



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

February 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 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 |
|-----------------------------|---------------|
| Materials | 6.36 |
| Industrials | 5.52 |
| Consumer Discretionary | 4.85 |
| Top 3 Sectors Underweight | % Underweight |
| Consumer Staples | 8.17 |
| Energy | 7.08 |
| Financials | 4.80 |
| Top 5 Stocks Overweight | % Overweight |
| Can Fin Homes Ltd | 3.53 |
| Federal Bank Ltd | 3.18 |
| Praj Industries Ltd | 3.04 |
| Coforge Limited | 2.93 |
| SKF India Ltd | 2.38 |
| Top 5 Stocks Underweight | % Underweight |
| Reliance Industries Ltd | 7.41 |
| Housing Development Finance | 5.01 |
| Tata Consultancy Svcs Ltd | 3.34 |
| HDFC Bank Limited | 3.32 |
| Kotak Mahindra Bank Ltd | 2.86 |

The above weights are in comparison to the benchmark.

Source: Bloomberg and Internal Research. The above data as on February 28, 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 | 14.0% | 9.2% |
| Debt / Equity (ex-financials) | 31.4% | 111.8% |
| FY 22E Price / Earning Ratio | 17.8 | 22.1 |
| Beta | 0.91 | 1.00 |

Source: Bloomberg and Internal Research. The above data as on February 28, 2021.

Portfolio Composition

| | Portfolio | Nifty 500 TR Index |
|---|-----------|--------------------|
| Number of stocks | 43 | 500 |
| Portfolio overlap with | — | 24.8% |
| Large caps (1st-100th stock) | 43.7% | 79.3% |
| Mid caps (101st-250th stock) | 17.5% | 14.3% |
| Small caps (251st stock onwards) | 32.7% | 6.3% |
| Cash | 6.1% | 0.0% |
| Market Cap yet to be classified by AMFI | 0.0% | 0.1% |
| Top 10 holding | 38.4% | 41.6% |
| Avg Market Cap - Crore | 1,48,121 | 3,55,149 |

Source: Bloomberg and Internal Research. The above data as on February 28, 2021.

Portfolio (Top Ten Holdings) as on February 28, 2021

| Issuer | % to Net Assets |
|-----------------------|-----------------|
| Infosys Ltd. | 5.56 |
| ICICI Bank Ltd. | 4.95 |
| HDFC Bank Ltd. | 3.97 |
| Axis Bank Ltd. | 3.72 |
| Can Fin Homes Ltd. | 3.54 |
| State Bank of India | 3.46 |
| The Federal Bank Ltd. | 3.33 |
| Praj Industries Ltd. | 3.03 |
| Coforge Ltd. | 2.95 |
| Bharti Airtel Ltd. | 2.88 |

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 [^] | | NIFTY 50 TR Index # | |
|---------------------|-------------|--------------|---------------------------------|--------------|---------------------|--------------|
| | Returns (%) | Value (INR)* | Returns (%) | Value (INR)* | Returns (%) | Value (INR)* |
| Regular Plan | | | | | | |
| Last 1 Year | 49.04 | 14,903.56 | 33.37 | 13,336.51 | 31.27 | 13,127.10 |
| Last 3 Years | 14.65 | 15,076.91 | 10.85 | 13,624.89 | 12.87 | 14,382.72 |
| Last 5 Years | 18.66 | 23,535.62 | 17.30 | 22,217.12 | 17.28 | 22,198.32 |
| Since Inception | 12.35 | 20,090.00 | 10.26 | 17,952.62 | 9.85 | 17,555.80 |
| Direct Plan | | | | | | |
| Last 1 Year | 51.91 | 15,190.58 | 33.37 | 13,336.51 | 31.27 | 13,127.10 |
| Last 3 Years | 16.90 | 15,983.51 | 10.85 | 13,624.89 | 12.87 | 14,382.72 |
| Last 5 Years | 20.61 | 25,531.15 | 17.30 | 22,217.12 | 17.28 | 22,198.32 |
| Since Inception | 14.00 | 21,920.00 | 10.26 | 17,952.62 | 9.85 | 17,555.80 |

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. [^] 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 February 26, 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 February 26, 2021

| | Last 1 Year | Last 3 Years | Last 5 Years | Managing Since |
|--|-------------|--------------|--------------|----------------|
| PGIM India Midcap Opportunities Fund | 60.02 | 15.62 | 18.94 | April 05, 2018 |
| Nifty Midcap 100 TR Index [^] | 39.85 | 6.79 | 16.23 | |

[^] 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 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 one year of performance.

Performance of other funds managed by Fund Manager A. Anandha as on February 26, 2021

| | Last 1 Year | Last 3 Years | Last 5 Years | Managing Since |
|--|-------------|--------------|--------------|------------------|
| PGIM India Emerging Markets Equity Fund | 36.05 | 11.34 | 10.58 | October 24, 2020 |
| MSCI Emerging Markets Index [^] | 35.82 | 8.30 | 14.40 | |

[^] 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 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 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 one year of performance.

