



**PGIM**

**India Mutual Fund**

# **PGIM India Long Term Equity Fund**

(An open-ended Equity Linked Savings Scheme with a statutory lock-in of 3 years and tax benefit)

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August 2021



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## About Us



Source: [www.pgim.com](http://www.pgim.com) and [www.prudential.com](http://www.prudential.com). \*For AUM Breakup please refer slide no. 25

This information has been prepared by PGIM, Inc ("PGIM"). PGIM is the primary asset management business of PFI and is a registered investment advisor with the US Securities and Exchange Commission. PFI, a company with corporate headquarters in the US, is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

# About Us

## Global Footprint



**10<sup>TH</sup>**  
largest global  
asset manager

**73%<sup>1</sup>**  
of asset in 4/5 star

**39**  
OFFICES

**1300+**  
investment  
professionals

<sup>1</sup>Based on Morningstar ratings of PGIM assets in all share classes as of December 31, 2018.

<sup>2</sup>PG-IM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest institutional investment manager (out of 477 firms surveyed) in terms of global institutional assets under management based on Pensions & Investments' Top Money Managers list published on May 31, 2021. This ranking represents institutional assets under management by PFI as of December 31, 2020 Source: www.pgim.com

## Position of Strength

### Ranking Based on Worldwide Assets

Top 10 Asset Managers <sup>2</sup>		Assets (\$ Billions)
1	BlackRock Inc. <sup>2</sup>	\$5,150
2	Vanguard Group Inc.	\$4,761
3	State Street Global Advisors	\$2,517
4	BNY Mellon Investment Management	\$1,784
5	Fidelity Investments	\$1,746
6	Legal & General Investment Management	\$1,684
7	J.P. Morgan Asset Management	\$1,422
8	Wellington Management Group LLP	\$1,289
9	Amundi	\$1,280
10	PFI*	\$1,252

\*Worldwide AUM include assets managed by PFI's Asset Management business and non-proprietary AUM.

# PGIM India Asset Management

PGIM India Mutual Fund is a wholly owned business of PGIM, the global investment management business of the US based PFI.

Network  
**27 CITIES**

No of open-ended  
Investment products  
**EQUITY FUNDS - 11**  
**FIXED INCOME - 11**

Differentiated  
**ASSET  
ALLOCATION  
SOLUTIONS**

**10000+**  
**DISTRIBUTORS**

Investment Team size  
**17**

Total no. of years of  
experience of  
Investment team  
**229 YEARS**

**PORTFOLIO MANAGEMENT  
SERVICES: STRATEGIES - 2**  
PGIM India Core Equity Portfolio  
PGIM India Phoenix Portfolio

# PGIM India – Equity Investment Process

# Investment Process Overview

## Idea Generation

Confluence of top-down and bottom-up styles

- Macro & Thematic Analysis
- Proprietary Screeners
- External Research
- Company Meetings

## In-Depth Company Analysis

Fundamental Analysis

Financial Modelling  
(Sell-side & Proprietary)

## Portfolio Construction & Maintenance

Individual Stock Weights

- Stock conviction
- Sector limits
- Stock limits

Equity Weight

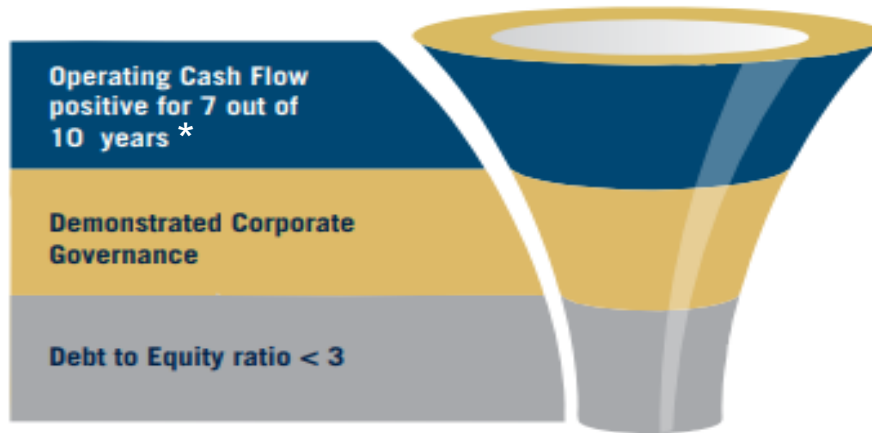
- Assessment of macroeconomics drivers (global and domestic)
- Statistical Risk considerations

Position Review / Risk Management

- Material change in Investment case
- Significant Outperformance beyond expectations
- Better idea/more efficient utilization of risk capital

# Investment Process Overview

Assessing the ability to survive the cycles. Three factors for inclusion in investment universe.



