



PGIM

India Portfolio
Management Services

Discovering
Immense Potential

PGIM INDIA
EQUITY PORTFOLIO

November 2024



PGIM India Equity Portfolio – Investing in India’s Megatrends

- **All-Cap Exposure:** The portfolio is cap-agnostic, spanning large, mid, and small caps to capture growth opportunities at all levels.
- **Focus on MEGATRENDS:** Focus on emerging **Megatrends** to capture the next wave of growth in India’s evolving economy. As India undergoes rapid transformations, there are a few sustainable trends that are emerging such as financialization, manufacturing, digitization, healthcare, and consumerism, these trends represent untapped opportunities.
- **Top-Down and Bottom-Up Approach:** Combines macroeconomic trend analysis with deep fundamental research for optimal stock selection.
- **Concentrated Approach:** High-conviction portfolio with 20-25 carefully selected stocks, ensuring optimal position sizing and liquidity.
- **Target Investor Profile:** Ideal for long-term investors seeking exposure to structural trends.

Megatrends: What, Why & How?



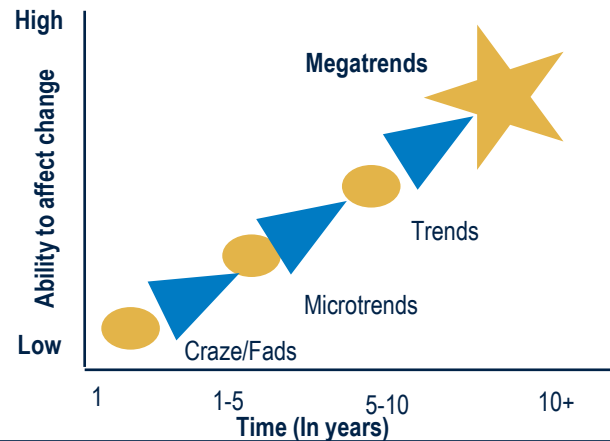
What are Megatrends?

Megatrends are large, transformative forces shaping the future across sectors, industries and societies. They drive long-term change, influencing businesses, economies and individuals in a significant manner



Why are they important in investing?

- Capturing High Growth Opportunities
- Reshaping the competitive landscape and giving rise to new-age sectors
- Creates opportunities across various segments



Overall, three criteria must be met to distinguish megatrends from short-term fads*:

- A broad scope, with the potential to impact businesses, economies, cultures, and human beings globally
- A long-time horizon of 10 years or more
- Potential to cause a seismic shift in economics, politics, technology, and/or society

Source: PGIM India Alternatives Internal. *According to the Copenhagen Institute for Futures Studies (“CIFS”), a globally recognized authority on defining megatrends,

Our Investment Process: Key Parameters (1/2)

Our portfolio manager employs a disciplined approach to identify and manage investments, focusing on quality, growth potential and risk management.



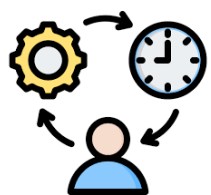
Identifying potential growth opportunities:

The portfolio manager seeks companies with above-industry growth potential over next 3-5 years, strong internal cash generation without heavy reliance on external funding and management with a solid track record in ethical capital allocation and fairness to minority shareholders.



Focus on Operating Cash Flows, Leverage, and Corporate Governance

The portfolio manager prioritizes companies with positive operating cash flows at least 60% of the time* and avoids highly leveraged companies, specifically those with a net debt-to-equity ratio above 2. The portfolio manager exercises caution regarding promoter integrity by selecting companies with no significant corporate governance issues in their history.



Sell Discipline:

We implement a disciplined approach to selling stocks when the original investment thesis fundamentally changes, ensuring capital preservation. Additionally, if valuations appear to exceed reasonable PEG levels, we may consider exiting the position.

* Nifty 50, Nifty Midcap 100, BSE 200 and top 250 stocks defined by AMFI are automatically a part of the investment universe. The portfolio manager shall have a leeway of up to 10% to invest in stocks beyond the above-mentioned process. PEG – Price/Earnings-to-Growth.

Our Investment Process: Spotting Current MEGATRENDS (2/2)



Manufacturing/ Private Capex

Manufacturing is expected to drive overall economic growth. Government initiatives like PLI (Production Linked Incentive), and MAKE IN INDIA are leading to fresh investments



Digitization

offers diverse investment opportunities across sectors like cloud computing, IoT, digital entertainment, and businesses leveraging technology to drive growth.



Healthcare

The pandemic highlighted the importance of healthcare, driving government support and positioning India as the "pharmacy of the world." with strong tailwinds for diagnostics and growing medical tourism, the sector is poised for growth.

Financialization

With increasing participation in capital-markets, Broking, asset management, insurance and wealth management will benefit from the shift towards financial assets



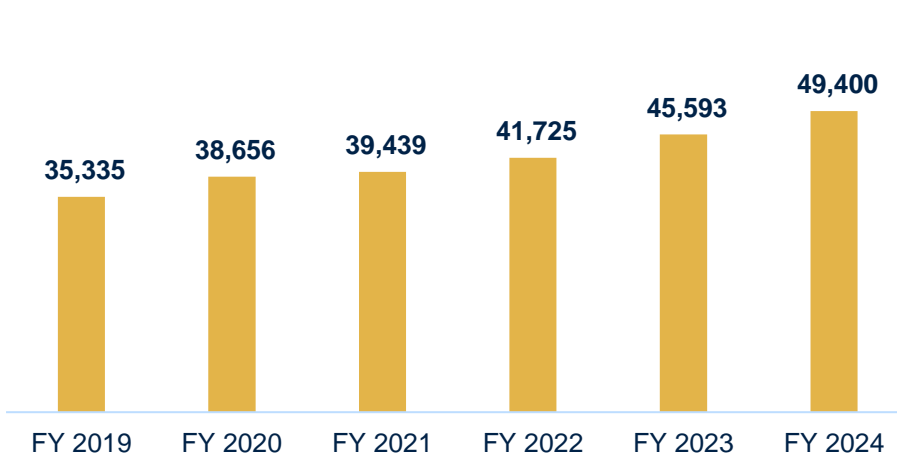
Consumerism

India is the fastest-growing consumer market. Rising income levels, rapid urbanization, Favorable demographics & premiumization will drive consumption themes in India

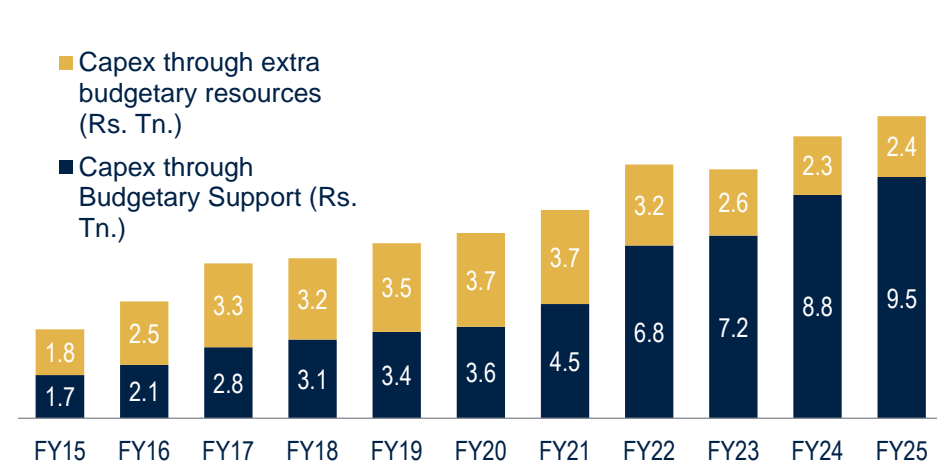


Strengthening India's Core: Capex Surge and Expanding Order Books in Manufacturing

BSE500 Ex-fin Gross Block (Rs. Bn.)