Fund Manager's View

The market that was

Amid volatile sessions, Nifty-50 Index gained 6.7% in February. The month started on a positive note with the announcement of the Union Budget. Key benchmark indices gained 5% on February 1 as there was no change in tax rates, the focus was on growth and increase in spending. After a strong start to the month, a sudden reversal in the declining Covid cases in India and a global sell-off triggered by the rise in US treasury yields pulled the benchmarks to close ~6% lower. Broader markets outperformed with Nifty Midcap 100 Index gaining 11.4% and Nifty Small Cap 100 Index gaining 12.3%. Among sector indices, the Metal Index gained 24%, followed by Power (+21%) and Utilities (+18%). Hindalco (+50%), SBI (+38%), Adani Ports (+33%) were the top gainers in Nifty index while Eicher (-9%), TCS (-7%), Hindustan Unilever (-6%) were the top laggards.

The rise in Covid cases in India prompted some states to consider new restrictions including partial lockdowns in hotspots. Prioritizing Capex over Revenue Expenditure held the promise of creating more jobs and uplifting long term growth potential. Moreover, the government's focus and commentary on privatization/divestments led to renewed interest in PSU stocks.

Both FTSE and MSCI announced an increase in India weight in their rebalances, which led to expectations of passive inflows in Feb/Mar. In Flow trends, FII buying accelerated to ~\$3bn whereas DII continued to remain net sellers, led by domestic mutual funds which saw their 7th consecutive month of redemptions in January.

India's GDP grew 0.4% YoY Q3FY21, though slightly below market forecasts of a 0.5% gain. It is the first expansion in three quarters as the government opened economic activities in phases from June after a coronavirus lockdown in late-March. India's fiscal deficit soared from 4.6% of GDP in FY20 to 9.5% in FY21 due to the welfare measures taken to counter the pandemic. An expansionary budget & more transparent accounting led to the FY22 target of 6.8%.

India has administered ~14.3mn doses to healthcare & front-line workers. Starting March 1, the government plans to start the second phase that will cover ~100mn people who will be vaccinated at 10k governmental centres

and 12k private centres. Active cases are ~84% below September 2020 highs. However, they have risen over ~25% in the last few days.

Fund Manager's View

The FY22 Union Budget focused on growth and has relaxed the government's medium-term fiscal consolidation targets. The government's bigger focus remains on supply-side reforms with the objective of kick-starting the investment cycle. This is critical for India's medium-term growth prospects.

The government's decision to accelerate spending reflects its views on higher multiplier effects during the unlock phase and higher growth as a pre-condition for debt sustainability. Its revised targets suggest government spending will be frontloaded and will rise by 55-60% YoY in the final quarter of FY21 (Jan-Mar 2021). Higher deficits resulted in higher-than-expected market borrowings for both this fiscal year (INR 800bn) and next (INR 12tn). Much of the consolidation in FY22 will be occurring against the backdrop of higher nominal GDP growth of 14.4% YoY and gross tax revenue growth of 16.7%YoY, both of which are reasonable assumptions, given a weak base.

Q3FY21 results were strong. Nifty EPS grew 16% YoY in Q3FY21, ~14% above estimates. For 9MFY21, EPS growth stood at 0.5% YoY. Economic recovery and abnormally low base in the next 2 quarters are likely to ensure strong earnings in growth numbers in coming quarters. For the BSE100 firms, not only did sales growth climb sharply to +1% YoY in 3Q vs -7% in 2Q, but it was also broad-based, with only 22 firms reporting a decline in sales, the lowest since June-2019. The 1.4pp YoY expansion took BSE100 EBIT margins to a decade high, pushing EBIT +18% YoY despite a high base, with 38% of firms reporting 30%+ EBIT growth and only 20% (mostly banks that increased provision cover) seeing a decline. The consensus now expects ~14% growth in FY21 Nifty EPS vs +5% in Oct-2020.

In sharp contrast to about a year ago, visibility of fundamental growth has improved substantially. However, rising prices of commodities (especially crude in India's case) and rising global yields may have some impact on liquidity. We continue to stick to companies with improving visibility of growth.

Key Features



Benchmark Index:
Nifty 500 TR Index⁵



Fund Manager:
Mr. Aniruddha Naha (Equity Portion)
Mr. Anandha Padmanabhan Anjeyan (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.

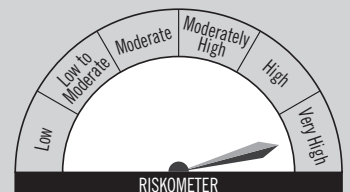
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Riskometer

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.