



PGIM

India Portfolio
Management Services

Stable core.
Strong portfolio.

PGIM INDIA
CORE EQUITY PORTFOLIO

December 2021

About us



Source: www.pgim.com & www.prudential.com. *For AUM Breakup please refer to slide no. 31

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About us

Global Footprint



10TH
largest global
asset manager¹

1300+
investment
professionals

39
OFFICES

17
COUNTRIES

¹PGIM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest investment manager (out of 477 firms surveyed) in terms of global assets under management based on Pensions & Investments' Top Money Managers list published on May 31, 2021. This ranking represents global assets under management by PFI as of December 31, 2020.

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Position of Strength

Ranking Based on Worldwide Assets

Top 10 Asset Managers	Assets (\$ Billions)
1 BlackRock Inc.	\$5,150
2 Vanguard Group Inc.	\$4,761
3 State Street Global Advisors	\$2,517
4 BNY Mellon Investment Management	\$1,784
5 Fidelity Investments	\$1,746
6 Legal & General Investment Management	\$1,684
7 J.P. Morgan Asset Management	\$1,422
8 Wellington Management Group LLP	\$1,289
9 Amundi	\$1,280
10 PFI*	\$1,252

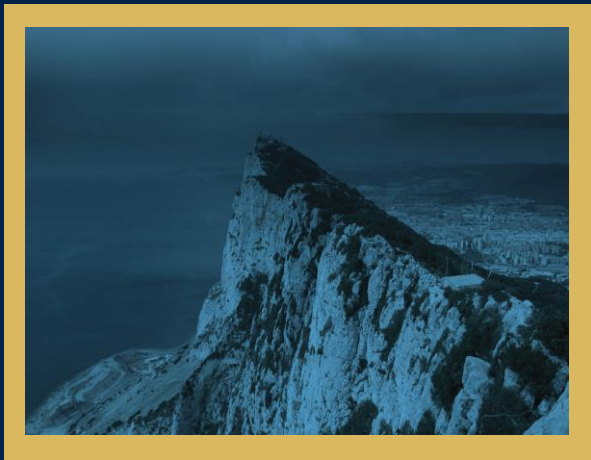


PGIM

**India Portfolio
Management Services**

- Launched in July 2013
- Experienced investment team
- Offer equity strategies with a focus on Long Term Growth and Value Generation





PGIM India Core Equity Portfolio

December 2021

Portfolio Proposition

- Focus on buying quality businesses where the current valuations do not reflect the business reality and the franchise strength.
 - Concentrated portfolio of established companies.
 - Multi-cap portfolio.
 - Low Overlap with the mainstream products.
 - Long term holdings with low churn.
 - Flexibility to take cash calls.
-

Investment Philosophy

Our philosophy of investing can be summed up in a few quotes from the legends

*“The number one idea is to view stock as an **ownership of the business** and to judge the staying quality of the business in terms of its competitive advantage.”*

-Charlie Munger

*“Most analysts feel they must choose between two approaches customarily thought to be in opposition: **"value" and "growth."** In our opinion, the two approaches are joined at the hip: Growth is always a component in the calculation of value, constituting a variable whose importance can range from negligible to enormous and whose impact can be negative as well as positive. In addition, we think the very term "value investing" is redundant. What is "investing" if it is not the act of seeking value at least sufficient to justify the amount paid?”*