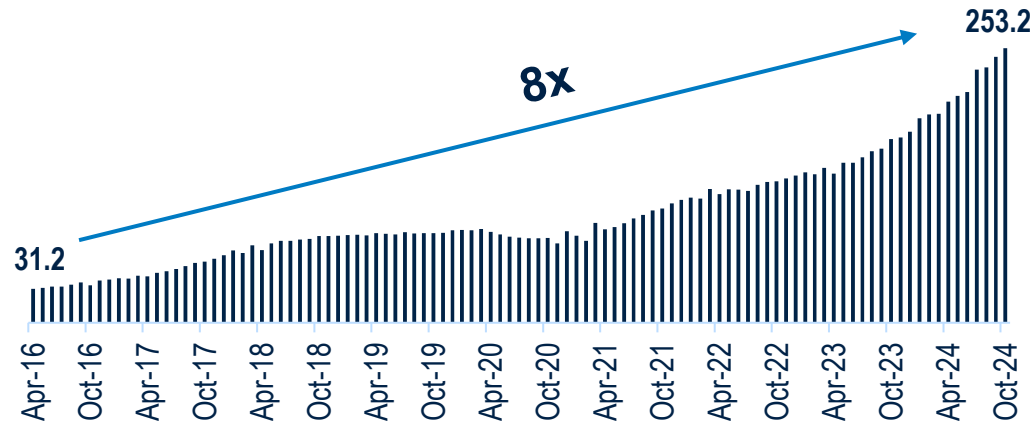
Govt. Capex (Rs. Tn.)



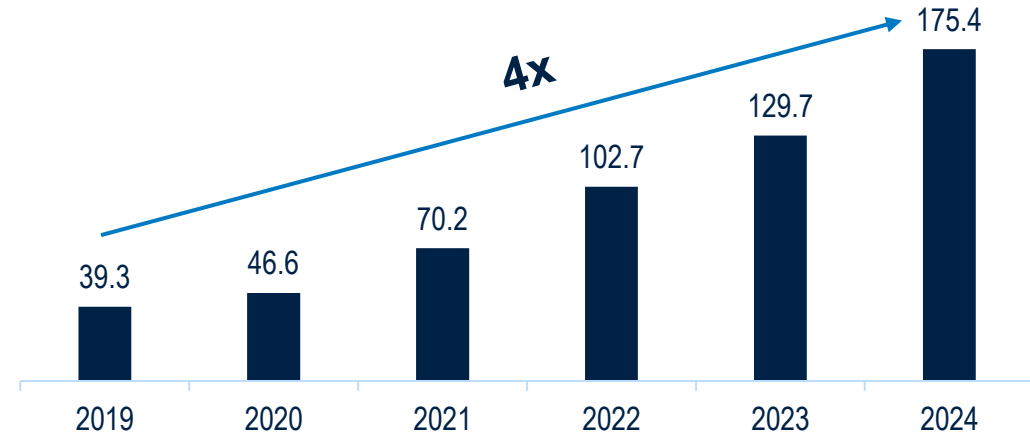
- The gross block of BSE 500 companies surged from ₹35,335 billion to ₹49,400 billion in FY24, reflecting a substantial increase in asset investments and capacity-building by Indian corporates.
- Government capex has tripled from ₹3.5 trillion to ₹11.9 trillion, underscoring an aggressive public investment in infrastructure, transportation, and logistics.
- With robust government support and rising order books, private companies are reinvesting in manufacturing capabilities. The manufacturing sector is poised for a long-term growth trajectory, making private capex an essential driver of India's economic expansion.

Rise of Financialisation: Increasing Participation in Capital Markets

SIP Inflows (Rs Billions)



No. of Demat Accounts (In Millions)



- SIP contributions have increased significantly over the last few years. The gross SIP collections for October 2024 at Rs.253 bn is again at a time high in terms of single-month collections
- SIP gross flows have set new records each month since June 2023.

- The surge in demat accounts, quadrupling since 2018, indicates a growing trend of new investors entering the capital markets. Increased accessibility and awareness of the benefits of investing are driving this uptrend.
- September 2024 witnessed the highest-ever number of new account additions (4.4 million), taking the total number of active demat accounts to 175 million

Rising Digitisation presents profitable growth opportunities across businesses

India ranks among the top two countries globally across several key dimensions of digital adoption.