Abundantly available in India



Companies strong on either are in focus for evaluation

\* In companies with less than 10 years of data available, at least 70% of the years should have generated positive operating cash flows.



# Investment Philosophy

## A disciplined approach to Investment Management

### Respect for Capital

Strong focus on Return on Capital Employed (RoCE) & Return on Equity (RoE)

### Operating Leadership

A leader or competent challenger in its operating space

### Sector Dominance

- Favor industries gearing up for consolidation
- Avoid industries slated for fragmentation

### Solid Financials

- Conservative debt
- Positive operating cash flows
- Strong projected cash flow generation

Why Tax Saving through ELSS?

## What is an ELSS?

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An Equity Linked Savings Scheme (ELSS), is a diversified equity mutual fund which invests **majority of its corpus in equities**. As per the present tax laws, eligible investors (individual/ HUF) are entitled to deduction from their gross total income, of the amount invested in equity linked saving scheme (ELSS) up-to Rs. 150,000/- (along with other prescribed investments) under Section 80C of the Income Tax Act, 1961.

**Section 80C** of Income Tax Act, comprises of various investments and expenses that are eligible for a tax deduction. A taxpayer can claim maximum tax deduction of Rs. 1.5 Lakh for a particular financial year from his/her taxable income through investments made by him/her under the said section.







**Save up to Rs. 46800\***

\*As per the present tax laws, eligible investors (individual/HUF) are entitled to deduction from their gross total income, of the amount invested in Equity Linked Saving Scheme (ELSS) up to `1,50,000/- (along with other prescribed investments) under Section 80C of the Income Tax Act, 1961. Tax savings of Rs 46,800/- shown above is calculated for the highest income tax slab. We have considered the current 4% educational cess on tax including cess, the tax saving per annum would amount to 31.2% of Rs. 1.5 Lakh or Rs. 46800/-. Long-term capital gain and dividend distribution tax as applicable. Tax benefits are subject to the provisions of the Income Tax Act, 1961 and are subject to amendments, from time to time.

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## Investment Options u/s 80C



-  ELSS
-  Employee PF/PPF
-  NSC/Tax Saving FDs
-  ULIP
-  NPS
-  Others: Insurance premium, housing loan principal repayment, children's tuition fees

✓ Investor can avail a max deduction of Rs 1,50,000 for investment in either one or all put together