- Warren Buffet

When we evaluate a business, we look for



Quality Business



**Competent and
Honest
Management**



**Reasonable
Valuation**

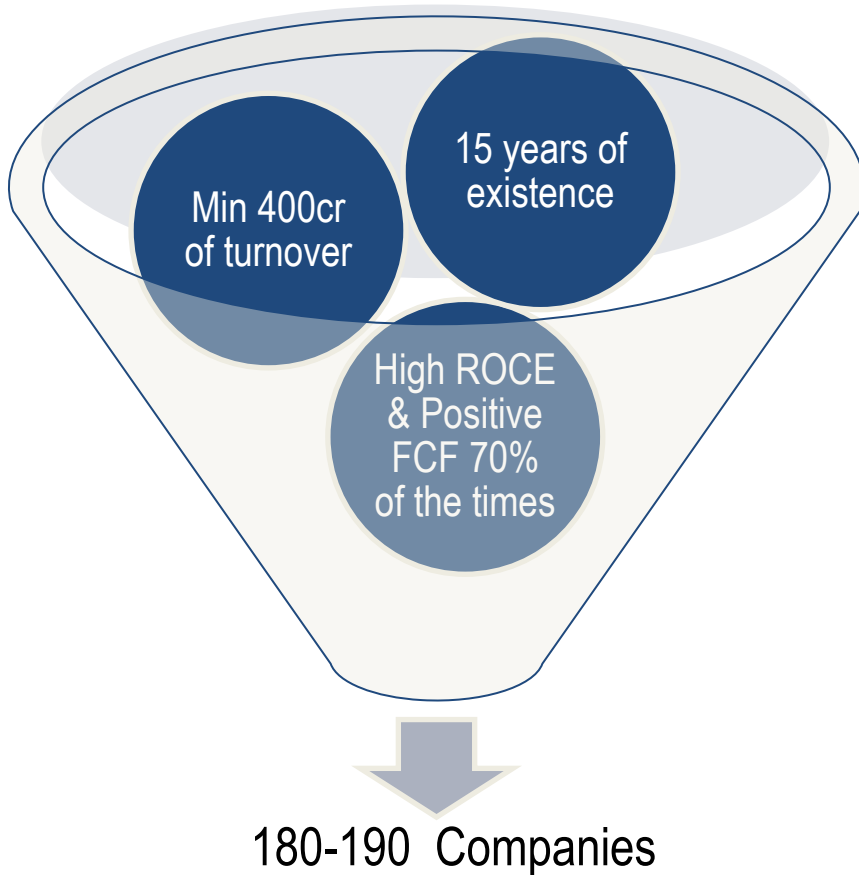






PGIM India Core Equity Portfolio Construct


Stage 1 – Defining Quality

6000 Listed Companies



 To accommodate Financials

 To capture opportunities that meet most of the criteria but fail on a single parameter

 To provide leeway to the Fund Manager to buy high conviction ideas beyond the universe.

Exceptions restricted to 25%

At least 75% of the portfolio will be from the universe

Stage 2 – Corporate Governance and Growth

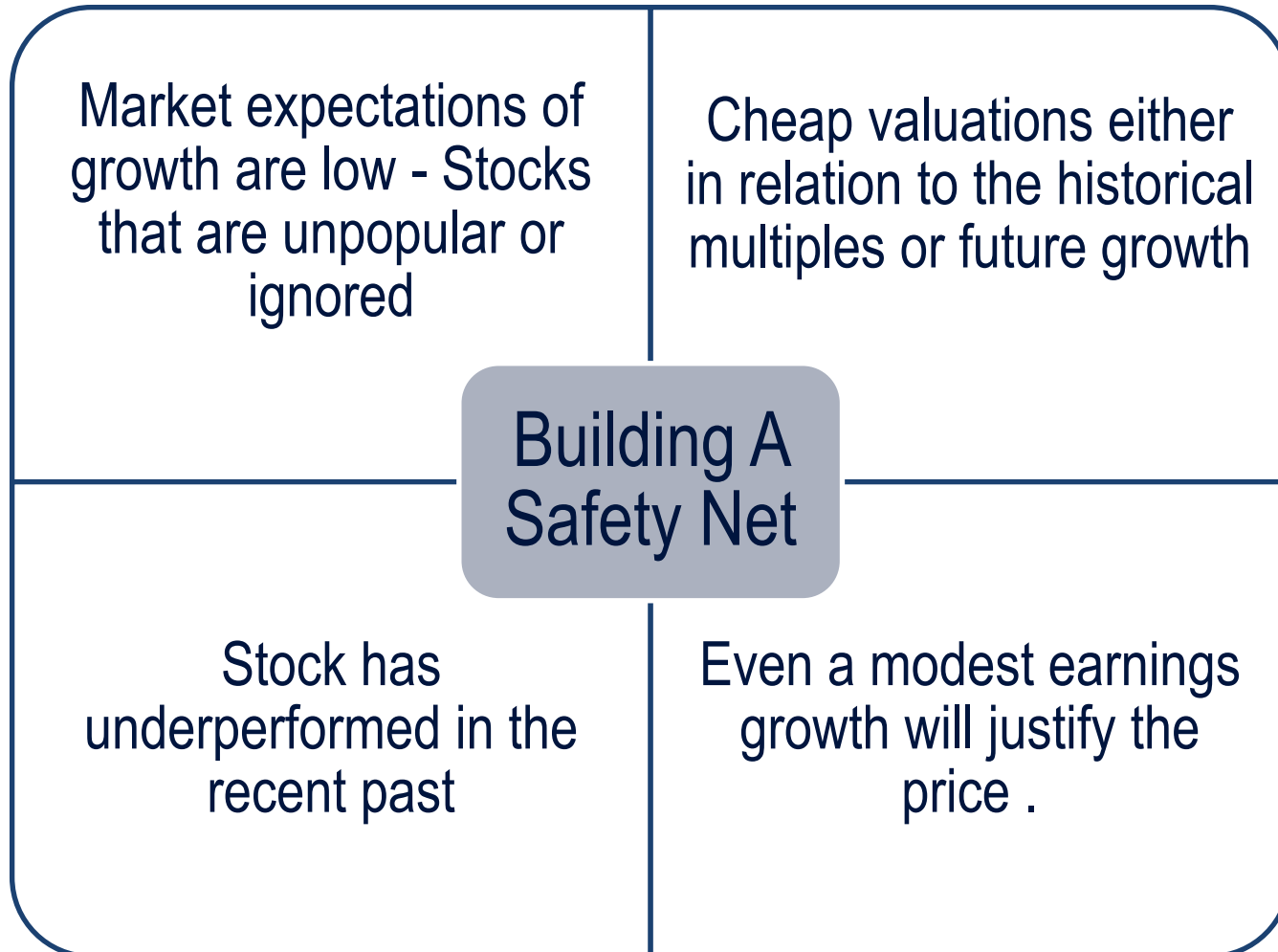
Expected growth
in sales and
profits greater
than industry
average over
next 3-5 years