Smartphone users in India

1,013 Mn

72.3% Penetration



High Speed Internet Users

751 Mn

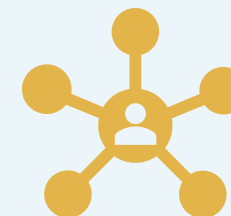
52.4% Penetration



UPI Users in India

350 Mn

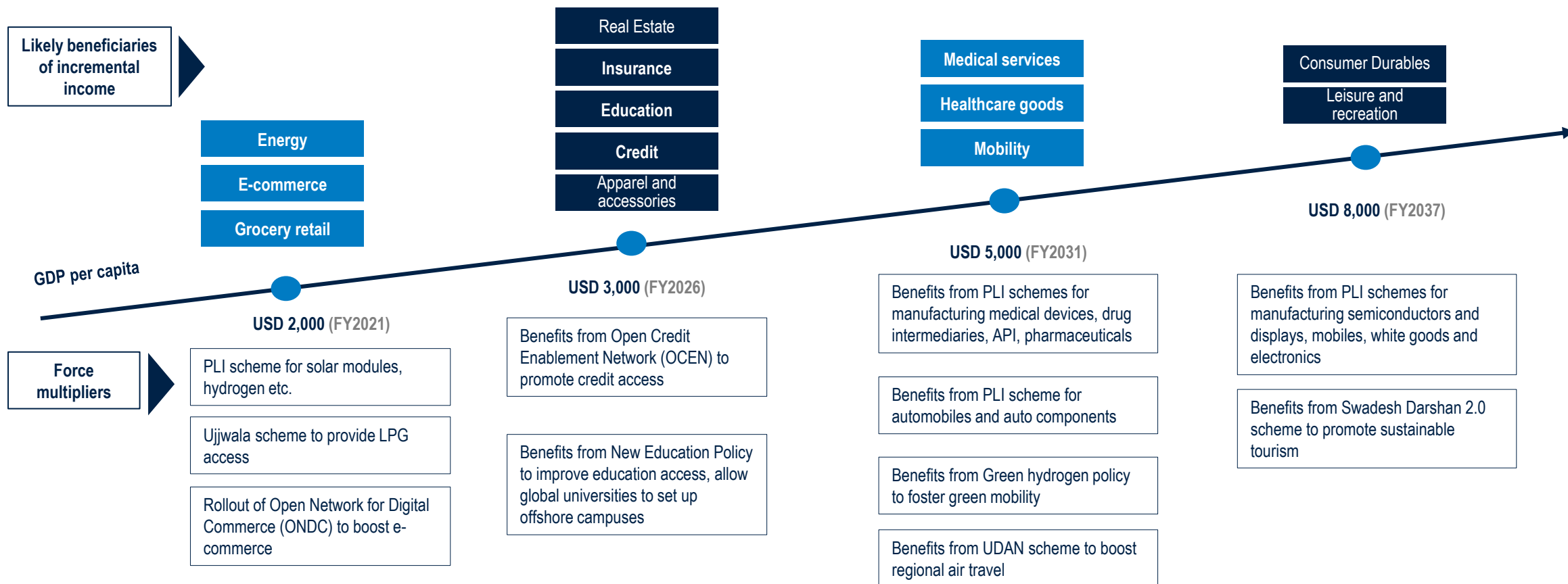
~25.0% penetration



Digital Business

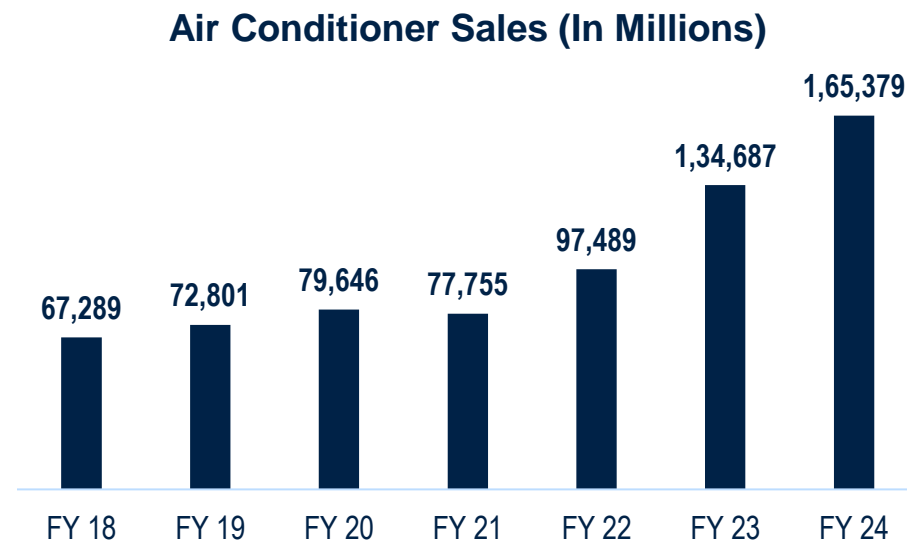
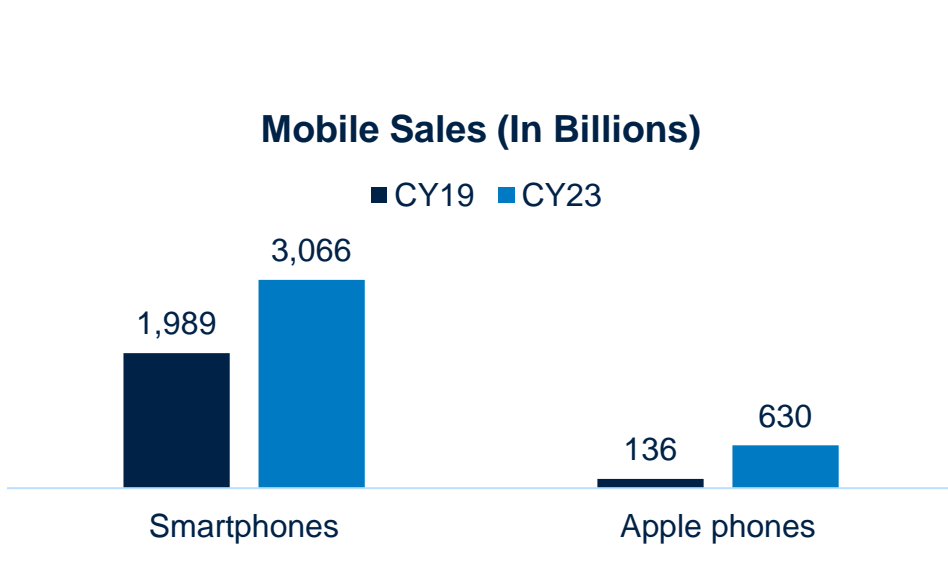


Consumption growth may be strong across categories driven by government incentives



Source: Morgan Stanley, EY, Government of India, Press articles, PGIM India Internal Analysis

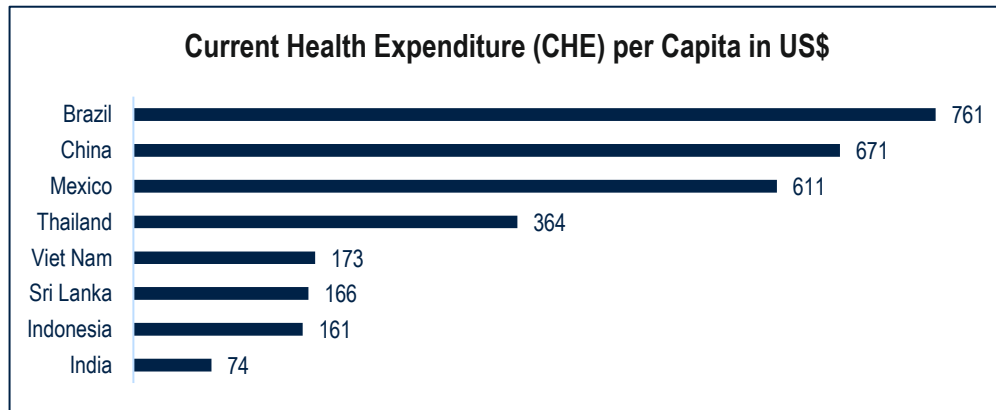
Surging growth across consumption: **Electronics**



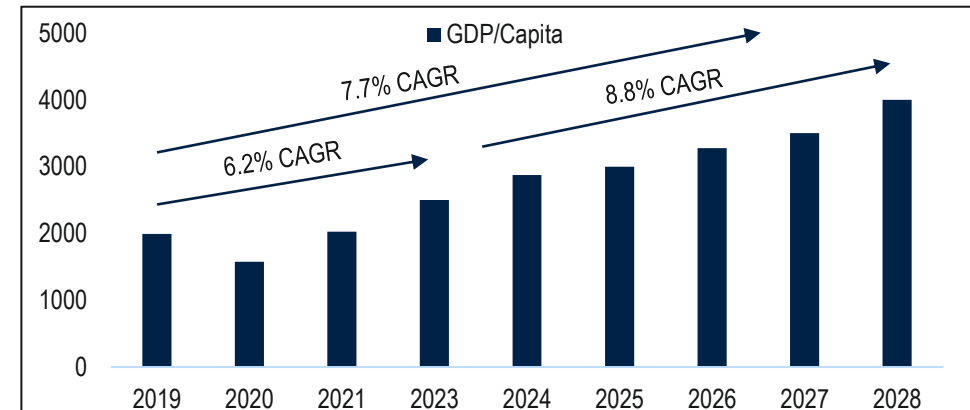
- In 2023, Apple shipped more than ten million smartphones to India. It was Apple's best year in the country, significantly growing over the previous year. Apple's market share in India stood at 6.4 percent in the same year, compared with 4.6 percent in the last year.
- The blistering heatwave has driven record demand for room air-conditioners, with expected annual sales of around 14 million units, says the Consumer Electronics and Appliances Manufacturers Association (CEAMA). India's air conditioner market is experiencing a surge in demand due to the country's rising middle class and increasing urbanization.