## Comparison of Options

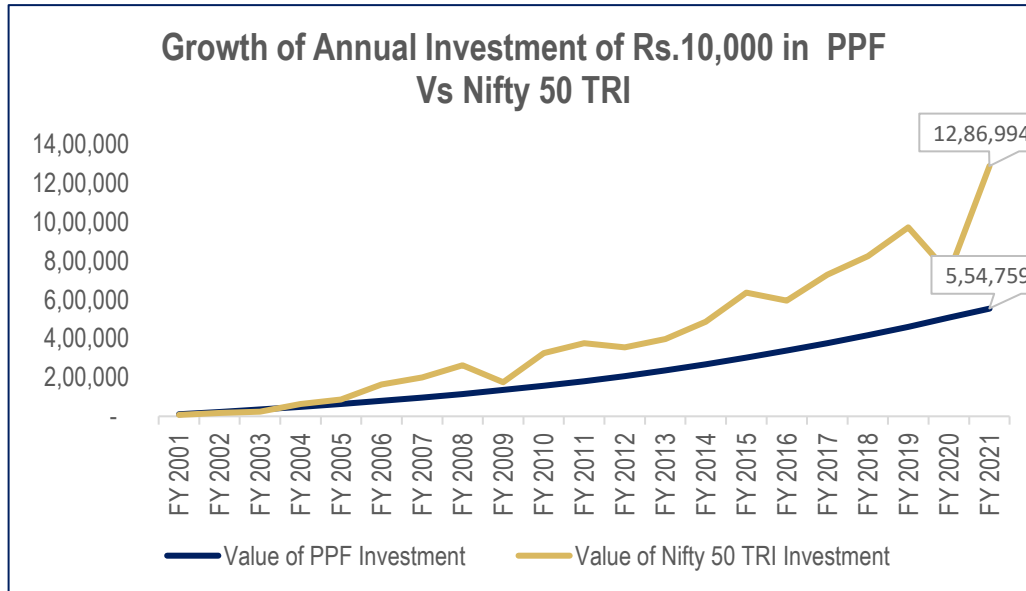
Investment	Risk Profile	Interest rates	Guaranteed Returns	Lock in Period	Tax on returns	Premature Withdrawal
ELSS	Equity Related	Market Linked Returns	No	3 Years	10% LTCG on profits above 1Lac	Not Allowed
PPF	Risk Free	7.1%	Yes	15 Years	No	Allowed, but subjected to Conditions
NPS	Equity Related	Market Linked Returns	No	Till retirement	Taxable	Allowed, but subjected to Conditions
NSC	Risk Free	6.8%	Yes	5 Years	Taxable	No
FD	Risk Free	4% - 7% depending on the Bank	Yes	5 Years	Taxable on Maturity	Allowed with Penalty
ULIP	Equity related	Market linked Returns	No	5 Years	No	Yes
Sukanyasamridhi	Risk free	7.6%	Yes	21 Years	No	Yes
SCSS	Risk free	7.4%	Yes	5 Years	Yes	Allowed, but Subjected to Conditions

- ✓ ELSS can provide growth over long term, due to exposure to equities and also has the lowest lock-in period among the available options

Fixed deposits offer Fixed Rate of return, while mutual funds are market linked. Bank Fixed deposits are relatively safer as they are covered under DICGC to the extent of INR 5 Lakh per account. PPF - Public Provident Fund, NPS – National Pension Scheme, NSC - National Savings Certificate, FD - Fixed Deposit, ULIP - Unit Linked Insurance Plan, SCSS – Senior Citizen Savings Scheme. The above table is for illustration purpose only. Unlike PPF, NSC, Sukanyasamridhi, SCSS & Bank FD rate is effective from January,2021, investment in mutual funds are subject to market risks, hence, the performances may not be strictly comparable. PPF rate is effective from April1 2021, Ministry of Finance (Govt. of India); NSC rate is effective January 1 2021. Data is as on 31 August 2021

# Advantages of ELSS

- ❖ Least lock-in period
- ❖ Potential for better returns
- ❖ Possibility of earning income in the lock in period by way of dividends



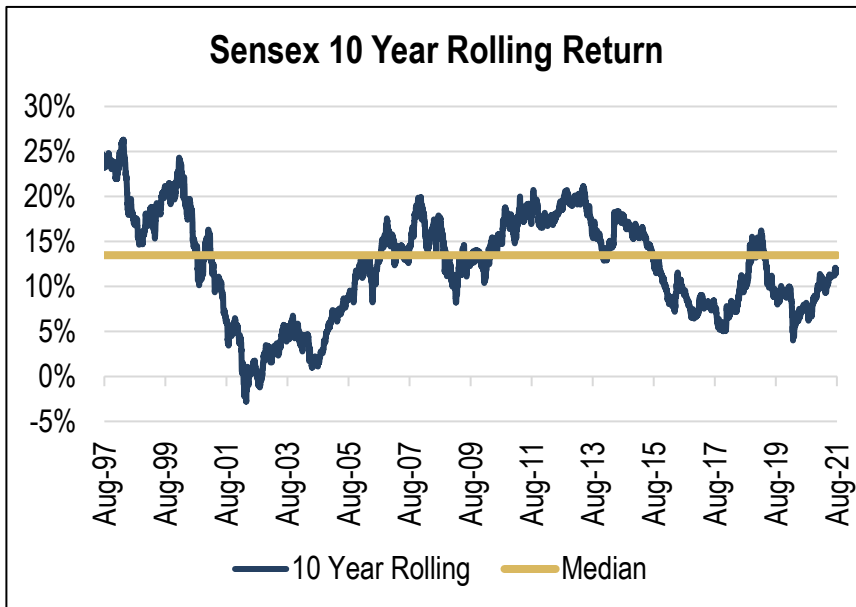
Characteristics	PPF	NSC	Equity*
Amount Invested (Rs.)	10,000/ year	10,000/ year	10,000/ year
Period of Investment	21 years	21 years	21 years
Corpus created (Rs.)	5.54 L	5.56 L	12.86 L
Wealth Multiplier	2.52	2.53	5.85
XIRR Return	8.15%	8.17%	14.55%

