



**PGIM**  
India Mutual Fund

Gain from experience

# 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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February 2021



## What is an ELSS?

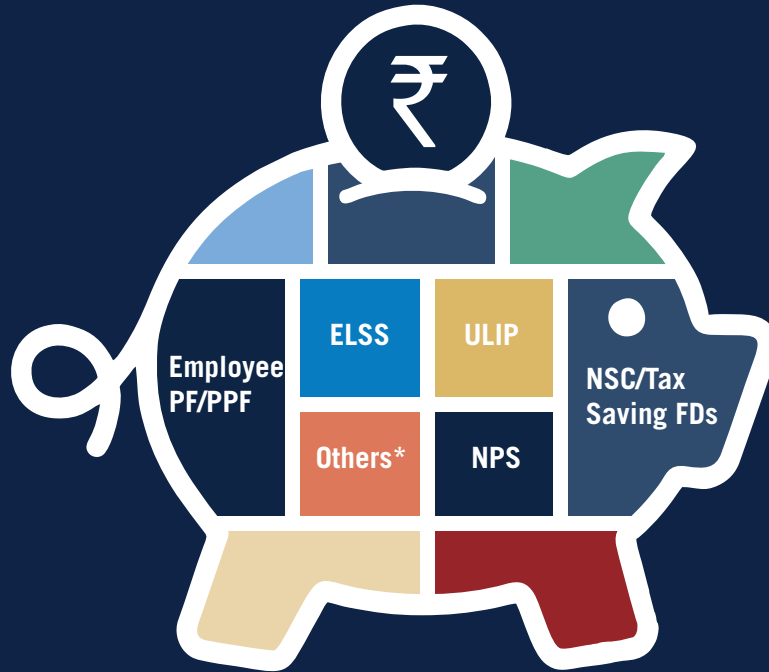


An Equity Linked Savings Scheme (ELSS), is a diversified equity mutual fund which invests **majority of its corpus in equities**. As per the present tax laws, eligible investors (individual/ HUF) are entitled to deduction from their gross total income, of the amount invested in equity linked saving scheme (ELSS) upto 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.

\*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 ₹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.

# Investment Options u/s 80C



\*Insurance Premium, Housing Loan Principal Repayment, Children's Tuition Fees

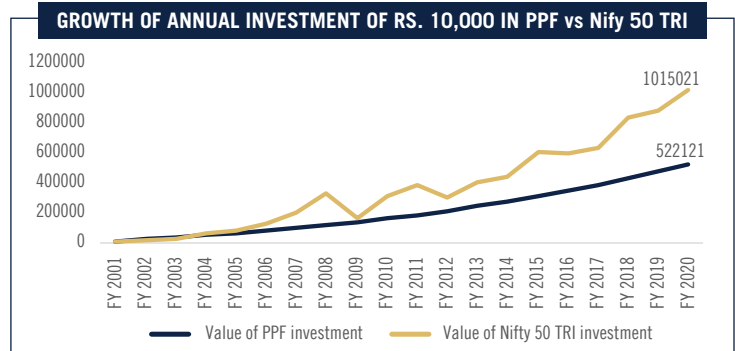
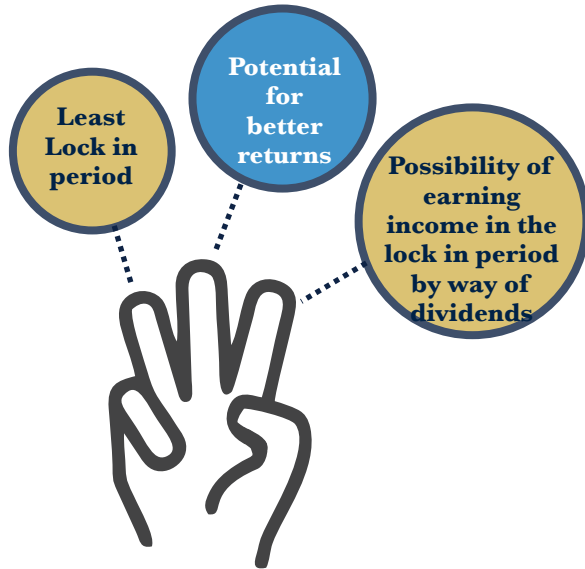
**Investor can avail a max deduction of ₹1,50,000 for investment in either one or all put together**

