PGIM
India Mutual Fund

PGIM INDIA DIVERSIFIED EQUITY FUND

Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks

July 2019

Why invest in PGIM India Diversified Equity Fund?

PGIM India Diversified Equity Fund is a Go Anywhere Fund. It will scout for Investment opportunities across market capitalizations.

Investment Strategy

- The fund has a diversified portfolio of strong growth companies with sustainable business models spread over a range of industries, sectors and market capitalizations.
- Equity securities are selected on bottom up stock–by–stock basis across market cap spectrum, with consideration given to valuation parameters as well as growth, margins, asset returns, and cash flows, amongst others.

Portfolio Positioning*

- This Fund has a flexibility to increase or decrease exposure to Large, Mid or Small Cap as per Market Cycles and Fund Manager's view of Markets.
- The portfolio is a mix of predominantly Large Cap companies (in the range of 55% to 75%) and the balance is invested in Mid Cap & Small Cap companies.

Who should invest?

PGIM India Diversified Equity Fund is typically suited for Investors looking at investing in diversified portfolio of equity and equity related instruments including derivatives with a long term view.

Portfolio Positioning

Top 3 Sectors Overweight	% Overweight
Industrials	12.62
Health Care	5.34
Materials	4.18
Top 3 Sectors Underweight	**% Underweight**
Consumer Staples	8.61
Financials	6.87
Energy	6.35
Top 5 Stocks Overweight	**% Overweight**
Divi's Laboratories Ltd	4.05
ACC Ltd	3.99
Majesco Ltd	3.49
Thermax Ltd	3.27
ICICI Bank Ltd	2.87
Top 5 Stocks Underweight	**% Underweight**
Housing Development Finance	6.39
ITC Ltd	4.04
Reliance Industries Ltd	3.45
Kotak Mahindra Bank Ltd	3.15
HDFC Bank Limited	2.39

The above weights are in comparison to the benchmark.

Source: Bloomberg and Internal Research. The above data as on July 31, 2019.

*These are based on the fund manager's current outlook and are subject to change.

Portfolio Metrics

	Portfolio	S&P BSE 200 TR Index
FY 19-21E EPS CAGR - %	26.0%	20.1%
Return on Equity	15.9%	10.4%
Debt / Equity (ex-financials)	26.7%	50.0%
FY 21E Price / Earning Ratio	17.4	17.6

Source: Bloomberg and Internal Research. The above data as on July 31, 2019.

Portfolio Composition*

	Portfolio	S&P BSE 200 TR Index
Number of stocks	43	200
Portfolio overlap with	—	36.6%
Large caps (1st-100th stock)	60.2%	88.3%
Mid caps (101st-250th stock)	20.0%	11.6%
Small caps (251st stock onwards)	17.1%	0.0%
Cash	2.7%	0.0%
Market Cap yet to be classified by AMFI	0.0%	0.2%
Top 10 holding	44.3%	47.9%
Avg Market Cap - Crore	1,78,351	2,69,155

Source: Bloomberg and Internal Research. The above data as on July 31, 2019.

Portfolio (Top Ten Holdings) as on July 31, 2019

Issuer	% to Net Assets
ICICI Bank Ltd.	7.65
HDFC Bank Ltd.	6.09
Larsen & Toubro Ltd.	5.00
Divi's Laboratories Ltd.	4.42
Tata Consultancy Services Ltd.	4.37
ACC Ltd.	4.22
Infosys Ltd.	3.93
Majesco Ltd.	3.49
Thermax Ltd.	3.27
Reliance Industries Ltd.	3.15

EPS: Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Return on Equity: Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Debt/Equity (ex-financials): Debt/Equity Ratio is a debt ratio used to measure a company's financial leverage, calculated by dividing a company's total liabilities by its stockholders' equity. The D/E ratio indicates how much debt a company is using to finance its assets relative to the amount of value represented in shareholders' equity. (Ex-Financials means excluding Banks and NBFCs).

Price/Earnings: The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Performance

Period	Fund		S&P BSE 200 TR Index^		NIFTY 50 TR Index #	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
Regular Plan						
Last 1 Year	-4.35	9,565.22	-3.27	9,672.59	-0.53	9,947.48
Last 3 Years	5.91	11,880.82	9.25	13,039.40	10.19	13,378.99
Since Inception	5.68	12,760.00	6.72	13,322.45	6.52	13,214.27
Direct Plan						
Last 1 Year	-2.38	9,761.73	-3.27	9,672.59	-0.53	9,947.48
Last 3 Years	7.71	12,495.38	9.25	13,039.40	10.19	13,378.99
Since Inception	6.90	13,419.83	6.72	13,322.45	6.52	13,214.27

Date of Inception: Regular Plan: March 04, 2015; Direct Plan: March 04, 2015. All the above returns are of Regular Plan and CAGR. CAGR – Compounded Annual Growth Rate. ^ Scheme Benchmark. # Standard Benchmark. *Based on standard investment of ₹ 10,000 made at the beginning of the relevant period. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Different plans have a different expense structure. Last 5 years returns are not provided since scheme has not completed 5 years. Aniruddha Naha is managing this fund since April 05, 2018. The above returns are as on July 31, 2019.