**Past performance may or may not be achieved in the future. Dividend distribution is subject to availability of distributable surplus.**

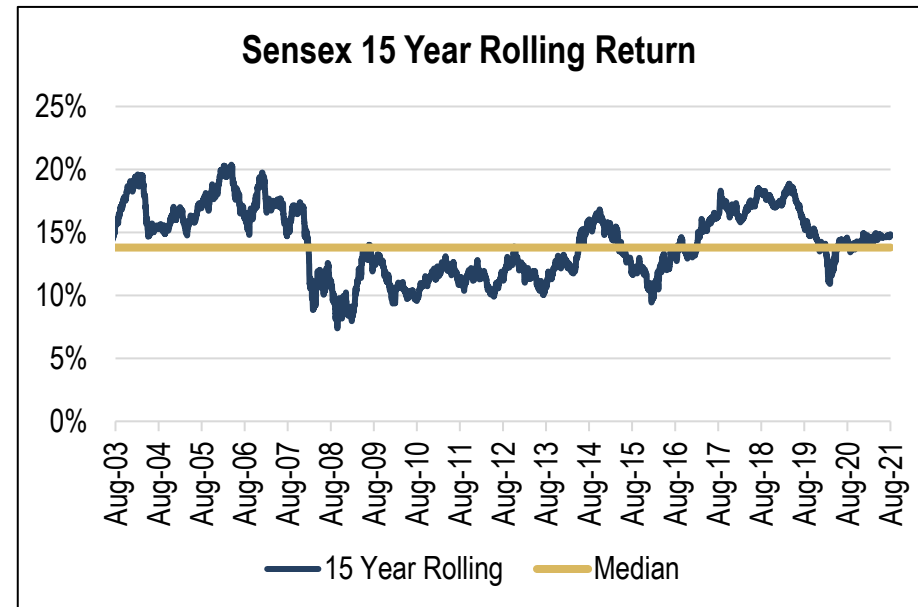
The calculation shown is for illustration purposes only. Corpus created has been arrived at by adding the interest earned during a year to the invested amount. Interest rates used for different years for PPF and NSC are the rates notified by the competent authority from time to time. \*Equity is represented by Nifty 50 TRI. The above comparison is not a comparison with scheme returns. **Unlike NSC and PPF, Equity investments are market linked and hence the performance may not be strictly comparable. Data: As on March 31, 2021 Source: NSE, RBI.**

# Advantages are fine but aren't equities risky?

- Equities are volatile in the short term, but have the potential to deliver better returns when invested for long term

