



PGIM
India Mutual Fund

Gain from experience

PGIM INDIA MIDCAP OPPORTUNITIES FUND

(An open ended equity scheme predominantly investing in mid cap stocks)

February 2021





PGIM
India Mutual Fund

GAIN FROM EXPERIENCE

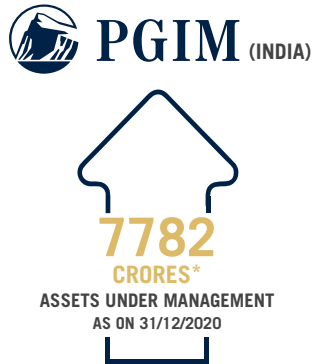
As always, experience gives you an edge. Powered by its in-depth learnings, PGIM India Mutual Fund helps you manage money better.

PGIM, built on a 140-year legacy.

To know more, contact your financial advisor.



About Us



Source: www.pgim.com and www.prudential.com. *For AUM Breakup please refer slide no. 28

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About Us

Global Footprint



10TH
largest global
asset manager

73%¹
of asset in 4/5 star

38
OFFICES

1300+
investment
professionals

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

²Pensions & 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.

Source: www.pgim.com

Position of Strength

Ranking Based on Worldwide Assets

Top 10 Asset Managers ²		Assets (\$ Billions)
1	BlackRock	\$6,466
2	Vanguard Group	\$5,269
3	Fidelity Investments	\$2,900
4	State Street Global Advisors	\$2,689
5	JP Morgan Asset Management	\$2,239
6	The Goldman Sachs Group	\$1,818
7	BNY Mellon Investment Management	\$1,796
8	The Capital Group	\$1,700
9	Amundi	\$1,684
10	PFI*	\$1,481

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

INDIA
BUSINESS

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.



Themes available for Mid and Small Cap



SOFTWARE PRODUCT DEVELOPMENT COMPANIES

- India is seeing emergence of some interesting IT product companies.
- Different from the normal IT Services companies



WATER & WATER TRANSPORTATION

Water will increasingly become a critical element in the eco-system of India. Higher population & erratic monsoons will require water transportation & river linking



DISCRETIONARY RETAIL

This segment is a beneficiary of rising per capital GDP and higher discretionary spends. Many sub segments find no representation in large caps:

- Footwear
- Clothing brands
- Food & Retail chain



HOSPITALITY

Increasing incomes will lead to people travelling more and holidaying. The need for hotel rooms & airlines will grow manifold

These are based in the Fund Managers outlook and are subject to change. The Scheme may or may not invest in above themes. These themes may change depending upon the market conditions.

Themes available for Mid and Small Cap



REAL ESTATE

Housing will be a long-term story in India. Post RERA, the transparency has gone up and overtime the competition will come down.



CHEMICALS

The sector is seeing a lot of vibrancy in terms of growth and profitability as China clamps down on pollution. Lots of business is flowing to India



HOME BUILDING

As a corollary to the real estate sector, as the sector takes off, there will be a good demand of tiles, sanitary ware, etc. There is very little representation of large caps in the segment.