Growth
should not be
come by
resorting
consistently
to external
funding

Management
should have a
good track
record of
capital
allocation

Preference for leaders or near monopolies from the respective segments

Stage 3 - Valuation

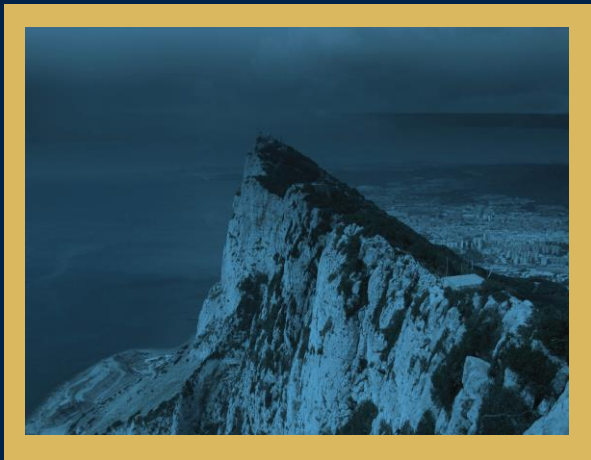


Current Portfolio Construct

- Concentrated Portfolio - 20-25 stock portfolio (more towards the lower end)
 - Single stock exposure limit --- 10% of the portfolio.
 - Single sector exposure limit --- 30% of the portfolio.
 - Portfolio generally constructed in 4 to 6 weeks after receiving the investment.
-

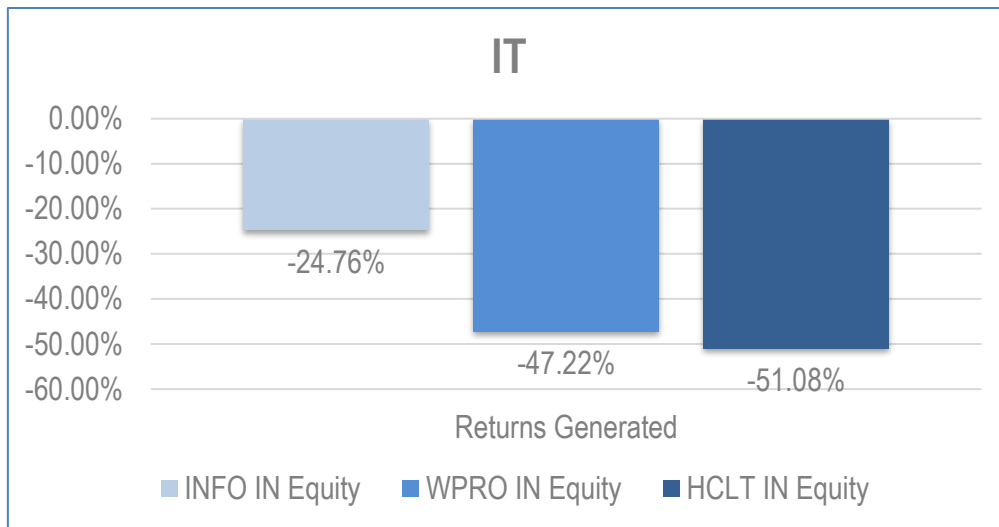
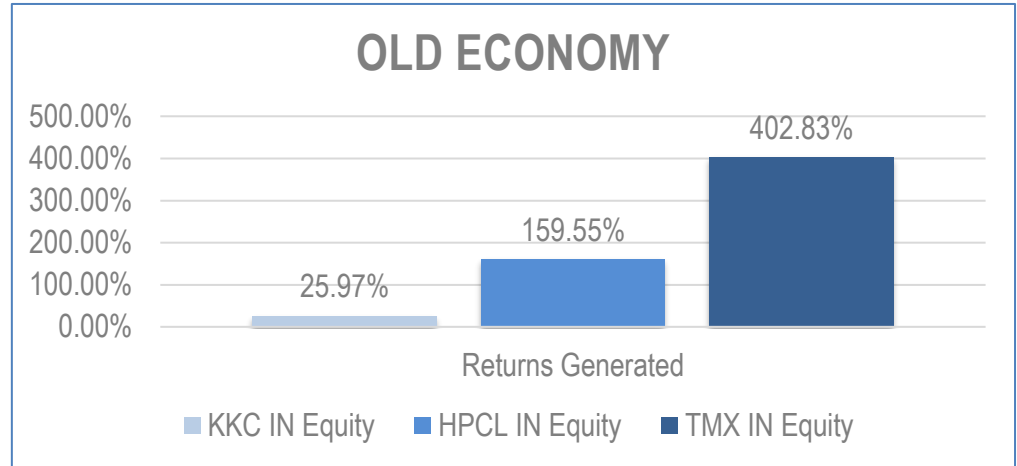
Portfolio Sell Discipline