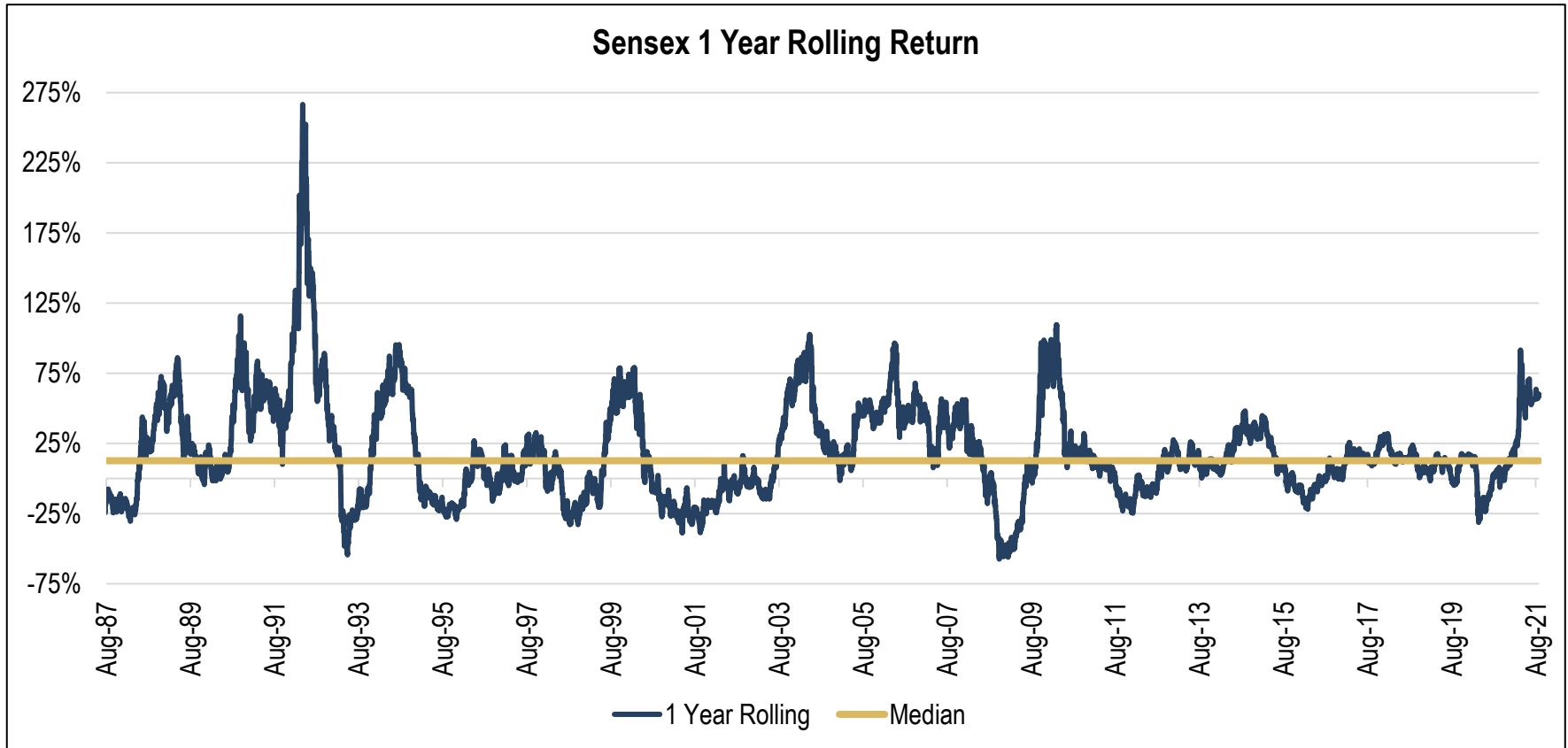


- Median return = 13.47%
- 1.2% of returns have been negative in the period considered



- Median return = 13.80%
- There have been no negative returns over 15 years in the period considered

# Equities Not For Short Term



- **Median return = 12.66%**
- **Over the period considered , the 1 year return has been negative 31.6% of the times**



Why PGIM India Long Term Equity Fund?

# Why ELSS of PGIM India?

	PGIM India Long Term Equity Fund	Benchmark	Remarks
<b>No. of stocks</b>	33	200	<b>Focused Portfolio</b>
<b>ROE</b>	13.7%	12.9%	<b>High Quality</b>
<b>Beta</b>	0.92	1.00	<b>Lower Volatility</b>
<b>Portfolio Overlap</b>	46.1%		<b>Low Overlap</b>

## IDCW\*\* History

Record Date	Regular Plan		Direct Plan	
	IDCW**/unit (Rs.)#	NAV (Rs.)	IDCW**/unit (Rs.)#	NAV (Rs.)
02-07-18	0.21	11.49	0.21	11.38
28-09-18	0.18	11.20	0.21	11.12
28-06-19	0.03	11.72	-	-
28-09-19	0.10	11.43	0.03	11.02
26-12-19	0.16	11.45	-	-
31-12-20	0.25	13.44	0.26	13.45
26-03-21	0.27	14.00	0.29	14.03
25-06-21	0.27	15.70	0.29	15.75