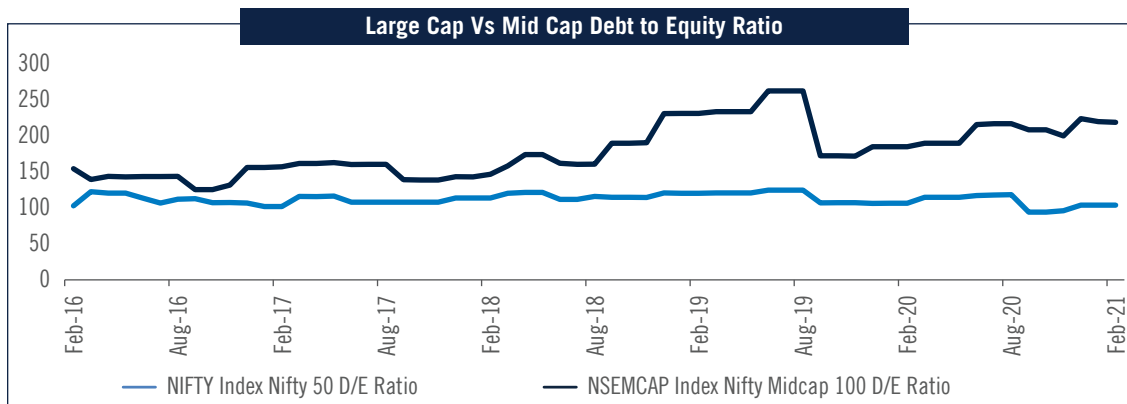


STAFFING

Manpower management is moving from unorganised to organised and the trend to outsource non-core activity will be a big theme, as corporates will focus on core activities and profitability

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Falling interest rates augur well for Mid and Small Caps



Historically, Mid Caps and Small Caps have been more leveraged than Large Caps. Recent changes with interest rates reducing Mid Caps are likely to benefit more than Large Caps.

Data as on February 26, 2021. Source: Bloomberg. The Large Cap category stocks are represented by Nifty 50 Index and the Midcap stocks are represented by Nifty Midcap 100 Index.

Mid and Small Caps post a sharp recovery post drawdown

Bearish Events	Period	High to Low Correction	2 Years Return thereafter	3 Years Return thereafter	5 Years Return thereafter
Sub-prime Crisis	Dec 2007 to Mar 2009	-62.96%	135.96%	126.31%	152.75%
European Crisis	Oct 2010 to Dec 2011	-34.71%	32.06%	105.89%	134.81%
Greece Default	Dec 2012 to Aug 2013	-22.52%	98.17%	133.25%	202.29%
Demonetization effect	Oct 2016 to Dec 2016	-9.81%	24.56%	19.17%	7.52%
SEBI reclassification, Credit Crisis	Dec 2017 to Feb 2019	-20.88%	-7.71%	—	—

The Returns of 2 years, 3 years and 5 years are absolute returns and are calculated from the end of the correction for all the above mentioned events.

The extent of drawdowns is a factor in determining risk but the time taken to recover a drawdown is an equally important factor. Historically, the midcaps have demonstrated a decent drawdown recovery.

Data as on February 26, 2021. Source: Bloomberg. The above table is only for illustration purpose and should not be construed or related to the performance of the strategy.

Investment Approach : PGIM India MCOF



The zebra in the centre is the safest, but gets low quality grass which is stamped by the hoof of other horses



The zebra in the outer periphery has the risk of being attacked by lions but has access to the greener grass.



The zebra, which is aware of the risk and stands at the outer periphery gets the best grass and is risk aware

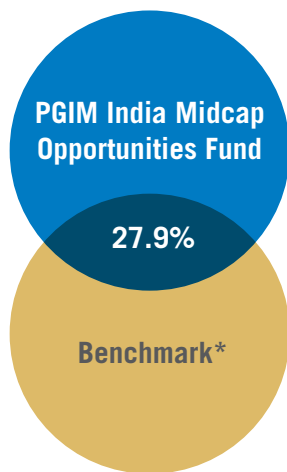
In the Midcap, we are the risk aware zebra, standing at the periphery