- When the assumptions with which the stock was purchased in the first place are no longer valid
 - When the stock's price goes well beyond what we think it is worth
 - When for the same perceived level of risk, we spot a superior opportunity
 - When there is a redemption request
-



Does the approach work?

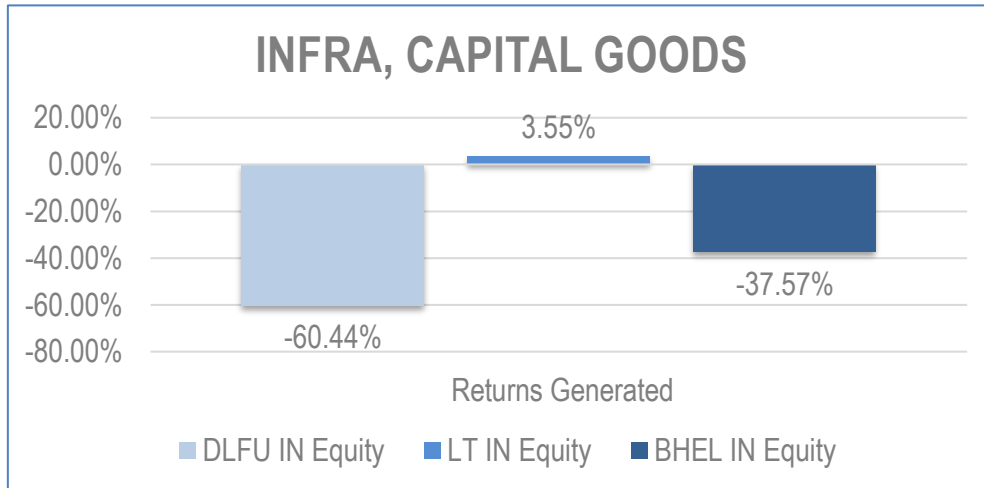
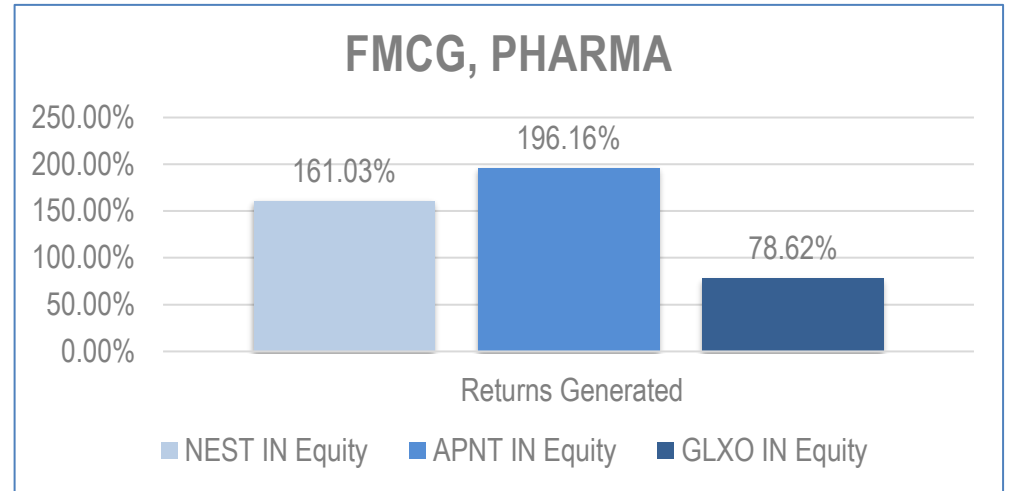
Experience of 2000 – 2001



Source : BSEIndia.com, ACE Equity
Returns for the period August 2000 to August 2004

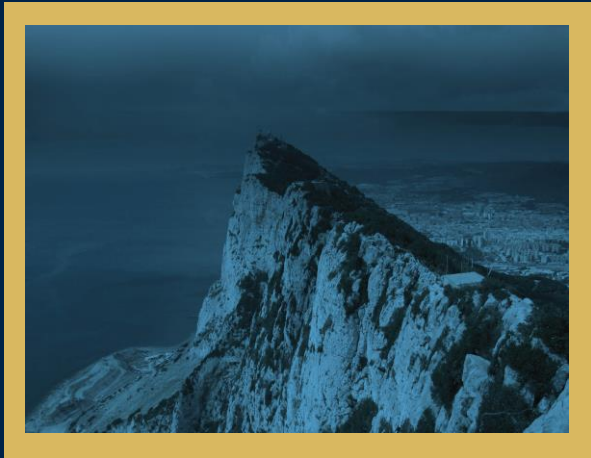
The above chosen stocks are for the purpose of illustration and are used only as a representation of the particular index/ segment.

