



**PGIM**  
India Mutual Fund

# Add a match winner to your portfolio.

Invest in

**PGIM INDIA**

**MIDCAP OPPORTUNITIES FUND**

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

Be it cricket or investment, to score more, play on the front foot whenever the situation demands. Presenting PGIM India Midcap Opportunities Fund which invests in quality mid-cap stocks based on extensive research and thorough selection process.

The fund tends to offer you greater growth potential as compared to large cap stocks, and also with less volatility and risk as compared to small cap stocks. Thus giving your investment portfolio a winning edge.

**#ChooseAMatchWinner**

pgim india mutual fund



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## Why invest in PGIM India Midcap Opportunities Fund?

PGIM India Midcap Opportunities Fund identifies quality midcap stocks which can benefit from a favorable economic environment.

### Investment Strategy

- The fund predominantly invests in midcap stocks in accordance with the investment objective and asset allocation. Fund Manager will select equity securities on a top-down and bottom-up, stock-by-stock basis, with consideration given to valuation parameters as well as growth, margins, asset returns, and cash flows, amongst others.
- Stocks are selected on the basis of, amongst others, the historical and current financial condition of the company, potential value creation/unlocking of value and its impact on earnings growth, capital structure, business prospects, policy environment, strength of management, responsiveness to business conditions, product profile, brand equity, market share, competitive edge, research, technological know-how and corporate governance.

### Portfolio Positioning\*

The fund manager approximately follows the below mentioned allocation while constructing his portfolio:

- Top 40-45% of portfolio - Companies with stable earnings and strong earnings visibility
- Middle 40-45% of portfolio - Companies with strong earnings growth
- Bottom 10-20% of portfolio - Turn around stories/ good companies going through bad times with significant potential for alpha generation

### Who should invest?

PGIM India Midcap Opportunities Fund is typically suited for investors seeking long term capital appreciation through an investment in the equity of mid cap companies.

### Portfolio Positioning

Top 3 Sectors Overweight	% Overweight
Health Care	4.87
Information Technology	4.76
Industrials	3.73
Top 3 Sectors Underweight	% Underweight
Financials	7.83
Utilities	6.79
Communication Services	1.32
Top 5 Stocks Overweight	% Overweight
Max Healthcare Institute Ltd	4.98
Muthoot Finance Ltd	3.35
BASF India Ltd	2.98
Sanofi India Ltd	2.72
ICICI Bank Ltd	2.65
Top 5 Stocks Underweight	% Underweight
Adani Total Gas Ltd	3.17
SRF Ltd	2.34
PI Industries Ltd	2.17
Shriram Transport Finance	2.15
Laurus Labs Ltd	2.08

The above weights are in comparison to the benchmark.

Source: Bloomberg and Internal Research. The above data as on August 31, 2021.

### Portfolio Metrics

	Portfolio	Nifty Midcap 100 TR Index
Return on Equity	13.6%	9.7%
Debt / Equity (ex-financials)	37.8%	58.6%
FY 23E Price / Earning Ratio	23.0	20.4
Beta	0.83	1.00

Source: Bloomberg and Internal Research. The above data as on August 31, 2021.

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

### Portfolio Composition

	Portfolio	Nifty Midcap 100 TR Index
Number of stocks	49	100
Portfolio overlap with	—	32.4%
Large caps (1st-100th stock)	8.6%	8.1%
Mid caps (101st-250th stock)	69.2%	89.3%
Small caps (251st stock onwards)	18.6%	2.6%
Cash	3.4%	0.0%
Market Cap yet to be classified by AMFI	0.1%	0.00%
Top 10 holding	34.0%	21.7%
Avg Market Cap - Crore	43,319	36,932

Source: Bloomberg and Internal Research. The above data as on August 31, 2021.

### Portfolio (Top Ten Holdings) as on August 31, 2021

Issuer	% to Net Assets
Max Healthcare Institute Ltd.	4.98
Mphasis Ltd.	3.65
MindTree Ltd.	3.62
Max Financial Services Ltd.	3.47
Coforge Ltd.	3.42
Sanofi India Ltd.	3.38
Muthoot Finance Ltd.	3.35
BASF India Ltd.	2.98
Voltas Ltd.	2.89
Cummins India Ltd.	2.82

## Performance

Period	Fund		Nifty Midcap 100 TR Index <sup>^</sup>		NIFTY 50 TR Index #	
	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*	Returns (%)	Value (INR)*
<b>Regular Plan</b>						
Last 1 Year	92.03	19,202.83	71.83	17,182.51	52.24	15,223.84
Last 3 Years	26.63	20,317.38	13.61	14,668.79	14.96	15,198.11
Last 5 Years	19.57	24,447.74	14.23	19,460.26	15.71	20,746.76
Since Inception	19.86	40,710.00	19.55	39,918.43	15.38	30,317.54
<b>Direct Plan</b>						
Last 1 Year	95.75	19,574.56	71.83	17,182.51	52.24	15,223.84
Last 3 Years	28.77	21,368.87	13.61	14,668.79	14.96	15,198.11
Last 5 Years	21.48	26,469.35	14.23	19,460.26	15.71	20,746.76
Since Inception	21.29	44,630.00	19.55	39,918.43	15.38	30,317.54

Date of Inception: Regular Plan: December 02, 2013; Direct Plan: December 02, 2013. All the above returns are of Growth Option and CAGR. CAGR – Compounded Annual Growth Rate. <sup>^</sup> 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 05, 2018 and Mr. Vivek Sharma is managing this fund since June 01, 2021. No other schemes are managed by Vivek Sharma. The above returns are as on August 31, 2021.

