PGIM India Equity Portfolio – Series I

Securities investments are subject to market risks, company specific risks and other risks and there is no assurance or guarantee that the objectives of the investments as set out in the Disclosure Document and/or the Client Agreement will be achieved. Investments in the Portfolio Management Strategies stand a risk of loss of capital and the Clients should be aware that they may lose all or any part of their investments.

The investment value of the Portfolio may increase or decrease depending on various markets forces and factors affecting stock markets.

The performance of the Portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

Delisting or market closure, relatively small number of scrips accounting for a large proportion of trading volume may result loss in value of investments

The investments are also subject to liquidity risk in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stock markets in India. There is also risk of total loss of value of an asset or recovery of losses in investments only through expensive legal processes.

Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security.

Money market securities lack a well-developed secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold. Even upon termination of the Agreement, the Client may receive illiquid securities and finding a buyer for such Securities may be difficult.

Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the scheme are un-invested and no return is earned thereon.

Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk and may also be subject to price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

Interest rate risk is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance, changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. The value of investments in fixed income Securities will appreciate / depreciate if the interest rates fall/rise. Consequently, the value of the Portfolio may be subject to fluctuation.

Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.

Companies which are part of the portfolio may face challenges due to economic downturn as businesses may cut on investments or cancel capital expenditure projects during tough times.

Economic downturns may also affect the global supply chains which may further affect the operational procedures. Such slowdown in the companies may affect the profitability of the businesses.

Evaluation of companies based on underlying Investment approach may exclude securities for non-investment reasons and therefore may forgo some market opportunities available to strategy that don’t use the underlying criteria’s. Stocks of companies with underlying Investment approach may shift into and out of favour with stock market investors depending on market and economic conditions, and the Strategy’s performance may at times be better or worse than the performance of strategy that do not follow such strategy’s parameters.