Experience of 2007 – 2008



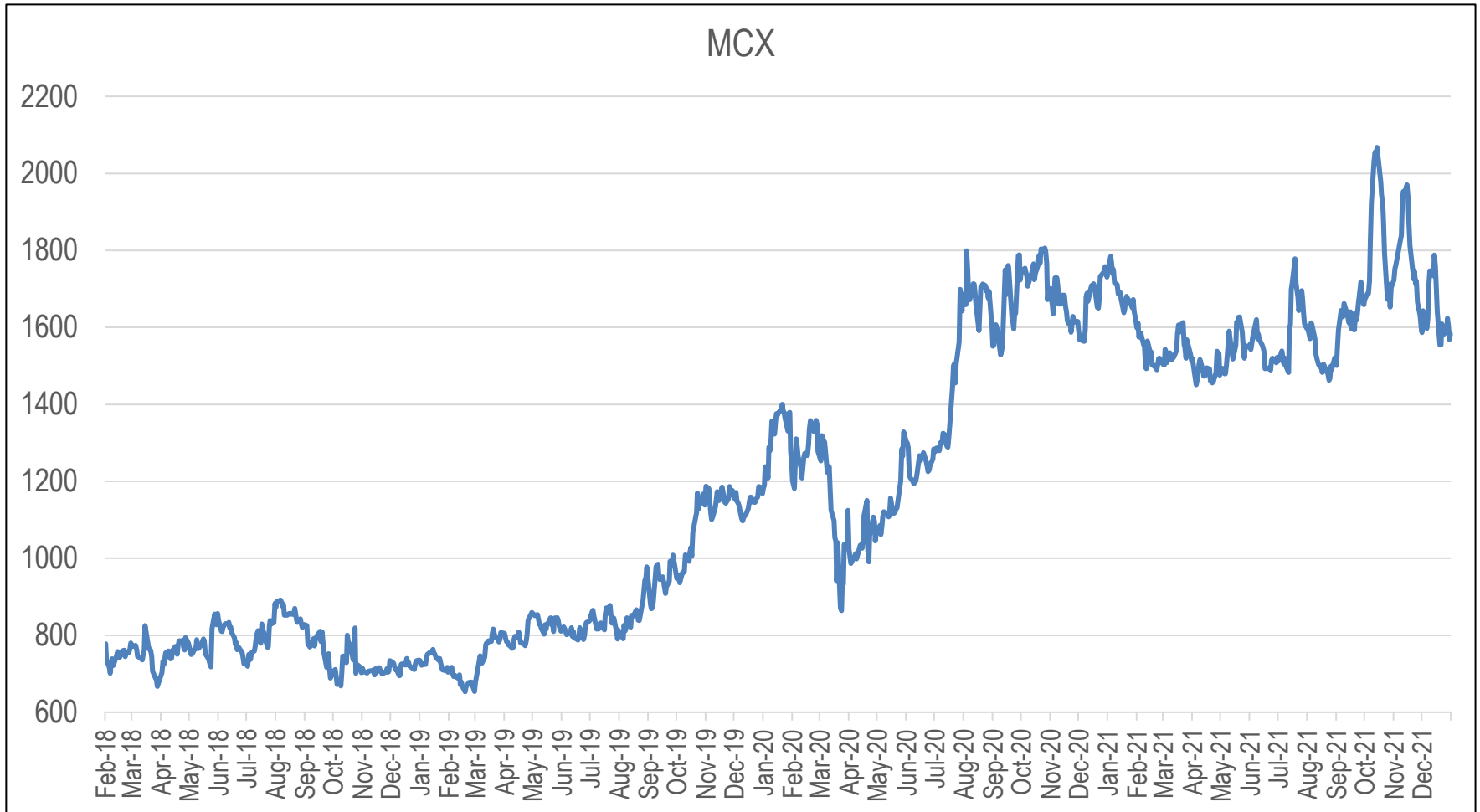
Source : BSEIndia.com, ACE Equity
Returns for the period August 2000 to August 2004

The above chosen stocks are for the purpose of illustration and are used only as a representation of the particular index/ segment.