Source : Zebra in the Lion Country by Ralph Wagner

Approach leads to concentrated portfolio with low overlap

Low Portfolio Overlap of 27.9% with top ideas beyond benchmark

Low Portfolio Overlap of 27.9%



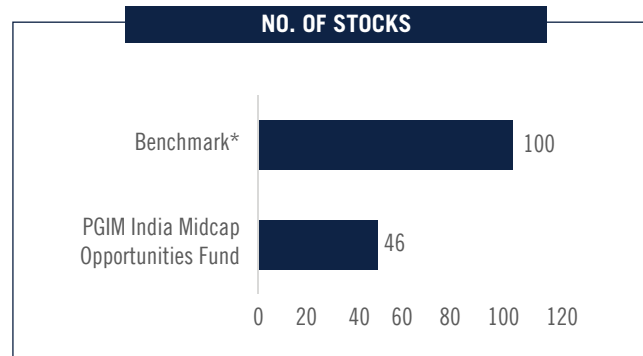
Top ideas beyond the Benchmark



Data as on February 26, 2021

*Nifty Midcap 100 TR Index. These are based on the Fund Manager's outlook and are subject to change. Stocks referred to in the document are only for understanding purpose and should not be considered investment advise.

Approach leads to concentrated portfolio with low overlap

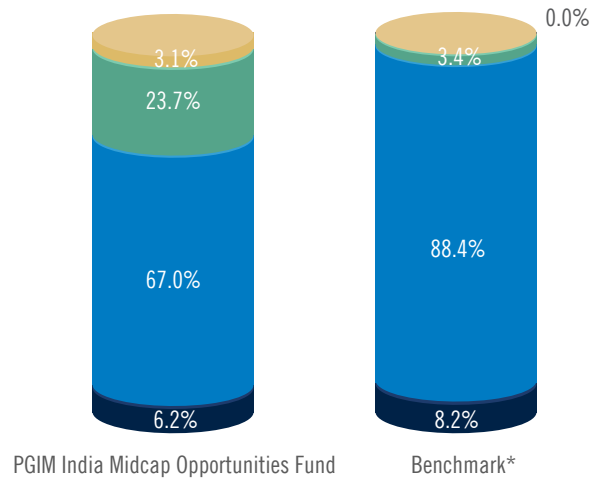


“Hundreds of billions of dollars are invested in virtual or complete Ignorance of underlying business fundamentals, often using indexing Strategies designed to avoid significant underperformance at the cost of assured mediocrity”
– *Seth Klarman*

Data as on February 26, 2021.

*Nifty Midcap 100 TR Index. These are based on the Fund Manager’s outlook and are subject to change. Stocks referred to in the document are only for understanding purpose and should not be considered investment advise.

Portfolio Metrics



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

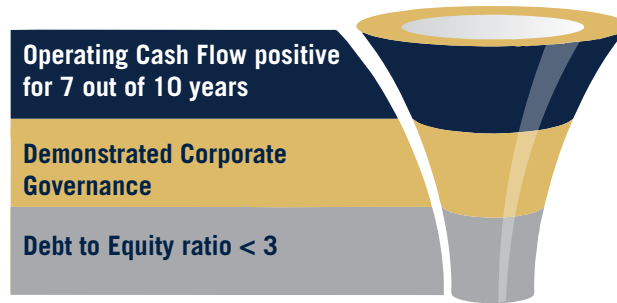
Data as on February 26, 2021

*Nifty Midcap 100 TR Index. These are based on the Fund Manager's outlook and are subject to change. Source: Bloomberg.

The approach is bound by the framework

Investment Process Overview – Stage II

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



Common traits across holdings

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	<ul style="list-style-type: none">• Favour industries gearing up for consolidation• Avoid industries slated for fragmentation
Solid Financials	<ul style="list-style-type: none">• Conservative debt• Positive operating cash flows• Strong projected cash flow generation

