MUTUAL FUNDS Sahi Hai

PGIM India Mutual Fund

PGIM INDIA EQUITY SAVINGS FUND

An Open Ended Scheme investing in equity, arbitrage and debt

June 2021

Why invest in PGIM India Equity Savings Fund?

PGIM India Equity Savings Fund seeks to provide capital appreciation and income distribution to the investors by using equity, equity derivatives, arbitrage opportunities and investments in debt.

Investment Strategy

- The scheme seeks to achieve its investment objective primarily by employing various strategies which seek to exploit available arbitrage opportunities in equity markets combined with investments in unhedged equity positions as well as debt and money market instruments.
- A top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in selected sectors based on the Investment team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done from these sectors.
- The debt allocation is actively managed and the Fund Management team may endeavor to generate returns whilst moderating credit and interest rate risk.

Portfolio Highlights

- The portfolio provides investors potential upside from both, Debt and Equity markets
- The Portfolio allocation enables the investor
  - — To benefit from the a likely fall in interest rates
  - — To benefit from the anticipated growth in equity markets
  - — Taxation of an equity scheme

Portfolio Positioning*

- 15% to 40% of the portfolio is invested in unhedged equity to benefit from the upside in the equity markets
- Both equity and bond markets experience volatility
  - — About 25% to 40% of the portfolio would be invested in equity arbitrage positions to cushion the volatility in returns

Who should invest?

PGIM India Equity Savings Fund is ideal for investors seeking to generate income from a tax efficient portfolio of equity and debt securities.

Portfolio (Top Ten Holdings) as on June 30, 2021

Issuer	% to Net Assets	% of NAV to Derivatives
IndusInd Bank Ltd.	7.96	-7.96
Vedanta Ltd.	7.09	-7.12
State Bank of India	4.38	-4.38
HDFC Bank Ltd.	4.24	
Bharti Airtel Ltd.	4.02	-4.04
Tata Consultancy Services Ltd.	2.91	-2.19
Glenmark Pharmaceuticals Ltd.	2.61	-2.62
City Union Bank Ltd.	1.56	
Kotak Mahindra Bank Ltd.	1.41	
Housing Development Finance Corporation Ltd.	1.29	-1.30
Equity Holdings	**69.91**	**-30.86**
Corporate Debt	**0.85**	
Margin Mutual Fund Units	**8.86**	
Cash & Current Assets	**20.38**	
Total	**100.00**	

Fund Manager's View

The market that was

While the broader markets were largely rangebound in June 2021 and closed marginally higher (NIFTY +0.9%), there was a strong surge in the midcaps/smallcaps space with the indices up ~5% in the month. The BSE SmallCap 250 Index has given positive returns for 15 straight months – something never before witnessed by the market (the previous record was 8 months). While hawkish signals by the Federal Reserve did cause some jitters mid-month, the Indian markets recovered along with its global peers. IT and consumer durables sectors were broad gainers while banks, oil & gas and power sector were laggards. The Covid situation too seems to be improving with daily cases below 50,000 and vaccination gathering pace.

On the macro front, May CPI increased sharply to 6.3% YoY. For the two months of FY22, fiscal deficit came at 8% of full year Budget vs pre-Covid average of 47% primarily on the back of robust direct tax collections. The RBI MPC maintained status quo on rates while FY22 growth forecast was cut to 9.5% and inflation revised up by ~25bps to 5.1%. The Finance Minister announced a few Covid relief measures with a focus on improving health infrastructure in tier 2-3 towns and on the stressed segments.

The FY21 current account recorded a surplus of USD 24.0 billion or 0.9% of GDP compared with a deficit of USD 24.6 billion or 0.9% of GDP in FY20. Bank Credit growth continued to remain at modest sub-6% levels. India's crude oil imports in May rose 18.2% YoY, up the most since February 2016, to 17.3 million tonnes – early signs of growth recovery. As per CMIE, India's unemployment rate dropped to 9.2% in June compared to 11.9% in May.

