



**PGIM**

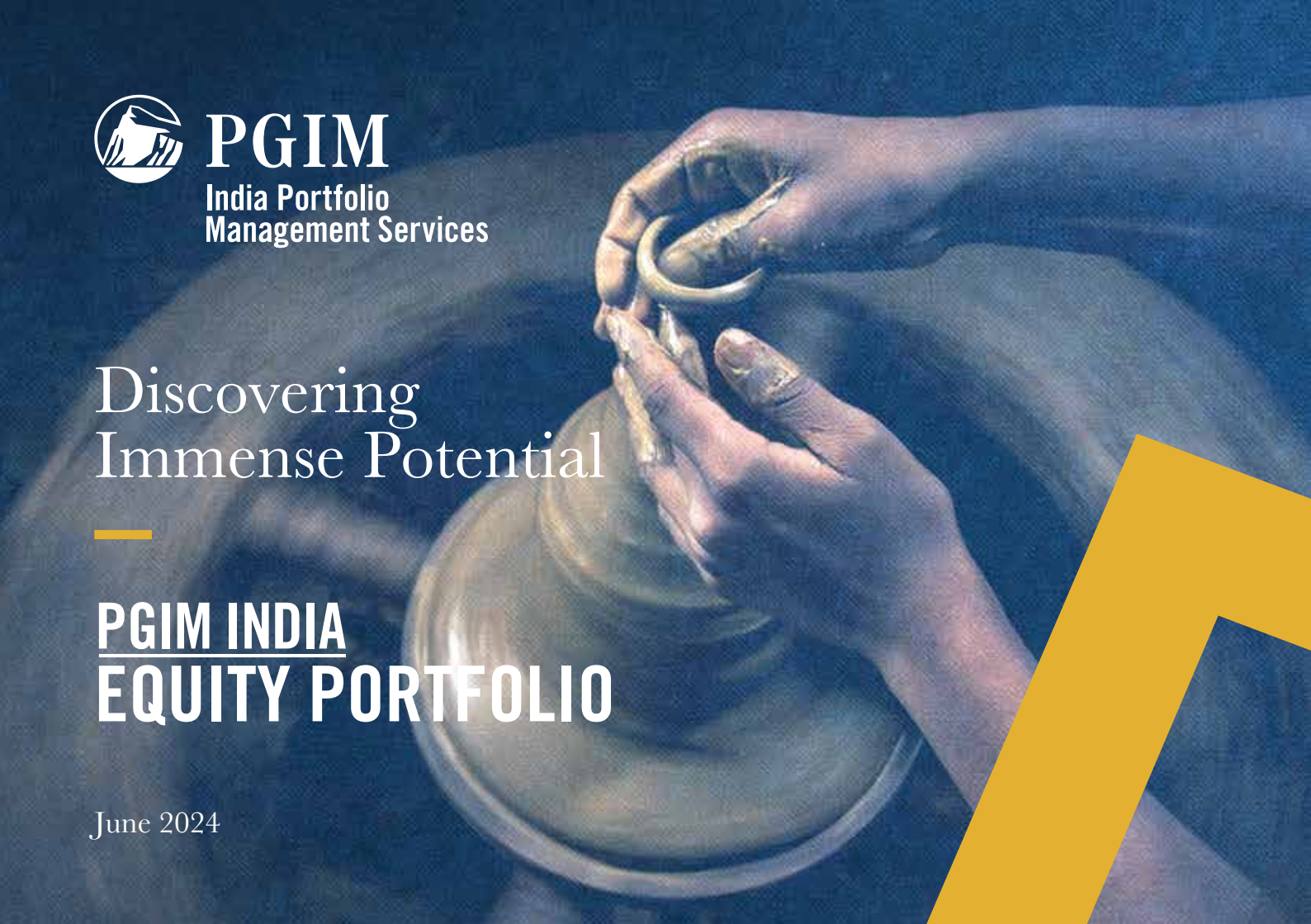
India Portfolio  
Management Services

Discovering  
Immense Potential

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

June 2024



# PGIM India Portfolio Management Services - Overview

- Launched in July 2013
- Experienced investment team
- Offers equity strategies with a focus on Growth at Reasonable Price





