



# PGIM INDIA FLEXI CAP FUND

(Earlier known as PGIM India Diversified Equity Fund)

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

March 2021

## Why invest in PGIM India Flexi Cap Fund?

PGIM India Flexi Cap 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 largely 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 fund usually has between 45 to 70% in Large Caps and the balance is invested in Mid Cap & Small Cap companies.

## Who should invest?

PGIM India Flexi Cap 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	10.89
Materials	4.04
Information Technology	3.39
Top 3 Sectors Underweight	% Underweight
Financials	10.96
Consumer Staples	8.55
Energy	6.48
Top 5 Stocks Overweight	% Overweight
Can Fin Homes Ltd	3.91
SKF India Ltd	3.29
Coforge Limited	3.15
Praj Industries Ltd	3.15
Divi's Laboratories Ltd	3.01
Top 5 Stocks Underweight	% Underweight
Reliance Industries Ltd	6.96
Housing Development Finance	4.84
HDFC Bank Limited	3.62
Kotak Mahindra Bank Ltd	2.76
Hindustan Unilever Ltd	2.33

The above weights are in comparison to the benchmark.

Source: Bloomberg and Internal Research. The above data as on March 31, 2021.

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

## Portfolio Metrics

	Portfolio	Nifty 500 TR Index
Return on Equity	15.6%	9.0%
Debt / Equity (ex-financials)	29.8%	105.2%
FY 22E Price / Earning Ratio	20.3	22.3
Beta	0.88	1.00

Source: Bloomberg and Internal Research. The above data as on March 31, 2021.

## Portfolio Composition

	Portfolio	Nifty 500 TR Index
Number of stocks	42	501
Portfolio overlap with	—	25.7%
Large caps (1st-100th stock)	46.3%	78.9%
Mid caps (101st-250th stock)	18.3%	14.4%
Small caps (251st stock onwards)	28.0%	6.5%
Cash	4.3%	0.0%
Market Cap yet to be classified by AMFI	3.1%	0.3%
Top 10 holding	34.3%	41.1%
Avg Market Cap - Crore	1,82,117	3,51,256

Source: Bloomberg and Internal Research. The above data as on March 31, 2021.

## Portfolio (Top Ten Holdings) as on March 31, 2021

Issuer	% to Net Assets
Infosys Ltd.	7.51
ICICI Bank Ltd.	4.51
Can Fin Homes Ltd.	3.96
Divi's Laboratories Ltd.	3.51
HDFC Bank Ltd.	3.38
SKF India Ltd.	3.34
State Bank of India	3.29
Coforge Ltd.	3.21
Praj Industries Ltd.	3.15
MTAR Technologies Ltd.	3.09

**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.

**Beta:** Beta is a measure of an investment's volatility vis-à-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.

## Performance

Period	Fund		Nifty 500 TR Index <sup>^</sup>		NIFTY 50 TR Index #	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>Regular Plan</b>						
Last 1 Year	95.49	19,548.94	77.58	17,757.57	72.54	17,253.52
Last 3 Years	16.75	15,920.82	12.66	14,302.48	14.63	15,069.22
Last 5 Years	16.60	21,564.63	15.16	20,264.77	15.13	20,235.91
Since Inception	12.42	20,370.00	10.31	18,158.66	9.91	17,761.28
<b>Direct Plan</b>						
Last 1 Year	99.37	19,937.33	77.58	17,757.57	72.54	17,253.52
Last 3 Years	19.02	16,866.48	12.66	14,302.48	14.63	15,069.22
Last 5 Years	18.58	23,453.05	15.16	20,264.77	15.13	20,235.91
Since Inception	14.08	22,270.00	10.31	18,158.66	9.91	17,761.28

Date of Inception: Regular Plan: March 04, 2015; Direct Plan: March 04, 2015. All the above returns are of Growth Option and CAGR. CAGR – Compounded Annual Growth Rate. <sup>^</sup> 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. Aniruddha Naha is managing this fund (for equity and equity related investments) since April 05, 2018 and Mr. Anandha A is managing this fund (for Overseas investments) since January 31, 2021. The above returns are as on March 31, 2021. w.e.f. January 31, 2021, the name and type of the scheme has changed to PGIM India Flexi Cap Fund and Flexi Cap Fund - An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks, respectively.

## Performance of other funds managed by Fund Manager Aniruddha Naha as on March 31, 2021

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
PGIM India Midcap Opportunities Fund	117.44	17.84	17.15	April 05, 2018
Nifty Midcap 100 TR Index <sup>^</sup>	103.91	9.13	14.35	

<sup>^</sup> 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. Mr. Aniruddha Naha is managing 3 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](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan).

Returns for PGIM India Balanced Advantage Fund are not provided, as the scheme has not completed six months since inception.

## Performance of other funds managed by Fund Manager A. Anandha as on March 31, 2021

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
PGIM India Hybrid Equity Fund*	49.49	7.95	8.91	March 19, 2021
CRISIL Hybrid 35+65 - Aggressive Index <sup>^</sup>	49.75	12.92	13.62	
PGIM India Emerging Markets Equity Fund	46.64	9.10	8.38	October 24, 2020
MSCI Emerging Markets Index <sup>^</sup>	50.58	8.09	11.71	

<sup>^</sup> 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. Mr. A. Anandha is managing 4 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](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan).