Healthcare can be a structural theme in India for the next decade

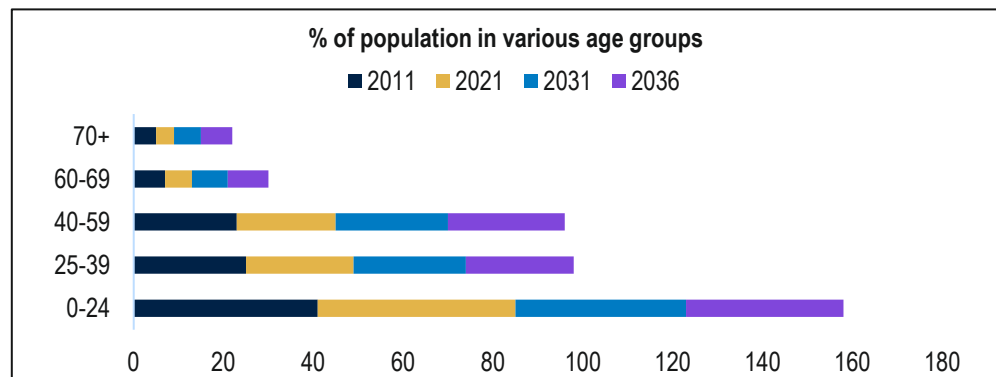
1 Current healthcare expenditure in India, on a per capita basis, is significantly lower even when compared to other emerging markets



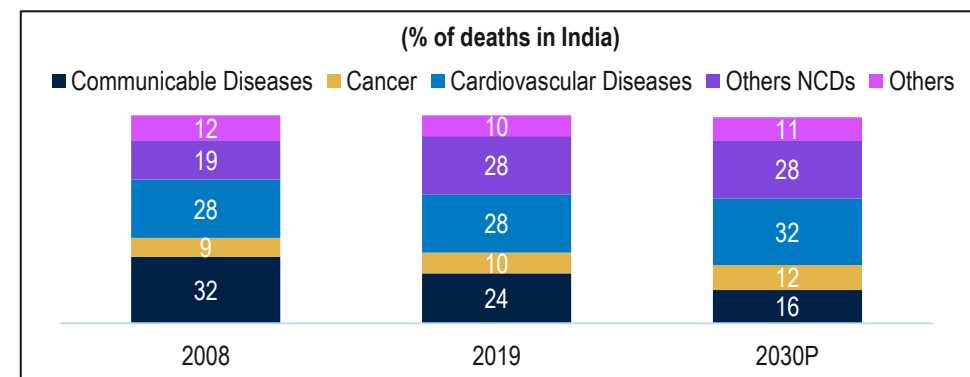
2 This will change with rising household income and improved affordability



3 As India's population gets older....



4 Prevalence of lifestyle disease will increase



Rising income levels, increasing life expectancy and growth in lifestyle diseases are structural drivers for healthcare

Source: AMSEC, MOSPI/ Press Information Bureau, U.S. Bureau of Labor Statistics, National Bureau of Statistics of China, Bank Indonesia, Redseer analysis, WHO. NCD- Non communicable disease (lifestyle diseases such as diabetes), WHO Global Health Expenditure Database accessed in October 2024 (2021 Data) *Data as of 31-Mar-23

Portfolio Proposition

1 **MEGATRENDS:** Focus on the best ideas in emerging megatrends for capturing the next wave of growth in India's evolving economy. As India undergoes rapid transformations, there are a few sustainable trends that are emerging such as financialization, manufacturing, digitization, healthcare, and consumerism, these trends represent untapped opportunities.

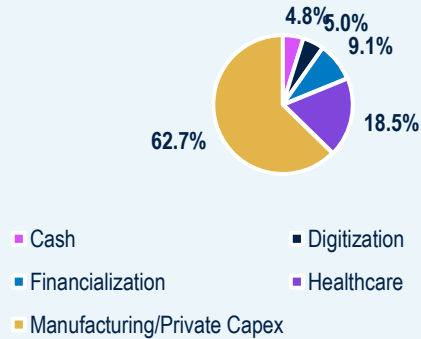
- 2** **Portfolio:**
- **Concentrated Holdings:** A focused portfolio of 20-25 carefully selected stocks with potential to grow while managing risk.
 - **All Cap approach:** Top-down and bottom-up
 - **Low Overlap:** Ensures portfolio differentiation and active management by maintaining low overlap with the benchmark.

3 **Risk Management Principles:** No more than 15% of the portfolio is invested in a single stock to mitigate concentration risk. Exposure to any single sector is restricted to 30% to ensure diversification across industries.

- 4** **Dynamic Cash Management Strategy:**
- **Residual Cash Holding:** Cash is held as a residual component. The extent of cash holding is not pre-determined; it varies based on the availability of attractive investment opportunities. When opportunities are scarce, cash positions may increase to preserve capital.

PGIM India Equity Portfolio - Metrics

01 Portfolio Break-up in MEGATRENDS



02 Quality Metrics

Profitability: *ROE stands at **14.18%**
Leverage: ^debt to equity ratio is **0.29x**
Valuation: PE ratio for FY26E is **29.3x** .

04 Risk Metrics

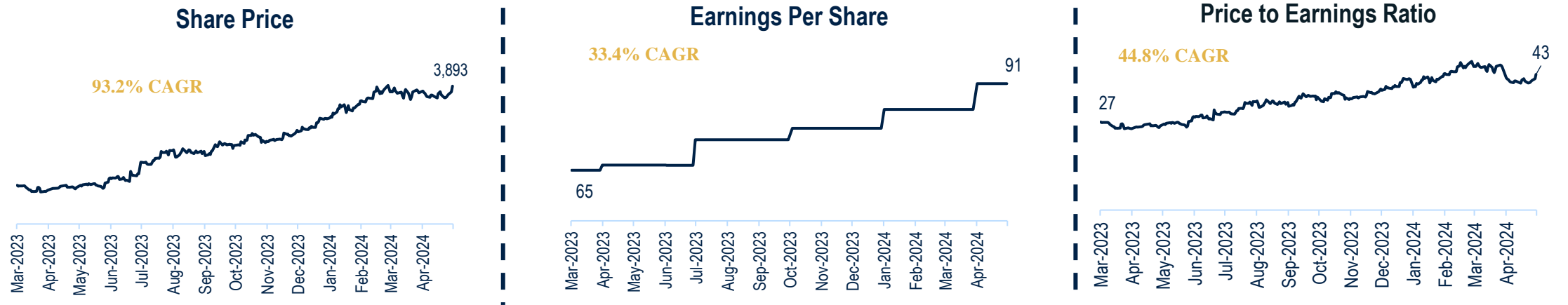
The portfolio exhibits a 3-year risk (standard deviation) of **11.41%** , a beta of **0.70** , and Sharpe ratio of **2.40** highlighting a balanced risk-return profile.