Portfolio composition



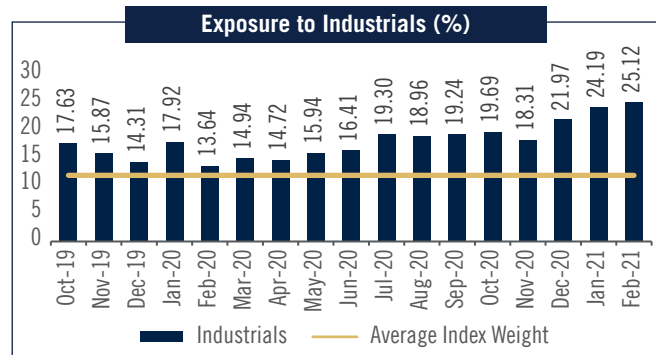
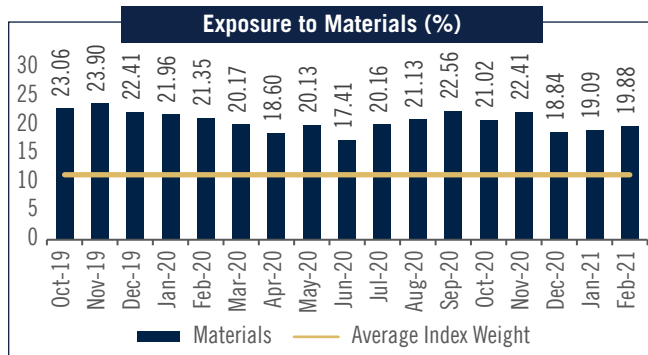
This is the general strategic portfolio composition of the fund. It does not exactly indicate the composition of the fund at the current moment

The story behind our current success – portfolio positioning



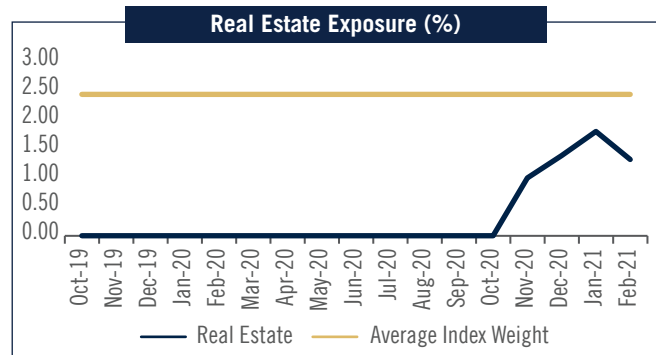
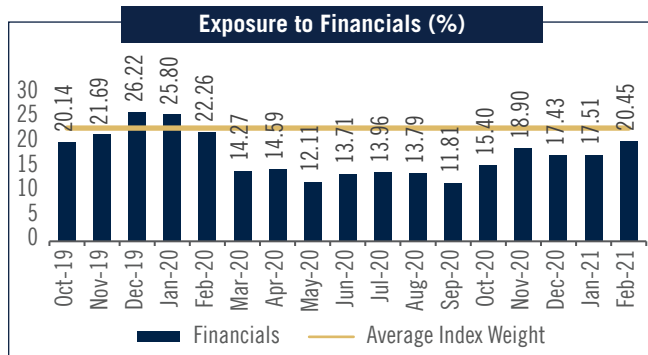
Data as on February 26, 2021

Sources of Alpha – Overweights / Underweights



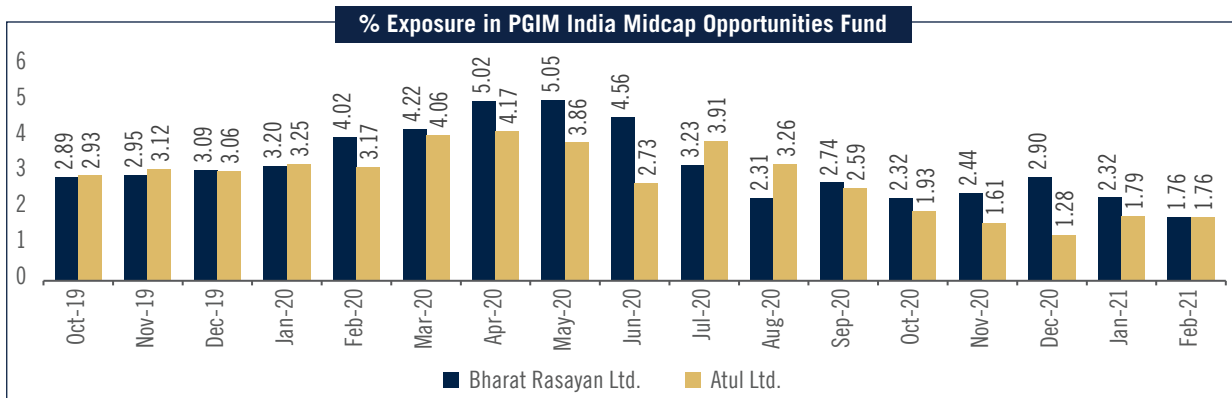
Source: Bloomberg. The Index considered in the graphs above is Nifty Midcap 100 TRI Index