**PGIM**

India Portfolio  
Management Services

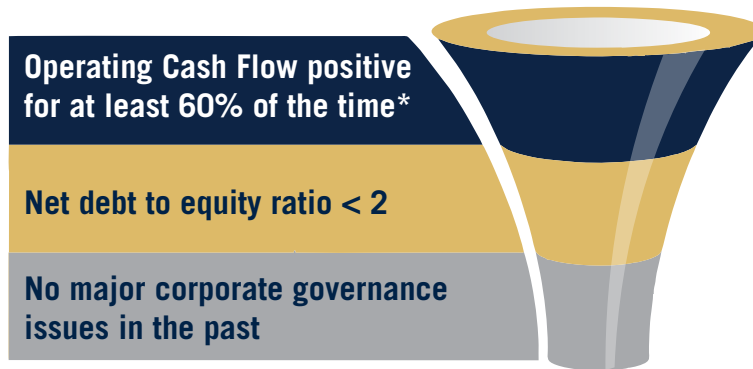
**PGIM INDIA**  
**EQUITY PORTFOLIO**



# Portfolio Proposition

- The portfolio will aim to invest in companies with a visibility of earnings growth over the next three to four years, with an aim for capital appreciation. The focus will be to look for:
  - Beneficiaries of operating leverage (largely due to capacity expansion/ spare capacity)
  - Companies at the bottom of a business cycle and a beneficiary of a recovery in the sector/ company.
- Concentrated portfolio of 20-25 stocks, with a Multi-cap approach
- The portfolio will be conscious about downside business risk management and strength of the businesses while investing.
- The portfolio will focus on
  - Downside business risk management
  - Growth businesses that are well capitalised and/or strong in technology or knowledge-base

# Investment Process : Downside Risk Management Filters



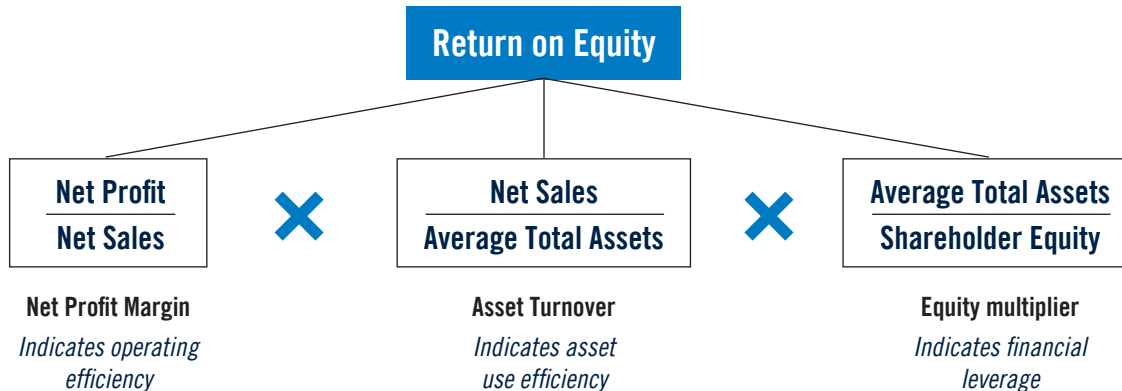
**The portfolio manager shall have a leeway of up to 10% to invest in stocks beyond the above-mentioned process.**

\* Nifty 50, Nifty Midcap 100, BSE 200 and top 250 stocks defined by AMFI are automatically a part of the investment universe.