03 Portfolio Size & Diversification

The portfolio is well-diversified across market caps, including large, mid, and small caps. It exhibits an **6.07%** overlap with the benchmark, reflecting a truly differentiated investment approach.

Case Studies: Wealth Creation by MEGATRENDS

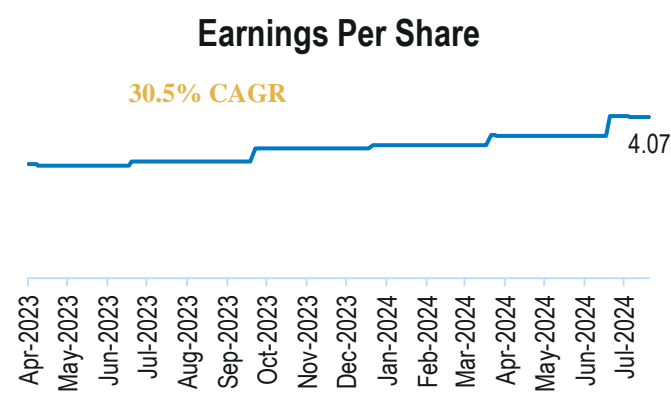
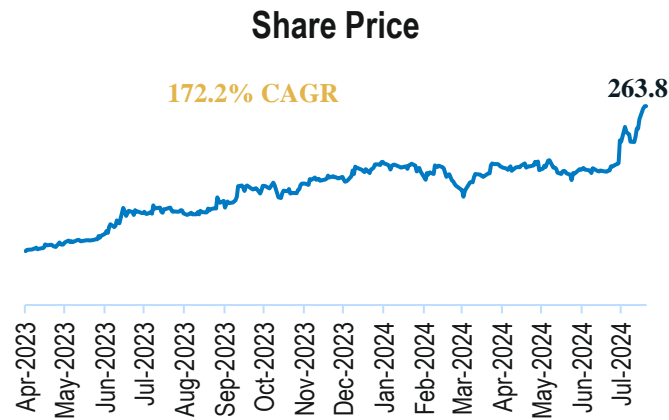
HDFC Asset Management Company – Financialization



- Attractive Valuation amid Market Concerns:** At the time of selection, HDFC AMC’s market capitalization was approximately ₹30,000 crores. The market was discounting the stock due to concerns such as regulations curtailing operating leverage benefits., increased bargaining power of distributors, the balance between asset growth and profitability, loss of market share etc. These concerns led to a 30-40% compression in valuation multiples, with the stock declining 55% from its peak. Despite this, the company maintained a robust PAT CAGR of 15% over the past five years, indicating a favorable risk-reward scenario.
- Structural Tailwinds in Wealth Management:** Despite near-term concerns, the long-term wealth accumulation cycle in India is expected to continue, providing a strong growth runway for asset management companies.
- Impending HDFC Bank-HDFC Merger as a Catalyst:** The merger between HDFC Bank and HDFC Limited was a significant positive, with HDFC Bank accounting for only 6-7% of HDFC AMC’s AUM. The merger presented a substantial opportunity to expand distribution reach and accelerate AUM growth by leveraging HDFC Bank’s vast customer base.

Case Studies: Wealth Creation by MEGATRENDS

Artemis Medicare Services –Healthcare



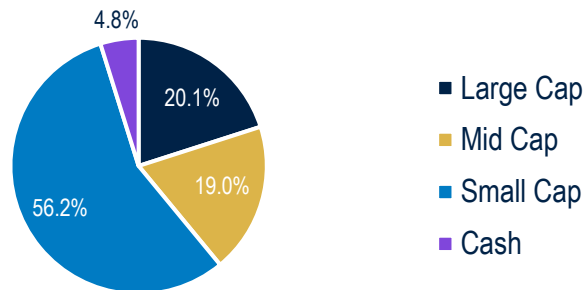
- **Attractive Valuation:** Artemis Medicare had a market capitalization of ₹950 crores when selected. As a single-hospital entity, it was trading at a significant discount—over 50%—compared to leading hospital chains, offering a compelling valuation opportunity.
- **Strategic Asset-Light Expansion:** Leveraging its strong brand, Artemis was establishing asset-light centers focused on high-demand areas such as Birthing, Cardiac Care, and routine procedures. The market overlooked this growth strategy, providing an attractive entry point for investors.
- **Capacity Expansion for Earnings Growth:** The company was reinvesting its cash flow to double the existing capacity through brownfield expansion, which is expected to be cost-effective. This expansion is poised to drive healthy margin improvement and significant earnings growth, potentially leading to a stock re-rating.
- **Stable Leadership and Experienced Team:** Since its inception in 2008, Artemis has retained all its Heads of Departments and leading doctors, indicating stability and strong employee satisfaction. The company has also granted 5% equity as ESOPs to senior management, ensuring alignment with shareholder interests

PGIM India Equity Portfolio - Holdings

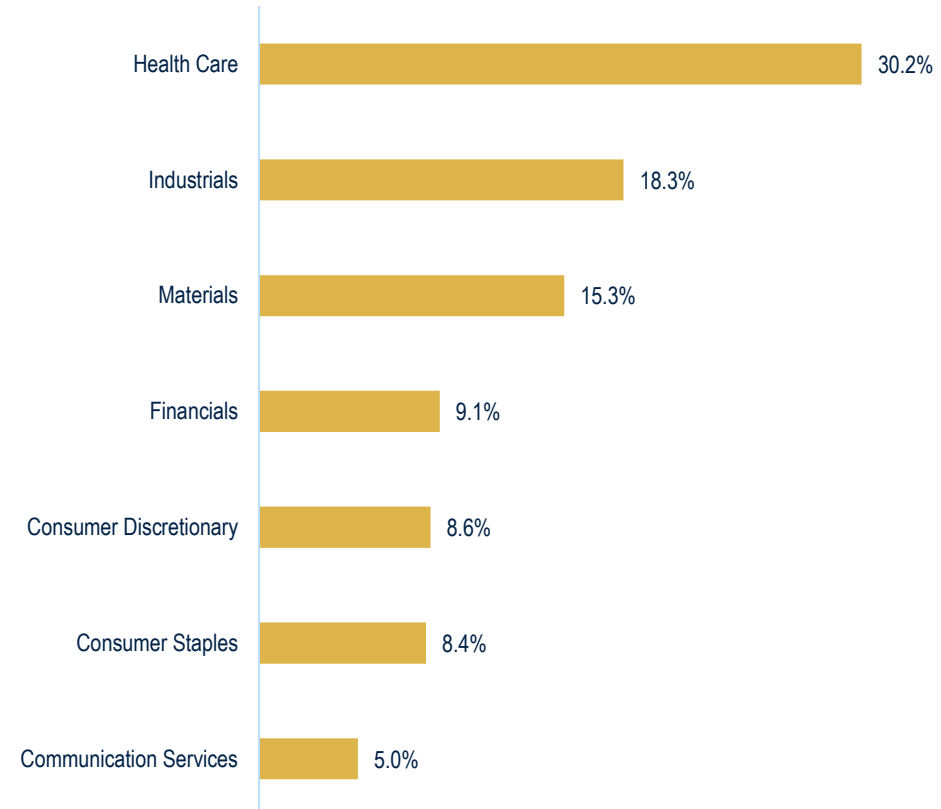
Top 10 Holdings

Sr no.	Sector	Exposure
1	ARTEMIS MEDICARE SERVICES	7.1%
2	WINDLAS BIOTECH LTD	6.3%
3	SYNGENE INTERNATIONAL LTD	5.5%
4	HDFC BANK LTD	5.3%
5	AFFLE INDIA LTD	5.0%
6	HAWKINS COOKER LTD	5.0%
7	ABB INDIA LTD	4.4%
8	HAVELLS INDIA LTD	4.2%
9	KRISHNA INSTITUTE OF MEDICA	4.0%
10	RADICO KHAITAN LTD	4.0%
-	Total	50.6%