Source: Bloomberg, Internal Research Data as on August 31, 2021 # On face value of Rs. 10. Post IDCW\*\* per unit NAV will fall to the extent of the payout and applicable tax/surcharges/cess/other statutory levies. IDCW\*\* distribution is subject to availability of distributable surplus. Past Performance may or may not be sustained in future. \*\*Income Distribution cum Capital Withdrawal option

# What we look for during portfolio construction?

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## Quality

Sound management with a passion to move forward and the experience to manage the business during all phases of an economic cycle

## Growth Visibility

Leaders / potential leaders in the Large and Mid Cap space. Clear visibility of earnings growth over the next 3-5 years

## Strong Fundamentals

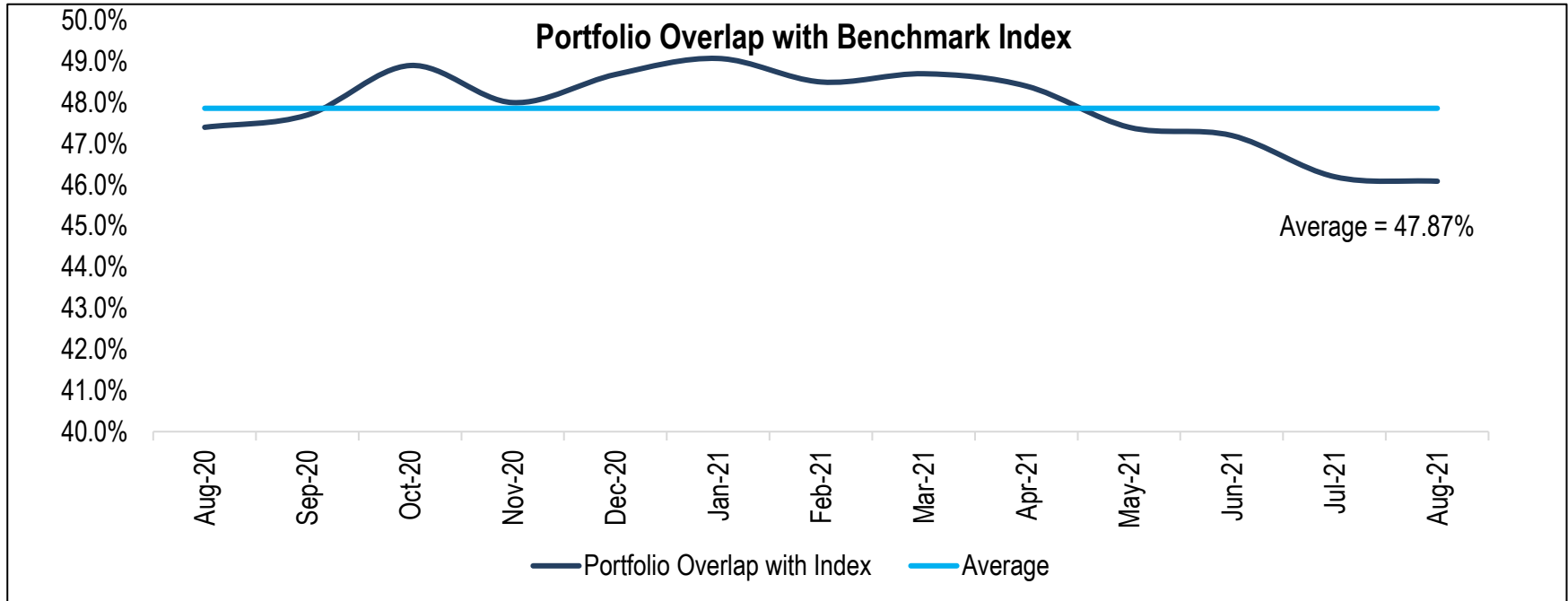
High and sustainable RoCE; Free Cash Flow; Established track record and proven business model; Scalability

## Valuation

Reasonable valuation at the time of entry, given past price movement of the stock and expected growth rate of earnings