Our experience of buying quality businesses where the valuations did not reflect the business reality and the franchise strength

Multi Commodity Exchange of India Limited (MCX) Bought at the time of promoter transition during February 2018



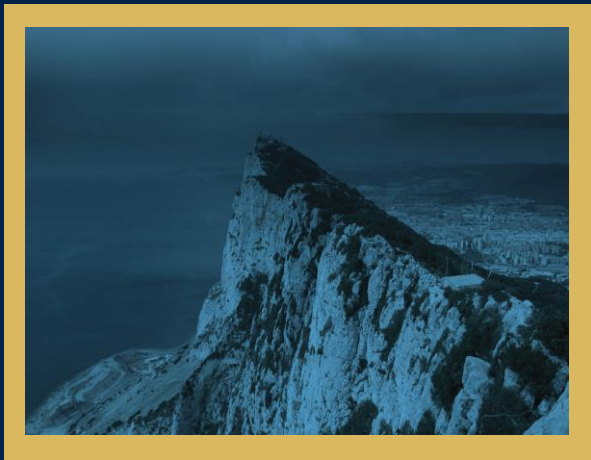
Above data is as on December 31, 2021

Anomalies exist even today

A leading FMCG player

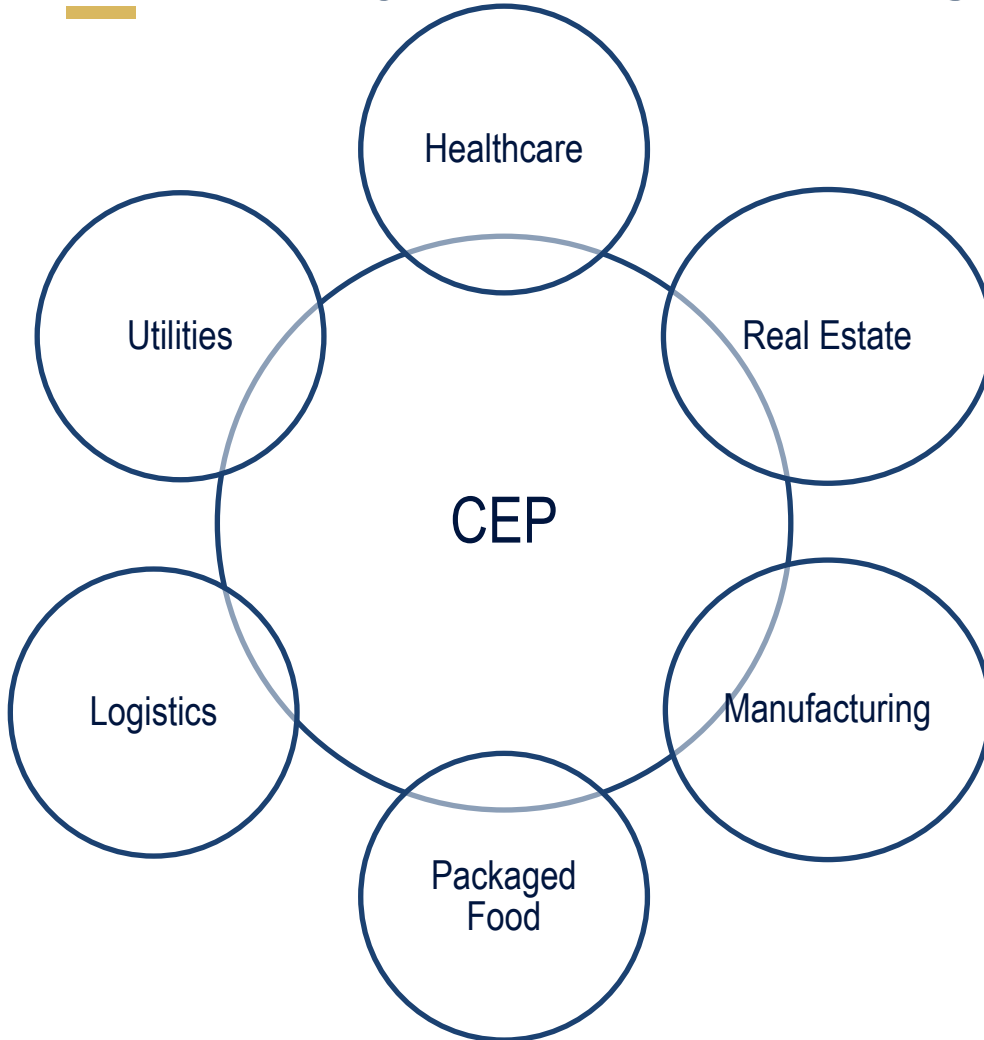
PSU engaged in operation and maintenance of Transmission system

	A leading FMCG player	PSU engaged in operation and maintenance of Transmission system
PROFIT GROWTH		
Last 3 years	16%	37%
Last 5 years	14%	16%
SALES GROWTH		
Last 3 years	10%	10%
Last 5 years	8%	14%
CURRENT P/E	66.5	10.4
DIVIDEND YIELD	1.30%	4.73%
STOCK PRICE LAST 3 YEARS CAGR	11%	12%