Market-cap size classification

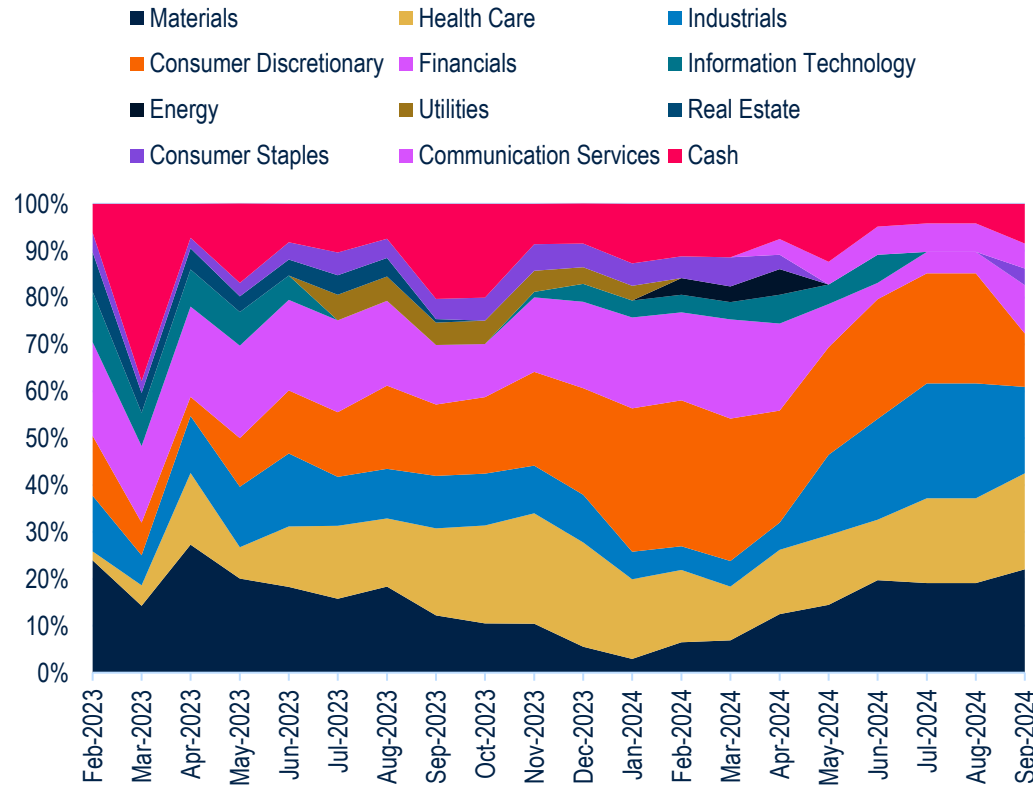


Sector Classification

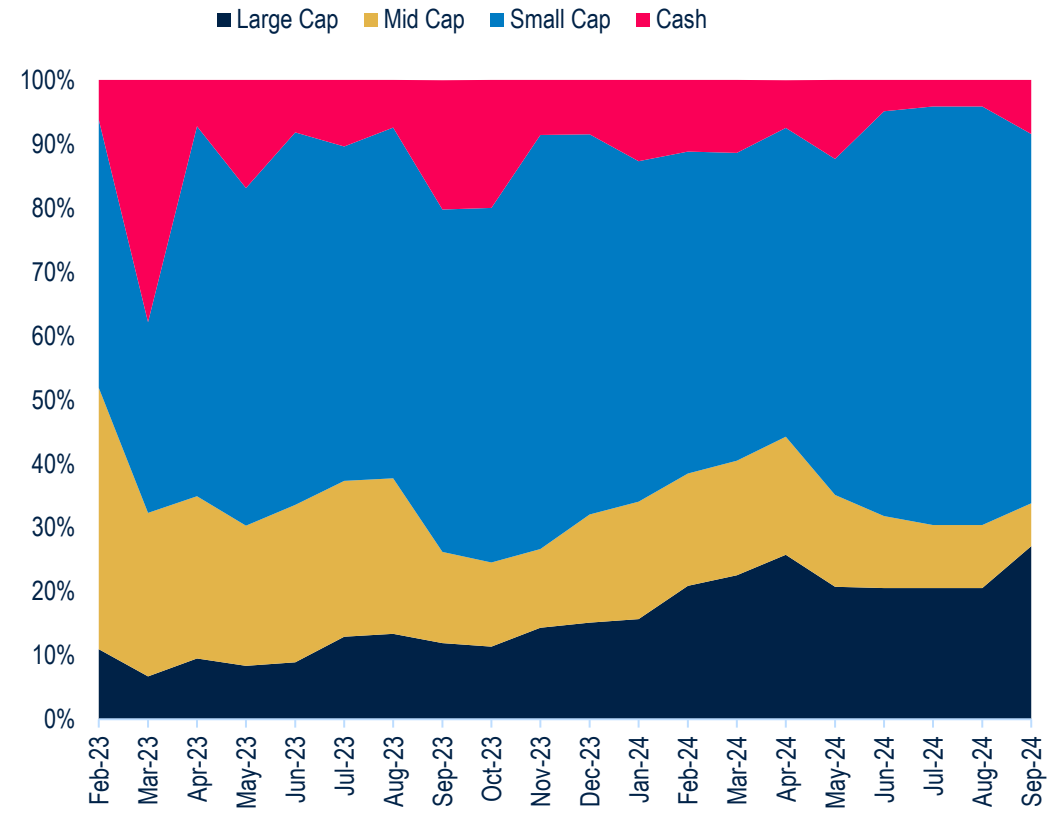


PGIM India Equity Portfolio - Historical Holdings

Historical Sector Allocations



Historical Allocation IEP PMS

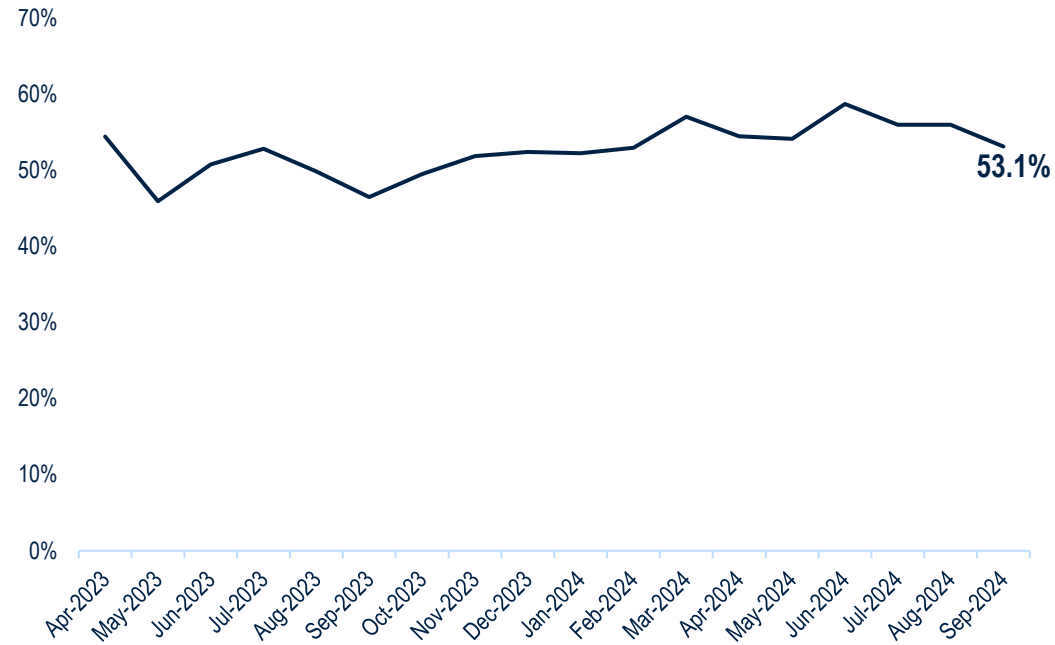


The portfolio's historical holdings reveal a tilt towards small-cap stocks, with a higher exposure to sectors such as consumer discretionary and materials. It identifies stocks through a top-down and bottom-up research approach.