## Comparison of Options

Investment	Risk Profile	Interest rates (as on October 31 2020)	Guaranteed Returns	Lock in Period	Tax on returns	Premature Withdrawal
ELSS	Equity Related	Market Linked Returns	No	3 Years	10% LTCG on profits above 1 Lac	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

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, investment in mutual funds are subject to market risks, hence, the performances may not be strictly comparable. PPF rate is effective from January 1 2021, Ministry of Finance (Govt. of India); NSC rate is effective April 1 2020. Data is as on 26 February 2021.

# Benefits of ELSS



Characteristics	PPF	NSC	Equity*
Amount Invested (Rs.)	10,000/ year	10,000/ year	10,000/ year
Period of Investment	20 years	20 years	20 years
Corpus created (Rs.)	5.22 L	5.29 L	10.15 L
Wealth Multiplier	2.61	2.64	5.07
XIRR Return	8.44%	8.55%	13.81%

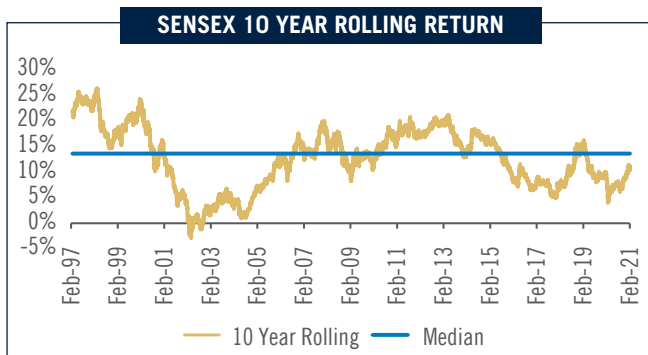
**Past performance may or may not be achieved in the future. Dividend distribution is subject to availability of distributable surplus.**

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 S&P BSE Sensex. 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.**

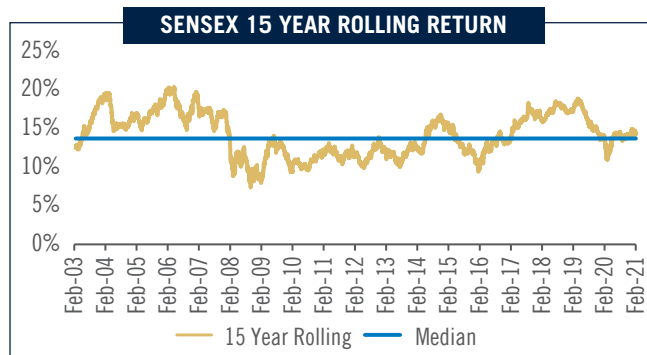
**Data: As on April 30, 2020 Source: NSE, RBI.**