# Investment Process : Growth businesses

- The portfolio construction process shall entail a framework, where the probability of finding growth companies is more likely.
- To accomplish this, the focus will be on:
  - Operating Leverage
    - Our focus will be on companies that are entailing capital expenditure or are more or less done with it.
    - Increased gross block will likely lead to increased utilisation over the next 3-4 years.
    - Increased utilisation leads to better topline, and a tight control on costs lead to strong operating leverage playing out, in terms of a swing in profitability.
  - Turnarounds
    - Our endeavour will be to buy good businesses at the bottom of a cycle.
    - Good businesses are the ones that have demonstrated strong cashflows and have a clean balance sheet over their history.
    - Historical cashflows have been strong (60-70% positive Operating Cash Flow generation through the history)
    - Balance sheets are clean, hence debt servicing is not an issue
- The portfolio will try to focus on buying business that benefit from the earnings visibility and could see the added benefit of valuation expansion.

# Analysing businesses through a DuPont lens

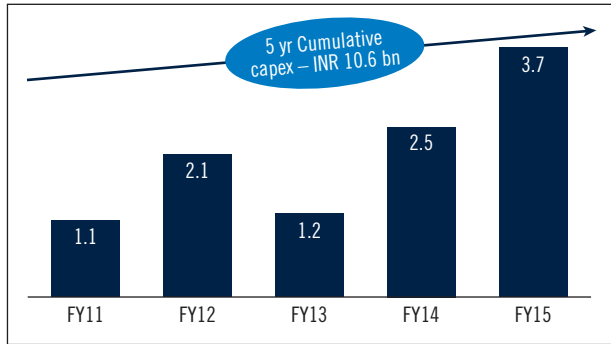


# Current Portfolio Construct

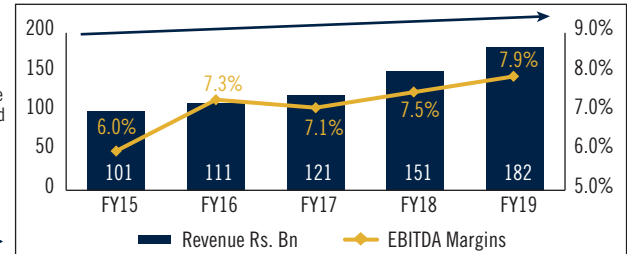
- Concentrated Portfolio - 20-25 stock portfolio
- Single stock exposure limit - 15% of the portfolio
- Single sector exposure limit - 30% of the portfolio
- Portfolio generally constructed in 4 to 6 weeks after receiving the investment



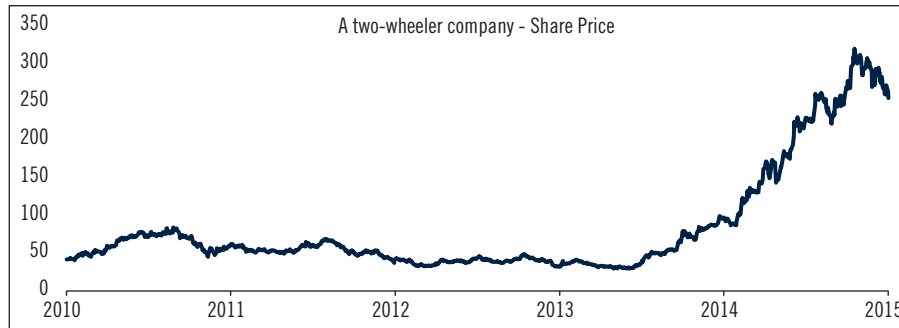
# Past example of Operating Leverage: A two-wheeler company



Post capex Revenue almost doubled, and margins improved subsequently with operating leverage kicking in

