO THE PORTFOLIO

**Eureka Forbes:** Eureka Forbes is a dominant market leader in India's organized electric water purifier sector with a 53% share as on FY20. The penetration level is 5% in water purifier and 1% in vacuum cleaner compared to 65% in television and 33% in refrigerator. The company is focusing on a fundamental shift towards becoming B2C health and hygiene leader through sustainable growth, strong portfolio, best-in-class services, and digital first model. Also, cost rationalization and new product launches would be key monitorables for the company.

**FDC:** FDC is a leading manufacturer of Oral Rehydration Salt (ORS), anti-infectives and ophthalmology products in India. Other major therapies include vitamins and nutrition, energy drinks, and anti-fungals. It has a product portfolio of over 160 products and has 3,615 MRs. The company has developed strong brand equity with mega brands like Zifi & Electral. FDC's domestic business generates healthy cash flows and also maintains a strong balance sheet with no debt.

#### PORTFOLIO OUTLOOK

The 1QFY24 aggregate earnings so far have been in line with consensus estimates. Once again, the earnings growth was propelled by domestic cyclicals, such as Banking & Financial Services (BFSI) and Auto. Nifty 50 made all-time high in July 2023, and trades at 19x FY24E EPS and 16x FY25E which is 5-7% premium to historical averages. Earnings growth expectations for Nifty 50 in FY24-25E remains strong at 11% and 17% YoY for FY24E and FY25E (Source: Bloomberg). And with inflation print remaining low, regulator could start cutting rates in this year itself.

In the near-term, market focus would shift towards the general election scheduled 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 these factors 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.

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 Pharmaceutical and reduced our weight in IT. We continue to believe that investors with a 3 to 5-year view would benefit from investing in the current scenario.

## Portfolio Details

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

Date of Purchase	Equity	Sector	%
Jul-2013	VST Tillers Tractors Ltd	Industrials	6.74%
Sep-2021	Timken India Ltd	Industrials	5.46%
Dec-2021	Astral Ltd	Industrials	5.03%
May-2018	Bharat Electronics Ltd	Industrials	4.99%
Nov-2022	Maruti Suzuki India Ltd	Consumer Discretionary	4.99%
Sep-2021	Phoenix Mills Ltd	Real Estate	4.66%
Feb-2023	Nestle India Ltd	Consumer Staples	4.32%
Feb-2023	Mphasis Ltd	Information Technology	4.24%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	4.20%
Apr-2023	Syngene International Ltd	Health Care	4.19%
Aug-2013	Cummins India Ltd	Industrials	4.11%
Jul-2023	FDC Ltd	Health Care	3.90%
Dec-2019	Vardhman Textiles Ltd	Consumer Discretionary	3.80%
Jan-2015	ICICI Bank Ltd	Financials	3.79%
Jun-2023	Hindustan Unilever Ltd	Consumer Staples	3.71%
	<b>Total</b>		<b>68.13%</b>

### Portfolio Details as on July 31st, 2023

Weighted average RoCE	19.22%
Portfolio PE (FY2025E)	28.17
Portfolio dividend yield	1.21%
Average age of companies (Years)	48
Standard Deviation	10.89%
Sharpe Ratio	1.93
Treynor Ratio	26.84
Jensen Alpha	8.67
Beta	0.79

### Portfolio Composition as on July 31st, 2023

Large Cap	33%
Mid Cap	43%
Small Cap	21%
Cash	4%

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

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

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

Period	Portfolio	NIFTY 50 (TRI)#
1 Month	2.93%	3.03%
3 Months	14.83%	9.91%
6 Months	18.53%	12.55%
1 Year	22.52%	16.28%
2 Years	17.34%	13.23%
3 Years	25.23%	22.73%
5 Years	12.97%	13.03%
Since inception date 08/07/2013	16.13%	14.20%

#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 July 31st, 2023

	Current Year* April 1, 2023 to July 31, 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 (Net of all fees and charges levied by the portfolio manager)	21.71%	4.89%	24.45%	53.25%	-23.66%
Benchmark - NIFTY 50 (TRI)#	14.42%	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. 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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