Performance of other funds managed by Fund Manager Aniruddha Naha as on July 31, 2019

	Last 1 Year	Last 3 Years	Last 5 Years	Last 10 Years	Managing Since
PGIM India Midcap Opportunities Fund	-16.75	-0.08	5.59	—	April 05, 2018
Nifty Midcap 100 TR Index^	-14.51	3.69	9.19	—	

^ Benchmark. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The above returns are of Regular Plan - Growth Option of respective schemes. All the above returns are CAGR. CAGR - Compounded Annual Growth Rate. Different plans have a different expense structure. Returns for the benchmark have been calculated using TRI values. Mr. Aniruddha Naha is managing 2 schemes of PGIM India Mutual Fund. On account of difference in scheme features, the performance of these schemes are not strictly comparable. Please refer www.pgimindiamf.com for details on performance of all schemes (including Direct Plan).

Fund Manager's View

The market that was

Indian markets recorded one of the worst July months in recent history with selling seen across the board. Nifty closed the month down -5.7%, Nifty Mid-cap closed down by -9.8% and Nifty Small-cap moved lower by -10.9%. Biggest losers were Autos and Metal sectors whereas IT, FMCG and Pharma were the sectors which declined the least.

June headline CPI rose to 3.2% YoY in line with expectations and within the RBI target range. Given the uncertainty surrounding domestic growth and overall soft inflation outlook, we could expect another rate cut by RBI in August (despite Repo rate already being at a 9-year low). June trade deficit of US$15.3 bn saw lower imports balancing softer exports. Rising gold prices pushed gold imports to multi-quarter highs at US$11.4bn.

After being net buyers for five months, FIIs turned net sellers in July to the tune of ~US$1.9bn reducing the YTD inflows to ~US$9.4bn. On the other hand, DIIs remained buyers with inflows of ~US$2.9bn during the month.

Gross tax revenue for the April-June period of FY20 grew 1.4% year-on-year to Rs4tn – this is the lowest 1st quarter growth in 10 years. The growth in the corresponding period last year was 22.4%. The slowdown in tax collections comes after the government budgeted an ambitious tax target despite a shortfall last year. India's fiscal deficit for Q1FY20 stood at Rs 4.32 tn, that's 61.4% of the budget estimate for FY20.

Fund Manager's View

Budget presented in July post the completion of the general elections, stuck to the path of fiscal prudence and lowered fiscal deficit target to 3.3% of GDP. The budget did fall short of expectations in reviving the domestic investment climate and consumption demand. Some highlights from the Budget include; the increased surcharge on taxable income including FPI investors, one-time six month partial credit guarantee to PSU banks for purchase of high-rated pooled assets of select NBFCs, thrust on infrastructure capex with higher allocation to rail and defence and reduction in maximum promoter holding from 75% to 65% - causing a supply overhang on the market. No major incentives were announced for the Automobile and Aviation sectors. Monsoon trends seem to be normalizing as the month saw above-average rainfall, reducing the shortfall to 9%.

For Q1FY20, the Banks reported mixed set of numbers as some saw lower credit costs and higher recoveries on expected lines whereas others warned of further slippages to come. Auto OEM's woes aggravated as Government hiked registration charges on purchase of new vehicles. June Auto sales continued their downward spiral with market leader in PVs reporting a double digit decline. IT witnessed challenges of rising visa and employee costs.

The continuing stress in the NBFC sector, progression of monsoons, poor credit flow, slowing global growth, escalation of global trade tensions and muted earnings growth are the key risks to India equity markets. Hence volatility in the near term cannot be ruled out and we continue sticking to high quality companies with strong cash flows, stable margin profile, high corporate governance standards and robust balance sheets.

Key Features

Benchmark Index:
S&P BSE 200 TR Index

Fund Manager:
Mr. Aniruddha Naha

Exit load: 10% of the units allotted may be redeemed without any exit load on or before 12 months from the date of allotment; Any redemptions in excess of the above mentioned limit would be subject to an exit load of 1%, if the units are redeemed on or before completion of 12 months from the date of allotment of units; Nil - If the units are redeemed after completion of 12 months from the date of allotment of units.

No exit load will be charged for switches and STP between schemes of PGIM India Mutual Fund.

Riskometer

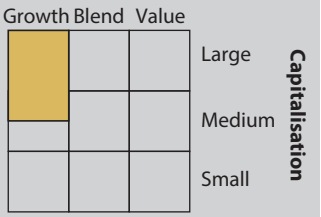
This product is suitable for investors who are seeking*:

- Capital appreciation over long term
- To generate income and capital appreciation by predominantly investing in an actively managed diversified portfolio of equity and equity related instruments including derivatives
- Degree of risk – MODERATELY HIGH

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Investors understand that their principal will be at moderately high risk

Investment Style Box



The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding suitability of the funds based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Connect with us on: www.pgimindiamf.com 1800 2667 446

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

© 2019 Prudential Financial, Inc. (PFI) and its related entities. PFI of the United States is not affiliated with Prudential plc, a company incorporated in the United Kingdom. The PGIM logo and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

C85/19-20