Sources of Alpha – Overweights / Underweights



Source: Bloomberg. The Index considered in the graphs above is Nifty Midcap 100 TRI Index.

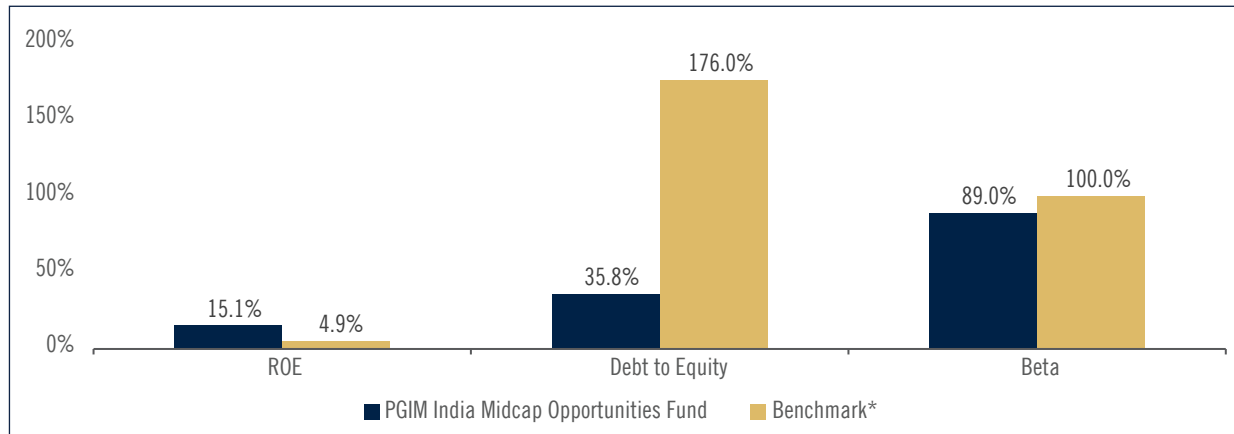
Sources of Alpha- Some winners identified early



- Companies have positive Operating Cash Flow (OCF) 70% of the time.
- Low D/E
- No corporate governance issues

Source: Bloomberg. These stocks are only for illustration purposes and not a recommendation for investors.