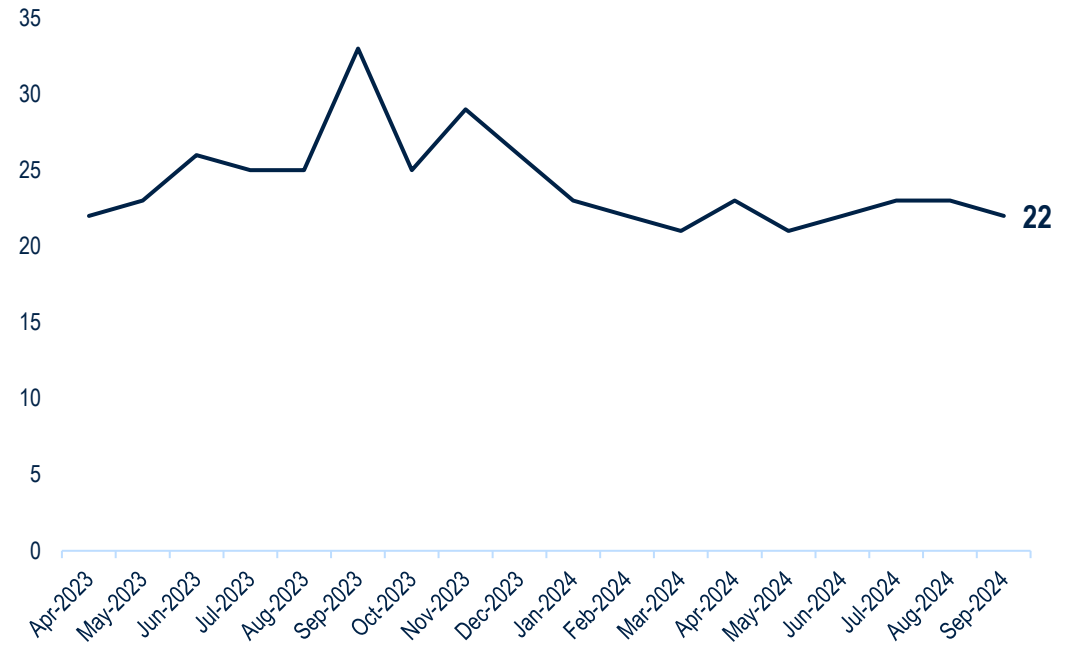
Source: PGIM India Internal. Data as of 30-Sep-2024. Classification as per GICS Sector Name. Data represented is for actual portfolio.

PGIM India Equity Portfolio - True to the mandate

Weight of Top 10 Holdings



Number of Holdings (Excl Cash)



Historically, the portfolio has held an average of 24 stocks and the top 10 holdings have accounted for an average of 52% of the portfolio

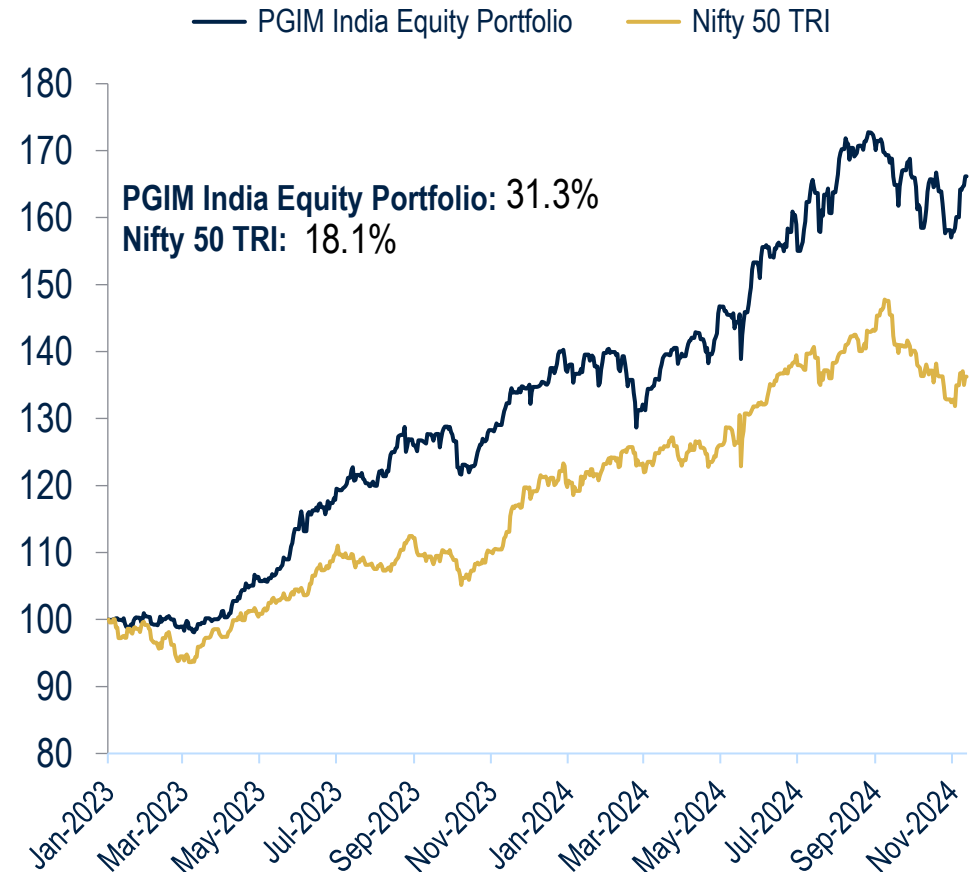
PGIM India Equity Portfolio - Performance