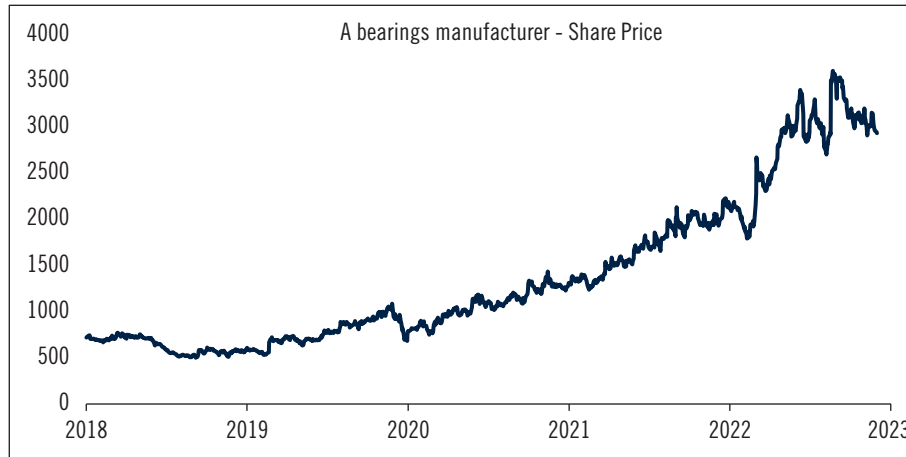


	FY14	FY15	FY16	FY17	FY18	FY19
Growth (%)	13%	27%	10%	9%	25%	20%



Source: Spark Capital, ACE Equity, Internal research. Share price is shown for the period 1 Apr 2010 to 1 Apr 2015.

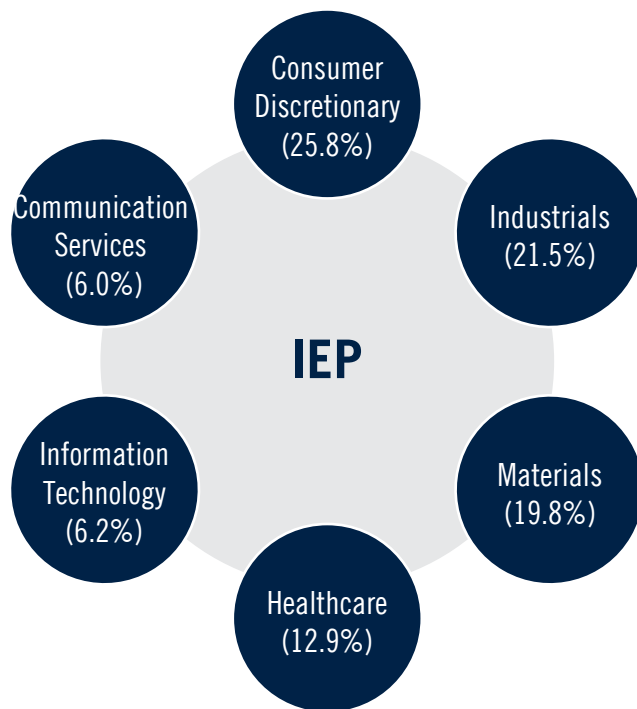
# Past example of Turnaround: A bearings manufacturer













Period	Mar-19	Mar-20	Mar-21	Mar-22	TTM
Sales (Rs. cr)	1664	1617	1411	2203	2671
EBITDA (Rs. cr)	289	363	252	510	587
PAT	149	246	143	327	408

Source: Bloomberg, ACE Equity, Internal research. Share price is shown for the period 2 Apr 2018 to 1 Mar 2023.

# India Equity Portfolio (IEP) – Holdings



Company		Portfolio Weightage
Artemis Medicare Services Ltd		9.0%
Endurance Technologies Ltd		7.3%
C E Info Systems Ltd		6.0%
Affle India Ltd		6.0%
Hawkins Cooker Ltd		5.6%
Tata Steel Ltd		5.6%
Kirloskar Oil Engines Ltd		5.3%
RBZ Jewellers Ltd		5.0%
Techno Electric and Engineering Company Ltd		4.7%
Rolex Rings Ltd		4.2%

 Operating Leverage

 Turnaround

Classification as per GICS Sector Name. Data represented is for Actual portfolio. Data as on June 30, 2024.

# PGIM India Equity Actual Portfolio - Metrics

Parameter	Metric	India Equity Portfolio
Low leverage	Debt / Equity (ex-Financials)	<b>33.7%</b>
Valuation	FY25 Portfolio PE	<b>36.8</b>
Multi Cap	Large Cap ~	<b>21%</b>
	Mid Cap ~	<b>9%</b>
	Small Cap ~	<b>66%</b>
Portfolio different from the index	Portfolio overlap with the index ~	<b>5.4%</b>

Data as on June 30, 2024. Source: Internal Research.