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# Bottom-up stock picking

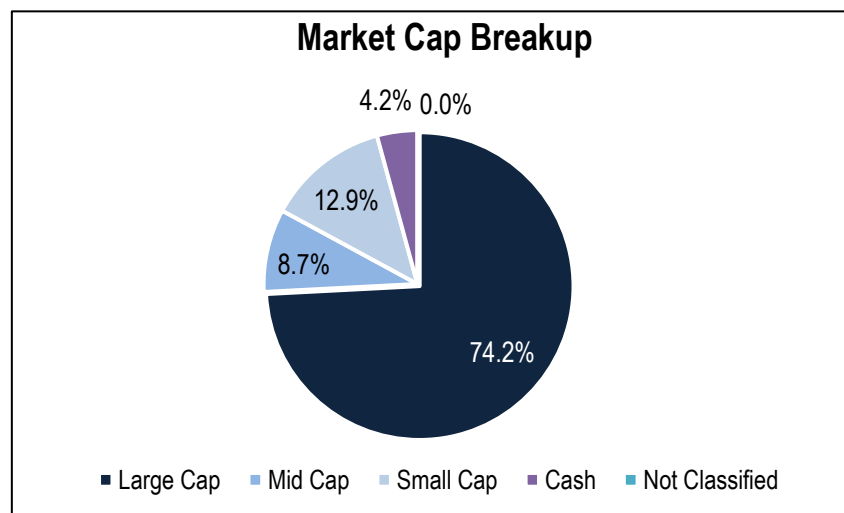


# Portfolio Metric – Current Sector and Stock Positioning

Stock (Top 10)	% Holding
Infosys Ltd.	8.01%
ICICI Bank Ltd.	7.91%
HDFC Bank Ltd.	5.39%
Larsen & Toubro Ltd.	5.30%
Bharti Airtel Ltd.	5.05%
State Bank of India	4.33%
Reliance Industries Ltd.	4.30%
Tata Consultancy Services Ltd.	3.96%
Sun Pharmaceutical Industries Ltd.	3.14%
ITC Ltd.	3.10%

Top 3 Sectors Overweight	% Overweight
Industrials	4.46
Health Care	4.41
Information Technology	2.49
Top 3 Sectors Underweight	% Underweight
Financials	-6.61
Materials	-5.58
Consumer Staples	-3.19

Top 5 Stocks Overweight	% Overweight
Bharti Airtel Ltd	3.41
Larsen & Toubro Ltd	3.23
Praj Industries Ltd	2.91
Icici Bank Ltd	2.81
State Bank Of India	2.65
Top 5 Stocks Underweight	% Underweight
Reliance Industries Ltd	-3.20
Housing Development Finance	-2.40
Axis Bank Ltd	-2.13
Bajaj Finance Ltd	-2.05
Asian Paints Ltd	-1.48



# Fund Performance

Performance (CAGR)	Fund		S&P BSE 200 TR Index ^		Nifty 50 TR Index #	
Period	Returns (%)	Value (INR) *	Returns (%)	Value (INR) *	Returns (%)	Value (INR) *
<b>PGIM India Long Term Equity Fund(G) – Regular Plan</b>						
Last 1 Year	58.12	15,812.15	55.45	15,545.06	52.24	15,223.84
Last 3 Years	15.06	15,237.15	14.97	15,204.13	14.96	15,198.11
Last 5 Years	14.39	19,596.02	15.83	20,860.90	15.71	20,746.76
Since Inception	15.12	22,390.00	17.03	24,611.81	16.70	24,214.39
<b>PGIM India Long Term Equity Fund(G)-Direct Plan</b>						
Last 1 Year	59.91	15,990.75	55.45	15,545.06	52.24	15,223.84
Last 3 Years	16.71	15,902.99	14.97	15,204.13	14.96	15,198.11
Last 5 Years	16.09	21,097.47	15.83	20,860.90	15.71	20,746.76
Since Inception	16.70	24,210.00	17.03	24,611.81	16.70	24,214.39

Data as on August 31, 2021

**Date of Inception: Regular Plan:** December 11, 2015; **Direct Plan:** December 11, 2015. CAGR – Compounded Annual Growth Rate.

All the above returns are for the growth option.

^ 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.