Returns for PGIM India Balanced Advantage Fund are not provided, as the scheme has not completed six months since inception.

\* Co-managed by Alok Agarwal (Equity Portion) and Kumaresh Ramakrishnan (Debt Portion)

## Fund Manager's View

### The market that was

Amidst rising volatility, Nifty closed 1.2% higher in March 2021. It came off its highs as possibility of a second wave of coronavirus and rising bond yields played spoilsport. However, for the fiscal year, Nifty was up 71% which was its best performance in last ten years. Among sectors, Cement was the top gainer and IT, Basic Materials, Staples and Utilities also outperformed the benchmarks, while Banks, Auto, Energy, and Capital Goods underperformed.

On the macro front, Fitch Ratings raised India's growth projection for FY22 to +12.8% vs its earlier estimate of +11%. The CPI for February came at ~5% YoY (broadly in line) because of various factors such as a low base, higher food prices and higher fuel prices. Core CPI too came in higher at ~5.9% YoY and was again propelled by the Transport component of CPI.

Infrastructure output in India declined 4.6% YoY in February, which is the first decline in three months and the biggest since August. In January 2021, India's industrial production dropped 1.6% from the earlier year, reversing an upwardly revised 1.6% growth in the previous month and missing market expectations of a 0.9% increase. India Services PMI increased to 55.3 in February of 2021 from 52.8 in the previous month, which was the fifth consecutive month of expansion in the services sector, and the fastest expansion since February last year. India Manufacturing PMI edged down to 57.5 in February of 2021 from a three-month high of 57.7 in the previous month amid the restriction measures to contain the spread of coronavirus.

Centre's fiscal deficit for Apr'20-Feb'21 period came in at 76% of the revised estimate of ₹18.5 trillion. Brent crude was down 1.6% in the month of March. India recorded a current account deficit of USD 1.7 billion after three consecutive quarters of surplus in the last three months of 2020, which was equivalent to 0.2% of the GDP. While the current account balance turned back into deficit owing to a wider trade deficit, improvement in capital account balance led to a higher BOP surplus in 3QFY21.

FTSE Russell placed Indian government bonds on the watchlist for possible inclusion in its debt index, a move that may bring India closer to its aim of joining a global bond gauge after several false starts.

Capital markets saw action in the primary segment as well, with 27 deals worth ~\$4.9bn (vs 11 deals worth ~\$1.7bn in February on the back of stake sales and a slew of IPOs). FII buying dipped slightly to ~\$2.5bn in March (YTD +\$7.5bn) vs net inflows of ~\$3bn witnessed in February. DIIs turning net buyers for the first time in 2021 with net inflows of ~\$0.7bn (YTD -\$3.2bn) was a change in near term trend.

### Fund Manager's View

Covid cases are again a near term monitorable as daily cases crossed 50k in last week of March from a mere 22k in mid-March. Active cases in India are ~40% below the numbers seen in September 2020, but 4.6x of lows seen in February 2021. However, the positive aspect is that a section of population has started getting vaccinated and with time as coverage increases the cases may not be as severe as seen in FY21. Further, given the economic impact of lockdowns, a repeat of the stringent conditions seems unlikely, though some restrictions may be put in place to curb the spread.

There is a serious push by the government to increase domestic manufacturing and reduce import dependence in many areas. Government has announced PLI schemes for quite a few sectors to kickstart corporate focus on local manufacturing.

The Nifty 100 components have seen consensus in upgrade of earnings. Margins played a major role in upgrades, but further upgrades will likely be revenue or operating leverage driven as cost pressures are set to rise.

After a stupendous FY21 for the markets, it's difficult to expect a repeat of such performance again in the near term. However, some trends such as digitalization, cost cuts, manufacturing push are here to stay and set the stage for a longer-term growth story. While commodity price increase is a bit of a worry in general, the cyclical nature thereof tends to even out impact over the longer term as well. Excesses in IPO market is a major worry. Overall, the outlook on the markets remains constructive from a medium to long term perspective and continues to resort to quality to fend off any near-term volatility.

## Key Features



**Benchmark Index:**  
Nifty 500 TR Index<sup>5</sup>



**Fund Manager:**  
Mr. Aniruddha Naha (Equity Portion)  
Mr. Anandha Padmanabhan Anjeneyan (Overseas Investments)



### Exit load:

10% of the units allotted may be redeemed/switched-out to debt schemes/PGIM India Arbitrage Fund without any exit load within 90 days from the date of allotment of units; Any redemptions/switch-outs in excess of the abovementioned limit would be subject to an exit load of 0.50%, if the units are redeemed/switched-out to debt schemes/PGIM India Arbitrage Fund within 90 days from the date of allotment of units; Nil - If the units are redeemed/switched-out after 90 days from the date of allotment of units.

No exit load will be charged for switches and STP between any open-ended equity schemes, hybrid schemes (except PGIM India Arbitrage Fund) and fund of funds schemes.

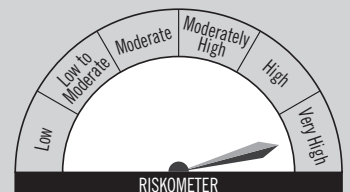
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## Riskometer

**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 – VERY 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 very high risk

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.

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