Past performance may or may not sustain in future.

Large Cap is defined as company with market cap more than or equal to 100th largest company by market cap in the Nifty 500, Midcap as market cap below 100th company but more than or equal to 250th company and Small Cap is defined as Market cap lower than the 250th company.

# PGIM India Equity Portfolio - Performance

Performance as on June 30, 2024		
Period	Portfolio	NIFTY 50 TRI
1 Month	6.72%	6.77%
3 Months	13.46%	8.13%
6 Months	13.81%	11.29%
1 Year	32.46%	26.66%
Since Inception Date 19/01/2023	34.76%	22.74%

Data as on June 30, 2024 for actual portfolio. Source: Internal Research.

Past performance may or may not sustain in future ; w.e.f. April 1, 2023, the benchmark has changed to Nifty 50 TRI from Nifty 500

To view the portfolio's performance relative to other Portfolio Managers, you may click [here](#)

For the full disclaimer on consolidated portfolio performance, please refer slide no. 17

# PGIM India Equity Portfolio - Performance

Annualised Returns as on June 30, 2024		
Period	PGIM India Equity Portfolio	Benchmark - NIFTY 50 TRI
April 1, 2024 to June 30, 2024	13.46%	8.13%
April 1, 2023 to March 31, 2024	36.73%	30.08%

Data as on June 30, 2024. Inception date - January 19, 2023 Performance is calculated on Time Weighted Rate of Return (TWRR) basis. Source: Internal Research.

Past performance may or may not sustain in future ; w.e.f. April 1, 2023, the benchmark has changed to Nifty 50 TRI from Nifty 500 TRI

To view the portfolio's performance relative to other Portfolio Managers, you may click [here](#)

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# PGIM India PMS Team



# Investment Approach

<b>Portfolio Name</b>	<b>PGIM India Equity Portfolio</b>
<b>Investment objective</b>	It seeks to achieve long term capital appreciation by investing in equity and equity related instruments across market capitalization. However, there can be no assurance that the investment objective will be achieved.
<b>Types of Securities</b>	Funds would be predominantly invested in listed equity and equity related instruments.
<b>Basis of Selection</b>	<p>The portfolio will invest in businesses with a visibility of earnings growth over the next three to four years, with an aim for capital appreciation. The portfolio will be conscious about downside business risk management and strength of the businesses while investing. The strategy will have three filters for including stocks in the investment universe: a) Operating Cash Flow positive for at least 60% of the time* b) Net debt to equity ratio &lt; 2 c) No major corporate governance issues in the past.</p> <p>The portfolio manager shall have a leeway of up to 10% to invest in stocks beyond the above-mentioned process.</p> <p>* Nifty 50, Nifty Midcap 100, BSE 200 and top 250 stocks defined by AMFI are automatically a part of the investment universe.</p>
<b>Portfolio allocation</b>	The portfolio will comprise 20-25 businesses across a range of market capitalizations. 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.
<b>Investment Horizon</b>	This portfolio is suitable for investors with investment horizon of at least 3 years.
<b>Risk associated</b>	Please refer to Disclosure document at <a href="http://www.pgimindiapms.com">www.pgimindiapms.com</a>
<b>Benchmark Index</b>	Nifty 50 TRI
<b>Principal Officer</b>	Sujjitt Singh Arora



# Disclaimer

The holding represents top 10 holdings and the top 6 GICS Industry allocations of PGIM India Equity Portfolio - Regular Portfolio based on all client portfolios existing as on June 30, 2024 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.

## **Investment objective of PGIM India Equity Portfolio:**

PGIM India Equity Portfolio seeks to achieve long term capital appreciation by investing in equity and equity related instruments across market capitalization. However, there can be no assurance that the investment objective will be achieved.

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## **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.

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.



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