# 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



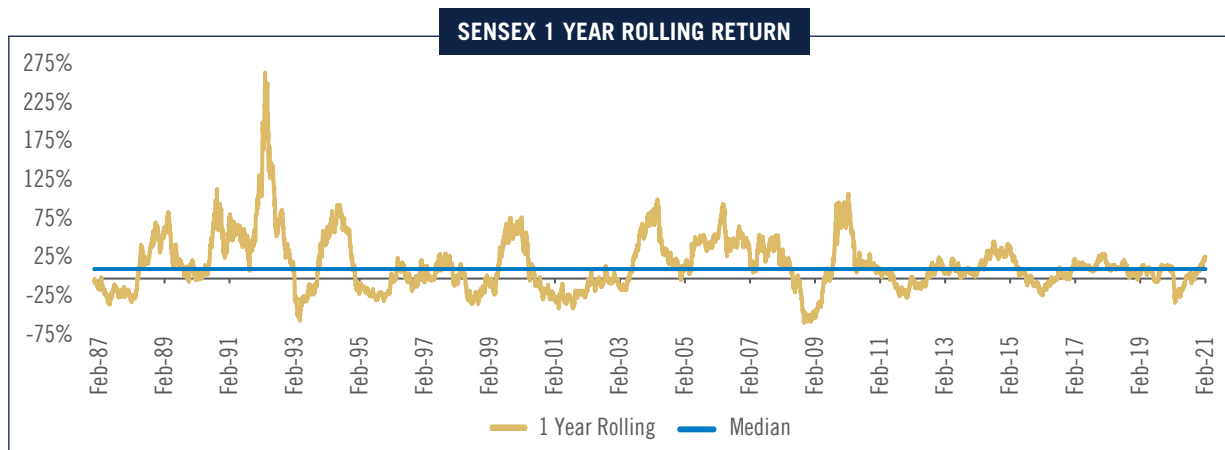
**Median return = 13.59%**  
**1.21% of returns have been negative in the period considered**



**Median return = 13.7%**  
**There have been no negative returns over 15 years in the period considered**

The above graphs are intended for illustration purpose only to help understand performance of the equity market, represented by daily rolling returns for 10/15 years CAGR since the inception of S&P BSE SENSEX benchmark as on January 1, 1986 until February 26, 2021.

# Equities Not For Short Term



**Median return = 12.45%**  
**Over the period considered, the 1 year return has been negative 31.89 % of the times**

The above graphs are intended for illustration purpose only to help understand performance of the equity market, represented by daily rolling returns for 1 year CAGR since the inception of S&P BSE SENSEX benchmark as on January 1, 1986 until February 26, 2021.

## Why ELSS of PGIM India?

	PGIM India Long Term Equity Fund	Benchmark	Remarks
No. of stocks	35	200	Concentrated Portfolio
ROE	14.4%	9%	Better Quality
Beta	0.92	1.00	Low Volatility
Portfolio Overlap with		48.5%	Low Overlap

Source: Bloomberg, Internal Research. Date as on February 26, 2021

Dividend History				
Record Date	Regular Plan		Direct Plan	
	Dividend/unit (Rs.)#	NAV (Rs.)	Dividend/unit (Rs.)#	NAV (Rs.)
28-12-17	0.24	13.06	0.25	13.32
23-03-18	0.80	11.86	1.12	12.03
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-Dec-20	0.25	13.44	0.26	13.45

# On face value of Rs. 10. Post Dividend per unit NAV will fall to the extent of the payout and applicable tax/surcharges/cess/other statutory levies. Dividend distribution is subject to availability of distributable surplus. Past Performance may or may not be sustained in future.