**PGIM India Core Equity
Portfolio positioned for Core
allocations and not tactical...**

Core Equity Portfolio – Holdings & Themes



First Purchase	Company	Portfolio Weightage
Sep-2015	State Bank of India	5.99%
Sep-2021	Phoenix Mills Ltd	5.94%
Oct-2017	Power Grid Corporation Of India Ltd	5.36%
Sep-2021	Timken India Ltd	4.93%
Sep-2021	KEI Industries Ltd	4.87%
Sep-2021	Asian Paints Ltd	4.87%
Dec-2019	Vardhman Textiles Ltd	4.80%
May-2018	Bharat Electronics Ltd	4.74%
Sep-2021	HDFC Ltd	4.44%
Oct-2021	Navin Fluorine International Ltd	4.31%

PGIM India Core Equity Portfolio - Metrics

Parameter	Metric	Core Equity Portfolio
Established business	Average age of companies	62 years
High quality	ROCE Debt to Equity	20.9% 27.53%
Valuation	Portfolio PE (FY 23)	29.57
Multi Cap	Large Cap ~ Mid Cap ~ Small Cap ~	46% 34.5% 17%
Low volatility	Portfolio Beta ~	0.57
Portfolio different from the index	Portfolio overlap with the index ~	Minimal overlap

Data as on December 31, 2021. Source: Internal Research
Past performance may or may not sustain in future.

PGIM India Core Equity Portfolio - Performance

Performance as on December 31st, 2021

Period	Portfolio	NIFTY 500	NIFTY 50
Period	2.13%	2.37%	2.18%
1 Month	3.27%	-0.38%	-1.50%
3 Months	9.73%	11.30%	10.38%
6 Months	35.22%	30.19%	24.12%
1 Year	20.64%	23.23%	19.41%
2 Years	13.01%	17.81%	16.90%
3 Years	11.38%	16.52%	16.22%
5 Years	15.87%	15.14%	13.63%
Since Inception Date 08/07/2013	49.27%		
Portfolio Turnover Ratio*			

*Portfolio Turnover ratio for the period Jan 1st, 2021 to Dec 31st, 2021

Data as on December 31, 2021. Source: Internal Research

Past performance may or may not sustain in future.

For the full disclaimer on consolidated portfolio performance, please refer slide no. 32

PGIM India Core Equity Portfolio - Performance

Annualised Returns as on November 30th, 2021

Portfolio	Current Year April 1, 2021 to Dec 31, 2021	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	22.50%	53.25%	-23.66%	3.79%
Benchmark - NIFTY 500	21.78%	75.99%	-27.60%	8.43%

Data as on December 31, 2021. Source: Internal Research
Past performance may or may not sustain in future.