Capital markets saw 13 deals worth ~$4bn executed in June. FIIs were net buyers to the tune of $1.4bn, while DIIs continued the buying in June to the tune $0.9bn. YTD FII/DII inflows stand at +$8bn/-$0.5bn respectively.

Fund Manager's View

While things seem to be coming back to normalcy with some lockdown easing seen in many states, vaccination gathering steam and monsoons being healthy so far (10% above normal till 30-Jun), markets are also factoring the same to a large extent. Active cases have declined over 85% from peak levels seen in May'21. However, a few risks remain – a) Risk of a third wave/variant causing economic hiccups, ii) Possible slowing of QE impacting markets globally and iii) rising inflation and sustained high commodity prices leading to cost pressures.

Q4FY21 earnings have seen healthy growth, however, some of it is attributable to the low base of last year, while some of it is due to genuine cost rationalization. With Q1 likely to see some impact of interspersed lockdowns and restrictions, we reckon the economic impact of the second wave should be milder than first wave.

We believe, for markets to sustain momentum - growth should come back strongly (and not only on low bases), covid situation easing out further along with vaccinations gaining more coverage and inflation/cost pressures to come under control are key variables. We continue to focus on companies with growth visibility and sound financials.

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

Asset Allocation

Instruments	Indicative allocations (% of total Assets)		Risk Profile
	Minimum	Maximum	
A. Equity and Equity related instruments	65	90	High
A1. Of which Net Long Equity	5	40	High
A2. Of which Equity and Equity derivatives (Only Arbitrage opportunities)	25	85	High
B. Debt Securities and Money Market Instruments (including investments in securitized debt)	10	35	Low to Medium
C. Units issued by InVITs and REITs	0	10	Medium to High

Please refer to the Scheme Information Document for more details on asset allocation.

Key Features

Benchmark Index:
70% of the NIFTY 50 Arbitrage TR Index and 30% of the NIFTY 50 TR Index

Fund Manager:
Mr. Alok Agarwal (Equity Portion), (w.e.f June 1, 2021) Mr. Hitash Dang (Equity Portion) and Mr. Kumaresh Ramakrishnan (Debt Portion)

Application Amount: Minimum of ₹ 5000/- and in multiples of ₹ 1/- thereafter. **Additional Purchase:** Minimum of ₹ 1000/- and in multiples of ₹ 1/- thereafter. **Repurchase / Redemption Amount:** Minimum of ₹ 1000/- and in multiples of ₹ 1/- thereafter or account balance whichever is lower.

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.

About Us

PGIM India Mutual Fund is a wholly owned business of PGIM, the global investment management business of the US based Prudential Financial, Inc. (PFI). PGIM India Mutual Fund offers a broad range of equity and fixed income solutions to retail and institutional investors throughout the country. We manage 21 open-ended funds operated by 15 investment professionals. In addition to managing our investors assets through domestic Mutual Funds, we also offer Offshore Funds and Portfolio Management Services. The fund house leverages the strength and stability of PGIM's 140-year legacy to build on its decade long history in India.

PGIM is the global investment management business of PFI, one of the top 10 investment managers* with over USD 1.5 trillion[1] in asset under management. PGIM offers a wide range of actively managed asset classes and investment styles including Equities, Fixed Income and Real Estate. PGIM employs over 1300+ investment professionals serving investors in 52 countries and follows a multi-manager model with strong capabilities beyond traditional assets.

Source: pgim.com *Pensions & Investments Top Money Managers list, June 1, 2020; ranking reflects largest money managers by assets under management as of March 31, 2020; based on PFI total worldwide assets under management as of March 31, 2020. [1]All Information as of December 31, 2020.

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Riskometer

This product is suitable for investors who are seeking*:

- Capital appreciation and Income distribution over the medium term
- Investment primarily in equity and equity related securities and a small allocation to debt securities
- 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

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.