



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO



From the desk of Portfolio Manager



Surjitt Singh Arora,
Portfolio Manager

A decade completed

Dear Investor,

PERFORMANCE RECAP

We at PGIM India PMS have completed a decade of our Flagship Equity Investment Approach i.e. PGIM India Core Equity Portfolio. Our portfolio delivered a return of 15.94% vs 13.98% for Nifty50 TRI since inception. This is testimony to the framework and quality parameters we have for selecting the stocks we have been following consistently.

Our portfolio delivered a return of 4.66% vs a 3.70% for Nifty 50 TRI during the month of June'23, thereby outperforming by ~96bps. Our overweight stance on Autos, Pharma and Industrials aided our performance for the month. The stocks which outperformed were Maruti Suzuki, VST Tillers & Tractors, PI Industries, Syngene International and Astral Ltd.

On a one-year basis, our portfolio delivered a return of 31.00% vs a 22.91% return for Nifty 50 TRI, outperforming the benchmark by ~810 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 outperformance should be considered in the light of lower Beta i.e. 0.88. At the same time, the Sharpe ratio of the strategy is 2.09 vs 1.63 for Nifty 50 TRI.

The portfolio outperformed the 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.

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. 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.

ADDITIONS TO THE PORTFOLIO

ICICI Lombard General Insurance: ICICI Lombard maintained its growth streak over the first two months of FY24 (18% YoY) continuing its 17% YoY growth momentum from FY23. Management has pivoted towards health/commercial, which have become key growth drivers versus motor/health earlier. Health book growth is broad-based with group health delivering strong growth on a high base while retail health has now started growing faster than the industry.

Hindustan Unilever Ltd: Hindustan Unilever (HUL), the market leader, has the ability to pass on inflation competitively (strong market share gains); sustained improvement in Food & Beverages margins as tea prices taper and rebound in home care margins demonstrate HUL's strong pricing power. Over the medium term, tailwinds from GSK-CH integration (not yet fully captured on both revenue/ margin), premiumization agenda and market share gains are positives.

PORTFOLIO OUTLOOK

The Indian market has seen a broad rally in the past few months but headline indices have seen more modest performance. We are not very clear about the reasons for the rally and the divergent performance. India's continued weak consumption demand should be negative for smaller companies while the improved macro in the form of lower inflation and CAD should have been more favorable for performance of large and mid-caps based on better top-down view of India among foreign investors.

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 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.

With global economies seeing growth slowdown in an inflationary environment and uncertain geo-political situation, India appears favourably placed due to its relatively higher GDP growth rate and moderating inflation outlook. Higher proportion of working-age population, rising household income and stable government policy will act as structural growth drivers for the economy. With focus on continuous asset creation, benign policy environment, prudent fiscal management and improved global perception, India stands out. 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.

Portfolio Details

Top 15 Holdings of PGIM India Core Equity Portfolio Discretionary Portfolio as on June 30th, 2023

Date of Purchase	Equity	Sector	%
Jul-2013	VST Tillers Tractors Ltd	Industrials	6.50%
Nov-2022	Maruti Suzuki India Ltd	Consumer Discretionary	6.23%
Sep-2021	Timken India Ltd	Industrials	5.58%
Dec-2021	Astral Ltd	Industrials	5.27%
May-2018	Bharat Electronics Ltd	Industrials	5.00%
Feb-2023	Nestle India Ltd	Consumer Staples	4.52%
Sep-2021	Phoenix Mills Ltd	Real Estate	4.40%
Aug-2013	Cummins India Ltd	Industrials	4.23%
Apr-2023	Syngene International Ltd	Health Care	4.21%
Oct-2017	Power Grid Corporation Of India Ltd	Utilities	4.14%
Sep-2021	KEI Industries Ltd	Industrials	4.14%
Aug-2017	P I Industries Ltd	Materials	4.06%
May-2014	Infosys Ltd	Information Technology	4.00%
Dec-2019	Vardhman Textiles Ltd	Consumer Discretionary	3.96%
Oct-2021	Navin Fluorine International Ltd	Materials	3.69%
	Total		69.93%

Portfolio Details as on June 30th, 2023

Weighted average RoCE	23.61%
Portfolio PE (FY2025E)	28.60
Portfolio dividend yield	1.40%
Average age of companies (Years)	48
Standard Deviation	13.48%
Sharpe Ratio	2.09
Treynor Ratio	32.03
Jensen Alpha	9.11
Beta	0.88

Portfolio Composition as on June 30th, 2023

Large Cap	45%
Mid Cap	39%
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 June 30th, 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 June 30th, 2023

Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on June 30th, 2023

PGIM India Core Equity Portfolio - Performance as on June 30th, 2023

Period	Portfolio	NIFTY 50 (TRI)#
1 Month	4.66%	3.70%
3 Months	18.24%	11.06%
6 Months	13.84%	6.58%
1 Year	31.00%	22.91%
2 Years	17.29%	11.79%
3 Years	25.64%	24.56%
5 Years	13.64%	13.72%
Since inception date 08/07/2013	15.94%	13.98%
Portfolio Turnover*	52.91%	

*Portfolio Turnover ratio for the period July 1st, 2022 to June 30th, 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 June 30th, 2023

	Current Year* April 1, 2023 to June 30, 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)	18.24%	4.89%	24.45%	53.25%	-23.66%
Benchmark - NIFTY 50 (TRI)#	11.06%	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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