The Fund Management Team

Fund Manager

Surjitt Singh Arora
Over 16 years of experience

Dealer and Operations

Melroy Rodrigues
Over 3 years of experience

Research Team

Apurva Sharma
Research Analyst
Over 10 years of
work experience

Vivek Sharma
Research Analyst
Over 10 years of
work experience

**Anandha
Padmanabhan**
Research Analyst
Over 15 years of
work experience

**Ravi Kumar
Adukia**
Research Analyst
Over 15 years of
work experience

Utkarsh Katkoria
Research Analyst
Over 14 years of
work experience

Rahul Jagwani
Research
Analyst
Over 7 years of
work experience

Know Your Fund Manager

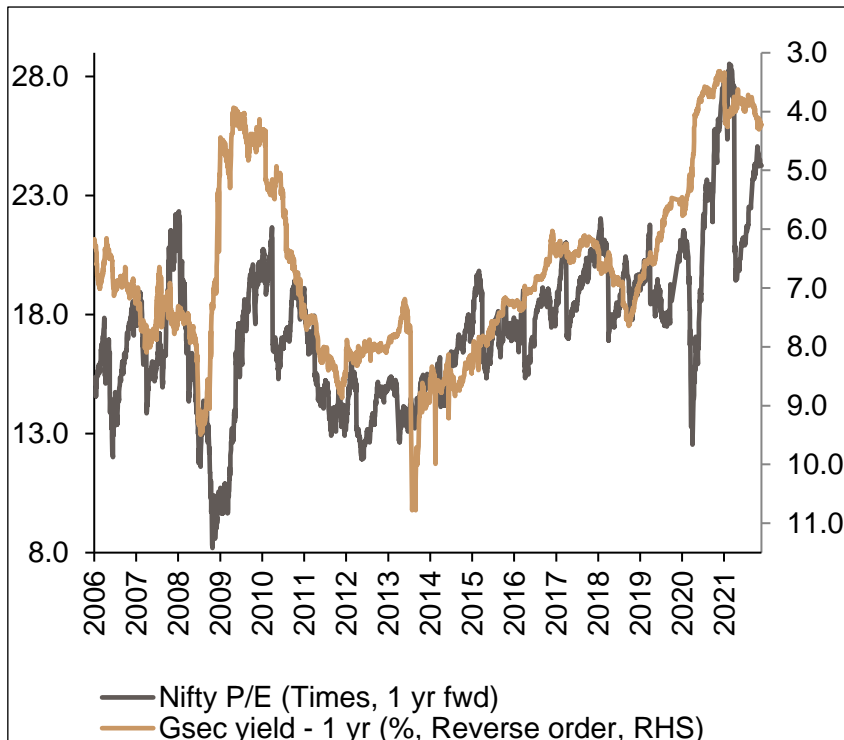
- Surjitt holds a Bachelor's degree in Management Studies from Sydenham College, Mumbai and a Master's degree in Management Studies from Sydenham Institute of Management and Research (SIMSREE), Mumbai.
 - He has more than 16 years of rich work experience in the Equity Markets including over 6 years in the Asset Management industry.
 - In his last stint, Surjitt was Head of PMS and Principal Officer with Tata Asset Management. He was managing Tata ACT and Tata Emerging Opportunities Portfolio.
 - Prior to that he was with Tata Mutual Fund as Equity Research Analyst.
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Investment Approach

Portfolio Name	PGIM India Core Equity
Investment objective	It 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.
Types of Securities	Funds would be predominantly invested in listed equity and equity related instruments.
Basis of Selection	The portfolio will identify and invest in companies with strong fundamentals which are available at a reasonable price when seen in light of business projections, projected cash flows and market value of assets. Such opportunities are available when companies are going through a period of temporary difficulty or are ignored by the market. It is a Multi cap portfolio agnostic to market capitalization. Primary Screening is based on ability to generate free cash flows, high ROCE with filters for vintage and size.
Portfolio allocation	It is a multi cap portfolio. From a risk management perspective, portfolio will be adequately diversified across sectors and across companies. Pending deployment of funds of the portfolio in securities in terms of the investment objective, the funds of the portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.
Investment Horizon	Markets usually take time to spot value, and hence, this portfolio requires a longer holding period. Hence, this portfolio is suitable for investors with investment horizon of at least 3 years.
Risk associated	Please refer to Disclosure document at www.pgimindiapms.com
Benchmark Index	Nifty 500 Index

Annexure

- Most market participants suggest that equity valuations are high as current valuations are significantly above 10 Year average, and close to 10-year highs.
- Our point is while that above argument is true, we need to compare valuation of one asset class with that of another market share. This comparison is more helpful for asset allocation.
- Equity valuation (Nifty 1 Year Forward PE of 24.9x) converts into earnings yield of ~4.0% compared to ~4.2% bond yield (G-Sec 1 year).



	PE Ratio (x)		
	NIFTY Index	NSEMCP Index	NSESMCP Index
Current PE	24.9	26.6	28.7
10 yr Average	21.5	28.4	60.7
Prem/disc over average	16%	-6%	-53%
	PB Ratio (x)		
	NIFTY Index	NSEMCP Index	NSESMCP Index
Current PB	3.4	3.1	2.3
10 yr Average	2.8	2.0	1.4
Prem/disc over average	22%	53%	62%

Disclaimer (1 of 2)

The holding represents top 10 holdings of PGIM India Core Equity Portfolio - Regular Portfolio based on all client portfolios existing as on December 31, 2021 excluding any temporary cash investments. The said 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 said stocks. The said 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 said 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

AUM Breakup: Asset class wise disclosure of AAUM: AUM as on November 30, 2021 (Rs in Crores): Income: 1,408.61, Equity Other than ELSS: 8,120.45, Balanced: 0.00, Liquid: 934.30, Gilt: 142.80, Equity ELSS: 330.64, Hybrid: 1,736.72, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 2,002.78, Total: 14,676.29; Average AUM for the month: Income: 1,468.12, Equity Other than ELSS: 8,154.94, Balanced: 0.00, Liquid: 1,031.17, Gilt: 141.61, Equity ELSS: 338.94, Hybrid: 1,736.76, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 2,020.22, Total: 14,891.75; Disclosure of percentage of AUM by geography: % of Total AUM as on November 30, 2021: Top 5 cities: 49.30%, Next 10 cities: 16.63%, Next 20 cities: 5.09%, Next 75 cities: 28.98%, Other: 0.00%, Total: 100.00%; Disclosure of AUM by Service Category: AUM as on November 30, 2021 (Rs. in Crores): Mutual Funds: 14,676.00, PMS: 122.00, Advisory: 2,515.00, Total: 17,313.00.

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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Disclaimer (2 of 2)

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.

Disclaimers and Risk Factors:

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