## Performance of other funds managed by Fund Manager Aniruddha Naha as on August 31, 2021

	Last 1 Year	Last 3 Years	Last 5 Years	Managing Since
PGIM India Flexi Cap Fund#	73.16	23.72	18.78	April 05, 2018
Nifty 500 TR Index <sup>^</sup>	56.94	14.61	15.54	
	Last 6 Months	Managing Since		
PGIM India Balanced Advantage Fund#	11.19	February 04, 2021		
CRISIL Hybrid 50+50 Moderate Index <sup>^</sup>	11.75			

<sup>^</sup> 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 4 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](http://www.pgimindiamf.com) for details on performance of all schemes (including Direct Plan). Returns for BAF are Simple annualized returns.

#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.

#Equity portion is co-managed by Anandha and overseas investments is managed by Ravi Adukia from June 1, 2021. Similarly, PGIM India Balanced Advantage Fund is co-managed by Hitash Dang (Equity Portion), Kumaresh Ramakrishnan (Debt portion) and (w.e.f. June 01, 2021) Mr. Ravi Adukia (Overseas Investments)

Returns for PGIM India Small Cap Fund are not provided as the scheme has not completed six months since inception.

## Fund Manager's View

### The market that was

The benchmark indices ended at record high levels, with the Nifty Index gaining 8.7% - the best month in CY21, led by index heavyweights. However, the broader markets underperformed, with the Nifty Midcap 100 Index gaining 2.3% and Nifty Small Cap 100 Index declining 2.3%. Among sector indices, Power, IT and Oil & Gas gained more than 10%. Metals and Realty indices ended with a marginal loss of 1.9% and 2.9%. India was the best performing market among global markets.

Globally, rising covid cases and consequent restrictions weighed on sentiment but hawkish expectations from Jackson Hole failed to materialize, supporting risk assets. Rising regulatory concerns in China and push on "common prosperity" seemed to support other Emerging Markets, including India. In India, new covid cases remained under control (30-40k) but a worsening situation in the state of Kerala kept authorities on alert.

A favorable base effect (-24.4%) aided a sharp spike in 1QFY22 GDP growth to 20.1% yoy, but 2-year CAGR shows a decline of 4.4%. The sequential momentum slowed (-16.9%) more sharply than expected in a quarter affected by the second Covid wave.

WPI Inflation came in at 11.2% yoy for July'21 – the lowest in 3 months, but the 5th straight month of double digit inflation – for the first time in 13 years. CPI inflation eased to a 3-month low of 5.6% yoy in July 2021, from 6.3% in the previous month. It was the first time since April that inflation remained within the central bank's 2-6% target range. As per an RBI survey, household inflation expectations reached their highest levels since Sep'14, in double digits for 14 months.

The RBI kept interest rates unchanged at a record low to support the economy, even as a split appeared among rate setters on continuing with the

lower-for-longer stance. Policy makers voted 5-1 in favor of keeping the stance accommodative, a departure from the past when they were unanimous on the need to support growth amid an impending third wave of the pandemic. The RBI raised inflation forecast to 5.7% for the current financial year, from 5.1% previously and retained its own growth forecast for the current financial year at 9.5%. The minutes were hawkish at the margin. Consensus expectations are now of a calibrated normalization via more measures to manage transitory liquidity

The Finance Minister announced a National Monetization Pipeline (NMP) envisaging total asset monetization potential of Rs 6trn over FY22-25. While not completely new, the NMP promises to bring a more focused approach across government wings.

FIs were net buyers to the tune of \$1.2bn in August (YTD \$7.5bn) vs -\$1.7bn in July while DII buying moderated to \$0.9bn (YTD \$2.9bn) vs \$2.5bn in July. DII buying was largely driven by Domestic MFs who bought \$1.4bn (YTD \$2bn), fueled by NFO-related inflows.

### Fund Manager's View

Corporate earnings in the first quarter of FY22 have been in line with the elevated expectations, aided by the deflated base of 1QFY21 and localized and less stringent lockdowns v/s 1QFY21. Nifty Net Income growth came in at 101% yoy. While there have been some cuts to the FY22E estimates, the consensus number still stands strong around 30%. Management commentaries across the board suggest an improved demand environment post June'21, led by the easing of restrictions, lower active COVID-19 cases, and a pickup in vaccinations. However, the impact of rising commodity costs and higher inflation in general is reflected in the P&L.

High frequency data indicates a continuous economic recovery. Fertilizer sales, merchandise exports, railway freight, Manufacturing PMI, government gross receipts, daily e-way bill generation, GST collections are looking strong. India has inoculated at least 50% of its adult population with 1 dose and 15% with both doses. Rainfall worsened to 9% below average from -1% in end-July.

In a record low rate and high liquidity environment, economic recovery along with revival of corporate earnings growth bodes well for equity as an asset class. Nifty has delivered strong earnings growth trends during the past Fed hike cycles & market returns tended to track earnings growth. As long as we are in rising liquidity and low rate phase, the valuations can remain elevated and markets can remain buoyant for much longer than many think. We continue to stick to quality names with strong cash flow profiles and healthy growth prospects to play the India growth story.

## Key Features



**Benchmark Index:**  
Nifty Midcap 100 TR Index



**Fund Manager:**  
Mr. Aniruddha Naha and  
Mr. Vivek Sharma



### 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.

**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.

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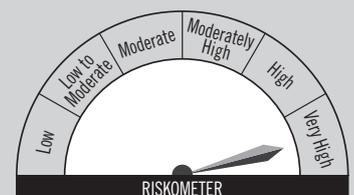
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## Riskometer

**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.



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.**