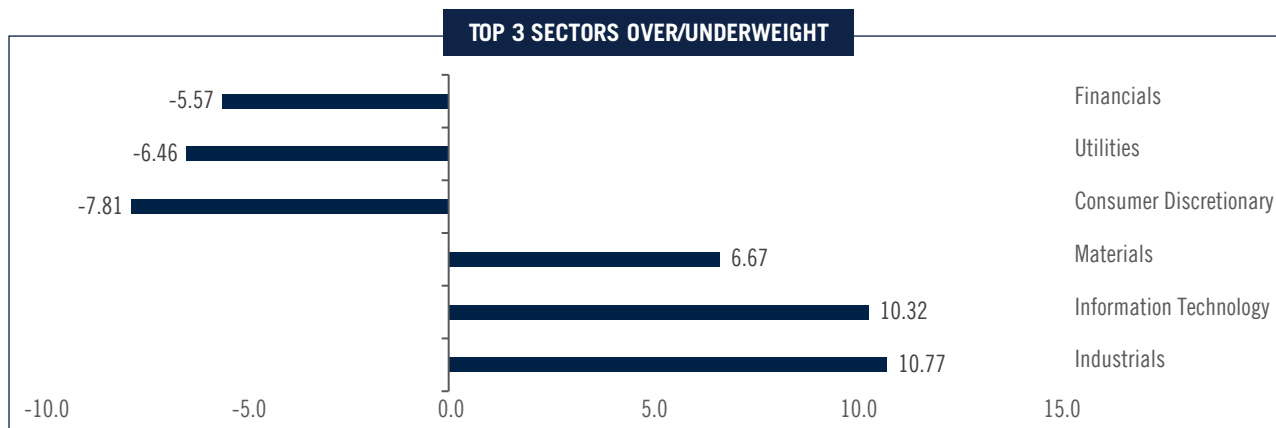
Quality Portfolio with low volatility



A quality portfolio with a higher Return on Equity (ROE), lower debt to equity ratio vs the benchmark and lower volatility (portfolio beta) vs the benchmark.

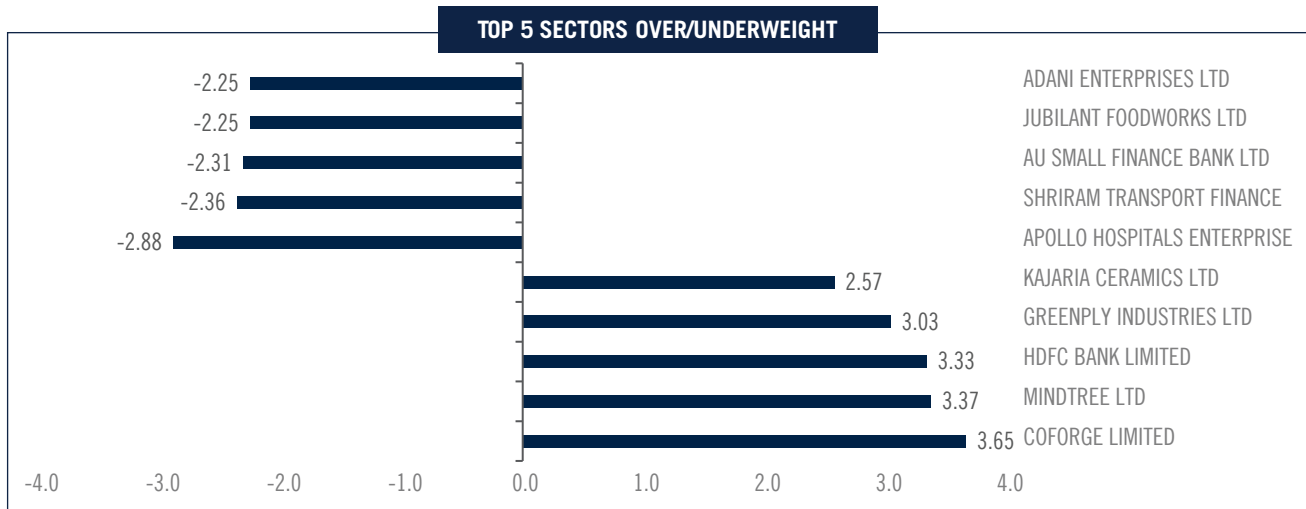
Data as on February 26, 2021. *Nifty Midcap 100 TR Index. ^Ex Financials. Source: Bloomberg

Portfolio Positioning



Data as on February 26, 2021. These are based on the Fund Manager's outlook and are subject to change. Source: Bloomberg

Portfolio Positioning



Data as on February 26, 2021. These are based on the Fund Manager's outlook and are subject to change. Source: Bloomberg