Period	Portfolio	Nifty 50 TRI*
1 Month	0.6%	-0.3%
3 Months	-2.5%	-4.2%
6 Months	15.1%	7.8%
1 Year	26.2%	21.3%
Since Inception	31.2%	17.8%
Portfolio Turnover Ratio*	2.08	-

^Since inception date is 19-Jan-23

Financial Year Returns	PGIM India Equity Portfolio	Nifty 50 TRI*
Apr 01, 2023 – Mar 31, 2024	36.7%	30.1%
Apr 01, 2024 – Nov 30, 2024	22.4%	9.2%

Performance since new fund manager* (Rebased to 100)



Top contributors in the past: Multi-Sector, Multi-Size Winners

Top Contributors	Market Cap (In INR Crores)	Size	GICS Sectors	Average Weight	Total Returns	Part of Nifty 50
Artemis Medicare Services Ltd	3,905	Small Cap	Health Care	9.2%	298%	No
Ramkrishna Forgings Ltd	18,221	Small Cap	Materials	1.6%	143%	No
NTPC Ltd	4,29,659	Large Cap	Utilities	1.9%	90%	Yes
HDFC Asset Management Co Ltd	91,759	Mid Cap	Financials	2.9%	132%	No
Sharda Motor Industries Ltd	6,956	Small Cap	Consumer Discretionary	1.6%	87%	No
Cholamandalam Investment and Finance Company Ltd	1,35,216	Large Cap	Financials	1.9%	50%	No

- **Our stock selection spans across various sectors, reducing dependency on a single sector’s performance.**
- **Strong returns from stocks outside of the benchmark highlight our active, unconstrained approach.**
- **Diverse allocation across large, mid, and small-cap stocks contributes to the portfolio returns**

Fund Facts

Portfolio Name	PGIM India Equity Portfolio
Investment objective	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.
Types of Securities	Funds would be predominantly invested in listed equity and equity related instruments.
Basis of Selection	<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:</p> <p>a) Operating Cash Flow positive for at least 60% of the time* b) Net debt to equity ratio < 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><i>* Nifty 50, Nifty Midcap 100, BSE 200 and top 250 stocks defined by AMFI are automatically a part of the investment universe</i></p>
Asset allocation	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.
Investment Horizon	This portfolio is suitable for investors with investment horizon of at least 3 years.
Risk associated	Please refer to Disclosure document at https://www.pgimindia.com/pms/
Benchmark Index	Nifty 50 TRI
Principal Officer	Surjitt Singh Arora

Experienced Investment Management Team



About the fund manager



Surjitt Singh Arora
Principal Officer - PMS
PGIM India Asset Management

Surjitt Singh Arora is a Principal Officer – Portfolio Management Services at PGIM India Asset Management Private Limited. He is the Portfolio Manager for PGIM India Phoenix Portfolio, PGIM India Core Equity Portfolio, and PGIM India Equity Portfolio, PGIM India Equity Portfolio – Series I (High conviction themes), PGIM India Equity Portfolio – Series II.

Surjitt Singh Arora has more than 18 years of rich work experience in the Equity Markets. In his last stint, Surjitt was Head - PMS and Head - Principal Officer with Tata Asset Management, where he was managing Tata ACT and Tata Emerging Opportunities Portfolio. Prior to that, he was an Equity Research Analyst.

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 Studies, Research and Entrepreneurship Education (SIMSREE), Mumbai.



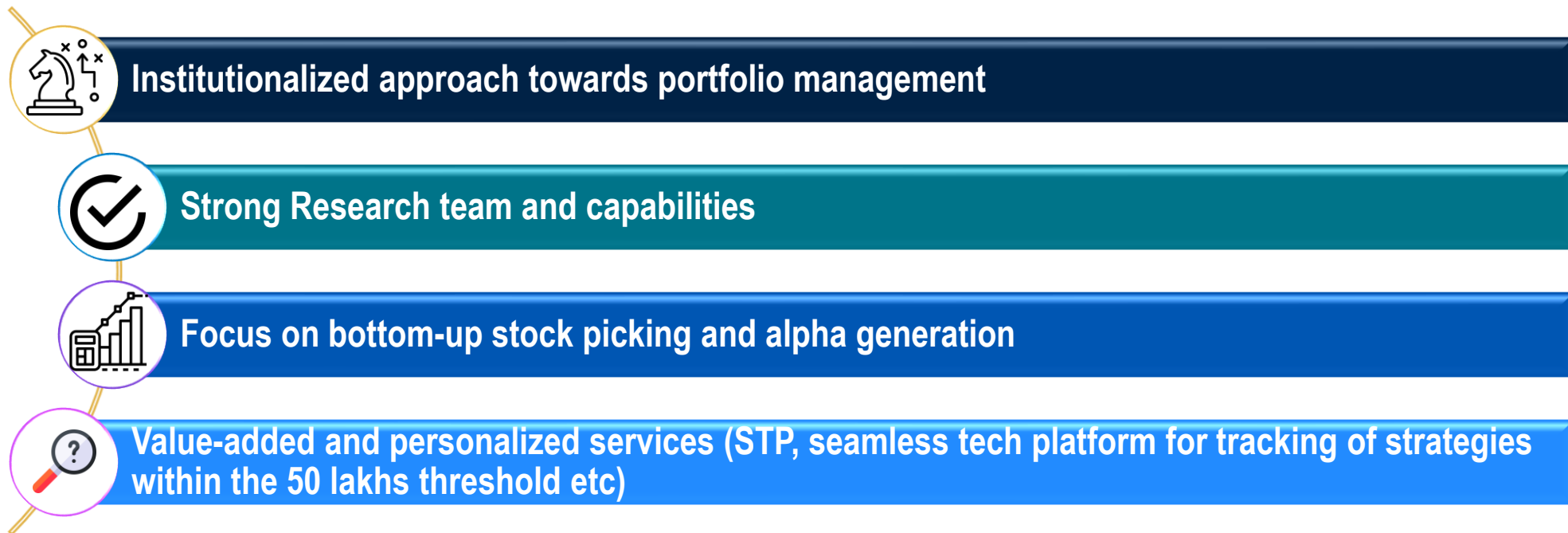
PGIM

**India Portfolio
Management Services**

- ✓ Global legacy of more than 140 years
- ✓ Indian PMS business track record of over a decade

PGIM India Portfolio Management Services (PMS) : Overview

- PGIM India PMS was launched over a decade ago in 2013. PMS business has seen multiple market cycles.
- Currently PGIM India PMS is managing over Rs. 400 crores across multiple strategies
- Guided by an experienced fund management team with over 50+ years of combined experience in capital markets



PGIM – A Global Player



Global Depth & Scale

**A leading global
investment manager**

**1400+
investment
professionals**

**41
OFFICES**

**19
COUNTRIES**

Disclaimer (1/2)

The holding represents the top 10 holdings and the top 6 GICS Sector Name of PGIM India Equity Portfolio - Regular Portfolio based on all client portfolios existing as of October 31, 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.

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Disclaimer (2/2)

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 a period up to 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, the 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 the 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.

Disclaimers and Risk Factors:

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Dated:

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