

PGIM India Asset Management Private Ltd.

Risk for the stocks we own in the portfolio (PGIM India Equity Portfolio) :-

Slowdown in the domestic and global economy can lead to lower growth than our expectations and lower profitability for the companies in the portfolio. (for all the companies in the portfolio.)

We own Hospital companies where In a weak demand environment utilization of existing capacity is could be lower limiting improvement in profitability, or new facilities will take longer (than management's expectation) to ramp up again impacting profitability.

We own consumption / recovery led stocks where Risks of resurgence of covid could impact performance. Slowdown in rural economy can also lead to lower than expected volumes.

Low GDP growth can lead to lesser demand for the manufacturing companies which can also lead to fall in the prices of finished goods for manufacturing and commodity companies in the portfolio. (Manufacturing companies in the portfolio.)

High interest rate and prolonged slowdown can have large negative impact on the residential demand for real estate companies in the portfolio. (Real Estate companies and Building Material companies.)

In case of pharma companies we hold the risk of adverse assessment of quality of products by various regulatory bodies can impact them negatively. Also not able to innovate and launch new products in the market can adversely impact the long term prospects of these companies. (Pharmaceutical companies)

Prolonged downcycle in the automobile industry and rapid change to electrification of vehicles can lead to low demand and change in business models respectively for our portfolio companies in automobile space. (Automobile companies)

Poor monsoon or excess rainfall can impact the companies in agriculture space. We have a seed company in the portfolio if it is not able to launch new variants it may lose market share. (Agriculture related companies)

Higher volatility in equity markets and lower Total Expense Ratio can impact the profitability of the Mutual Fund business (Asset Management Company in the portfolio.)

Chemical companies are witnessing price erosion in their molecules; imports from China add to the competitive pressure.