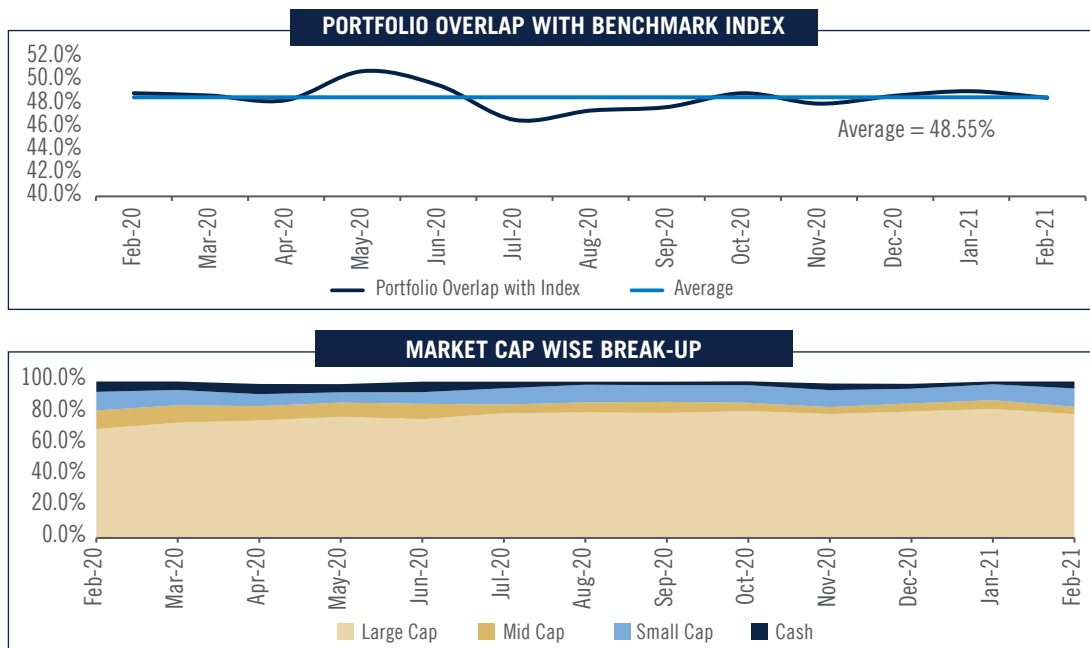


## What we look for during portfolio construction

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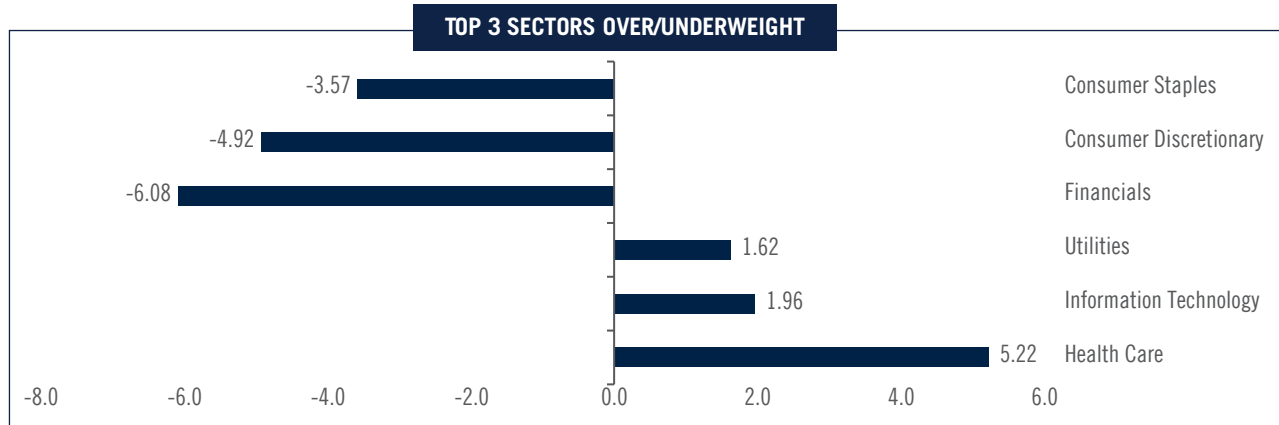
<p><b>QUALITY</b></p> <p>Sound management with a passion to move forward and the experience to manage the business during all phases of an economic cycle</p>	<p><b>GROWTH VISIBILITY</b></p> <p>Leaders/ potential leaders in the Large and Mid Cap space. Clear visibility of earnings growth over the next 3-5 years</p>
<p><b>STRONG FUNDAMENTALS</b></p> <p>High and sustainable RoCE; Free Cash Flow; Established track record and proven business model; Scalability</p>	<p><b>VALUATION</b></p> <p>Reasonable valuation at the time of entry given past price movement of the stock and expected growth rate of earnings.</p>