Srinivas Rao Ravuri is managing this fund since September 14, 2019 and Mr. Utkarsh Katkoria is managing this fund since June 01, 2021. No other scheme is managed by Srinivas Rao Ravuri. For performance of schemes managed by Utkarsh Katkoria refer to next slide.

# Fund Performance

## Performance of other scheme managed by Utkarsh Katkoria

Period	Last 1 Year		Last 3 Years		Last 5 Years			Fund Manager Details
Scheme Name	Scheme (%)	Benchmark (%)	Scheme (%)	Benchmark (%)	Scheme (%)	Benchmark (%)	Benchmark	Managing Since
PGIM India Arbitrage Fund	4.01	4.18	4.78	4.69	5.19	4.65	Nifty 50 Arbitrage TR Index	March 2016

**Date of Inception:** Regular Plan: August 27, 2014; **Direct Plan:** August 27, 2014. CAGR – Compounded Annual Growth Rate Based on standard investment of Rs.10,000 made at the beginning of the relevant period. All the above returns are in CAGR

The performance provided is for Regular Plan - Growth Option. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Scheme performance is not strictly comparable with that of its standard benchmark since the scheme does not take directional call in equity markets but is limited to availing arbitrage opportunities, etc.

Hitash Dang (Equity Market) is co-managing this fund since May 2017 and Kumaresh Ramakrishnan (Debt Market) is also managing this fund since August 2014. Please refer to [www.pgimindiamf.com](http://www.pgimindiamf.com) for details on performance of all schemes including direct plans. Performance as on August 31, 2021

## Fund Facts

Scheme Name	PGIM India Long Term Equity Fund
Type of scheme	An Open -Ended Equity Linked Savings Scheme with a statutory lock-in of 3 years and tax benefit
Investment objective	The primary objective of the Scheme is to generate long-term capital appreciation by predominantly investing in equity & equity related instruments and to enable eligible investors to avail deduction from total income, as permitted under the Income Tax Act, 1961 as amended from time to time.
Plan / Options	IDCW** (Payout of Income Distribution cum Capital Withdrawal option) and Growth.
Exit Load	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.
Fund Manager	Mr. Srinivas Rao Ravuri Mr. Utkarsh Katkoria
Benchmark Index	S&P BSE 200 TR Index



# Riskometer and Important Disclosures

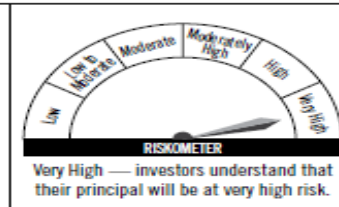
## PGIM India Long Term Equity Fund

(An Open-Ended Equity Linked Savings Scheme with a statutory lock-in of 3 years and tax benefit)

This product is suitable for investors who are seeking\*

- Long-term capital appreciation
- To generate long-term capital appreciation by predominantly investing in equity & equity related instruments and to enable eligible investors to avail deduction from total income, as permitted under the Income Tax Act, 1961 as amended from time to time.
- Degree of risk – VERY HIGH

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



**AUM Breakup:** Asset class wise disclosure of AAUM: AUM as on **June 30, 2021** (Rs in Crores): Income: 1,473.23, Equity Other than ELSS: 3,670.66, Balanced: 0.00, Liquid: 782.42, Gilt: 132.38, Equity ELSS: 359.44, Hybrid: 1,117.35, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 1,524.29, Total: 9,059.75; Average AUM for the month: Income: 1,539.34, Equity Other than ELSS: 2,861.28, Balanced: 0.00, Liquid: 1,002.65, Gilt: 125.49, Equity ELSS: 356.52, Hybrid: 951.88, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 1,273.05, Total: 8,110.22; Disclosure of percentage of AUM by geography: % of Total AUM as on June 30, 2021: Top 5 cities: 50.15%, Next 10 cities: 16.73%, Next 20 cities: 4.89%, Next 75 cities: 28.24%, Other: 0.00%, Total: 100.00%; Disclosure of AUM by Service Category: AUM as on June 30, 2021 (Rs. in Crores): Mutual Funds: 9,060.00, PMS: 128.00, Advisory: 2,338.00, Total: 11,526.00.

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

Dated: September 15, 2021

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