To Summarize

PGIM India Midcap Opportunities Fund

A portfolio with

Companies with	Broadly three types of companies	Characteristics of
Respect for capital Sector dominance or able challengers Consolidating industries Solid Financials	High growth Stable growth Turn around	Low overlap with the benchmark High ROE Low Debt to Equity Ratio Beta less than 1

Fund Performance

	Fund		Nifty Midcap 100 TRI [^]		NIFTY 50 TRI [#]	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
PGIM India Midcap Opportunities Fund-Reg(G)						
Last 1 Year	60.02	16,002.08	39.85	13,984.70	31.27	13,127.10
Last 3 Years	15.62	15,462.52	6.79	12,179.00	12.87	14,382.72
Last 5 Years	18.94	23,810.54	16.23	21,225.59	17.28	22,198.32
Since Inception	16.82	30,820.00	17.69	32,523.05	13.81	25,520.24
PGIM India Midcap Opportunities Fund(G)-Direct Plan						
Last 1 Year	62.90	16,290.17	39.85	13,984.70	31.27	13,127.10
Last 3 Years	17.57	16,257.81	6.79	12,179.00	12.87	14,382.72
Last 5 Years	20.67	25,594.21	16.23	21,225.59	17.28	22,198.32
Since Inception	18.15	33,460.00	17.69	32,523.05	13.81	25,520.24

Data as on January 29, 2021. **Inception Date:** Regular Plan: December 02, 2013; Direct Plan: December 02, 2013. 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 since April 5th, 2018.

Performance of other schemes managed by Aniruddha Naha

	Last 1 Year		Last 3 Year		Last 5 Year			Fund Manager Details	
	Scheme (%)	Benchmark (%)	Scheme (%)	Benchmark (%)	Scheme (%)	Benchmark (%)	Benchmark	Fund Manager	Managing Since
PGIM India Flexi Cap Fund	49.04	33.37	14.65	10.85	18.66	17.30	Nifty 500	Aniruddha Naha	April 5th 2018

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. CAGR – Compounded Annual Growth Rate. The above returns are for Regular Plan - Growth Option. Different plans have a different expense structure. Mr. Aniruddha Naha is managing two schemes of PGIM India Mutual Fund. On account of the difference in the features of the schemes, the performance of these schemes is not strictly comparable. Please refer to www.pgimindiafm.com for details on performance of all schemes including direct plans. Data as on February 26, 2021.

AUM Breakup

AUM Breakup: Asset class wise disclosure of AAUM: AUM as on December 31, 2020 (Rs in Crores): Income: 1,684.33, Equity Other than ELSS: 1,435.78, Balanced: 0.00, Liquid: 727.20, Gilt: 160.96, Equity ELSS: 354.12, Hybrid: 221.82, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 756.04, Total: 5,340.24; Average AUM for the month: Income: 1,589.62, Equity Other than ELSS: 1,116.19, Balanced: 0.00, Liquid: 929.08, Gilt: 159.48, Equity ELSS: 329.70, Hybrid: 223.30, GOLD ETF: 0.00, Other ETF: 0.00, Fund of Fund Investing Overseas: 499.43, Total: 4,846.80; Disclosure of percentage of AUM by geography: % of Total AUM as on December 31, 2020: Top 5 cities: 60.30%, Next 10 cities: 22.28%, Next 20 cities: 5.93%, Next 75 cities: 11.49%, Other: 0.00%, Total: 100.00%; Disclosure of AUM by Service Category: AUM as on December 31, 2020 (Rs. In Crores): Mutual Funds: 5,340.00, PMS: 132.00, Advisory: 2,310.00, Total: 7,782.00.

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PGIM INDIA MIDCAP OPPORTUNITIES FUND

Mid Cap Fund- An open ended equity scheme predominantly investing in mid cap stocks

This product is suitable for investors who are seeking*:

- Capital appreciation over long run
- To achieve long term capital appreciation by predominantly investing in equity and equity related instruments of mid cap companies
- Degree of risk – VERY HIGH

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



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



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www.pgimindiamf.com

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