# Bottom up stock picking and a diversified portfolio



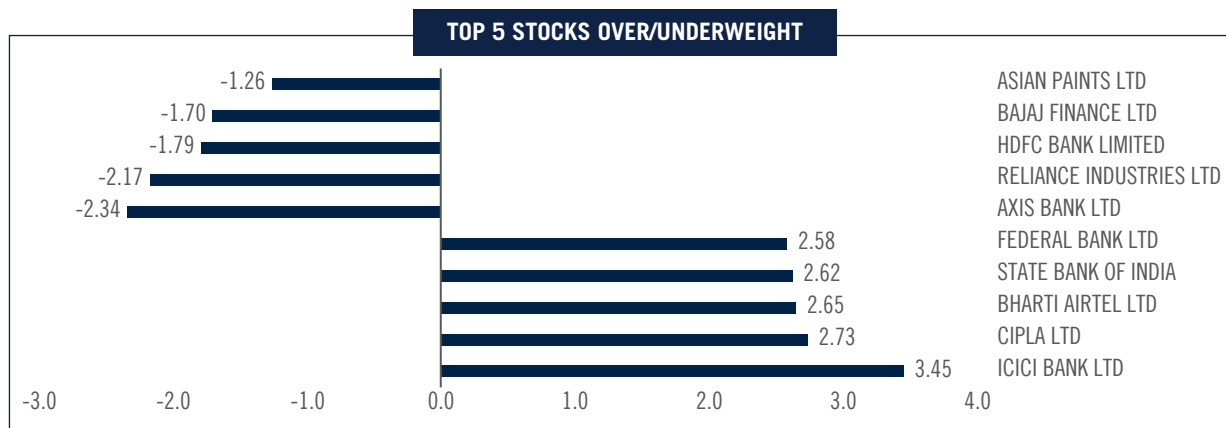
Source: Ace MF. Classification of stocks based on AMFI's list: Large Cap- 1st-100th stock, Mid cap - 101st-250th stock, Small cap - 251st stock onwards; Benchmark index of the fund is S&P BSE 200 TR. These are based on the Fund Manager's outlook and are subject to change.

# Portfolio Positioning



Source: Bloomberg; Date As on February 26, 2021. The above weights are in comparison to the Benchmark, S&P BSE 200 TRI. These are based on the Fund Manager's outlook and are subject to change.

## Portfolio Positioning



Source: Bloomberg; Date As on February 26, 2021 The above weights are in comparison to the Benchmark, S&P BSE 200 TRI. These are based on the Fund Manager's outlook and are subject to change.

# Fund Performance

	Fund		S&P BSE 200 TRI <sup>^</sup>		NIFTY 50 TRI <sup>#</sup>	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>PGIM India LT Equity Fund-Reg(G)</b>						
Last 1 Year	34.33	13,432.94	33.60	13,359.70	31.27	13,127.10
Last 3 Years	9.75	13,224.32	12.05	14,071.78	12.87	14,382.72
Last 5 Years	15.36	20,440.37	17.62	22,522.36	17.28	22,198.32
Since Inception	12.44	18,430.00	14.83	20,571.32	14.63	20,382.82
<b>PGIM India LT Equity Fund (G)-Direct Plan</b>						
Last 1 Year	35.96	13,596.43	33.60	13,359.70	31.27	13,127.10
Last 3 Years	11.48	13,857.27	12.05	14,071.78	12.87	14,382.72
Last 5 Years	17.01	21,947.43	17.62	22,522.36	17.28	22,198.32
Since Inception	14.00	19,810.00	14.83	20,571.32	14.63	20,382.82

**Date As on February 26, 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.

<sup>^</sup> Scheme Benchmark. <sup>#</sup> 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 has been managing this fund since September 14, 2019. No other schemes are managed by Mr. Srinivas Rao Ravuri

## **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 advisors if in doubt about whether the product is suitable for them.



**Investors understand that their principal  
will be at very high risk**



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